

BOND RESOLUTION
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
FACILITIES IMPROVEMENT REVENUE BONDS
SERIES A 2013
SERIES B 2013

A RESOLUTION AUTHORIZING, APPROVING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED (i) \$60,000,000 STATE OF MONTANA, THE BOARD OF REGENTS OF HIGHER EDUCATION, MONTANA STATE UNIVERSITY, FACILITIES IMPROVEMENT REVENUE BONDS, SERIES A 2013 (THE "SERIES A 2013 BONDS"), TO BE ISSUED TO PROVIDE FUNDS TO PAY COSTS OF RENOVATIONS AND CONSTRUCTION OF STUDENT HOUSING FACILITIES AND DINING HALLS, TO PAY COSTS OF ISSUANCE OF THE SERIES A 2013 BONDS AND TO FUND A DEBT SERVICE RESERVE (IF REQUIRED) FOR THE SERIES A 2013 BONDS AND (ii) \$10,000,000 STATE OF MONTANA, THE BOARD OF REGENTS OF HIGHER EDUCATION, MONTANA STATE UNIVERSITY, FACILITIES IMPROVEMENT REVENUE BONDS, SERIES B 2013 (THE "SERIES B 2013 BONDS"), TO BE ISSUED TO PROVIDE FUNDS TO PAY COSTS OF THE DESIGN, CONSTRUCTION AND EQUIPPING OF A NEW BUSINESS SCHOOL, TO PAY COSTS OF ISSUANCE OF THE SERIES B 2013 BONDS AND TO FUND A DEBT SERVICE RESERVE (IF REQUIRED) FOR THE SERIES B 2013 BONDS; AUTHORIZING AND APPROVING THE PLEDGE OF CERTAIN FUNDS TO BE RECEIVED FROM THE MONTANA STATE UNIVERSITY ALUMNI FOUNDATION FOR THE NEW BUSINESS SCHOOL; AUTHORIZING, APPROVING AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY BY THE BOARD OF SUPPLEMENTAL INDENTURES OF TRUST, CLOSING DOCUMENTS AND CERTIFICATES, AND THE SERIES A 2013 BONDS AND THE SERIES B 2013 BONDS IN CONNECTION THEREWITH; AUTHORIZING THE PREPARATION AND EXECUTION OF BOND PURCHASE AGREEMENTS AND CONTINUING DISCLOSURE AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING THE PREPARATION, DISTRIBUTION AND USE OF A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE THEREOF (IF REQUIRED); MAKING DETERMINATIONS AS TO OTHER MATTERS RELATED TO SUCH FINANCINGS AND THE ISSUANCE OF THE SERIES A 2013 BONDS AND THE SERIES B 2013 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

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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 (i) “State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series A 2013” (the “Series A 2013 Bonds”) in the aggregate principal amount not to exceed \$60,000,000, to pay costs of renovations and construction of student housing facilities and dining halls for Montana State University (the “University”) (the “Facilities Project”), to pay costs and expenses in connection with the issuance of the Series A 2013 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 to fund a debt service reserve (if determined to be in the best interests of the University) for the Series A 2013 Bonds; and (ii) “State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series B 2013” (the “Series B 2013 Bonds”) in the aggregate principal amount not to exceed \$10,000,000, to pay costs of the design, construction and equipping of a new business school on the University’s Bozeman Campus (the “Business School Project”), to pay costs and expenses in connection with the issuance of the Series B 2013 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 to fund a debt service reserve (if determined to be in the best interests of the University) for the Series B 2013 Bonds; and

WHEREAS, in connection with the proposed issuance of the Series A 2013 Bonds and the Series B 2013 Bonds, there will be prepared (1) a Series A 2013 Supplemental Indenture of Trust and a Series B 2013 Supplemental Indenture of Trust (the “Supplemental Indentures”), supplementing and amending the Restated and Supplemental Indenture of Trust, dated as of October 15, 1993, as amended and supplemented (collectively with the Supplemental Indentures, the “Indenture”), between the Board and U.S. Bank National Association, as trustee (the “Trustee”), and providing for the issuance of the Series A 2013 Bonds and the Series B 2013 Bonds, respectively, (2) Bond Purchase Agreements (the “Bond Purchase Agreements”) between the Board and the purchasers of the Series A 2013 Bonds and (if required) the Series B 2013 Bonds, (3) Continuing Disclosure Agreements among the Board, the University and U.S. Bank National Association, as dissemination agent (the “Continuing Disclosure Agreements”) and (4) a Preliminary Official Statement (the “Preliminary Official Statement”) and a final Official Statement (the “Final Official Statement”) for use by the purchasers of the Series 2013 A Bonds and (if required) Series 2013 B Bonds in connection therewith; and

WHEREAS, in connection with the proposed issuance of the Series B 2013 Bonds, the Board has determined to approve the pledge of certain funds to be provided to the University by the Montana State University Alumni Foundation (the “Foundation”) for the Business School Project; and

WHEREAS, the Board has determined to approve the issuance, sale and delivery of the Series A 2013 Bonds and the Series B 2013 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 Indentures, the Bond Purchase Agreements, the Continuing

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Disclosure Agreements, 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 and 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 A 2013 Bonds and the Series B 2013 Bonds is hereby, ratified, approved and confirmed.

Section 2. Exercise of Powers to Issue Bonds; Authorization of Series A 2013 Bonds and Series B 2013 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 two separate series of revenue bonds of the Board designated as (i) "State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series A 2013," in the aggregate principal amount not to exceed \$60,000,000, to pay costs of the Facilities Project, to pay costs and expenses in connection with the issuance of the Series A 2013 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 to fund a debt service reserve (if determined to be in the best interests of the University) for the Series A 2013 Bonds; and (ii) "State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series B 2013," in the aggregate principal amount not to exceed \$10,000,000, to pay costs of the Business School Project, to pay costs and expenses in connection with the issuance of the Series B 2013 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 to fund a debt service reserve (if determined to be in the best interests of the University) for the Series B 2013 Bonds.

(b) The Series A 2013 Bonds and the Series B 2013 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) With respect to the Series A 2013 Bonds: (i) the aggregate principal amount shall not exceed \$60,000,000, such aggregate principal amount, together with the interest rate on the Series A 2013 Bonds (which shall be a fixed rate), shall be determined by the Vice President for Administration and Finance of the University, in consultation with the University's financial advisor; (ii) the maturity date or dates of the Series A 2013 Bonds shall not exceed 35 years from the date of issuance; and (iii) the purchaser's discount shall not exceed 0.75% of the principal amount of the Series A 2013 Bonds. The Series A 2013 Bonds shall be sold in a public offering in coordination with an

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underwriter selected by the Vice President for Administration and Finance of the University, in consultation with the University's financial advisor.

(ii) With respect to the Series B 2013 Bonds: (i) the aggregate principal amount shall not exceed \$10,000,000, such aggregate principal amount, together with the interest rate on the Series B 2013 Bonds (which may be a fixed or variable rate), shall be determined by the Vice President for Administration and Finance of the University, in consultation with the University's financial advisor; (ii) the maturity date or dates of the Series B 2013 Bonds shall not exceed 10 years from the date of issuance; and (iii) the purchaser's discount shall not exceed 0.75% of the principal amount of the Series B 2013 Bonds. The Series B 2013 Bonds may be sold in a public offering in coordination with an underwriter or pursuant to a direct placement to a purchaser selected by the Vice President for Administration and Finance of the University, in consultation with the University's financial advisor.

Section 3. Approval of JABS Building Financing Agreement. The Board hereby authorizes the execution and delivery of the JABS Building Financing Agreement by and among the Board, the University and the Foundation substantially in the form attached hereto as Exhibit A (the "JABS Building Financing Agreement"), but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the Purchaser, Dorsey & Whitney LLP, as 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 JABS Building Financing Agreement for and on behalf of the Board. The Chair is hereby authorized to execute and deliver the JABS Building Financing Agreement, 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 JABS Gift Financing Agreement.

Section 4. Approval of Supplemental Indentures; Pledge of Certain Funds to be Received from Foundation. (a) The Board hereby authorizes the execution and delivery of the Supplemental Indentures in substantially the form used in connection with the State of Montana, The Board of Regents of Higher Education, Montana State University Facilities Revenue Refunding Bonds, Series N 2012 (the "Series N 2012 Bonds"), but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the Purchaser, 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 Indentures for and on behalf of the Board. The Chair is hereby authorized to execute and deliver the Supplemental Indentures, and the Commissioner/Secretary is authorized to attest and to place the seal of the Board upon the Supplemental Indentures.

(b) In connection with the issuance of the Series B 2013 Bonds, the definition of Net Revenues in the Indenture shall be amended to include the amounts received by the University from the Foundation pursuant to the JABS Building Financing Agreement. The pledge of such amounts shall be subject to such terms and conditions as determined by the Vice President for Administration and Finance of the University, in consultation with the University's financial

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advisor and Bond Counsel, and the execution and delivery of the Supplemental Indenture for the Series B 2013 Bonds by the Chair shall constitute conclusive evidence of the approval of the terms of such pledge for and on behalf of the Board.

Section 5. Approval of Bond Purchase Agreements. The Board hereby authorizes the execution and delivery of the Bond Purchase Agreements, in substantially the form used in connection with the Series N 2012 Bonds, but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the purchasers, 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 Agreements for and on behalf of the Board. The Chair is hereby authorized to execute and deliver the Bond Purchase Agreements, and the Commissioner/Secretary is authorized to attest and to place the seal of the Board upon the Bond Purchase Agreements.

Section 6. Approval of Continuing Disclosure Agreements. The Board hereby authorizes the execution and delivery of the Continuing Disclosure Agreements, in substantially the form used in connection with the Series N 2012 Bonds, but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the purchasers, 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 Agreements 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 Agreements.

Section 7. Approval and Use of Preliminary Official Statement and Final Official Statement. In connection with a public offering of the Series A 2013 Bonds and (if required) the Series B 2013 Bonds, the Board hereby authorizes the preparation of the Preliminary Official Statement, in substantially the form used in connection with the Series N 2012 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 purchasers, 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 such Preliminary Official Statement final for purposes of complying with Securities and Exchange Commission Rule 15c2-12. The purchasers, as applicable, are hereby authorized to use and distribute the Preliminary Official Statement in connection therewith. Such Preliminary Official Statement, when supplemented and completed to include the maturity dates, principal amounts and interest rates of the Series A 2013 Bonds and (if required) the Series B 2013 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 A 2013 Bonds and (if required) the Series B 2013 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

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completion of such information and to deliver or cause to be delivered the Final Official Statement to the Purchaser.

Section 8. Approval of Series A 2013 Bonds and Series B 2013 Bonds and Execution Thereof. The execution and delivery by the Board of the Series A 2013 Bonds and the Series B 2013 Bonds, in the form contained in the Indenture, is hereby authorized. The Chair is hereby authorized and directed to execute the Series A 2013 Bonds and the Series B 2013 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 A 2013 Bonds and the Series B 2013 Bonds.

Section 9. Orders for Authentication. The Series A 2013 Bonds and the Series B 2013 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 A 2013 Bonds and the Series B 2013 Bonds by the Trustee. Upon receipt of such written order, the Trustee shall authenticate and register the Series A 2013 Bonds and the Series B 2013 Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and shall deliver the Series A 2013 Bonds and the Series B 2013 Bonds, when duly executed and authenticated, to the purchasers thereof 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 A 2013 Bonds and the Series B 2013 Bonds in accordance with the provisions of the respective Bond Purchase Agreement, upon satisfaction of all conditions required for delivery of the Series A 2013 Bonds and the Series B 2013 Bonds under this Resolution, the respective 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 offering, issuance, sale and delivery of the Series A 2013 Bonds and the Series B 2013 Bonds, including, without limitation, the execution and delivery of all other agreements, certifications and documents necessary or desirable in connection therewith. 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 A 2013 Bonds, the Series B 2013 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, (a) the Vice Chair of the Board or other Regent, (b) the Associate Vice President for Administration and Finance of the University, or (c) any assistant to the Commissioner/Secretary or any Regent.

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Section 11. Reimbursement. (a) 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 and/or 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 after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but 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.

(b) The Board desires to comply with requirements of the Regulations with respect to the Facilities Project. Other than (i) expenditures to be paid or reimbursed from sources other than the Series A 2013 Bonds, (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 Facilities 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.

(c) The Board reasonably expects to reimburse some or all of the expenditures made for costs of the Facilities Project out of proceeds of Series A 2013 Bonds after the date of payment of all or a portion of the costs of the Facilities Project. Series A 2013 Bonds in an estimated maximum aggregate principal amount of \$60,000,000 may be issued in order to pay or reimburse costs of the Facilities Project and to pay costs of issuance of the Series A 2013 Bonds. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Series A 2013 Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

(d) 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 Facilities Project, other than pursuant to the issuance of the Series A 2013 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.

(e) The Vice President for Administration and Finance for the University shall be responsible for making the “reimbursement allocations” described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Series A 2013 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 Facilities Project. Each allocation shall be evidenced by an

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entry on the official books and records of the University maintained for the Series A 2013 Bonds or the Facilities Project and shall specifically identify the actual original expenditure being reimbursed.

Section 12. Resolution Irrepealable. After any of the Series A 2013 Bonds, the portions of this Resolution related to the Series A 2013 Bonds shall be and remain irrepealable until the Series A 2013 Bonds and the interest thereon shall have been fully paid, cancelled and discharged as provided in the Indenture. After any of the Series B 2013 Bonds, the portions of this Resolution related to the Series B 2013 Bonds shall be and remain irrepealable until the Series B 2013 Bonds and the interest thereon shall have been fully paid, cancelled and discharged as provided in the Indenture.

Section 13. 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 14. 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 15. Effective Date. This Resolution shall be in full force and effect upon its passage and approval.

PASSED, ADOPTED AND APPROVED this _____ day of November 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

EXHIBIT A

Final form of JABS Building Financing Agreement to be attached