

November 20-21, 2025

ITEM 221-2009-R1125

Request for Authorization to Execute the Refunding of the Series E 2018 Bonds, Series G 2021 Bonds, and Series K-1 2024 Bonds; Montana State University

THAT

The Montana Board of Regents of Higher Education adopts a Resolution for the refunding of Series E 2018 Facilities Revenue Bonds, Series G 2021 Facilities Revenue Bonds, and Series K-1 2024 for Montana State University (MSU).

EXPLANATION

1. In November of 2017, the Board of Regents authorized the issuance of the Series E 2018 tax-exempt Facilities Revenue Bonds. The Series E 2018 Bonds were issued at a par amount of \$44.8M, and the proceeds were used to build Hyalite Hall.
2. In March of 2020, the Board of Regents authorized the refunding of several different Facilities Revenue Bonds including Series C 2016 which were originally issued for various parking, research, and dining facilities for \$12.4M. In addition, in May of 2021 the Board of Regents authorized the issuance of Series G 2021 Facilities Revenue Bonds for Wellness Center construction for par value \$40.25M. Both items were combined into a final Series G 2021 tax-exempt bond issuance.
3. In May of 2024, the Board of Regents authorized the issuance of the Series K-1 2024 Facilities Revenue Bonds. These were issued as traditional, fixed-rate bond financing to fund parking improvements.
4. The Series E 2018 bonds were sold with two call features: low coupon bonds were sold with a November 2023 call date and higher coupon bonds were sold with a November 2027 call date. The Series G 2021 bonds are not callable until November 2031. The Series K-1 2024 bonds are callable at any time. For Series E 2018 and Series G 2021, MSU would work with our financial advisors to evaluate two options: 1) buying low coupon bonds from investors in the secondary market that are trading at a discount, resulting in significant savings and/or 2) refunding high coupon (5%) E 2018 bonds as taxable refunding bonds that would convert to tax-exempt refunding bonds in 2027 at the E 2018 call date.
5. This item authorizes MSU and its financial advisors flexibility to execute the refunding of the Series E 2018, Series G 2021, and Series K-1 2024 Bonds, depending on market conditions:
 - a. Refunding all or a portion of the above mentioned series for savings by issuing a new series of bonds in a public offering or private placement transaction, either in a fixed or variable rate mode, as taxable or tax-exempt in which case the refunded bonds shall be retired and a new series of bonds will be issued for purposes of repaying the refunded bonds provided the University's savings target of [3%] present value as a percent of refinanced principal (net of transaction costs) is met.
6. The refunding is expected to be completed between March 2026 and December 2026.
 - a. Principal and interest payments will be scheduled over a period of time not to exceed the term of outstanding bonds from the closing date.
7. Bond issuance costs may include:
 - a. Bond counsel fees required to prepare a supplemental indenture, disclosure documents, authorizing resolutions, the bonds, closing documents and any other agreements or instruments required in connection with the financing, to prepare any swap necessary swap documentation, and to provide an opinion as to the tax-exempt status of debt.

- b. Financial advisory fees to coordinate the public offering or private placement transaction, prepare schedules, and act as fiduciary in the University's best interest.
 - c. Underwriting fees and/or bank costs such as bank loan origination fees, interest rate spreads (points), and underwriter and/or bank counsel fees.
8. The bonds will be issued under and secured by the Indenture.
9. The Commissioner/Secretary and the MSU Vice President for Administration and Finance will determine the optimal method and time to execute the refunding of the Series E 2018, G 2021 and K-1 2024 Bonds, based on the prevailing interest rates. This authorizes the Chair and the Commissioner/Secretary to execute such documents as may be required to consummate the refunding of the above-mentioned series.

ATTACHMENTS

Attachment #1: Bond Resolution