

JABS BUILDING FINANCING AGREEMENT

This JABS Building Financing Agreement (this “**Agreement**”) shall be dated as of [____], 2013 by and among the Montana State University Alumni Foundation (the “**Foundation**”), Montana State University (the “**University**”) and the Board of Regents of Higher Education for the State of Montana (the “**Board**”) regarding the design, construction and equipping of a new College of Business Building at the University’s Bozeman Campus, as further described on Exhibit A hereto (the “**Project**”).

For due and valid consideration as hereinafter described, the parties hereby acknowledge, agree and covenant as possible.

Section 1. Recitals.

1.01. On [____], 2011, the Foundation received a commitment from Mr. Jake Jabs (the “**Donor**”) for an unrestricted gift of \$25,000,000 (the “**Donation**”) in support of the University and its College of Business. The Donation is payable over a ten year period, through calendar year 2021, and may be paid in cash, securities or real, personal or other property. To date, the Foundation has received cash from the Donor in the amount of \$9,000,000.

1.02. The Foundation and the University have agreed that the costs of the Project are \$18,688,600, all of which shall be paid or reimbursed by the Foundation.

1.03. In May 2013, the University began construction of the Project, which is expected to be completed in [November] 2014.

1.04. To date, the Foundation has expended \$1,900,000 of Donation funds to pay costs of the design of the Project.

1.05. In order to ensure that there are adequate funds to pay costs of the Project prior to receipt by the Foundation of sufficient Donation funds, the Board and University have secured financing in the amount of \$10,000,000, payable over a term of five years (the “**Bonds**”).

1.06. The purpose of this Agreement is to set forth the agreement of the Foundation and the University with respect to the payment of costs of the Project and debt service on the Bonds.

Section 2. Transfer of Project Funds to University.

2.01. The University shall apply the proceeds of the Bonds to costs of the Project. Following the expenditure of all of the Bond proceeds, the Foundation shall pay the balance of the costs of the Project.

2.02. Regardless of the timing of receipt by the Foundation of the Donation installments, the Foundation agrees to transfer to the University sufficient funds in order to permit the University to timely pay debt service on the Bonds (both principal and interest)

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pursuant to the terms set forth in the final Bond agreements, which are expected to require repayment of the Bonds over a five year period including minimum principal payments during the first four years equal to the greater of (i) \$500,000 per year and (ii) 85% of Donation installments received by the Foundation during such year, and the remainder of the principal due at the end of the five year period. The University and the Foundation shall attach as Exhibit B hereto the terms, schedule and/or formula for the payment of Bonds as set forth in the final Bond agreements, and the Foundation shall transfer funds to the University in the required amounts at least 10 business days prior to the respective principal and interest payment dates for the Bonds. The University agrees to apply all such amounts to the repayment of the Bonds.

2.03. So long as the Bonds are outstanding, the Board and University intend to pledge all amounts transferred from the Foundation pursuant to Section 2.02 of this Agreement as “Net Pledged Revenues” pursuant to the Restated and Supplemental Indenture of Trust dated as of October 15, 1993, as amended and supplemented, by and between the Board and U.S. Bank National Association, as Trustee.

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IN WITNESS WHEREOF, we have hereunto set our hands this [____] day of [____], 2013.

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

|
By: _____
Commissioner of Higher Education and
Secretary of the Board

MONTANA STATE UNIVERSITY

By: _____
President

MONTANA STATE UNIVERSITY ALUMNI
FOUNDATION

By: _____
President and Chief Executive Officer

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EXHIBIT A

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EXHIBIT B

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