

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

POLICY NUMBER: 70.751

EFFECTIVE DATE: June 4, 2025

TITLE: Montana Housing Infrastructure  
Revolving Bond Program

SUPERSEDES: June 22, 2023

BOARD ADOPTION: June 22, 2023

REVIEWED: June 4, 2025

#### I. Montana Housing Infrastructure Revolving Bond Program (Program)

##### A. General Parameters

1. Bonds or other securities purchased under the Program (Security) are made on a first-come, first-served basis and held in a Separately Managed Account (SMA).
2. Borrowers are "eligible government units" as defined in Section 17-5-1604, MCA.
3. Eligible projects are expanding or extending water, wastewater, stormwater, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.
4. The Board may purchase up to fifty percent (50%), not to exceed \$10 million, of a Security issued by a Borrower per project and in accordance with state law.
5. Program interest rate is up to twenty-five percent (25%) of the Lender's loan rate and is exclusive of any fees. To provide for preservation of long-term affordability that runs with the property for the term of the Security, the Board may reduce the interest rate for long-term affordability focused projects as designated by the Borrower.
6. Loan term may not exceed twenty (20) years.
7. Borrowers are required to use bond counsel at their expense to prepare the documents and provide an opinion. The bond counsel must be nationally recognized and in good standing in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds. In its discretion, the Board may require that counsel to the Board review the transaction at the expense of the Borrower.
8. Execution of original documents may be by manual signature or electronic signature.
9. Delegated approval authority is subject to Loan Committee Charter, Policy 10.163.
10. Securities previously approved by the Board may be increased by the Executive Director by an amount up to ten percent (10%) of the original approved security amount.
11. Upon security approval, the Board will issue a commitment letter to the Borrower and the Co-purchaser explaining the conditions under which it will purchase the Security.
12. At least three (3) weeks prior to accessing the funds, the Co-purchaser and the Borrower must coordinate the closing with the Board.
13. The Board may impose such terms and conditions on the purchase of a Security as it deems reasonable and in the best interests of the Program.
14. Borrower must waive or offset all impact fees for the applicable developer or the amount of impact fees up to the amount of the Security, whichever is less.
15. All statutory requirements for the issuance of the Security must be met prior to issuing the Security and available for review as part of the issuance process.

Adopted: June 22, 2023

Revised: June 4, 2025

Reviewed: June 4, 2025

16. The Borrower must demonstrate that:

- a. The project meets the minimum gross density requirement in Policy 70.750.
- b. No less than 30% of the residential development is preserved for long-term affordability by using at least one of the following methods, which must run with the property for the term of the security:
  - Deed restrictions, regulatory agreements, or restrictive covenants filed with respect to the property,
  - Low-Income Housing Tax Credit, or
  - Community Land Trust.

17. This Program may not be combined with:

- a. the bond guarantee program provided in BOI Policy 70.750, or
- b. a community reinvestment organization created in 90-6-147, MCA, or a similarly structured organization or financing mechanism.

B. Default

1. If the Co-purchaser applies a default interest rate to a participated Security, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the Co-purchaser.

Authority: Montana Constitution, Art. VIII, Section 13  
Section 2-15-1808, MCA  
Title 17, chapter 5, part 16, MCA  
Title 17, chapter 6, part 8, MCA