

ITEM 126-2005-R0105 - MONTANA STATE UNIVERSITY

**FINAL BOND RESOLUTION
FOR
\$27,000,000
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
FACILITIES IMPROVEMENT REVENUE BONDS
SERIES J 2005**

A RESOLUTION PROVIDING FINAL APPROVAL AND AUTHORIZATION FOR 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 IMPROVEMENT REVENUE BONDS, SERIES J 2005, IN A TOTAL PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000, SAID BONDS BEING AUTHORIZED TO BE ISSUED FOR THE PURPOSE OF FINANCING THE COSTS OF CERTAIN CAPITAL FACILITIES AND IMPROVEMENTS FOR AND AT THE BOZEMAN CAMPUS OF MONTANA STATE UNIVERSITY, AS DESCRIBED HEREIN, TO PAY THE COSTS OF ISSUANCE OF THE SERIES J 2005 BONDS, AND, IF REQUIRED, TO FUND A DEBT SERVICE RESERVE REQUIREMENT FOR THE SERIES J 2005 BONDS; AUTHORIZING, APPROVING AND DIRECTING THE EXECUTION AND DELIVERY BY THE BOARD OF A SERIES J 2005 EIGHTH SUPPLEMENTAL INDENTURE OF TRUST TO THE MASTER INDENTURE OF TRUST FOR MONTANA STATE UNIVERSITY AND VARIOUS CLOSING DOCUMENTS AND CERTIFICATES AND THE SERIES J 2005 BONDS IN CONNECTION THEREWITH; AUTHORIZING AND APPROVING THE INCLUSION AND USE OF MULTI-MODAL INTEREST RATE PROVISIONS AND INTEREST RATE SWAP PROVISIONS IN AND FOR THE SERIES J 2005 BONDS AND IN THE SERIES J 2005 EIGHTH SUPPLEMENTAL INDENTURE OF TRUST; AUTHORIZING AND APPROVING THE ADDITION OF A STUDENT FACILITIES ENHANCEMENT FEE TO THE NET PLEDGED REVENUES PLEDGED BY THE INDENTURE FOR PAYMENT OF THE UNIVERSITY'S PARITY BONDS AND WHICH IS TO BE IMPOSED ON STUDENTS ATTENDING THE BOZEMAN CAMPUS OF THE UNIVERSITY; AUTHORIZING, APPROVING AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN INTEREST RATE SWAP MASTER AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT (AS AND TO THE EXTENT REQUIRED) IN CONNECTION THEREWITH; AUTHORIZING THE PREPARATION, DISTRIBUTION AND USE OF AN OFFICIAL STATEMENT TO BE USED IN CONNECTION WITH THE OFFERING, SALE AND DELIVERY OF THE SERIES J 2005 BONDS AND APPROVING AND DIRECTING THE DISTRIBUTION, EXECUTION AND USE OF THE OFFICIAL STATEMENT IN CONNECTION THEREWITH; MAKING DETERMINATIONS AS TO OTHER MATTERS RELATED THERETO AND TO THE ISSUANCE OF THE SERIES J 2005 BONDS; AND REPEALING ACTION HERETOFORE TAKEN IN CONFLICT HEREWITH.

WHEREAS, The Board of Regents of Higher Education for the State of Montana (the "Board") 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 for the purpose of restructuring and/or refunding and defeasing bonds issued by the Board for institutions of higher education within the Montana University System and for the purpose of financing the costs of acquisition, construction, renovation, improvement, furnishing and equipping of capital improvements, facilities and equipment for the use and benefit of institutions of higher education within the Montana University System, and to provide authorization for the use and application of the proceeds of such revenue bonds and certain funds and monies of the institutions for such purposes; and

WHEREAS, in the exercise of its constitutional powers, the Board has, by various actions taken by the Board, heretofore made provision for and directed an administrative merger of various units of the Montana University System, whereby Montana State University–Bozeman, in Bozeman, Montana, Montana State University-Billings, in Billings, Montana, Montana State University-Northern, in Havre, Montana, and MSU College of Technology-Great Falls in Great Falls, Montana, were designated to become and have in fact become a multi-campus university named Montana State University (herein referred to as “Montana State University” or the “University), all in the manner and becoming effective as directed by the Board; and

WHEREAS, in connection with the issuance of certain revenue bonds for Montana State University and heretofore issued for the University on November 9, 1993, the Board made provision for and approved and executed a Master Indenture of Trust (the "Master Indenture") for the University, pursuant to which (together with certain supplemental indentures thereto) certain revenues of the student housing system and auxiliary and other facilities and certain student and other fees (inclusive of the Student Facilities Enhancement Fee authorized and described herein) and income of the various institutions and campuses comprising the University are pledged for the payment of revenue bonds issued from time to time under and pursuant to the Master Indenture on behalf of and for the benefit of the various institutions and campuses comprising the University; and

WHEREAS, the Board and the University have observed that the credit markets in the United States are currently experiencing and encountering a rising trend in interest rates which, based on advice from and observations made by various finance professionals who provide advice and counsel to the Board and the University, could continue into the foreseeable future

and, as a consequence thereof, could expect to result in increased borrowing costs for issuers of debt instruments (including issuers of tax-exempt debt instruments) and thereby increase the cost of funds required by the University for the financing of certain capital improvements intended to benefit, and to enhance and broaden the experience of, students attending the Bozeman Campus of the University, which capital improvements are more fully described in Exhibit A to this resolution (the "Series J 2005 Project" or "Series J Project"); and

WHEREAS, the Board and the University have determined that it is in the best interests of the Board and the University and of the students attending the Bozeman Campus of the University to now take certain actions as are reasonably required to maximize the amount of monies available for the financing of the Series J 2005 Project and to insure the financing and feasibility of the entire Series J 2005 Project through the use and application of multi-modal interest rate conventions and provisions and an interest rate swap mechanism in connection with the issuance of the Series J 2005 Bonds which, if undertaken at this time or in the near future, is expected to hedge against incurring higher costs of funds for the Series J 2005 Project thereby avoiding a reduction in size and scope of the Series J 2005 Project and avoiding jeopardizing the feasibility of proceeding with the financing of the Series J 2005 Project; and

WHEREAS, pursuant to and in the exercise of its constitutional powers and in conformity with the provisions made therefor in the Master Indenture as described above and as a consequence of present and anticipated future conditions in the municipal bond market which require the actions described herein to protect against higher borrowing costs, the Board has determined (i) to provide for and to give final approval for the issuance of facilities improvement revenue bonds under the Master Indenture (inclusive of a supplemental indenture thereto as described and authorized and approved herein) in a total principal amount of not to exceed \$27,000,000, the proceeds of which are to be used to finance the Series J 2005 Project and to provide for payment of certain costs of issuance of and the municipal bond insurance premium and/or a liquidity facility for said bonds (if and to the extent municipal bond insurance and/or a liquidity facility and liquidity facility agreement for or with respect to the Series J 2005 Bonds is obtained or required) and, if required, to provide for the funding of a debt service reserve requirement for said issue of facilities improvement revenue bonds, and (ii) to provide for and to give final approval for the Series J 2005 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 deemed advisable by the University) which the University deems to be in the best interests of the University in maximizing, to the greatest extent possible, the funds available for the financing of the Series J 2005 Project, and (iii) to provide for and to give final approval for an interest rate swap in order to achieve, to the greatest extent possible, potentially lower

borrowing costs for the Series J Bonds through an interest rate swap mechanism which shall be undertaken as soon as practicable to do so, and directing that provisions therefore be made and included in the various documents and instruments described herein and to be entered into in connection with the issuance of such facilities improvement revenue bonds; and

WHEREAS, based on and in furtherance of the foregoing matters, the Board has now determined and does hereby determine pursuant to this resolution to provide approval and authorization for the issuance, sale and delivery of its revenue bonds designated "State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series J 2005" (the "Series J 2005 Bonds" or "Bonds"), in an aggregate principal amount of not to exceed \$27,000,000, for the purpose of providing funds to finance the costs of the Series J 2005 Project, to pay certain costs and expenses in connection with the issuance of the Series J 2005 Bonds (including the municipal bond insurance premium and/or the costs of a liquidity facility therefor if and to the extent required or obtained for or with respect to the Series J 2005 Bonds) and, if required, to fund a reasonably required debt service reserve fund for the Series J 2005 Bonds; and

WHEREAS, in connection with the proposed issuance, sale and delivery of the Series J 2005 Bonds, there have been prepared and presented before the Board at this lawful and regular meeting thereof for approval by the Board by the adoption of this final bond resolution, (1) the form of the Series J 2005 Eighth Supplemental Indenture of Trust (the "Series J 2005 Supplemental Indenture") to the Master Indenture, to be dated as provided therein (collectively, together with the Master Indenture and the other supplemental indentures thereto, the "Indenture"), between the Board and U.S. Bank National Association (the "Trustee"), as successor trustee to First Trust Company of Montana National Association, in Billings, Montana, and providing for the creation, issuance and delivery of the Series J 2005 Bonds, and (2) the form of the Interest Rate Swap ISDA Master Agreement (the "Swap Agreement"), to be dated as provided therein, and to be entered into by and between the Board, the University and the counterparty to the Swap Agreement so designated as such in the Swap Agreement and by the adoption of this resolution, the Board further directs that there shall be prepared in connection with the issuance and delivery of the Series J 2005 Bonds (a) a Bond Purchase Agreement, to be dated the date of its execution (the "Bond Purchase Agreement"), substantially in the form of and with the content set forth in the bond purchase agreement executed and delivered in connection with the issuance of the Series I 2004 Bonds heretofore issued by the Board for the University and to be entered into and executed by and between the Board, the University and the underwriter designated therein (the "Underwriter"), as the underwriter of the Series J 2005 Bonds, (b) an Official Statement (both as to a preliminary and/or final Official Statement) for the

Series J 2005 Bonds, substantially in the form of and with the content set forth in the preliminary and final official statement delivered in connection with the issuance of the Series I 2004 Bonds heretofore issued by the Board for the University and to be dated as of the date or respective dates of its and/or their approval by the Chairman, the Vice Chairman or Secretary of the Board and the Vice President for Administration and Finance of the University for use by the Underwriter (the "Official Statement") in connection with and to consummate the offering, sale and delivery of the Series J 2005 Bonds, and which Official Statement is hereby authorized to be used and distributed by the Underwriter for such purpose, and (c) a Continuing Disclosure Agreement relating to the Series J 2005 Bonds, to be dated the date of its execution (the "Disclosure Agreement") and (if required in connection with the issuance and delivery of the Series J 2005 Bonds) to be in substantially the form and with the content set forth in the continuing disclosure agreement executed and delivered in connection with the issuance of the Series I 2004 Bonds heretofore issued by the Board for the University and which is to be entered into by the Board, the University and the Trustee (in the Trustee's capacity as Dissemination Agent thereunder); and

WHEREAS, the Board has determined to proceed with the formal approval of the Board for the issuance, sale and delivery of the Series J 2005 Bonds by the adoption of this resolution, and to provide for the approval and authorization for the execution and delivery of and for the terms and provisions of, the Series J 2005 Supplemental Indenture, the Series J 2005 Bonds, the Bond Purchase Agreement, the Swap Agreement, the Official Statement and the Disclosure Agreement, and the Board has further determined to give its approval to and to authorize and confirm the use and distribution of the Official Statement in connection with the offer, sale and delivery of the Series J 2005 Bonds and to authorize and direct the preparation, distribution and use of the Official Statement in the manner provided for herein.

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. Approval of Prior Action. All action (not inconsistent with the provisions of this Resolution) heretofore taken by the Board and directed toward the Series J 2005 Project and the issuance, sale and delivery of the Series J 2005 Bonds for the purpose of financing the costs thereof, and any action heretofore taken pursuant thereto, be, and the same are hereby, ratified, approved and confirmed.

Section 2. Exercise of Powers to Issue Bonds. 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

the Series J 2005 Bonds for the purposes herein set forth, all of which shall be undertaken by the Board pursuant to its authority conferred by and under Article X, Section 9 of the Constitution of the State of Montana. By the issuance of the Series J 2005 Bonds, the Board and the University shall provide for the financing of the Series J 2005 Project and the funds required to undertake and complete the construction, acquisition, furnishing, improvement and equipping of the Series J 2005 Project, for payment of certain costs and expenses in connection with the issuance, sale and delivery of the Series J 2005 Bonds (including payment of the municipal bond insurance premium and/or the costs of a liquidity facility and a liquidity facility agreement for or with respect to the Series J 2005 Bonds, if and to the extent such insurance and/or liquidity facility and agreement is obtained or required for the Series J 2005 Bonds), and for the funding (if and to the extent required) of a debt service reserve requirement pertaining thereto, all in accordance with the provisions hereof and of the Indenture, including the Series J 2005 Supplemental Indenture which is described herein and which is hereby authorized to be executed and delivered by the Board in connection with the offering, sale and delivery of the Series J 2005 Bonds.

Section 3. Authorization for Series J 2005 Bonds. To provide for the financing of the costs of the Series J 2005 Project, to pay certain expenses (including the municipal bond insurance premium and/or costs of a liquidity facility if municipal bond insurance and/or a liquidity facility and liquidity facility agreement is obtained for or with respect to the Series J 2005 Bonds) incurred in connection with the issuance of the Series J 2005 Bonds and to fund (if and to the extent required) a debt service reserve requirement for the Series J 2005 Bonds, there is hereby authorized and created an issue of revenue bonds of the Board which shall be designated "State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series J 2005" in an aggregate principal amount not to exceed \$27,000,000 and issuable as fully registered bonds in the denominations of \$5,000 or any integral multiples thereof, to be dated as provided in the Indenture, to bear interest from their date at the rates and to mature on the dates (and with a final maturity date of not later than November 15, 2035), in the years and in the principal amounts and to be issued upon and with such additional terms and provisions as shall be set forth in the Indenture.

Section 4. Use of Multi Modal Interest Rates and Interest Rate Swap. The Board hereby expressly authorizes and approves the use and application of multiple variable interest rate and fixed interest rate modes for the Series J 2005 Bonds, the express provisions for which are to be included in the Series J 2005 Bonds (including such further description as required in the designation and name thereof to identify the interest rate mode or modes used for the Series J 2005 Bonds) and in the Series J 2005 Supplemental Indenture and which are to be

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 J 2005 Bonds which the University determines to be in the best interests of the University, taking into account the savings in the borrowing cost of funds reasonably expected to be realized by the University by the issuance of the Series J 2005 Bonds in such interest rate mode as shall be so determined and selected by the University. The Board expressly approves the addition of the Student Facilities Enhancement Fee to the Net Pledged Revenues (as defined and provided in the Series J 2005 Supplemental Indenture) which is to be assessed against students attending the Bozeman Campus of the University. The Board hereby further expressly authorizes and approves the utilization of an interest rate swap by the University whereby the University shall be empowered to hedge all or a portion of the variable rate of interest selected by the University for all or a portion of the Series J 2005 Bonds in exchange and consideration for the fixed rate of interest as provided by the counterparty designated in the Swap Agreement. The University shall pay or receive the difference between the fixed rate established by the counterparty to the Swap Agreement and the variable rate at the times of calculation, all pursuant to and in accordance with the provisions of and pursuant to the terms and conditions set forth in the Swap Agreement and the Series J 2005 Supplemental Indenture and to be undertaken in such manner as the University determines to be in the best interest of the University taking into account the savings in the borrowing costs of funds which will be realized by the University through the undertaking of the interest rate swap provided for in the Swap Agreement.

Approval of the final principal amount and the initial interest rate mode and interest rate for the Series J 2005 Bonds (which shall not exceed an initial interest rate of 3.50% per annum for Series J 2005 Bonds issued in a variable rate mode or an initial effective interest rate of 5.75% per annum for Series J 2005 Bonds issued in a fixed rate mode or which shall otherwise be payable by the University to the counterparty to the Swap Agreement pursuant to the terms thereof) 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, all as expressly provided for in and given by this final bond resolution. The Commissioner and the Vice President for Administration and Finance of the University shall evidence such approval by a certificate executed by them and by executing and delivering or causing the execution and delivery of the Bond Purchase Agreement between the Board and the Underwriter, and the terms and provisions of which shall provide verification that the final principal amount of the Series J 2005 Bonds does not exceed \$27,000,000 (i.e., the maximum principal amount established by this resolution) and that the initial variable rate of interest

payable on the Series J 2005 Bonds does not exceed an initial interest rate of three and fifty one-hundredths percent (3.50%) per annum or that the initial fixed interest rate or swap interest rate payable by the University does not exceed five and seventy-five one hundredths percent (5.75%) per annum, as applicable, and each in accordance with the maximum principal amount and the maximum initial interest rate provisions which are established by this final bond resolution for the Series J 2005 Bonds, and by the execution of said certificate and Bond Purchase Agreement, the final principal amount of the Series J 2005 Bonds and the initial interest rate for the Series J 2005 Bonds shall in all respects be deemed to have been approved, certified, confirmed and verified by the Commissioner and the Vice President for Administration and Finance of the University and to be in full conformity with the provisions of this resolution.

The Series J 2005 Bonds shall be payable, shall be subject to early redemption prior to maturity and shall be in substantially the form provided in the Indenture.

Section 5. Approval of Series J 2005 Supplemental Indenture and Swap Agreement.

The form, terms and provisions of each of the Series J 2005 Supplemental Indenture and the Swap Agreement, respectively, in substantially the forms and with substantially the same content as required for their execution, respectively, and as filed in the Office of the Commissioner and before the Board for approval at the meeting at which this resolution was adopted, and with the provisions for multi-modal variable and fixed interest rates and for the undertaking of an interest rate swap for the Series J 2005 Bonds, is hereby in all respects approved and the Board shall enter into the Series J 2005 Supplemental Indenture with the Trustee and the Board and the University shall enter into the Swap Agreement with the counterparty to the Swap Agreement in substantially the forms of, and with substantially the same content as, the Series J 2005 Supplemental Indenture and the Swap Agreement, respectively, so filed in the Office of the Commissioner and before the Board for its approval, but with such changes therein or modifications thereto as shall be consistent with the terms and provisions of this resolution and as the Chairman, Vice Chairman or Secretary of the Board, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve, and the execution and delivery thereof by the Chairman, Vice Chairman and/or Secretary shall constitute conclusive evidence of the approval of the form, terms and provisions of the Series J 2005 Supplemental Indenture and the Swap Agreement and the execution thereof for and on behalf of the Board. The Chairman, the Vice Chairman and the Secretary of the Board are each hereby authorized and directed to execute and deliver the Series J 2005 Supplemental Indenture and the Swap Agreement, and the Vice President for Finance and Administration of the University is authorized and directed to execute and deliver the Swap Agreement, and the

Secretary of the Board is authorized to execute and to place the seal of the Board on the Series J 2005 Supplemental Indenture upon its execution by the Chairman or Vice Chairman of the Board and for and on behalf of the Board and for the benefit of and on behalf of the University. The Board and the University shall be authorized to enter into and to execute the Swap Agreement prior to or at and upon completion of the offering and sale of the Series J 2005 Bonds if the University shall determine that it is in the best interest of the University to do so, taking into account municipal bond interest rate movements and trends following the date of adoption of this final bond resolution for the Series J 2005 Bonds.

Section 6. Authorization for the Bond Purchase Agreement and the Disclosure Agreement. The Board authorizes and directs that a Bond Purchase Agreement and a Disclosure Agreement be prepared and finalized for execution and delivery in connection with the issuance and delivery of the Series J 2005 Bonds, such Bond Purchase Agreement and Disclosure Agreement to be substantially in the forms of and with the content set forth in the bond purchase agreement and the disclosure agreement as executed and delivered by the Board and the University in connection with the issuance of the Series I 2004 Bonds heretofore issued by the Board for the University, but with such additions, modifications and changes as are required therein and thereto by, for or with respect to the issuance of the Series J 2005 Bonds, and the Board and the University (as applicable) shall enter into and execute the Bond Purchase Agreement and the Disclosure Agreement (and, as to the Disclosure Agreement, if and to the extent required) with the respective parties thereto upon completion of the offering and sale of the Series J 2005 Bonds, in substantially the forms of, and with the substantially same content as, the Bond Purchase Agreement and the Disclosure Agreement so authorized hereby and with such changes therein or modifications or amendments thereto as shall be consistent with the terms and provisions of this resolution and as the Chairman, Vice Chairman or Secretary of the Board, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve, and the execution and/or delivery thereof by the Chairman, Vice Chairman and/or Secretary of the Board shall constitute conclusive evidence of the approval of the form, terms and provisions of the Bond Purchase Agreement and the Disclosure Agreement and the execution thereof for and on behalf of the Board. The Chairman, Vice Chairman and Secretary of the Board and the Vice President for Administration and Finance of the University are each hereby further authorized and directed to execute (as applicable) and deliver the Bond Purchase Agreement and the Disclosure Agreement (if and as required) for and on behalf of the Board and for the benefit of and on behalf of the University.

Section 7. Authorization for and Use of an Official Statement. The Board authorizes and directs that an Official Statement for the Series J 2005 Bonds (as to a preliminary official

statement and/or a final official statement) be prepared and finalized for execution and delivery in connection with the offer, sale, issuance and delivery of the Series J 2005 Bonds, such Official Statement to be in substantially the form of and with the content set forth in the preliminary official statement and the final official statement as delivered by the Board and the University in connection with the issuance of the Series H 2004 Bonds heretofore issued by the Board for the University, but with such additions, modifications and changes as are required therein and thereto by, for or with respect to and at the time of the offering, sale and delivery of, the Series J 2005 Bonds. The Underwriter is authorized and directed to use and distribute the Official Statement (and a Preliminary Official Statement if and to the extent required in connection with the offering and sale of the Series J 2005 Bonds) in connection with the offering, sale and delivery of the Series J 2005 Bonds, which Official Statement shall be in substantially the form of, and have the substantially the content of the Official Statement so prepared and as approved by the Chairman, Vice Chairman or Secretary of the Board and the Vice President for Administration and Finance of the University, with such changes therein or modifications thereto as shall be consistent with the terms and provisions of this resolution and as the Chairman, Vice Chairman or Secretary of the Board, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve and the approval thereof by said Chairman, Vice Chairman and/or Secretary of the Board and by the Vice President for Administration and Finance of the University shall constitute conclusive evidence of the approval of the forms, terms and provisions of the Official Statement for use by the Underwriter in connection with the offering and sale of the Series J 2005 Bonds. For purposes of compliance with Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the "Rule") and the applicable provisions thereof with respect to the Series J 2005 Bonds and their issuance with multi-modal interest rate provisions, the Official Statement, as the same has been or may be supplemented, amended or corrected by the Board and the University from time to time, may and shall be treated as an Official Statement with respect to the Series J 2005 Bonds that is "deemed final" as of its date (or as of the date of any supplement, amendment or correction by the Board and the University for purposes of the Rule), except for the omission of certain pricing, interest rate or rates and/or other information permitted by the Rule, and is subject to completion and delivery in a final Official Statement in accordance with the provisions of the Rule. The Official Statement, when so prepared, supplemented and completed by an addendum or addenda specifying (as and if required) the maturity dates, principal amounts, and interest rate or rates of and for the Series J 2005 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 J 2005 Bonds, as that term is defined and used in the Rule,

and the Chairman, Vice Chairman or Secretary of the Board and the Vice President for Administration and Finance of the University are each 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 purchasers of the Series J 2005 Bonds.

Section 8. Approval of Series J 2005 Bonds and Execution. The form, terms and provisions of the Series J 2005 Bonds shall be as set forth in the Series J 2005 Supplemental Indenture and the Chairman and Vice Chairman of the Board shall each be authorized and are directed to execute the Series J 2005 Bonds, either by manual or facsimile signature, and the Secretary of the Board shall be authorized and is directed to attest, either by manual or facsimile signature, such signature on the Series J 2005 Bonds and the seal of the Board, or a facsimile thereof, shall be authorized and is directed to be affixed to the Series J 2005 Bonds.

Section 9. Order for Authentication. The Series J 2005 Bonds, when executed by the Chairman or Vice Chairman and by the Secretary of the Board, shall be delivered to the Trustee for authentication, accompanied by a written order of the Board executed by its Chairman, Vice Chairman or Secretary and directing the authentication and delivery of the Series J 2005 Bonds by the Trustee. Upon receipt of such written order, the Trustee shall authenticate and register the Series J 2005 Bonds by executing the Trustee's certificate of authentication and registration provided therein, and shall deliver the Series J 2005 Bonds, when duly executed and authenticated, to the Underwriter in accordance with the written instructions therefor executed on behalf of the Board by its Chairman, Vice Chairman or Secretary, which instructions the Chairman, Vice Chairman or Secretary are 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 J 2005 Bonds in accordance with the provisions of the Bond Purchase Agreement, upon satisfaction of all conditions required hereunder and under the Bond Purchase Agreement and the Indenture for delivery of the Series J 2005 Bonds.

Section 10. Resolution Contract. In consideration of the purchase and acceptance of the Series J 2005 Bonds by those who shall own the same from time to time, the provisions of this resolution shall be part of the contract of the Board with the Registered Owners from time to time of the outstanding Series J 2005 Bonds.

Section 11. Authorization for Further Action. The members and officers of the Board and the University shall take all action in conformity with the Constitution and law of the State of Montana and this resolution which shall be necessary or reasonably required by the parties to the Indenture, the Bond Purchase Agreement, the Swap Agreement and the Disclosure Agreement to effectuate their provisions, and shall take all other action necessary or desirable, and in conformity with the Constitution and law of the State of Montana and this resolution, for

the financing of the Series J 2005 Project and the issuance of the Series J 2005 Bonds for such purposes, including without limitation, the execution and delivery of all agreements (including a liquidity facility agreement, if a liquidity facility is obtained or required for the Series J 2005 Bonds), closing documents, certificates and opinions authorized or required to be delivered in connection with the issuance, sale and delivery of the Series J 2005 Bonds.

Section 12. Resolution Irrepealable. After any of the Series J 2005 Bonds are issued, this resolution shall be and shall remain irrepealable until the Series J 2005 Bonds and the interest thereon shall have been fully paid, canceled 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 of the Board, 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, adoption and approval.

PASSED, ADOPTED AND APPROVED THIS 20th day of January, 2005

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

By _____
Chairman

(S E A L)

ATTEST:

Secretary

Exhibit A

The Series J Project consists of the Student Facilities Enhancement project being undertaken at and for the Bozeman Campus of Montana State University, as presented at the May 20, 2004 meeting of the Board of Regents of Higher Education and consisting of substantial renovations to the Student Union Building and the Health and Physical Education Complex and the construction and equipping of the Black Box Theater.

At a regular meeting of The Board of Regents of Higher Education for the State of Montana, held on this 20th day of January, 2005, the foregoing 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 resolution duly passed and adopted.

Thereupon, The Board of Regents of Higher Education considered other matters not concerning the Series J 2005 Bonds described in the foregoing resolution.

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

I, Sheila M. 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 16, 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 resolution therein contained, had and taken at a lawful and regular meeting of The Board of Regents of Higher Education held at and on the campus of Carroll College in Helena, Montana, on Thursday, January 20, 2005, 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 of 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 of the State of Montana this 20th day of January, 2005.

Secretary of The Board of
Regents of Higher Education

(S E A L)