ITEM 165-1010-R1114
Request for Authorization to proceed with the issuance of the Series N 2015 Refunding Revenue Bonds; The University of Montana - Missoula

THAT
Consistent with MCA 20-25-402 (Borrowing by the Regents), The Board of Regents of the Montana University System authorizes The University of Montana to proceed with the issuance of the Series N 2015 Refunding Revenue Bonds up to $21.0 million and adopts the Bond Resolution for the Bonds.

EXPLANATION
The Series J 2005 Facilities Improvement and Refunding Revenue Bonds (Refunded Bonds) issued on behalf of The University of Montana are excellent candidates for a refunding to achieve debt service savings. $20,005,000 of the Refunded Bonds mature between 2016 and 2030, and are subject to optional redemption at par on May 15, 2015. Interest rates on the Refunded Bonds range from 4.00 to 4.25%, with an average interest rate of 4.10%. Although the Refunded Bonds were issued at low interest rates, current interest rates have fallen to levels that provide a refunding opportunity with significant debt service savings. In order to take advantage of current low interest rates, The University of Montana must expedite the issuance of the refunding bonds.

The Series N 2015 Bonds will be issued as fixed rate tax-exempt debt in a principal amount up to $21.0 million, including costs of issuance, and will mature between 2016 and 2030. The following table shows the range of estimated interest rates on the Series N 2015 Bonds and the estimated net present value (NPV) savings.

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<tr>
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<th>Low Rates</th>
<th>High Rates</th>
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<tbody>
<tr>
<td>Estimated Average Rate</td>
<td>2.51%</td>
<td>3.03%</td>
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<tr>
<td>Estimated NPV Savings (%)</td>
<td>10.23%</td>
<td>6.36%</td>
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The University of Montana will issue the refunding bonds only if the NPV savings are at least 5% of the principal amount of the Refunded Bonds, which is above the standard established for a cost beneficial refunding.

To expedite the issuance process and reduce issuance costs, the University of Montana will solicit proposals from a number of commercial banks for a direct purchase of the refunding bonds, and will evaluate proposals based on the proposed interest rates and terms.

ATTACHMENTS
Attachment 1 - Series N 2015 Revenue Bond Resolution
Attachment 2 - Series N 2015 Indenture