November 20-21, 2025

ITEM 221-2702-R1125
Request for Authorization to Issue Facilities Revenue Bonds for Major Maintenance Projects; Montana State University Billings

THAT

Consistent with BOR Policy 950.3 and MCA 90-4-1103 and 20-25-302, the Board of Regents authorizes Montana State University (MSU) to issue a new series of facilities improvement revenue bonds for Montana State University Billings and authorizes MSU and the Commissioner of Higher Education to proceed with the issuance of bonds with a par value of up to $7,000,000 to address multiple major maintenance projects.

EXPLANATION

1. Financing for this project will come from existing student building fees and auxiliary revenue.
   a. Revenue bond proceeds (up to $7.0 million)

2. The financing terms are expected to be as follows:
   a. All-in interest cost of approximately 4.75%, requesting authority up to 5.0%
   b. Fixed rate increments maturing from 1-30 years
   c. The attached Plan of Finance demonstrates the ability to service this additional debt.

3. MSU has engaged with financial advisory services to identify the most advantageous debt financing terms and engaged with bond counsel on legal requirements.

4. Due to the strength of the University's credit rating, MSU does not expect to attach bond insurance to this transaction. Current markets indicate that the potential reduced interest rate gained from bond insurance is minimal in comparison with the associated costs. Should market conditions fluctuate significantly, indicating benefit to be realized from issuing insured bonds that outweigh the related costs, the University would seek bond insurance at a cost estimated at $150,000.

5. The bonds will be issued under the existing Montana State University Indenture of Trust. Principal and interest payments will be made from existing MSU Billings student building fees and housing revenues, as detailed in the attached Plan of Finance.

6. This item authorizes the Chair of the Board of Regents, the Commissioner of Higher Education, and the President of MSU and Vice President for Administration and Finance of MSU to execute such documents as may be required to consummate the issuance of the bonds. This authorization to proceed with the issuance of the bonds is subject to final approval by the University and the Commissioner of Higher Education, who will determine whether and when to execute this transaction based on prevailing interest rates.

ATTACHMENTS

Attachment #1: Bond Resolution
Attachment #2: Plan of Finance