



MONTANA

BOARD OF INVESTMENTS

INTERCAP

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Per 20-9-471, MCA, schools can finance without a vote...

- New and used vehicles
- New and used equipment
- Modular classrooms
- Bus Barn
- Remodel/Renovate within existing walls
- Energy retrofit projects
- Cash-flow purposes

Remember, BOI first
right of refusal for
20-9-471, MCA

Land Purchase/New Construction Must be Voted



Types of Loans Available

- **General Obligation Bonds**
- **Building Reserve Fund**
- **General Fund Loan**

General Obligation Bonds-Voted

- **Title 20 Chapter 9 Part 4 M.C.A.**

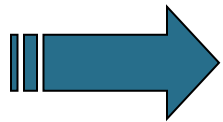
- Montana Code Annotated (M.C.A.)

- Web address: <https://www.leg.mt.gov/bills/mca/index.html>

- **INTERCAP can purchase**

- **15-year term or useful life of the project, whichever is less.**

What does INTERCAP Require?



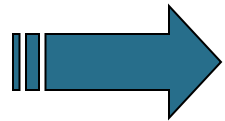
INTERCAP requires:

- 15-year term or useful life of the project, whichever is less.
- Must be within local government's legal debt limit.
- Completed Application
- Copy of the Resolution calling for bond election (20-9-421 & 20-20-201 M.C.A.)
- Copy of the Ballot
- Copy of the Notice of Election showing when and where it was posted and published
- Copy of the Certificate of Election
- Bond Counsel required at borrower's expense

Building Reserve Fund

- **Chapter 20 Title 9 Part 502 M.C.A.**
 - Montana Code Annotated (M.C.A.)
 - Web address: <https://www.leg.mt.gov/bills/mca/index.html>
- **15-year pledge maximum per statute**

What does INTERCAP Require?



INTERCAP requires:

For NEW Building Reserve Levy

- Completed Application
- Copy of the Resolution calling for the building reserve election. (20-9-502 & 20-20-201 M.C.A.)
- Copy of the Ballot
- Copy of the Notice of Election showing when and where it was posted and published
- Copy of the Certificate of Election
- Must be within local government's legal debt limit
- 15 year limit or useful life of the project, whichever is less

Existing levy?



INTERCAP requires:

For EXISTING Building Reserve Levy

- Completed Application
- Copy of the resolution calling for building reserve election (20-9-502 & 20-20-201 M.C.A.)
- Copy of the previous year's audited financial statement. (Building Reserve Fund)
- Copy of the current year's financial statement (Building Reserve Fund)
- Copy of next year's budget. (Building Reserve Fund)
- Loan term 5 years or up to maturity of building reserve levy, whichever is less.

INTERCAP requires:

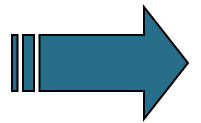
For Building Reserve Permissive Fund

- General Fund primary repayment
 - Other legally available funds such as Building Reserve Permissive, Impact Aid, Oil & Gas, or PILT considered on a case-by-case basis.
- Copy of current Facility Condition Inventory Report must be submitted with application and financial statements (see General Fund section).
- Additional conditions apply

General Fund Loan

- **Chapter 20 Title 9 Part 471**
 - Montana Code Annotated (M.C.A.)
 - Web address: http://leg.mt.gov/bills/mca_toc/
- **15 fiscal years or useful life of project, whichever is less**
- **Equipment, vehicles, remodels = standard financial info., etc. – no election required.**
- **New construction (election required) cannot constitute more than 20% of the square footage of the existing real property improvements**
- **20% square footage limitation may not be exceeded within any 5-year period**

What does INTERCAP Require?



INTERCAP requires:

Election Required?

- Completed Application
- Copy of the Resolution calling for the election (20-20-201 M.C.A.)
- Copy of the Ballot
- Copy of the Notice of Election showing when and where it was posted and published
- Copy of the Certificate of Election
- Standard financial information outlined below

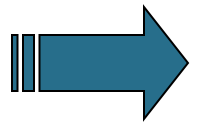
No Election

- Completed Application
- Copy of the previous year's audited financial statement (General Fund)
- Copy of the current year's financial statement (General Fund)
- Copy of next year's budget (General Fund)
- Loan term 15 years per statute or useful life of project whichever is less

General Fund Energy Cost Savings

- **Chapter 20 Title 9 Part 471**
 - Montana Code Annotated (M.C.A.)
 - Web address: http://leg.mt.gov/bills/mca_toc/
 - **No Election required**
- **15 year or useful life of project, whichever is less**
- **Renovating, rehabilitating facilities, including but not limited to heating, plumbing, electrical systems, and conservation measures defined in 90-4-1102 MCA.**
- **A "qualified energy project" means a project designed to reduce energy use in a school facility and from which the resulting energy cost savings are projected to meet or exceed the debt service obligation for financing the project, as determined by the Department of Environmental Quality (DEQ).**

What does INTERCAP Require?



INTERCAP requires:

- **Completed Application**
- **Copy of the previous year's audited financial statement (General Fund)**
- **Copy of the current year's financial statement (General Fund)**
- **Copy of next year's budget (General Fund)**
- **Copy of the Energy Performance Contractor's (EPC) Investment Grade Audit (IGA)**
- **DEQ's written approval agreeing with the IGA cost savings calculations and that the savings meet or exceed the annual payments for the term of the loan.**

INTERCAP requires:

- The EPC must use INTERCAP's overall average interest rate in the payment calculation. Currently that rate is 4.41% and changes every February.
- Statute requires the EPC to guarantee the savings for three (3) years. INTERCAP requires the guarantee be for the term of the loan AND the cost of the guarantee calculated into the IGA cash flow.
- The EPC guarantee must:
 - Repair and/or replace faulty equipment to meet the required performance
 - Pay the school for extra energy consumption (except for extra consumption due to school staff not complying with their conservation responsibilities)
 - Be at no cost to the borrower until there is consistent annual energy savings sufficient to cover the annual loan payment.
- Borrower supplies a copy of the project's annual performance report supplied by the EPC.



- What if cost savings does not cover the payment for the term of the loan and the school selected an EPC from DEQ approved consultant list?
- The school now needs to have the energy retrofit project competitively bid to continue.

Program general

- **Money available; no funding cycle**
- **100% financing**
- **No up-front costs**

- Variable rate loan program

- Interest rate

Current Rate: 1.65%

- Rates change each February 16

- Average rate since inception: 3.888%

- **Maximum loan amount per project depends on legal debt authority**
- **Loan term – 15 years, useful life of the project, or borrower term limit per statute, whichever is less**
- **Prepayment without penalty**

Application Procedure

- **Applications can be obtained via mail/e-mail/Board web site**
- **\$1,000,000 and under – considered and approved by Board staff**
- **Over \$1,000,000 – considered and approved by Loan committee Board**

Typical Review Time

- **\$1,000,000 approx. 4-6 weeks from application to fund.**
- **>\$1,000,000 approx. 8 weeks**

Contact



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