

BOARD OF EXAMINERS MEETING

October 8, 2019

1. A. Call to Order and Confirmation of Attendance

Governor Steve Bullock, as President of the Board of Examiners (Board), called the meeting to order on October 8, 2019, at 10:10 a.m. in Room 250 of the State Capitol with Secretary of State Corey Stapleton in attendance. On the phone was Attorney General Tim Fox.

Staff and advisors present were: John Lewis, Mark Bruno, Kendra Whitaker, Kim Peck and Russ Katherman, Department of Administration; Tom Livers, Ryan Evans, Jason Harlow, Christine Hultin, Office of Budget and Program Planning (OBPP); Teri Juneau, Jennifer Olson, Tara Rice, Department of Commerce (DOC) Christi Jacobsen, Secretary of State's Office (SOS); Anna Miller and John Tubbs, Department of Natural Resources and Conservation (DNRC); and on the phone was, Dan Semmens of Dorsey & Whitney LLP; Jonathan Heroux, Piper Jaffray & Co.,

B. Approval of Minutes of Board of Examiners Meeting of June 17, 2019.

Motion and Vote: Governor Bullock called for a motion to approve the minutes of the Board of Examiners meeting of June 17, 2019. Corey Stapleton so moved. The motion passed unanimously.

C. John Lewis, Director, Department of Administration: Overview of Agenda

John Lewis briefly described the items on today's agenda.

Tabs 2 and 3 are related to issuance of bonds that are for projects within with HB 652 which passed during Legislative session in 2019. HB 652 is revision of long-range build bonding program carried by Representative Mike Hopkins and sign by Governor on May 10, 2019, Tom Livers Budget Director (OBPP) will give a brief presentation on general types of projects enumerated in HB 652 along with the intent to sell and issue bonds in item (tab) 2. Dan Semmens will follow with the resolutions needed for the initial authorization issuance and negotiated sale of bonds (Tab) 3.

The final item is (Tab) 4 which is any other business before the board.

2. Office of Budget and Program Planning (Tom Livers): Preparing to Issue State General Obligation Bonds Under HB 652:

Tom Livers, Budget Director, said to approve the parameters for construction of the final bond resolution, we are requesting up to \$33,000,000. Under (Tab) 2 there is a spreadsheet that outlines major piece of this, the total bond package authorized in HR 652 is just under \$80 million that will be under the course of 3 years to spend.

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All the affect agencies, Architecture and Engineering - Long Range Building Program; Department of Commerce Treasures State Endowment Program and Delivering Local Assistance Programs; and Department of Natural Resource and Conservation Reclamation Development Grant Program and Renewable Resource Program provided information.

OBPP had all the agencies estimate what their cash needs are for the next construction season, so we are not selling more bonds than what we need, and to not accrue debt sooner then we need to. There has been about \$2,000,000 spent this summer in prep work on the all project across the agencies. At the last Board meeting, we approved a reimbursement resolution to float the cost thought the self-financing a general fund loan.

Across the agencies there is about \$8,100,000 to get it ready for construction season, but once construction comes to life in the summer, we will need another \$22,700,000. In total, a little less than \$33,000,000.

Governor Bullock again went through the major buckets in tab 2, so that everyone would understand. Budget Director Livers confirmed what the Governor stated about the spreadsheet. The Governor asked if there were any questions for Director Livers.

Secretary of State Stapleton asked if the next Legislature could revise the bonds. The group then discussed about if the Legislature could reverse the action. The consensus was that only unissued bonds and projects not started could be changed by the next legislature. It is assumed that the lion's share of the \$80 million in bonds will be issued before the next session starts (January 2021) and there probably wouldn't be any changes at that time.

Secretary of State Stapleton had a question about the timing of bonds, and the possibility of interest rates changing (increasing).

Director Livers and Jonathan Heroux talked about triggering requirements of federal tax law that requires that 85% of the proceeds be spent on projects within the next 3 years. You must have a clear conscious for what you anticipate spending. The were not anticipating any major changes in the interest rate. It is assumed the next bond issue for this bill would be in the fall of 2020.

3. Dorsey & Whitney LLP (Dan Semmens): Initial Authorizing Resolution Relating to the Series 2019 Bonds: Resolution of the Board of Examiners of the State of Montana Initially Authorizing the Issuance and Negotiated Sale of General Obligation Bonds, Series 2019, in a Principal Amount not to Exceed \$33,000,000 (the "Initial Authorizing Resolution")

Dan Semmens talked about Tab 3. This resolution fundamental tee up moving forward with the bond issuance. It does four basic things:

1. Authorizes negotiated sale of the bonds to RBC Capital Markers which will serve as underwriter of the bond sale.
2. It sets up the parameter that need to be satisfied to be entered into the bond purchase agreement. Which is the agreement by which the bonds are sold.

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3. The state team is authorized to negotiate the bond sale. Then to individuals authorized to sign the bond purchase agreement. Once the bond purchase agreement is signed, the bonds are sold.
4. Then it finally authorizes preparation of the Preliminary Official Statement (POS), which is the disclosure document pursuant to which the bonds would be sold.

Dan said that his office and the state are working on the POS now.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the initial authorizing resolution. Secretary of State Corey Stapleton so moved. The motion passed unanimously.

4. Governor: Other Business:

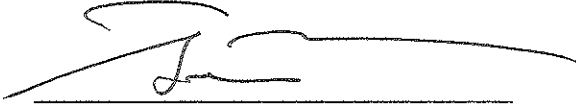
The Governor asked about any other business before the Board.

Anna Miller, DNRC said that the minutes and the parameter resolution would need to be signed. Also, the Board would have to meet again for some DNRC wastewater projects and private loans for improvements to irrigation projects. There would possibly be a meeting needed before year end.

There was no other business. The meeting adjourned at 10:24 a.m.

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Governor Steve Bullock
President of the Board



Secretary of State Corey Stapleton
Member of the Board



Attorney General Tim Fox
Member of the Board



John Lewis
Executive Secretary