

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.110

EFFECTIVE DATE: November 30, 2021

TITLE: University System INTERCAP
Agreements

SUPERSEDES: Governance Manual
February 2021

BOARD ADOPTION: November 30, 2021

REVIEWED:

I. University System INTERCAP Agreements

A. Purpose

1. The public purpose of this policy is to provide a means for the University System to obtain low-cost financing for capital projects.

B. The Board administers the INTERCAP loan program (INTERCAP) under the Municipal Finance Consolidation Act (Act) as a means of providing low interest loans to eligible Montana government entities to finance capital improvements and other needs.

C. The 1991 Legislature amended the Act to include the Board of Regents as an eligible borrower.

1. The legal authority for the Board of Regents to borrow through INTERCAP is found on Section 17-5-1604(3), MCA, and Section 20-25-402, MCA.

D. Procedures

1. Board staff may, without the concurrence of the Loan Committee, authorize University System loan requests, in an amount up to \$1.0 million.
2. Board staff may, with the concurrence of the Loan Committee, authorize University System loan requests, in an amount greater than \$1.0 million and up to \$5.0 million.

E. Loan Concentration Cap

1. University of Montana campuses (UM)

- a) The aggregate outstanding principal amount of all INTERCAP loans (Loan) made by the Board to UM, when added to the maximum principal amount of such proposed Loan, may not exceed nineteen percent (19%) of the principal amount of INTERCAP Bonds outstanding.

2. Montana State University campuses (MSU)

- a) The aggregate outstanding principal amount of all Loans made by the Board to MSU, when added to the maximum principal amount of such proposed Loan, may not exceed nineteen percent (19%) of the principal amount INTERCAP Bonds outstanding.

3. For the purpose of making the foregoing calculations, a Loan to the UM or MSU is deemed to be outstanding in the maximum principal amount of the committed amount of the Loan, even if only a portion or none of such committed amount is advanced as of the date of calculation.

4. The unadvanced commitment of a Loan will be disregarded for the purpose of determining the outstanding principal amount of Loans to the Borrower only if at the time of making the calculation:
 - a) the Board has received written notice from the Borrower that no further advances on the Loan are contemplated and the Board is directed by the Borrower to release the unadvanced principal from the loan commitment; or
 - b) the loan commitment has expired by its terms.