

**MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE
2401 Colonial Drive, 3rd Floor
Helena, Montana**

**SPECIAL BOARD MEETING
MINUTES OF THE MEETING
February 12, 2013
10:30 AM**

BOARD MEMBERS PRESENT:

Mark Noennig, Chairman
Bob Bugni, CFA
Karl Englund (arrived 10:43 AM)
Quinton Nyman
Jack Prothero
Jon Satre
Kathy Bessette
Marilyn Ryan

BOARD MEMBERS ABSENT:

Gary Buchanan
Senator Ed Buttrey, Legislative Liaison
Representative Franke Wilmer, Legislative Liaison

STAFF PRESENT:

Polly Boutin, Accountant	Herb Kulow, Portfolio Manager
Geri Burton, Deputy Director	Tammy Lindgren, Accountant
Dana Chapman, Board Secretary	April Madden, Accountant
Frank Cornwell, CPA, Assistant Financial Manager	Gayle Moon, Financial Manager
David Ewer, Executive Director	Louise Welsh, Senior Bond Program Officer
Julie Flynn, Bond Program Officer	

GUESTS:

Greg Gould, Luxan & Murfitt

CALL TO ORDER

Chairman Mark Noennig called the Special Conference Call Meeting of the Board of Investments (Board) to order at 10:34 AM in the Board Room on the third floor at 2401 Colonial Drive, Helena, Montana. As noted above, a quorum of Board Members was present.

ADMINISTRATIVE BUSINESS

Chairman Noennig welcomed and introduced new Board Member appointees Marilyn Ryan of Missoula and Kathy Bessette of Havre.

Public Comment

Chairman Noennig called for public comment on Board issues. There was no public comment.

INTERCAP SERIES 2013 BONDS – FINAL BOND RESOLUTION No. 231

Final Bond Resolution No. 231 – Louise Welsh, Senior Bond Program Officer

Senior Bond Program Officer Louise Welsh reviewed that at the November 13, 2013 Board meeting the Board approved the preliminary resolution authorizing staff to issue up to \$12 million in additional INTERCAP bonds and to borrow up to \$10 million from the Board in the form of a bond anticipation note (BAN), if required, to meet the needs of issuing the new bond. Ms. Welsh added the BAN will not be issued as there are sufficient funds to meet the needs of the program.

Ms. Welsh advised the purpose of Resolution No. 231 is:

- To serve as the Board's authorization to bond holders that the INTERCAP Series 2013 Bonds have been approved and are on parity with all other outstanding INTERCAP bonds.
- To approve the Series 2013 Supplemental Indenture.
- To pledge the INTERCAP bond's reserve account enhanced with a promise for the Board to loan monies to restore any deficiency in the reserve account and to purchase tendered INTERCAP bonds that have not been redeemed by the trustee or remarketed by the remarketing agent.
- To authorize staff to approve and execute the necessary documents to accomplish the sale.

Ms. Welsh presented staff's recommendation to the Board:

1. To authorize staff to take steps as deemed necessary to issue \$12 million in INTERCAP bonds for a term of 25 years.
2. To adopt the final bond resolution.

Ms. Welsh reported that the new \$12 million in bonds will be in addition to the \$95 million currently outstanding. The bond ratings for the new bond have been reaffirmed by Fitch and Moody's. Fitch rated the bond at AA/F1+ and Moody's at Aa3/VMIG1.

Board Member Bob Bugni made a Motion to authorize the Bond and adopt Resolution No. 231. Board Member Jon Satre seconded. The motion passed unanimously.

Executive Director Ewer noted that the INTERCAP program is authorized through the Legislature and asked if Board members had any questions.

Board Member Kathy Bessette stated that as a former county commissioner she was aware of the INTERCAP program and the valuable service it provides.

Board Member Bob Bugni inquired about the determination by staff not to issue the Series 2013 BAN as had been anticipated.

Ms. Welsh explained that delays of large projects and the related lack of expected draws, in addition to prepayments have alleviated the need for the BAN.

Board Member Prothero asked what rate could be expected on the new Bond.

Ms. Welsh noted that if sold today, the rate would be no less than 18 basis points, since that is the minimum rate set by the underwriter. The competitive market makes it difficult to predict the bonds' final rate. The underwriter will notify us what the adjusted interest rate for the bonds will be on the 22nd.

ADJOURNMENT

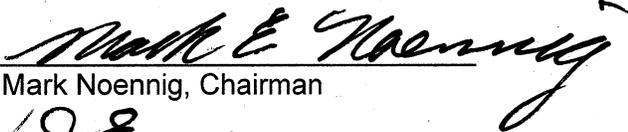
There being no further business, Chairman Noennig adjourned the meeting at 10:50 AM.

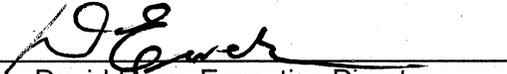
Next Meeting

The next regular meeting of the Board will be February 26 & 27, 2013 in Helena, Montana.

Complete copies of all reports presented to the Board are on file with the Board of Investments.

BOARD OF INVESTMENTS

APPROVE: 
Mark Noennig, Chairman

ATTEST: 
David Ewer, Executive Director

DATE: February 26, 2013

MBOI:drc
2/14/13