

**MONTANA STATE UNIVERSITY
REIMBURSEMENT RESOLUTION**

RESOLUTION ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND
REGULATIONS UNDER THE INTERNAL REVENUE CODE

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

Section 1. Recitals.

1.01 The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the Board of Regents of Higher Education for the State of Montana (the "Board") and/or Montana State University (the "University"), for project expenditures paid by the Board and/or the University prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the Board adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that bonds be issued and the reimbursement allocation be made from the proceeds of such bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

1.02 The Board desires to comply with requirements of the Regulations with respect to the project hereinafter identified.

Section 2. Official Intent Declaration.

2.01 The Board proposes to undertake the design, construction and equipping of a new business school at a cost of approximately \$18,500,000 (the "Project").

2.02 Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds (as hereinafter defined), (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project have heretofore been paid by the Board and/or the University and no expenditures will be paid by the Board and/or the University until after the date of this Resolution.

2.03 The Board reasonably expects to reimburse some or all of the expenditures made for costs of the Project out of proceeds of bonds (the "Bonds") after the date of payment of all or a portion of the costs of the Project. Bonds in an estimated maximum aggregate principal amount of \$20,000,000 may be issued in order to pay or reimburse costs of the Project and to pay costs of issuance of the Bonds. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

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Section 3. Budgetary Matters. As of the date hereof, there are no Board and/or University funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Board and the University as they exist or are reasonably foreseeable on the date hereof.

Section 4. Reimbursement Allocations. The Vice President for Administration and Finance shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the Board and/or the University to make prior payment of the costs of the Project. Each allocation shall be evidenced by an entry on the official books and records of the University maintained for the Bonds or the Project and shall specifically identify the actual original expenditure being reimbursed.

PASSED, ADOPTED AND APPROVED this ____ day of January, 2013.

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