

House Bill 727

In The House

February 13, 1981	Introduced and referred to Committee on Education.
February 23, 1981	Committee recommend bill do pass. Bill printed and placed on members' desks. Rereferred to Committee on Education.
February 25, 1981	Motion to take from Committee on Education and place on second reading. Second reading do pass as amended. On motion rules suspended and bill placed on third reading this day. Third reading passed.

In The Senate

March 3, 1981	Introduced and referred to Committee on Finance and Claims.
March 30, 1981	Committee recommend bill not concurred.

In The House

March 31, 1981	Returned from Senate not concurred.
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1 HOUSE BILL NO. 727
 2 INTRODUCED BY Nussauw E. Smith
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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT STUDENT
 5 BUILDING FEES SHALL BE HELD AND ADMINISTERED FOR STUDENTS OF
 6 THE MONTANA UNIVERSITY SYSTEM IN ACCORDANCE WITH POLICIES
 7 SUBMITTED BY THE RESPECTIVE REPRESENTATIVE STUDENT
 8 GOVERNMENTS TO THE BOARD OF REGENTS FOR APPROVAL; AMENDING
 9 SECTIONS 20-25-302 and 20-25-402, MCA."
 10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Section 20-25-302, MCA, is amended to read:
 13 "20-25-302. Revenue-producing facilities -- powers of
 14 regents. The regents of the Montana university system may:
 15 (1) purchase, construct, equip, or improve, at any
 16 unit of the Montana university system, any of the following
 17 types of revenue-producing facilities:
 18 (a) land;
 19 (b) residence halls, dormitories, houses, apartments,
 20 and other housing facilities;
 21 (c) dining rooms and halls, restaurants, cafeterias,
 22 and other food service facilities;
 23 (d) student union buildings and facilities; and
 24 (e) those other facilities specifically authorized by
 25 joint resolution of the legislature;

1 (2) rent housing facilities and provide food and other
 2 services to the students, officers, guests, and employees of
 3 the unit at rates that will ensure a reasonable net income
 4 over operating expenses and will provide for debt service
 5 and reserves and provide for the collection of charges,
 6 admissions, and fees for the use of other facilities by
 7 students and other persons, which charges, admissions, and
 8 fees shall not be deemed to be tuition within the meaning of
 9 20-25-421 and may be collected from any or all students.
 10 ~~Student building fees shall be held and administered for~~
 11 ~~students of the Montana university system in accordance with~~
 12 ~~policies submitted by the respective representative student~~
 13 ~~governments to the board of regents for approval.~~ Student
 14 building fees established and in effect on January 1, 1965,
 15 which are imposed uniformly upon all students or upon all of
 16 a specified class of students in attendance at any unit of
 17 the Montana university system shall not be increased without
 18 authorization by law unless absolutely necessary and then
 19 only to the extent necessary to pay principal or interest
 20 due on obligations for which such fees have been or shall be
 21 pledged or to maintain reserves securing the payment of such
 22 obligations in accordance with the indentures, resolutions,
 23 contracts, or other instruments authorizing the issuance of
 24 such obligations; provided that at any unit of the Montana
 25 university system where the aggregate amount of student

1 building fees in effect on January 1, 1965, was less than
 2 \$50 per student per academic year, such fees may be
 3 increased or additional student building fees may be
 4 established to an aggregate amount not exceeding \$50 per
 5 student per academic year and provided further that
 6 additional student building fees may be established or
 7 existing student building fees may be increased at the
 8 university of Montana at Missoula to an aggregate amount not
 9 to exceed \$90 per student per academic year. This limitation
 10 shall not affect admission or use charges which are made to
 11 individual students or others in proportion to their use or
 12 occupancy of particular facilities or services and shall not
 13 affect any student building fees or other charges which are
 14 made to nonresident students as defined in 20-25-421.

15 (3) hold the net income derived from the operation of
 16 such facilities and the charges, admissions, and fees so
 17 collected and devote the revenues from these sources to debt
 18 service and reserves, repairs, replacements, and betterments
 19 of the facilities or, so far as such revenues have not been
 20 previously obligated for these purposes, to the acquisition,
 21 erection, equipping, enlarging, or improvement of additional
 22 facilities of the types described in this section;

23 (4) exercise full control and complete management of
 24 such facilities;

25 (5) rent the facilities to other public or private

1 persons, firms, and corporations for such uses, at such
 2 times, for such periods, and at such rates as in the
 3 regents' judgment will be consistent with the full use
 4 thereof for academic purposes and will add to the revenues
 5 available for capital costs and debt service;

6 (6) do all things necessary to plan for and propose
 7 financing, including all necessary loan applications, for:

8 (a) classroom, laboratory, library, bookstore, and
 9 other instructional facilities;

10 (b) office, recordkeeping, storage, equipment
 11 maintenance, and other administrative and operational
 12 facilities;

13 (c) stadiums, fieldhouses, armories, arenas,
 14 gymnasiums, swimming pools, and other facilities for
 15 athletic and military instruction, exhibitions, games, and
 16 contests;

17 (d) auditoriums, theaters, music halls, and other
 18 assembly, theatrical, musical, and entertainment facilities;

19 (e) hospital, nursing, and other health instruction
 20 and service facilities;

21 (f) nurseries, barns, arenas, pavilions, and other
 22 facilities for agricultural and livestock breeding,
 23 development, and exhibition;

24 (g) parking lots and ramps and other parking
 25 facilities; and

1 (h) land needed for such facilities."

2 Section 2. Section 20-25-402, MCA, is amended to read:

3 "20-25-402. Borrowing by regents. In carrying out the
4 above powers, the regents may:

5 (1) borrow money for any purpose or purposes stated in
6 parts 3 and 4 of this chapter, including, if considered
7 desirable by the regents, the payment of interest on the
8 money borrowed for a facility during the construction
9 thereof and for 1 year thereafter and the creation of a
10 reserve for the payment of bond principal and interest;

11 (2) make purchases on a time or installment basis;

12 (3) issue bonds, notes, and other securities,
13 negotiable or otherwise, secured as provided in this
14 section, including bearer bonds with appurtenant interest
15 coupons, which shall be fully negotiable notwithstanding any
16 limitation on the source of payment thereof, or fully
17 registered bonds or bonds registered as to ownership of
18 principal only;

19 (4) pledge for the payment of the purchase price of
20 any facility or of the principal and interest on bonds,
21 notes, or other securities authorized in this chapter or
22 otherwise obligate:

23 (a) the net income received from rents, board, or both
24 in housing, food service, and other facilities;

25 (b) receipts from student building, activity, union,

1 and other special fees prescribed by the regents for all
2 students provided such action is taken in accordance with
3 policies submitted by the respective representative student
4 governments to the board of regents for approval; and

5 (c) other income in the form of gifts, bequests,
6 contributions, federal grants of funds, including the
7 proceeds or income from grants of lands or other real or
8 personal property; receipts from athletic and other
9 contests, exhibitions, and performances; and collections of
10 admissions and other charges for the use of facilities,
11 including all use by other persons, firms, and corporations
12 for athletic and other contests, exhibitions, and
13 performances and for the conduct of their business,
14 educational, or governmental functions;

15 (5) make payments on loans or purchases from any other
16 available income not obligated for those purposes, including
17 receipts from sale of materials, equipment, and fixtures of
18 the facilities or from sales of the facilities themselves,
19 other than land;

20 (6) secure any bonds authorized hereunder by a trust
21 indenture between the regents and any bank or trust company
22 within or without the state of Montana or by a resolution
23 establishing covenants of the regents with the holders of
24 such bonds relating to:

25 (a) the construction, operation, use, and insurance of

1 the facilities;

2 (b) the segregation, expenditure, and audit of
3 accounts of the bond proceeds and of the income pledged;

4 (c) the establishment and collection of rents,
5 charges, admissions, and fees sufficient to provide net
6 income adequate for prompt payment of principal and interest
7 on bonds and creation and maintenance of reserves for that
8 purpose; and

9 (d) such other matters as the regents may determine to
10 be necessary or desirable for the security and marketability
11 of the bonds;

12 (7) issue and sell or exchange bonds, secured as
13 provided in this section, for the refunding of any
14 outstanding bonds or other obligations issued by the regents
15 before or after January 29, 1971, subject to the following
16 provisions:

17 (a) refunding bonds may, with the consent of the
18 holders of the bonds to be refunded thereby, be exchanged at
19 par plus accrued interest for all or part of such bonds or
20 may be sold at a price not less than par plus accrued
21 interest. They may be secured by a pledge of the same
22 revenue as the bonds refunded or by a pledge of different or
23 additional revenues received at the same unit of the
24 university. Nothing herein shall require the holder of any
25 outstanding bond to accept payment thereof or the delivery

1 of a refunding bond in exchange therefor, except in
2 accordance with the terms of the outstanding bond. Bonds may
3 be issued to refund interest as well as principal actually
4 due and payable if the revenues pledged therefor are not
5 sufficient, but not to refund any bonds or interest due
6 which can be paid from revenues then on hand.

7 (b) refunding bonds may bear interest at a rate lower
8 or higher than the bonds refunded thereby if they are issued
9 to refund matured principal or interest for the payment of
10 which revenues on hand are not sufficient or if they are
11 issued to refund before maturity bonds issued before January
12 1, 1965, for the purpose of releasing revenues required for
13 payment of the outstanding bonds permitting the pledge
14 thereof for the security of other bonds as well as the
15 refunding bonds, subject to the rights of the holders of the
16 outstanding bonds until those bonds are fully paid and
17 redeemed. Except as authorized in the preceding sentence,
18 refunding bonds shall not be issued unless their average
19 annual interest rate, computed to their stated maturity
20 dates and excluding any premium from such computation, is at
21 least $\frac{3}{8}$ of 1% less than the average annual interest rate
22 on the bonds refunded thereby, computed to their respective
23 stated maturity dates.

24 (c) in any case where refunding bonds are issued and
25 sold 6 months or more before the earliest date on which all

1 bonds refunded thereby mature or are prepayable in
 2 accordance with their terms, the proceeds of the refunding
 3 bonds, including any premium and accrued interest, shall be
 4 deposited in escrow with a suitable bank or trust company
 5 having its principal place of business within or without the
 6 state, which is a member of the federal reserve system and
 7 has a combined capital and surplus not less than \$1 million
 8 and shall be invested in the amount and in securities
 9 maturing on the dates and bearing interest at the rates
 10 which will be required to provide funds sufficient to pay
 11 when due the interest to accrue on each bond refunded to its
 12 maturity or, if it is prepayable, to the earliest prior date
 13 upon which the bond may be called for redemption from the
 14 proceeds of the refunding bonds and to pay and redeem the
 15 principal amount of each bond at maturity or, if prepayable,
 16 on that redemption date and any premium required for
 17 redemption on that date. The resolution or indenture
 18 authorizing the refunding bonds shall irrevocably
 19 appropriate for these purposes the escrow fund and all
 20 income therefrom and shall provide for the call of all
 21 prepayable bonds in accordance with their terms. The
 22 securities to be purchased with such escrow funds shall be
 23 limited to general obligations of the United States,
 24 securities whose principal and interest payments are
 25 guaranteed by the United States, and securities issued by

1 the following United States government agencies: banks for
 2 cooperatives, federal home loan banks, federal intermediate
 3 credit banks, federal land banks, and the federal national
 4 mortgage association. The securities shall be purchased
 5 simultaneously with the delivery of the refunding bonds.

6 (d) revenues or other funds on hand, in excess of the
 7 amount pledged by resolutions or indentures authorizing
 8 outstanding bonds for the payment of principal and interest
 9 currently due thereon and reserves securing such payment,
 10 may be used to pay the expenses incurred by the regents for
 11 the purpose of refunding, including but without limitation
 12 the cost of advertising and printing refunding bonds, legal
 13 and financial advice and assistance in connection therewith,
 14 and the reasonable and customary charges of escrow agents
 15 and paying agents. Revenues and other funds on hand,
 16 including reserves pledged for the payment and security of
 17 outstanding revenue bonds, may be deposited in an escrow
 18 fund created for the retirement of those bonds and may be
 19 invested and disbursed as provided in subsection (7)(c)
 20 hereof to the extent consistent with the resolutions or
 21 indentures authorizing such outstanding bonds.

22 (8) sell bonds and sell or exchange refunding bonds
 23 issued hereunder in the manner and upon the terms as to
 24 maturities, interest rates, and redemption privileges and
 25 for the price that the regents determine with the approval

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1 of the department of administration.*

-End-

Approved by Committee
on Education

1 HOUSE BILL NO. 727
2 INTRODUCED BY Alusauel E. Smith

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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT STUDENT
5 BUILDING FEES SHALL BE HELD AND ADMINISTERED FOR STUDENTS OF
6 THE MONTANA UNIVERSITY SYSTEM IN ACCORDANCE WITH POLICIES
7 SUBMITTED BY THE RESPECTIVE REPRESENTATIVE STUDENT
8 GOVERNMENTS TO THE BOARD OF REGENTS FOR APPROVAL; AMENDING
9 SECTIONS 20-25-302 and 20-25-402, MCA."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 20-25-302, MCA, is amended to read:

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14 regents. The regents of the Montana university system may:
15 (1) purchase, construct, equip, or improve, at any
16 unit of the Montana university system, any of the following
17 types of revenue-producing facilities:

- 18 (a) land;
- 19 (b) residence halls, dormitories, houses, apartments,
- 20 and other housing facilities;
- 21 (c) dining rooms and halls, restaurants, cafeterias,
- 22 and other food service facilities;
- 23 (d) student union buildings and facilities; and
- 24 (e) those other facilities specifically authorized by
- 25 joint resolution of the legislature;

1 (2) rent housing facilities and provide food and other
2 services to the students, officers, guests, and employees of
3 the unit at rates that will ensure a reasonable net income
4 over operating expenses and will provide for debt service
5 and reserves and provide for the collection of charges,
6 admissions, and fees for the use of other facilities by
7 students and other persons, which charges, admissions, and
8 fees shall not be deemed to be tuition within the meaning of
9 20-25-421 and may be collected from any or all students.
10 ~~Student building fees shall be held and administered for~~
11 ~~students of the Montana university system in accordance with~~
12 ~~policies submitted by the respective representative student~~
13 ~~governments to the board of regents for approval.~~ Student
14 building fees established and in effect on January 1, 1965,
15 which are imposed uniformly upon all students or upon all of
16 a specified class of students in attendance at any unit of
17 the Montana university system shall not be increased without
18 authorization by law unless absolutely necessary and then
19 only to the extent necessary to pay principal or interest
20 due on obligations for which such fees have been or shall be
21 pledged or to maintain reserves securing the payment of such
22 obligations in accordance with the indentures, resolutions,
23 contracts, or other instruments authorizing the issuance of
24 such obligations; provided that at any unit of the Montana
25 university system where the aggregate amount of student

1 building fees in effect on January 1, 1965, was less than
 2 \$50 per student per academic year, such fees may be
 3 increased or additional student building fees may be
 4 established to an aggregate amount not exceeding \$50 per
 5 student per academic year and provided further that
 6 additional student building fees may be established or
 7 existing student building fees may be increased at the
 8 university of Montana at Missoula to an aggregate amount not
 9 to exceed \$90 per student per academic year. This limitation
 10 shall not affect admission or use charges which are made to
 11 individual students or others in proportion to their use or
 12 occupancy of particular facilities or services and shall not
 13 affect any student building fees or other charges which are
 14 made to nonresident students as defined in 20-25-421.

15 (3) hold the net income derived from the operation of
 16 such facilities and the charges, admissions, and fees so
 17 collected and devote the revenues from these sources to debt
 18 service and reserves, repairs, replacements, and betterments
 19 of the facilities or, so far as such revenues have not been
 20 previously obligated for these purposes, to the acquisition,
 21 erection, equipping, enlarging, or improvement of additional
 22 facilities of the types described in this section;

23 (4) exercise full control and complete management of
 24 such facilities;

25 (5) rent the facilities to other public or private

1 persons, firms, and corporations for such uses, at such
 2 times, for such periods, and at such rates as in the
 3 regents' judgment will be consistent with the full use
 4 thereof for academic purposes and will add to the revenues
 5 available for capital costs and debt service;

6 (6) do all things necessary to plan for and propose
 7 financing, including all necessary loan applications, for:

8 (a) classroom, laboratory, library, bookstore, and
 9 other instructional facilities;

10 (b) office, recordkeeping, storage, equipment
 11 maintenance, and other administrative and operational
 12 facilities;

13 (c) stadiums, fieldhouses, armories, arenas,
 14 gymnasiums, swimming pools, and other facilities for
 15 athletic and military instruction, exhibitions, games, and
 16 contests;

17 (d) auditoriums, theaters, music halls, and other
 18 assembly, theatrical, musical, and entertainment facilities;

19 (e) hospital, nursing, and other health instruction
 20 and service facilities;

21 (f) nurseries, barns, arenas, pavilions, and other
 22 facilities for agricultural and livestock breeding,
 23 development, and exhibition;

24 (g) parking lots and ramps and other parking
 25 facilities; and

1 (h) land needed for such facilities.*

2 Section 2. Section 20-25-402, MCA, is amended to read:

3 "20-25-402. Borrowing by regents. In carrying out the
4 above powers, the regents may:

5 (1) borrow money for any purpose or purposes stated in
6 parts 3 and 4 of this chapter, including, if considered
7 desirable by the regents, the payment of interest on the
8 money borrowed for a facility during the construction
9 thereof and for 1 year thereafter and the creation of a
10 reserve for the payment of bond principal and interest;

11 (2) make purchases on a time or installment basis;

12 (3) issue bonds, notes, and other securities,
13 negotiable or otherwise, secured as provided in this
14 section, including bearer bonds with appurtenant interest
15 coupons, which shall be fully negotiable notwithstanding any
16 limitation on the source of payment thereof, or fully
17 registered bonds or bonds registered as to ownership of
18 principal only;

19 (4) pledge for the payment of the purchase price of
20 any facility or of the principal and interest on bonds,
21 notes, or other securities authorized in this chapter or
22 otherwise obligate:

23 (a) the net income received from rents, board, or both
24 in housing, food service, and other facilities;

25 (b) receipts from student building, activity, union,

1 and other special fees prescribed by the regents for all
2 students provided such action is taken in accordance with
3 policies submitted by the respective representative student
4 governments to the board of regents for approval; and

5 (c) other income in the form of gifts, bequests,
6 contributions, federal grants of funds, including the
7 proceeds or income from grants of lands or other real or
8 personal property; receipts from athletic and other
9 contests, exhibitions, and performances; and collections of
10 admissions and other charges for the use of facilities,
11 including all use by other persons, firms, and corporations
12 for athletic and other contests, exhibitions, and
13 performances and for the conduct of their business,
14 educational, or governmental functions;

15 (5) make payments on loans or purchases from any other
16 available income not obligated for those purposes, including
17 receipts from sale of materials, equipment, and fixtures of
18 the facilities or from sales of the facilities themselves,
19 other than land;

20 (6) secure any bonds authorized hereunder by a trust
21 indenture between the regents and any bank or trust company
22 within or without the state of Montana or by a resolution
23 establishing covenants of the regents with the holders of
24 such bonds relating to:

25 (a) the construction, operation, use, and insurance of

1 the facilities;

2 (b) the segregation, expenditure, and audit of
3 accounts of the bond proceeds and of the income pledged;

4 (c) the establishment and collection of rents,
5 charges, admissions, and fees sufficient to provide net
6 income adequate for prompt payment of principal and interest
7 on bonds and creation and maintenance of reserves for that
8 purpose; and

9 (d) such other matters as the regents may determine to
10 be necessary or desirable for the security and marketability
11 of the bonds;

12 (7) issue and sell or exchange bonds, secured as
13 provided in this section, for the refunding of any
14 outstanding bonds or other obligations issued by the regents
15 before or after January 29, 1971, subject to the following
16 provisions:

17 (a) refunding bonds may, with the consent of the
18 holders of the bonds to be refunded thereby, be exchanged at
19 par plus accrued interest for all or part of such bonds or
20 may be sold at a price not less than par plus accrued
21 interest. They may be secured by a pledge of the same
22 revenue as the bonds refunded or by a pledge of different or
23 additional revenues received at the same unit of the
24 university. Nothing herein shall require the holder of any
25 outstanding bond to accept payment thereof or the delivery

1 of a refunding bond in exchange therefor, except in
2 accordance with the terms of the outstanding bond. Bonds may
3 be issued to refund interest as well as principal actually
4 due and payable if the revenues pledged therefor are not
5 sufficient, but not to refund any bonds or interest due
6 which can be paid from revenues then on hand.

7 (b) refunding bonds may bear interest at a rate lower
8 or higher than the bonds refunded thereby if they are issued
9 to refund matured principal or interest for the payment of
10 which revenues on hand are not sufficient or if they are
11 issued to refund before maturity bonds issued before January
12 1, 1965, for the purpose of releasing revenues required for
13 payment of the outstanding bonds permitting the pledge
14 thereof for the security of other bonds as well as the
15 refunding bonds, subject to the rights of the holders of the
16 outstanding bonds until those bonds are fully paid and
17 redeemed. Except as authorized in the preceding sentence,
18 refunding bonds shall not be issued unless their average
19 annual interest rate, computed to their stated maturity
20 dates and excluding any premium from such computation, is at
21 least $\frac{3}{8}$ of 1% less than the average annual interest rate
22 on the bonds refunded thereby, computed to their respective
23 stated maturity dates.

24 (c) in any case where refunding bonds are issued and
25 sold 6 months or more before the earliest date on which all

1 bonds refunded thereby mature or are prepayable in
 2 accordance with their terms, the proceeds of the refunding
 3 bonds, including any premium and accrued interest, shall be
 4 deposited in escrow with a suitable bank or trust company
 5 having its principal place of business within or without the
 6 state, which is a member of the federal reserve system and
 7 has a combined capital and surplus not less than \$1 million
 8 and shall be invested in the amount and in securities
 9 maturing on the dates and bearing interest at the rates
 10 which will be required to provide funds sufficient to pay
 11 when due the interest to accrue on each bond refunded to its
 12 maturity or, if it is prepayable, to the earliest prior date
 13 upon which the bond may be called for redemption from the
 14 proceeds of the refunding bonds and to pay and redeem the
 15 principal amount of each bond at maturity or, if prepayable,
 16 on that redemption date and any premium required for
 17 redemption on that date. The resolution or indenture
 18 authorizing the refunding bonds shall irrevocably
 19 appropriate for these purposes the escrow fund and all
 20 income therefrom and shall provide for the call of all
 21 prepayable bonds in accordance with their terms. The
 22 securities to be purchased with such escrow funds shall be
 23 limited to general obligations of the United States,
 24 securities whose principal and interest payments are
 25 guaranteed by the United States, and securities issued by

1 the following United States government agencies: banks for
 2 cooperatives, federal home loan banks, federal intermediate
 3 credit banks, federal land banks, and the federal national
 4 mortgage association. The securities shall be purchased
 5 simultaneously with the delivery of the refunding bonds.

6 (d) revenues or other funds on hand, in excess of the
 7 amount pledged by resolutions or indentures authorizing
 8 outstanding bonds for the payment of principal and interest
 9 currently due thereon and reserves securing such payment,
 10 may be used to pay the expenses incurred by the regents for
 11 the purpose of refunding, including but without limitation
 12 the cost of advertising and printing refunding bonds, legal
 13 and financial advice and assistance in connection therewith,
 14 and the reasonable and customary charges of escrow agents
 15 and paying agents. Revenues and other funds on hand,
 16 including reserves pledged for the payment and security of
 17 outstanding revenue bonds, may be deposited in an escrow
 18 fund created for the retirement of those bonds and may be
 19 invested and disbursed as provided in subsection (7)(c)
 20 hereof to the extent consistent with the resolutions or
 21 indentures authorizing such outstanding bonds.

22 (8) sell bonds and sell or exchange refunding bonds
 23 issued hereunder in the manner and upon the terms as to
 24 maturities, interest rates, and redemption privileges and
 25 for the price that the regents determine with the approval

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1 of the department of administration."

-End-

1 HOUSE BILL NO. 727

2 INTRODUCED BY DUSSAULT, E. SMITH

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT STUDENT
5 BUILDING FEES SHALL BE HELD AND ADMINISTERED FOR STUDENTS OF
6 THE MONTANA UNIVERSITY SYSTEM IN ACCORDANCE WITH POLICIES
7 SUBMITTED BY THE RESPECTIVE REPRESENTATIVE STUDENT
8 GOVERNMENTS TO THE BOARD OF REGENTS TO REVIEW FOR APPROVAL
9 OR DISAPPROVAL; AMENDING SECTIONS 20-25-302 and 20-25-402,
10 MCA."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 20-25-302, MCA, is amended to read:

14 "20-25-302. Revenue-producing facilities -- powers of
15 regents. The regents of the Montana university system may:
16 (1) purchase, construct, equip, or improve, at any
17 unit of the Montana university system, any of the following
18 types of revenue-producing facilities:

19 (a) land;

20 (b) residence halls, dormitories, houses, apartments,
21 and other housing facilities;22 (c) dining rooms and halls, restaurants, cafeterias,
23 and other food service facilities;

24 (d) student union buildings and facilities; and

25 (e) those other facilities specifically authorized by

1 joint resolution of the legislature;

2 (2) rent housing facilities and provide food and other
3 services to the students, officers, guests, and employees of
4 the unit at rates that will ensure a reasonable net income
5 over operating expenses and will provide for debt service
6 and reserves and provide for the collection of charges,
7 admissions, and fees for the use of other facilities by
8 students and other persons, which charges, admissions, and
9 fees shall not be deemed to be tuition within the meaning of
10 20-25-421 and may be collected from any or all students.
11 Student building fees, EXCEPT FOR FUNDS PLEDGED FOR BOND
12 OBLIGATIONS, shall be held and administered for students of
13 the Montana university system in accordance with policies
14 submitted by the respective representative student
15 governments to the board of regents TO REVIEW for approval
16 OR DISAPPROVAL. Student building fees established and in
17 effect on January 1, 1965, which are imposed uniformly upon
18 all students or upon all of a specified class of students in
19 attendance at any unit of the Montana university system
20 shall not be increased without authorization by law unless
21 absolutely necessary and then only to the extent necessary
22 to pay principal or interest due on obligations for which
23 such fees have been or shall be pledged or to maintain
24 reserves securing the payment of such obligations in
25 accordance with the indentures, resolutions, contracts, or

1 other instruments authorizing the issuance of such
 2 obligations; provided that at any unit of the Montana
 3 university system where the aggregate amount of student
 4 building fees in effect on January 1, 1965, was less than
 5 \$50 per student per academic year, such fees may be
 6 increased or additional student building fees may be
 7 established to an aggregate amount not exceeding \$50 per
 8 student per academic year and provided further that
 9 additional student building fees may be established or
 10 existing student building fees may be increased at the
 11 university of Montana at Missoula to an aggregate amount not
 12 to exceed \$90 per student per academic year. This limitation
 13 shall not affect admission or use charges which are made to
 14 individual students or others in proportion to their use or
 15 occupancy of particular facilities or services and shall not
 16 affect any student building fees or other charges which are
 17 made to nonresident students as defined in 20-25-421.

18 (3) hold the net income derived from the operation of
 19 such facilities and the charges, admissions, and fees so
 20 collected and devote the revenues from these sources to debt
 21 service and reserves, repairs, replacements, and betterments
 22 of the facilities or, so far as such revenues have not been
 23 previously obligated for these purposes, to the acquisition,
 24 erection, equipping, enlarging, or improvement of additional
 25 facilities of the types described in this section;

1 (4) exercise full control and complete management of
 2 such facilities;

3 (5) rent the facilities to other public or private
 4 persons, firms, and corporations for such uses, at such
 5 times, for such periods, and at such rates as in the
 6 regents' judgment will be consistent with the full use
 7 thereof for academic purposes and will add to the revenues
 8 available for capital costs and debt service;

9 (6) do all things necessary to plan for and propose
 10 financing, including all necessary loan applications, for:

11 (a) classroom, laboratory, library, bookstore, and
 12 other instructional facilities;

13 (b) office, recordkeeping, storage, equipment
 14 maintenance, and other administrative and operational
 15 facilities;

16 (c) stadiums, fieldhouses, armories, arenas,
 17 gymnasiums, swimming pools, and other facilities for
 18 athletic and military instruction, exhibitions, games, and
 19 contests;

20 (d) auditoriums, theaters, music halls, and other
 21 assembly, theatrical, musical, and entertainment facilities;

22 (e) hospital, nursing, and other health instruction
 23 and service facilities;

24 (f) nurseries, barns, arenas, pavilions, and other
 25 facilities for agricultural and livestock breeding,

1 development, and exhibition;

2 (g) parking lots and ramps and other parking
3 facilities; and

4 (h) land needed for such facilities."

5 Section 2. Section 20-25-402, MCA, is amended to read:

6 "20-25-402. Borrowing by regents. In carrying out the
7 above powers, the regents may:

8 (1) borrow money for any purpose or purposes stated in
9 parts 3 and 4 of this chapter, including, if considered
10 desirable by the regents, the payment of interest on the
11 money borrowed for a facility during the construction
12 thereof and for 1 year thereafter and the creation of a
13 reserve for the payment of bond principal and interest;

14 (2) make purchases on a time or installment basis;

15 (3) issue bonds, notes, and other securities,
16 negotiable or otherwise, secured as provided in this
17 section, including bearer bonds with appurtenant interest
18 coupons, which shall be fully negotiable notwithstanding any
19 limitation on the source of payment thereof, or fully
20 registered bonds or bonds registered as to ownership of
21 principal only;

22 (4) pledge for the payment of the purchase price of
23 any facility or of the principal and interest on bonds,
24 notes, or other securities authorized in this chapter or
25 otherwise obligate:

1 (a) the net income received from rents, board, or both
2 in housing, food service, and other facilities;

3 (b) receipts from student building, activity, union,
4 and other special fees prescribed by the regents for all
5 students provided AND EXCEPT FOR FUNDS PLEDGED FOR BOND
6 OBLIGATIONS such action is taken in accordance with policies
7 submitted by the respective representative student
8 governments to the board of regents FOR REVIEW for approval
9 OR DISAPPROVAL; and

10 (c) other income in the form of gifts, bequests,
11 contributions, federal grants of funds, including the
12 proceeds or income from grants of lands or other real or
13 personal property; receipts from athletic and other
14 contests, exhibitions, and performances; and collections of
15 admissions and other charges for the use of facilities,
16 including all use by other persons, firms, and corporations
17 for athletic and other contests, exhibitions, and
18 performances and for the conduct of their business,
19 educational, or governmental functions;

20 (5) make payments on loans or purchases from any other
21 available income not obligated for those purposes, including
22 receipts from sale of materials, equipment, and fixtures of
23 the facilities or from sales of the facilities themselves,
24 other than land;

25 (6) secure any bonds authorized hereunder by a trust

1 indenture between the regents and any bank or trust company
2 within or without the state of Montana or by a resolution
3 establishing covenants of the regents with the holders of
4 such bonds relating to:

5 (a) the construction, operation, use, and insurance of
6 the facilities;

7 (b) the segregation, expenditure, and audit of
8 accounts of the bond proceeds and of the income pledged;

9 (c) the establishment and collection of rents,
10 charges, admissions, and fees sufficient to provide net
11 income adequate for prompt payment of principal and interest
12 on bonds and creation and maintenance of reserves for that
13 purpose; and

14 (d) such other matters as the regents may determine to
15 be necessary or desirable for the security and marketability
16 of the bonds;

17 (7) issue and sell or exchange bonds, secured as
18 provided in this section, for the refunding of any
19 outstanding bonds or other obligations issued by the regents
20 before or after January 29, 1971, subject to the following
21 provisions:

22 (a) refunding bonds may, with the consent of the
23 holders of the bonds to be refunded thereby, be exchanged at
24 par plus accrued interest for all or part of such bonds or
25 may be sold at a price not less than par plus accrued

1 interest. They may be secured by a pledge of the same
2 revenue as the bonds refunded or by a pledge of different or
3 additional revenues received at the same unit of the
4 university. Nothing herein shall require the holder of any
5 outstanding bond to accept payment thereof or the delivery
6 of a refunding bond in exchange therefor, except in
7 accordance with the terms of the outstanding bond. Bonds may
8 be issued to refund interest as well as principal actually
9 due and payable if the revenues pledged therefor are not
10 sufficient, but not to refund any bonds or interest due
11 which can be paid from revenues then on hand.

12 (b) refunding bonds may bear interest at a rate lower
13 or higher than the bonds refunded thereby if they are issued
14 to refund matured principal or interest for the payment of
15 which revenues on hand are not sufficient or if they are
16 issued to refund before maturity bonds issued before January
17 1, 1965, for the purpose of releasing revenues required for
18 payment of the outstanding bonds permitting the pledge
19 thereof for the security of other bonds as well as the
20 refunding bonds, subject to the rights of the holders of the
21 outstanding bonds until those bonds are fully paid and
22 redeemed. Except as authorized in the preceding sentence,
23 refunding bonds shall not be issued unless their average
24 annual interest rate, computed to their stated maturity
25 dates and excluding any premium from such computation, is at

1 least 3/8 of 1% less than the average annual interest rate
2 on the bonds refunded thereby, computed to their respective
3 stated maturity dates.

4 (c) in any case where refunding bonds are issued and
5 sold 6 months or more before the earliest date on which all
6 bonds refunded thereby mature or are prepayable in
7 accordance with their terms, the proceeds of the refunding
8 bonds, including any premium and accrued interest, shall be
9 deposited in escrow with a suitable bank or trust company
10 having its principal place of business within or without the
11 state, which is a member of the federal reserve system and
12 has a combined capital and surplus not less than \$1 million
13 and shall be invested in the amount and in securities
14 maturing on the dates and bearing interest at the rates
15 which will be required to provide funds sufficient to pay
16 when due the interest to accrue on each bond refunded to its
17 maturity or, if it is prepayable, to the earliest prior date
18 upon which the bond may be called for redemption from the
19 proceeds of the refunding bonds and to pay and redeem the
20 principal amount of each bond at maturity or, if prepayable,
21 on that redemption date and any premium required for
22 redemption on that date. The resolution or indenture
23 authorizing the refunding bonds shall irrevocably
24 appropriate for these purposes the escrow fund and all
25 income therefrom and shall provide for the call of all

1 prepayable bonds in accordance with their terms. The
2 securities to be purchased with such escrow funds shall be
3 limited to general obligations of the United States,
4 securities whose principal and interest payments are
5 guaranteed by the United States, and securities issued by
6 the following United States government agencies: banks for
7 cooperatives, federal home loan banks, federal intermediate
8 credit banks, federal land banks, and the federal national
9 mortgage association. The securities shall be purchased
10 simultaneously with the delivery of the refunding bonds.

11 (d) revenues or other funds on hand, in excess of the
12 amount pledged by resolutions or indentures authorizing
13 outstanding bonds for the payment of principal and interest
14 currently due thereon and reserves securing such payment,
15 may be used to pay the expenses incurred by the regents for
16 the purpose of refunding, including but without limitation
17 the cost of advertising and printing refunding bonds, legal
18 and financial advice and assistance in connection therewith,
19 and the reasonable and customary charges of escrow agents
20 and paying agents. Revenues and other funds on hand,
21 including reserves pledged for the payment and security of
22 outstanding revenue bonds, may be deposited in an escrow
23 fund created for the retirement of those bonds and may be
24 invested and disbursed as provided in subsection (7)(c)
25 hereof to the extent consistent with the resolutions or

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1 indentures authorizing such outstanding bonds.
2 (8) sell bonds and sell or exchange refunding bonds
3 issued hereunder in the manner and upon the terms as to
4 maturities, interest rates, and redemption privileges and
5 for the price that the regents determine with the approval
6 of the department of administration."

-End-