



**MONTANA**  
BOARD OF INVESTMENTS  
**I N T E R C A P**

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# WASACT Workshop 2023

# Loans

- Since 1987, INTERCAP has been a valuable, low interest loan resource for over 550 Montana governments.
  - Water, Sewer and Solid Waste Districts
  - Irrigation Districts
  - Counties
  - Cities and Towns
  - Rural and Special Improvement Districts
  - Street Maintenance Districts
  - State Agencies and Universities
  - School and Fire Districts
  - Tribes
  - Other Governmental Entities

# We finance

- Preliminary engineering and grant writing work
- Interim financing for construction
- Water, wastewater, solid waste, and irrigation district revenue bonds for construction or equipment
- New and used vehicles
- New and used equipment
- Energy retrofit projects
- Real property purchases and improvements

# Program Basics

- Low-interest loan program
- Variable interest rate
  - New rates are effective every February 16
  - Average rate over the last 15 years: 2.24%
  - Current rate: 5.75% (6.00% existing, no autopay)
- Loan term is either
  - Statutory limit,
  - Fifteen years, OR
  - Useful life of project, whichever is less

# Team Montana

- Since 2022:
  - Annual bond issue/remarketing cost paid by borrower Loan Rate ELIMINATED
  - Bond used to fund the INTERCAP loans interest is now paid to Montana's Short-Term Investment Pool (STIP) participants
- Bond and Loan Rate reset every February
- Bond Rate to STIP participants is based on mid-point 1-year Treasury on February 14 plus 0.10%
- Borrower Loan Rate is Bond Rate plus up to 1.50% for program operating
- This year's 5.75% Loan Rate (5.069% Bond Rate to STIP + 0.681% program operating spread)
  - Additional 0.25% handling fee will be added for 6% total loan rate to process existing loans not set up for autopay.

# Short-Term Investment Pool (STIP)

- Created by the Legislature in 1973 as an investment vehicle to manage state and local government cash. A safe, convenient option to invest and withdraw cash with 24-hour notice.
- A STIP reserve account is maintained that may be used to offset realized gains or losses. Additionally, the reserve will be available to limit fluctuations in the net asset value (NAV), to the extent deemed prudent by staff.
- More detail: [www.investmentmt.com](http://www.investmentmt.com)

# Straightforward Application

- No match required
- No upfront fees
- No prepayment penalty
- No application deadline
  - Reviewed on first come-first served basis
  - Typically takes 4-8 weeks from application to funding
  - Staff approves loans up to \$1 million
  - Available online [www.investmentmt.com/INTERCAP](http://www.investmentmt.com/INTERCAP)

# Loan Servicing

- INTERCAP Application
  - A short fillable form the Borrower can submit securely online.
- INTERCAP Loan Servicing
  - Since 2022, MBOI directly manages all phases of the loan servicing previously contracted by indenture of trust to a private bank.
  - **Autopay is required for new loans.** Borrowers with existing loans currently submitting check or initiating ach/wire to make payments will receive a **0.25% reduction on the 6% loan rate to 5.75% by switching to autopay.**
- No Vehicle/Equipment Liens required





## INTERCAP

Since 1987, INTERCAP has been a valuable, low interest loan resource for eligible Montana government units as defined under 17-5-1604, MCA. The INTERCAP program is a variable rate loan program, where interest rates are adjusted on February 16th of each year. Eligible projects have wide flexibility, e.g. new and used equipment and vehicles, real property improvements, cash flow, preliminary engineering costs, and grant writing.

INTERCAP CURRENT BORROWER NOTICE - DECEMBER 3, 2021

**INTERCAP Interest Rate 1.55%\* - February 16, 2022 through February 15, 2023**  
**\*Borrowers authorizing autopay will receive a 0.05% discount.**

[Application](#)

[File Upload](#)

[Payment Calculator](#)

[Rate History](#)

[ACH Form](#)

# After Loan Approved

- INTERCAP disburses funds based on submitted invoices
- Loan Repayments due every February 15 and August 15.
- Updated payment schedules mailed out every
  - January
  - March (new rate)
  - June



## Questions?

[www.investmentmt.gov](http://www.investmentmt.gov)

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