

ITEM 119-112-R0503- OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

FINAL BOND RESOLUTION
FOR UP TO
\$2,050,000
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA UNIVERSITY SYSTEM REVENUE BONDS
(WORKERS' COMPENSATION PROGRAM)
SERIES 2003

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 UNIVERSITY SYSTEM REVENUE BONDS (WORKERS COMPENSATION PROGRAM), SERIES 2003, IN AN AGGREGATE TOTAL PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,050,000 SAID BONDS TO BE ISSUED TO PROVIDE MONIES TO BE USED FOR THE PURPOSE OF FUNDING CERTAIN RESERVES TO BE ESTABLISHED FOR THE MONTANA UNIVERSITY SYSTEM WORKERS COMPENSATION SELF-FUNDED PROGRAM, AS DESCRIBED HEREIN, AND TO PAY COSTS OF ISSUANCE OF THE SERIES 2003 BONDS; AUTHORIZING, APPROVING AND DIRECTING THE EXECUTION AND DELIVERY BY THE BOARD OF AN INDENTURE OF TRUST AND VARIOUS CLOSING DOCUMENTS AND CERTIFICATES AND THE SERIES 2003 BONDS IN CONNECTION THEREWITH; AUTHORIZING, APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF A PLACEMENT AGREEMENT IN CONNECTION THEREWITH; AUTHORIZING, APPROVING AND DIRECTING THE PREPARATION, DISTRIBUTION AND USE OF A PRIVATE PLACEMENT MEMORANDUM TO BE USED IN CONNECTION WITH THE OFFERING, SALE AND PRIVATE PLACEMENT OF THE BONDS; MAKING DETERMINATIONS AS TO OTHER MATTERS RELATED TO SUCH FINANCING AND TO THE ISSUANCE OF THE SERIES 2003 BONDS; AND REPEALING ACTION HERETOFORE TAKEN IN CONFLICT HEREWITH.

(1) 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 purposes of financing the costs of acquisition, construction, renovation, improvement, furnishing and equipping of capital improvements, facilities and equipment and for the purposes of funding and financing various types of programs for the use and benefit of institutions of higher education within the Montana University System and to authorize the use and application of the proceeds of such bonds and certain funds and monies of the institutions for such purposes; and

(2) 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 (i) 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”), and (ii) The University of Montana – Missoula, in Missoula, Montana, The University of Montana-Western, in Dillon, Montana, Montana Tech of The University of Montana in Butte, Montana and The University of Montana/Helena College of Technology, in Helena, Montana were designated to become and have in fact become a multi-campus university named The University of Montana (herein referred to as “The University of Montana”), all in the manner and becoming effective as heretofore directed by the Board; and

(3) WHEREAS, the Office of the Commissioner of Higher Education (the “Higher Education Office”), The University of Montana and Montana State University have conducted investigations and have held discussions relating to, and have determined to participate in the formation of and to adopt, implement and operate a self-funded workers’ compensation insurance program (the “Program”) for the Montana University System (the “System”) for purposes of Compensation Plan No. 1 under the Workers’ Compensation Act of the State of Montana, and have engaged Milliman USA, Consultants and Actuaries, to conduct a study entitled “Montana University System – Evaluation of Self-Insurance Option for Workers’ Compensation Expenses” which pertains to the Program; and

(4) WHEREAS, the Board has reviewed and approved the submission by the Higher Education Office, The University of Montana and Montana State University of information pertaining to the Program and the Board has determined to approve and has approved the adoption, implementation and operation of the Program for the System in order to provide for workers’ compensation coverage for eligible employees of the Higher Education Office, Montana State University and The University of Montana; and

(5) WHEREAS, the Program provides for and contemplates the issuance of revenue bonds of the Board to fund certain reserves to be established in connection with the implementation of the Program, and the Board has determined to proceed with and to authorize a series of revenue bonds to be issued by the Board for such purposes; and

(6) WHEREAS, based on the foregoing, the Board has now determined and does hereby determine pursuant to this resolution to provide final 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 University System Revenue Bonds (Workers’ Compensation Program), Series 2003" (the "Series 2003 Bonds"), in an aggregate principal amount not to exceed \$2,050,000, for the purpose of

providing monies to fund reserves for the Program and to pay certain costs and expenses in connection with the issuance of the Series 2003 Bonds; and

(7) WHEREAS, in connection with the proposed issuance, sale and delivery of the Series 2003 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: (i) the form of the Indenture of Trust for the Series 2003 Bonds (the "Indenture"), to be dated as provided therein, and to be executed by and between the Board and the Trustee designated therein (the "Trustee"), (ii) the form of the Placement Agreement, to be dated as of the date of its execution (the "Placement Agreement"), and to be entered into and executed by the Board and the placement agent designated therein (the "Placement Agent") as the Placement Agent for the Series 2003 Bonds, and (iii) the form of the Private Placement Memorandum for the Series 2003 Bonds (the "Placement Memorandum"), to be dated as of the date of its approval by the Chairman, Vice Chairman or Secretary of the Board, and by the designated administrative officers of The University of Montana and Montana State University (collectively, the "University Officers"), which is to be used in connection with the offering, sale and placement of the Series 2003 Bonds; and

(8) WHEREAS, the Board has determined to proceed with this final approval and authorization of the Board for the issuance, sale and delivery of the Series 2003 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 Indenture, the Placement Agreement and the Placement Memorandum.

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 approval of the Program, the funding of reserves for the Program and the issuance, sale and delivery of the Series 2003 Bonds for the purposes 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 final determination to exercise its constitutional powers and authority to supervise, coordinate, manage, govern and control the Montana University System through its approval of the Program as provided for and authorized by the Board and to fund reserves for the Program through the issuance, sale and delivery of the Series 2003 Bonds for such purposes, all of which shall be and are being undertaken by the Board pursuant to its authority and powers conferred by and under Article X, Section 9 of the Constitution of the State of Montana.

Section 3. Authorization for Series 2003 Bonds. To fund reserves for the Program and to fund and pay certain costs and expenses incurred in connection with the issuance of the Series 2003 Bonds, there is hereby authorized and created an issue of revenue bonds of the Board designated "State of

Montana, The Board of Regents of Higher Education, Montana University System Revenue Bonds (Workers Compensation Program), Series 2003" in an aggregate principal amount not to exceed \$2,050,000 and issuable as fully registered bonds in the denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, to be dated as provided in the Indenture, to bear interest from their date at the rates and to mature on the dates, in the years and in the principal amounts as shall be set forth in the Indenture.

Approval of the final principal amount and the final interest rates for the Series 2003 Bonds is hereby delegated to and shall be given and confirmed by the Commissioner of Higher Education for the State of Montana (the "Commissioner" who is also an ex-officio member of and the Secretary to the Board) and by the University Officers, and the Commissioner and the University Officers shall evidence such approval by a certificate executed by them and by executing and delivering or causing the execution and delivery of the Placement Agreement between the Board and the Placement Agent, and the terms of which shall provide verification that the net final principal amount of the Series 2003 Bonds does not exceed \$2,050,000 and that the net effective rate of interest payable on the Series 2003 Bonds does not exceed a net effective interest rate of four percent (4.00%) per annum, each in accordance with the maximum principal amount and the maximum net effective interest rate as established by this final bond resolution, and by the execution of said certificate and Placement Agreement, the final principal amount of the Series 2003 Bonds and the net effective interest rate for the Series 2003 Bonds shall have been in all respects be deemed to have been approved, certified, confirmed and verified by the Commissioner and the University Officers and to be in full conformity with the provisions of this resolution. The Series 2003 Bonds shall be payable, shall be subject to redemption prior to maturity and shall be in substantially the form provided in the Indenture.

Section 4. Approval of Indenture, Placement Agreement and Placement Memorandum. The form, terms and provisions of the Indenture, the Placement Agreement and the Placement Memorandum, in substantially the forms and with substantially the same content as required for their execution and as filed in the Office of the Commissioner and before the Board for approval at the meeting at which this resolution was adopted, are hereby in all respects approved, and the Board shall enter into, execute and deliver the Indenture, the Placement Agreement and the Placement Memorandum in substantially the forms of, and with substantially the same content as, the Indenture, the Placement Agreement and the Placement Memorandum 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 or Vice Chairman of the Board, the University Officers, the Placement Agent, Bond Counsel and Counsel to the Board shall approve, and the execution and delivery thereof by the Chairman or Vice Chairman of the Board shall constitute conclusive evidence of the approval of the form, terms and provisions of the Indenture, the Placement Agreement and the Placement Memorandum and the execution thereof for and on behalf of the Board. The Chairman or Vice Chairman

of the Board are each hereby authorized to execute and deliver the Indenture, the Placement Agreement and the Placement Memorandum, and the Secretary of the Board is authorized to attest and to place the seal of the Board upon such documents (as applicable) upon their execution by the Chairman or Vice Chairman of the Board for and on behalf of the Board.

Section 5. Approval of Use of Placement Memorandum. The Placement Agent is authorized to distribute and use the Placement Memorandum in connection with the offering, sale and placement of the Series 2003 Bonds.

Section 6. Approval of Series 2003 Bonds and Execution. The form, terms and provisions of the Series 2003 Bonds shall be set forth in the Indenture and the Chairman or Vice Chairman of the Board shall be authorized and directed to execute the Series 2003 Bonds, either by manual or facsimile signature, and the Secretary of the Board shall be authorized and directed to attest, either by manual or facsimile signature, such signature on the Series 2003 Bonds and the seal of the Board, or a facsimile thereof, shall be authorized and directed to be affixed to the Series 2003 Bonds.

Section 7. Order for Authentication. The Series 2003 Bonds, when executed by the Chairman or Vice Chairman and 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 2003 Bonds by the Trustee. Upon receipt of such written order, the Trustee shall authenticate and register the Series 2003 Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and shall deliver the Series 2003 Bonds, when duly executed and authenticated, in accordance with the written instructions therefor executed and given 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.

Section 8. Resolution Contract. In consideration of the purchase and acceptance of the Series 2003 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 2003 Bonds.

Section 9. Authorization for Further Action. The members and officers of the Board and the officers of the Higher Education Office, Montana State University and The University of Montana 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 and the Placement 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 Program, including without limitation, the execution and delivery of all closing documents, certificates and opinions authorized or required to be delivered in connection with the issuance, sale and delivery of the Series 2003 Bonds.

Section 11. Resolution Irrepealable. After any of the Series 2003 Bonds are issued, this resolution shall be and remain irrepealable until the Series 2003 Bonds and the interest thereon shall have been fully paid, canceled and discharged as provided in the Indenture.

Section 12. 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 13. 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 14. Effective Date. This resolution shall be in full force and effect upon its passage and approval.

PASSED, ADOPTED AND APPROVED THIS 29th day of May, 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 the 29th day of May, 2003, 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: Richard Roehm, Ed Jasmin, John Mercer, Lynn Hamilton, Lila Taylor

Those Abstaining: Mark Semmens

Those Voting Nay:

Those Absent:

Not less than a majority of the members 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 2003 Bonds described in the foregoing Resolution.

