

SERIES M 2013 TWELFTH SUPPLEMENTAL INDENTURE OF TRUST

Between

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

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Regarding

\$ _____
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
THE UNIVERSITY OF MONTANA
REVENUE BONDS,
SERIES M 2013

Dated as of December 1, 2013

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**SERIES M 2013
TWELFTH SUPPLEMENTAL INDENTURE OF TRUST**

This SERIES M 2013 TWELFTH SUPPLEMENTAL INDENTURE OF TRUST, dated as of December 1, 2013 (the “*Series M 2013 Supplemental Indenture*”), by and between The Board of Regents of Higher Education for the State of Montana (the “*Board*”), a public entity and instrumentality duly organized and existing under the Constitution of the State of Montana, and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, authorized to accept and execute trusts of the character herein set forth under the laws of the United States of America (the “*Trustee*”):

WITNESSETH:

WHEREAS, the Board has entered into an Indenture of Trust dated as of November 1, 1993, with the Trustee, as previously supplemented and amended (the “*Master Indenture*” and, collectively with this Series M 2013 Supplemental Indenture, the “*Indenture*”);

WHEREAS, the Board considers it necessary and desirable and for the benefit of The University of Montana (as further defined in the Master Indenture, the “*University*”) to issue its State of Montana, The Board of Regents of Higher Education, The University of Montana Revenue Bonds, Series M 2013 (the “*Series M 2013 Bonds*”), as hereinafter provided, for the purpose of financing certain improvements to the University’s campuses, consisting of (i) the acquisition, construction and installation of Technology Modular Units, (ii) construction of the Gilkey Executive Education Center, (iii) renovation of residence halls, and (iv) renovation of the Interdisciplinary Science Building, and related improvements (the “*Project*”), and paying costs of issuance of the Series M 2013 Bonds, pursuant to a resolution duly adopted and passed by the Board on November 22, 2013;

NOW, THEREFORE, THIS SERIES M 2013 SUPPLEMENTAL INDENTURE WITNESSETH, that to secure the Series M 2013 Bonds and all other Bonds Outstanding, and all Additional Bonds issued and Outstanding under the Indenture, the payment of the principal or redemption price, if any, thereof and interest thereon, and to secure the performance and observance by the Board of all of the covenants contained in such Bonds and herein, and for and in consideration of the mutual covenants herein contained and of the purchase of such Bonds by the Registered Owners thereof from time to time and the issuance of Bond Insurance by Bond Insurers and of Reserve Fund Credit Facilities by Reserve Fund Credit Facility providers, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Board has executed and delivered this Series M 2013 Supplemental Indenture, and by these presents does, in confirmation of the Master Indenture, hereby sell, assign, transfer, set over and pledge unto U.S. Bank National Association, as Trustee, its successors in trust and its assigns forever, to the extent provided in the Master Indenture, all right, title and interest of the Board in and to the Trust Estate and all other rights granted under the Indenture and hereinafter granted for the further securing of such Bonds,

TO HAVE AND TO HOLD THE SAME unto the Trustee and its successors in trust hereby created and its and their assigns forever;

IN TRUST, for the equal and ratable benefit and security of all present and future Registered Owners of Bonds without preference, priority, or distinction as to lien or otherwise (except as otherwise specifically provided), of any one Bond over any other Bond; and further witnesseth as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions. (a) Certain terms are defined in the recitals hereto. Except as provided in subparagraph (b) of this Section 101 and in the recitals, all defined terms contained in the Master Indenture, when used in this Series M 2013 Supplemental Indenture shall have the same meanings as set forth in the Master Indenture.

(b) As used in this Series M 2013 Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following meanings:

“*Tax Certificate*” means any agreement or certificate of the Board executed in order to assure the exclusion from federal income taxes of interest received on the Series M 2013 Bonds by the holders thereof.

“*Purchaser*” means First Security Bank of Missoula, Division of Glacier Bank, as the initial purchaser of the Series M 2013 Bonds.

Section 102. Authority for Series M 2013 Supplemental Indenture. This Series M 2013 Supplemental Indenture is entered into pursuant to authority contained in Article X, Section 9 of the Constitution of the State of Montana, as amended, Title 20, Chapter 25, Part 4, Montana Code Annotated, as amended, and a resolution of the Board adopted on November 22, 2013, and is issued pursuant to, and supplements and amends, the Master Indenture.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES M 2013 BONDS

Section 201. Authorization of Series M 2013 Bonds. A Series of Bonds is authorized to be issued in the aggregate principal amount of \$_____. Such Series of Bonds shall be designated “State of Montana, The Board of Regents of Higher Education, The University of Montana, Revenue Bonds, Series M 2013.” The Series M Bonds are being issued for the purpose of financing the Project and paying costs of issuance of the Series M 2013 Bonds.

Section 202. Issue Date. The Series M 2013 Bonds shall be dated their date of original issuance and delivery (the “*Issue Date*”).

Section 203. Series M 2013 Bonds. (a) The Series M 2013 Bonds shall bear interest from the Issue Date, payable semiannually on May 15 and November 15 in each year, commencing May 15, 2014, at the rate of 2.5% per annum. Interest on the Series M 2013 Bonds shall be computed on the basis of a 365/366-day year for the actual number of days elapsed. The Series M 2013 Bonds shall mature on November 15, 2023, and shall be payable pursuant to mandatory sinking fund installments, in the amounts and on the dates shown in the Payment Schedule attached hereto as *Exhibit 1*, at a redemption price of 100% of the principal amount to be redeemed.

(b) Notwithstanding anything to the contrary in the Indenture, so long as the Purchaser owns all of the Series M 2013 Bonds, notice of redemption shall not be required to be given to the Purchaser in connection with the payment of Series M 2013 Bonds pursuant to mandatory sinking fund installment payments.

Section 204. Registered Form, Denominations and Numbers. The Series M 2013 Bonds shall be issued only as fully-registered Bonds, without coupons, in the denomination of \$100,000 or any integral multiple of \$1,000 in excess thereof.

Section 205. Optional Redemption. The Series M 2013 Bonds are subject to redemption prior to maturity at the option of the University, on any principal or interest payment date with respect to the Series M 2013 Bonds, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest.

Section 206. Sale of Series M 2013 Bonds. The Series M 2013 Bonds authorized to be issued herein are hereby sold to the Purchaser at an aggregate price of \$_____ (representing the principal amount of the Series M 2013 Bonds).

Section 207. Execution of Series M 2013 Bonds. The Series M 2013 Bonds shall be executed on behalf of the Board by the Chair and attested by the Commissioner/Secretary, and the seal of the Board shall be placed on each of the Series M 2013 Bonds.

Section 208. Delivery of Series M 2013 Bonds. The Series M 2013 Bonds shall be delivered to the Purchaser upon compliance with the provisions of Sections 2.04 and 2.07 of the Indenture, at such time and place as provided in, and subject to, the provisions of the Purchase Contract.

Section 209. No Debt Service Reserve Requirement. No Debt Service Reserve Requirement has been, or is required to be, established with respect to the Series M 2013 Bonds.

ARTICLE III

APPLICATION OF SERIES M 2013 BOND PROCEEDS

Section 301. Application of Proceeds of Series M 2013 Bonds. (a) The proceeds of the Series M 2013 Bonds shall be paid to the Trustee for deposit as follows:

(i) \$_____ into the Construction Fund, for the purpose of paying costs of the Project; and

(ii) \$_____ into the Costs of Issuance Account in the Construction Fund, for the purpose of paying Costs of Issuance of the Series M 2013 Bonds. The Trustee will pay costs of issuance of the Series M 2013 Bonds costs upon receipt from the University of the applicable invoices for such costs. Any moneys remaining in the Costs of Issuance Account after the payment of all costs of issuance shall be transferred to the primary Construction Fund within three months of the date of issuance of the Series M 2013 Bonds.

ARTICLE IV

FORM OF SERIES M 2013 BONDS

Section 401. Form of Series M 2013 Bonds. Subject to the provisions of the Indenture, the Series M 2013 Bonds shall be in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the Indenture:

[FORM OF SERIES M 2013 BONDS]

REGISTERED

REGISTERED

Number R-____

\$_____

UNITED STATES OF AMERICA
STATE OF MONTANA

THE BOARD OF REGENTS OF HIGHER EDUCATION
THE UNIVERSITY OF MONTANA
REVENUE BONDS,
SERIES M 2013

INTEREST
RATE

MATURITY
DATE

ISSUE
DATE

____%

November 15, 2023

____, 2013

Registered Owner:

Principal Amount: ----- DOLLARS -----

THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA (the "Board"), a public body corporate and instrumentality duly created, organized and existing under and by virtue of the Constitution of the State of Montana, for value received, hereby promises to pay, solely from the special fund or funds specified herein, but without obligation otherwise, in lawful money of the United States of America, to the Registered Owner hereof identified above, or registered assigns as hereinafter provided, on the maturity date identified above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price shall have been made or provided for, upon the surrender of this Bond, the principal amount identified above, and further promises to pay interest on such principal amount in like money, but solely from said special fund or funds, such interest to accrue from the Issue Date hereof, at the interest rate per annum set forth above, payable on each May 15 and November 15, commencing May 15, 2014, until payment of such principal amount, or provision therefor, shall have been made upon redemption or at maturity. The principal of this Bond is payable at the principal operations office of U.S. Bank National Association (the "Trustee"), in Seattle Washington, or at the principal corporate trust office of any successor trustee or additional paying agent appointed under the Indenture (defined below). Interest on this Bond is payable to the Registered Owner hereof as shown on the registration books of the Board kept by the Trustee at the close of business on the fifteenth day next preceding any interest payment date (a "Record Date"), and shall be paid by check or draft of the Trustee, to be mailed to such Registered Owner at his or her address as it appears on the registration books of the Board kept by the Trustee, or at such other address as is furnished to the

Trustee in writing by such Registered Owner; *provided, however*, that with respect to any Registered Owner on any payment date for the Bonds of not less than \$500,000 of Bonds who has provided to the Paying Agent adequate instructions (in the judgment of the Paying Agent) for wire transfer, the payment shall be made in immediately available funds by wire transfer to that Registered Owner, at the expense of that Registered Owner and in accordance with those instructions, on the applicable payment date for the Bonds.

This Bond is a special obligation of the Board and is one of the Revenue Bonds, Series M 2013 of the Board (the “*Series M 2013 Bonds*”) issued on behalf of The University of Montana in the aggregate principal amount of \$_____, pursuant to Article X, Section 9 of the Constitution of the State of Montana, as amended, Title 20, Chapter 25, Part 4, Montana Code Annotated, as amended (collectively the “*Act*”), and the Indenture of Trust dated as of November 1, 1993, between the Board and the Trustee, as previously supplemented and amended (the “*Master Indenture*”), and as further supplemented and amended by the Series M 2013 Twelfth Supplemental Indenture of Trust, dated as of December 1, 2013 (the “*Series M 2013 Supplemental Indenture*” and, collectively with the Master Indenture, the “*Indenture*”), by and between Board and the Trustee, for the purpose of financing costs of the Project and paying costs of issuance of the Series M 2013 Bonds.

Capitalized terms used but not defined herein have the meanings assigned to such terms in the Indenture.

The Bonds are special limited obligations of the Board, and are equally and ratably secured by a first lien and are payable solely from the Net Pledged Revenues and certain other funds pledged and assigned by the Board under the Indenture. The Net Pledged Revenues are so pledged for the payment of the Bonds, and the holder hereof may not look to any general or other fund of the Board or the University for the payment of the Bonds except the special funds pledged therefor under the Indenture. Additional Bonds may be issued from time to time pursuant to and, subject to the conditions provided in, the Indenture.

To the extent and in the respects permitted by the Indenture, the Indenture may be modified or amended by action of the Board taken in the manner and subject to the conditions and exceptions prescribed therein.

Reference is made to the Indenture for a description of the nature and extent of the security, the rights, duties and obligations of the Board and the Trustee, the rights of the Registered Owners of the Bonds, the provisions governing the issuance of Additional Bonds and the terms on which the Bonds are or may be issued and secured thereunder, all the provisions of which the Registered Owner hereof by the acceptance of this Bond assents.

This Bond is transferable, as provided in the Indenture, only upon the books of the Board kept for that purpose at the principal corporate trust office of the Trustee, by the Registered Owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in a form approved by the Trustee, duly executed by the Registered Owner or his duly authorized attorney, and thereupon the Board shall issue in the name of the transferee a new registered Series M 2013 Bond or Bonds of the same aggregate

principal amount, series designation and maturity as the surrendered Series M 2013 Bond, all as provided in the Indenture and upon the payment of the charges therein prescribed. The Board, the Trustee, and any paying agent may treat and consider the person in whose name this Series M 2013 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever.

The Series M 2013 Bonds are issuable in the form of fully-registered Bonds, without coupons, in the denomination of \$100,000 or any integral multiple of \$1,000 in excess thereof.

The Series M 2013 Bonds are subject to redemption prior to maturity at the option of the University, on any principal or interest payment date with respect to the Series M 2013 Bonds, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest.

The Series M 2013 Bonds are subject to mandatory sinking fund redemption prior to maturity, as provided in the Series M 2013 Supplemental Indenture.

No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future member, officer, agent or employee, of the Board or any member, officer or similar official, agent or employee of any successor body, agency or instrumentality, as such, either directly or through the Board or any successor body, agency or instrumentality, under any rule of law or in equity, or by statute or the Constitution of the State of Montana or by the enforcement of any tax, assessment or penalty or otherwise, and all such liability of any such member, officer or similar official, agent or employee, of the Board as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

It is hereby certified and recited that all conditions, acts and things required by the constitution or statutes of the State of Montana or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Series M 2013 Bond exist, have happened and have been performed and that the issue of the Series M 2013 Bonds, together with all other indebtedness of the Board, is within every debt and other limit prescribed by said constitution and statutes.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA has caused this Bond to be executed in its name and on its behalf by its Chair, and its corporate seal to be imprinted hereon, and attested to by the Commissioner/Secretary, all as of the date set forth below.

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

By _____
Chair

[SEAL]

ATTEST:

By _____
Commissioner/Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within mentioned Indenture and is one of the State of Montana, The Board of Regents of Higher Education, The University of Montana Revenue Bonds, Series M 2013.

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Signature

Date of registration and authentication: _____, 2013.

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	—	as tenants in common	UNIF TRANS MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfer to Minors Act of _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA, and does hereby irrevocably constitute and appoint _____ Attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

ARTICLE V

ACKNOWLEDGMENT OF AND CONSENT TO AMENDMENT OF MASTER INDENTURE

Section 501. Bondholder Consent to Future Amendment of Section 11.01 of the Master Indenture. By acceptance of the Series M 2013 Bonds, the holders of the Series M 2013 Bonds are deemed to consent to any future amendment to Section 11.01 of the Master Indenture that eliminates the right of Bond Insurers to consent to Supplemental Indentures entered into pursuant to Section 11.01.

Section 502. Approval of the Master Indenture. By acceptance of the Series M 2013 Bonds, the holders of the Series M 2013 Bonds are deemed to consent to any amendments to the Master Indenture made to the date hereof (as reflected in the form of Master Indenture delivered in the transcript of which this Series M 2013 Supplemental Indenture is a part).

ARTICLE VI

TAX COVENANTS

Section 601. Tax Covenants. (a) In order to establish and preserve the tax-exempt status of the Series M 2013 Bonds, the Chair, the Vice President for Finance and Administration, and other appropriate officials of the Board and the University are hereby authorized and directed to execute such Tax Certificates as shall be necessary to establish that (i) the Series M 2013 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, (ii) the Series M 2013 Bonds are not and will not become “private activity bonds” within the meaning of Section 141 of the Code, (iii) all applicable requirements of Section 149 of the Code are and will be met, (iv) the covenants of the Board contained in this Section will be complied with and (v) interest on the Series M 2013 Bonds is not and will not become includible in gross income of the Owners thereof for federal income tax purposes under the Code and applicable regulations promulgated or proposed thereunder.

(b) The Board covenants and certifies to and for the benefit of the Owners from time to time of the Series M 2013 Bonds that:

(i) the Board will at all times comply with the provisions of the Tax Certificate relating to the Series M 2013 Bonds;

(ii) the Board will at all times comply with the rebate requirements contained in Section 148(f) of the Code, including, without limitation, the entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made and the timely payment to the United States of all amounts, including any applicable penalties and interest, required to be rebated;

(iii) no use will be made of the proceeds of the Series M 2013 Bonds or any funds or accounts of the Board or the University that may be deemed to be proceeds of the Series M 2013 Bonds pursuant to Section 148 of the Code and applicable regulations, which use, if it had been reasonably expected on the date of issuance of the Series M 2013 Bonds, would have caused the Series M 2013 Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code;

(iv) no tax-exempt bonds or other evidences of indebtedness of the Board have been or will be sold within a period beginning 15 days prior to the sale of the Series M 2013 Bonds and ending 15 days following the delivery of the Series M 2013 Bonds;

(v) the Board will not take any action that would cause interest on the Series M 2013 Bonds to be or to become ineligible for the exclusion from gross income of the Owners of the Series M 2013 Bonds as provided in Section 103 of the Code, nor will the Board omit to take or cause to be taken, in timely manner, any action, which omission would cause interest on the Series M 2013 Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Series M 2013 Bonds as provided in Section 103 of the Code; and

(vi) the Board acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the Board is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

Pursuant to these covenants, the Board obligates itself to comply throughout the term of the issue of the Series M 2013 Bonds with the requirements of Section 103 of the Code and the regulations proposed or promulgated thereunder as they pertain to the Series M 2013 Bonds.

ARTICLE VII

FINANCIAL REPORTING

Section 701. Financial Reporting. So long as the Purchaser owns any of the Series M 2013 Bonds, the University shall provide the Purchaser with a copy of the University’s annual audited financial statements within 270 days of the end of each fiscal year.

IN WITNESS WHEREOF, The Board of Regents of Higher Education for the State of Montana has caused this Series M 2013 Supplemental Indenture to be signed in its name and behalf by its Chair and its corporate seal to be hereunto affixed and attested by its Commissioner/Secretary, and to evidence its acceptance of the trusts hereby created, U.S. Bank National Association, as Trustee, has caused this Series M 2013 Supplemental Indenture to be signed in its name and behalf by one of its duly authorized officers, all as of the date first above written.

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

By _____
Chair

[SEAL]

ATTEST:

By _____
Commissioner/Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

EXHIBIT A

[ATTACH PAYMENT SCHEDULE]