

**The University of Montana**  
Proposed Refunding Bonds  
Series K 2010 (Tax exempt Series & Taxable Series)

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***Preliminary  
Transaction Summary***

- Purpose:** The Series 1998E and 1999F Bonds of the University can be refunded to achieve debt service savings. Current market interest rates have fallen to historically low levels, but rates are also fairly volatile at the current levels.
- Outstanding Bonds:** The Series 1998E bonds are outstanding in the amount of \$5,760,000 and are payable through 2021 at an average interest rate of 5%. The Series 1999F bonds are outstanding in the amount of \$56,535,000 and are payable through 2024 at an average interest rate of 5.76%.
- Estimated Savings:** The tax- exempt Series K 2010 bonds to refund the 1998E bonds would bear interest at an average rate estimated currently to be 2.45% resulting in estimated net present value savings of **\$620,000**. The taxable Series K 2010 bonds which refund the 1999F bonds, currently bear an estimated average interest rate of 4.37% for net present value savings of **\$4,071,000**. This results in *annual* debt service reductions of approximately **\$442,000** for the two issues. The term on the new bonds would remain the same as the old debt. Both the taxable and tax-exempt bonds would be fixed rate debt.
- Other notes:** The original bonds were issued at fairly low interest rates, so the ability to further reduce the already low borrowing costs is extremely beneficial to The University of Montana.