

STATE OF MONTANA)
 : ss
COUNTY OF LEWIS AND CLARK)

The Board of Regents of Higher Education for the State of Montana held a lawful and regular meeting of the Board on the campus of Montana State University-Billings in Billings, Montana, on _____, September __, 2003, beginning at the hour of 7:30 o'clock a.m.

There were present at said meeting the following:

Present:

Chairman:

Other Regents:

Absent:

There were also present at said meeting: Central administrative officers of the Office of the Commissioner of Higher Education and administrative officers of Montana State University.

During said meeting, the following proceedings, among others, occurred:

The Regents introduced and considered and discussed the following resolution:

ITEM _____ - MONTANA STATE UNIVERSITY

SUPPLEMENTAL BOND RESOLUTION
FOR
\$20,500,000
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
FACILITIES REFUNDING REVENUE BONDS
SERIES G 2003

A SUPPLEMENTAL RESOLUTION PROVIDING APPROVAL AND AUTHORIZATION FOR THE UTILIZATION OF MULTIPLE VARIABLE AND FIXED INTEREST RATE MODES FOR AND IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF REVENUE BONDS OF THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA DESIGNATED STATE OF MONTANA, THE BOARD OF REGENTS OF HIGHER EDUCATION, MONTANA STATE UNIVERSITY, FACILITIES REFUNDING REVENUE BONDS, SERIES G 2003, IN A TOTAL PRINCIPAL AMOUNT NOT TO EXCEED \$20,500,000, SAID BONDS HAVING BEEN HERETOFORE AUTHORIZED TO BE ISSUED BY A FINAL BOND RESOLUTION OF THE BOARD ADOPTED JULY 11, 2003, WHICH PROVIDES FOR THE REFUNDING OF CERTAIN OUTSTANDING REVENUE BONDS HERETOFORE ISSUED BY THE BOARD FOR MONTANA STATE UNIVERSITY; AUTHORIZING AND APPROVING THE ADDITION OF MULTI-MODAL INTEREST RATE PROVISIONS TO THE SERIES G 2003 FIFTH SUPPLEMENTAL INDENTURE OF TRUST AND THE PRELIMINARY OFFICIAL STATEMENT AND/OR THE OFFICIAL STATEMENT (AS APPLICABLE) FOR THE SERIES G 2003 BONDS; MAKING DETERMINATIONS AS TO OTHER MATTERS RELATED TO SUCH REFUNDING AND TO THE ISSUANCE OF THE SERIES G 2003 BONDS AND PROVIDING FOR RATIFICATION OF APPROVALS AND AUTHORIZATIONS SET FORTH IN THE BOARD'S FINAL BOND RESOLUTION ADOPTED JULY 11, 2003.

WHEREAS, by a resolution approved, adopted and passed by The Board of Regents of Higher Education for the State of Montana (the "Board") on July 11, 2003 (the "Final Bond Resolution"), the Board has provided approval and authorization for the issuance, sale and delivery of revenue bonds of the Board designated "State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Refunding Revenue Bonds, Series G 2003" (the "Series G 2003 Bonds" or "Bonds"), in an aggregate principal amount of not to exceed \$20,500,000, for the purpose of providing funds to refund and defease certain outstanding revenue bonds (the "Prior Bonds") heretofore issued by the Board for Montana State University (the "University"), to pay certain costs and expenses in connection with the issuance of the Series G 2003 Bonds (including the municipal bond insurance premium therefor) and, if required, to fund a reasonably required debt service reserve fund for the Series G 2003 Bonds; and

WHEREAS, in connection with the proposed issuance, sale and delivery of the Series G 2003 Bonds, and pursuant to and as provided for in the Final Bond Resolution, the Board approved and authorized the execution and delivery of various instruments, documents and certificates as required for and in connection with the sale, issuance and delivery of the Series G 2003 Bonds, including the Series G 2003 Supplemental Indenture, the Preliminary Official Statement and the Official Statement (as each such term is defined in and by the Final Bond Resolution); and

WHEREAS, subsequent to the adoption of the Final Bond Resolution, the credit markets in the United States experienced a significant upward trend in interest rates causing an increase in borrowing costs to issuers of debt instruments (including issuers of tax-exempt debt instruments), and resulting in a significant decline in the present value savings projected for the refunding of the Prior Bonds (and using then projected fixed interest rates for the Series G 2003 Bonds) from the level of such savings which existed and were projected at the time of adoption of the Final Bond Resolution;

WHEREAS, in order to achieve significant savings by refunding the Prior Bonds and to facilitate a reduction in the University's borrowing costs, the Board has determined to (i) provide its approval for the Series G 2003 Bonds to be issued in the form of multi-modal variable rate debt instruments (issuable or convertible to fixed-rate debt at a future date or dates if future fixed interest rate borrowing costs again decline to acceptable levels) which the University deems to be in the best interests of the University in maximizing, to the greatest extent possible, a reduction in the current borrowing costs represented by the Prior Bonds, (ii) adopt, pass and approve this supplemental resolution (the "Supplemental Resolution") to the Final Bond Resolution directing that provisions be added to the Bond Resolution, the Preliminary Official Statement and/or the Official Statement, as applicable and required, to provide for the Series G 2003 Bonds to be issued as multi-modal interest rate debt instruments.

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

Section 1. Ratification of Prior Action. All action heretofore taken by the Board and directed toward the refunding of the Prior Bonds and the issuance, sale and delivery of the Series G 2003 Bonds for such purposes, and any action heretofore taken pursuant thereto, including, without limitation, the action of the Board taken by the approval, passage and adoption of the Final Bond Resolution, be, and the same are hereby, affirmed, ratified, approved and confirmed.

Section 2. Use of Multi Modal Interest Rates. The Board hereby approves the use and application of multiple variable interest rate and fixed interest rate modes for the Series G 2003 Bonds, the express provisions for which are to be included in the Series G 2003 Bonds

(including such further description as required in the designation and name thereof to identify their interest rate mode or modes) and the Series G 2003 Supplemental Indenture and described in the Preliminary Official Statement and/or the Official Statement (as applicable), and directs and authorizes the University to select that variable interest rate or fixed interest rate mode for the initial sale, issuance, delivery and remarketing of the Series G 2003 Bonds which the University determines to be in the best interests of the University, taking into account the savings in borrowing cost to be realized by the University by the issuance of the Series G 2003 Bonds and the refunding of the Prior Bonds. Approval of the final principal amount and the initial interest rate mode and interest rate for the Series G 2003 Bonds (which shall not exceed an initial interest rate of 3.50% per annum for Series G 2003 Bonds issued in a variable rate mode or an initial net effective interest rate of 5.50% per annum for Series G 2003 Bonds issued in a fixed rate mode) is hereby delegated to be given and confirmed by the Commissioner of Higher Education for the State of Montana and the Vice President for Administration and Finance of the University, as provided for in and by the Final Bond Resolution, including the execution of a certificate evidencing such approval as directed by the Final Bond Resolution.

Section 3. Approval of Variable Interest Provisions. The forms, terms and provisions of the Series G 2003 Supplemental Indenture and the Official Statement (both as to a preliminary and/or final Official Statement, as applicable and required), with the provisions for multi-modal variable and fixed interest rates added thereto and being in substantially the forms and with substantially the content as required for the execution and/or delivery thereof, and as filed in the Office of the Commissioner and before the Board for approval at the meeting at which this Supplemental Resolution was adopted, are hereby in all respects approved and such multi-modal variable and fixed interest rates provisions are further authorized and directed to be described in the Official Statement (both as to a preliminary and/or final Official Statement, as applicable and required) for the Series G 2003 Bonds and the authorization for the Board to enter into and deliver the Series G 2003 Bonds and the Series G 2003 Supplemental Indenture and to deliver the Official Statement and the authorization for the officers of the Board and the University to execute and deliver the Series G 2002 Bonds, the Series G 2003 Supplemental Indenture, the Official Statement for the Series G 2003 Bonds and all other instruments, documents and certificates as described and provided for in, and as directed and approved by, the Final Bond Resolution, and all further authorizations and approvals as set forth and provided for in the Final Bond Resolution, are hereby in all respects ratified, affirmed, approved and confirmed by this Supplemental Resolution.

Section 4. Resolution Contract. In consideration of the purchase and acceptance of the Series G 2003 Bonds by those who shall own the same from time to time, the provisions of the Final Bond Resolution, as supplemented by this Supplemental Resolution, shall be part of the

contract of the Board with the Registered Owners from time to time of the outstanding Series G 2003 Bonds.

Section 5. Resolution Irrepealable. After any of the Series G 2003 Bonds are issued, the Final Bond Resolution, as supplemented by this Supplemental Resolution, shall be and shall remain irrepealable until the Series G 2003 Bonds and the interest thereon shall have been fully paid, canceled and discharged as provided in the Indenture (as such term is defined by the Final Bond Resolution).

Section 6. Severability. If any section, paragraph, clause or provision of the Final Bond Resolution, as supplemented by this Supplemental 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 the Final Bond Resolution, inclusive of this Supplemental Resolution.

Section 7. Repealer. All bylaws, orders and resolutions of the Board, or parts thereof, inconsistent with the Final Bond Resolution, as supplemented by this Supplemental Resolution, 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 8. Effective Date. This Supplemental Resolution shall be in full force and effect upon its passage, adoption and approval.

PASSED, ADOPTED AND APPROVED THIS _____ of September, 2003

THE BOARD OF REGENTS OF HIGHER
EDUCATION for the State of
Montana

By _____
Chairman

(S E A L)

ATTEST:

Secretary

At a regular meeting of The Board of Regents of Higher Education for the State of Montana held on this _____ day of September, 2003, the foregoing supplemental resolution was moved for adoption, the same was put to a vote, and on roll call, the following vote was recorded:

Those Voting Aye:

Those Abstaining:

Those Voting Nay:

Those Absent:

Not less than a majority of The Board of Regents of Higher Education present having voted in favor of the motion, the presiding officer declared the motion carried and the supplemental resolution duly passed and adopted.

Thereupon, The Board of Regents of Higher Education considered other matters not concerning the Series G 2003 Bonds described in the foregoing supplemental resolution.

STATE OF MONTANA)
: ss
COUNTY OF LEWIS AND CLARK)

I, Sheila Stearns, the duly appointed, qualified and acting Secretary of The Board of Regents of Higher Education for the State of Montana, do hereby certify that the foregoing pages numbered 1 to 6, inclusive, are a true, correct and complete copy of the record of proceedings of The Board of Regents of Higher Education, insofar as such proceedings relate to the supplemental resolution therein contained, had and taken at a lawful and regular meeting of The Board of Regents of Higher Education held on the campus of Montana State University-Billings in Billings, Montana, on _____, September ____, 2003, commencing at the hour of 7:30 o'clock a.m., as recorded in the regular official book of the proceedings of The Board of Regents of Higher Education for the State of Montana kept in my office; said proceedings were duly had and taken as therein shown, the meeting therein shown was duly held, and the persons therein named were present at said meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Board of Regents of Higher Education for the State of Montana this _____ day of September, 2003.

Secretary of The Board of
Regents of Higher Education

(S E A L)