

OFFER TO TENDER BONDS

made by

THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA to the Holders described herein of all or a portion of certain maturities as set forth on pages (i) through (ii) herein of

STATE OF MONTANA THE BOARD OF REGENTS OF HIGHER EDUCATION MONTANA STATE UNIVERSITY

Facilities Improvement Revenue Bonds, Series E 2018 General Revenue Bonds, Series H 2021 (Taxable)

THIS TENDER OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON April 24, 2026,
UNLESS THIS TENDER OFFER IS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN.
See "TERMS OF THIS TENDER OFFER" herein.

This Offer to Tender Bonds, dated April 13, 2026 (as it may be amended or supplemented, this "*Tender Offer*"), describes an offer made by The Board of Regents of Higher Education for the State of Montana (the "*Board*"), with the assistance of Wells Fargo Bank, N.A., as dealer manager (the "*Dealer Manager*"), to the beneficial owners (the "*Holders*" or "*Bondholders*") of all or a portion of certain maturities of the Board's outstanding State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series E 2018 (the "*Series E 2018 Bonds*") and State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series H 2021 (Taxable) (the "*Series H 2021 Bonds*") as set forth on pages (i) through (ii) of this Tender Offer (collectively, the "*Bonds*") to use a portion of the proceeds of the Board's State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series L 2026 (the "*Series L 2026 Bonds*"), to purchase Bonds tendered by any Bondholder, subject to the limitations set forth herein, at the offer prices based on the following:

- (i) with respect to the *federally taxable Bonds* listed in Table 1 on page (i) of this Tender Offer (the "*Taxable Bonds*"), the offer price(s) will be based on fixed spreads to be set forth in the Pricing Notice, which is expected to be dated on or about April 17, 2026 (as may be amended and supplemented, the "*Pricing Notice*," a form of which is attached hereto as APPENDIX C), to be added to the yields on certain benchmark United States Treasury Securities; and
- (ii) with respect to the *federally tax-exempt Bonds* listed in Table 2 on page (ii) of this Tender Offer (the "*Tax-Exempt Bonds*"), the offer price(s) will be based on fixed spreads to be set forth in the Pricing Notice, which is expected to be dated on or about April 17, 2026 (as may be amended and supplemented, the "*Pricing Notice*," a form of which is attached hereto as APPENDIX C), to be added to the yields on the relevant benchmark BVAL Index,

plus, in each case, accrued interest on the Bonds tendered for purchase up to but not including the Settlement Date, defined herein below ("*Accrued Interest*"). If issued, the Series L 2026 Bonds will be dated the Settlement Date, bear interest at the rates and mature on the dates (subject to prior redemption), and be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement dated April 13, 2026 attached hereto as APPENDIX A (the "*POS*").

Subject to the terms and conditions of this Tender Offer, the Board may purchase Bonds tendered for purchase on May 12, 2026, unless extended by the Board, assuming all conditions to this Tender Offer have then been satisfied or waived by the Board (such date being the "*Settlement Date*"), provided that such Bonds have been validly tendered for purchase by the Expiration Date set forth below. Bondholders who tender Bonds for purchase will receive Accrued Interest on such Bonds on the Settlement Date. The source of funds to purchase the Bonds validly tendered for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be from proceeds of the Series L 2026 Bonds. The Series L 2026 Bonds will be issued in the manner, on the terms and with the security therefor described in the POS. The payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be funded from legally available moneys of the Board and paid on the Settlement Date. The purchase of any Bonds tendered pursuant to this Tender Offer is contingent on the issuance of the Series L 2026 Bonds. The consummation of this Tender Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein).

Pursuant to the authorizing resolutions of the Board adopted November 21, 2025 and March 12, 2026, with respect to the portion of the Series L 2026 Bonds issued for purposes of the refinancing and refunding the Outstanding Bonds and costs of issuance thereof, the refunding is required to result in aggregate debt service savings of at least 3.00% of the principal amount of the Bonds (after deducting costs of issuance thereof), and the final maturity dates of such Series L 2026 Bonds may not be later than the respective final maturity dates of such Bonds being refunded.

Should the Board determine to purchase some but not all of the Bonds of a particular CUSIP, the Board will accept those tendered Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the Board determines to purchase, where applicable (b) the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of \$5,000, the principal amount of such offer will be rounded down to the nearest multiple of \$5,000. If as a result of such adjustment, the amount of a holder's accepted Bonds would be less than the minimum authorized denomination of \$5,000, the Board will reject such holder's tender instruction in whole. The Board will determine the proration factor that permits it to accept the amount of Bonds it has determined to purchase.

See "INTRODUCTION – General" and "TERMS OF THIS TENDER OFFER – Conditions to Purchase" herein.

HOLDERS OF BONDS WHO DO NOT ACCEPT THIS TENDER OFFER, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE WHEREIN THE BOARD IN ITS DISCRETION DO NOT ACCEPT SUCH TENDER FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE "UNTENDERED BONDS") AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE AMENDED AND RESTATED INDENTURE OF TRUST, DATED AS OF OCTOBER 1, 2021, BETWEEN THE BOARD AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE (THE "TRUSTEE"), AS AMENDED AND SUPPLEMENTED (COLLECTIVELY, THE "INDENTURE"). THE BOARD RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS OR THE BONDS NOT PURCHASED PURSUANT TO THIS TENDER OFFER THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR UTILIZING FUNDS OF THE BOARD OR ANY COMBINATION THEREOF. See "INTRODUCTION – BONDS NOT TENDERED FOR PURCHASE" AND "ADDITIONAL CONSIDERATIONS" herein.

Certain of the Bonds that are the subject of this Tender Offer are term bonds subject to mandatory sinking fund installments. If less than all of the Series E 2018 Bonds or Series H 2021 Bonds of a given CUSIP number that are subject to mandatory sinking fund installments are purchased by the Board, the Purchase Price will be credited to such mandatory sinking fund installments on a pro rata basis. The reduction in sinking fund installments resulting from the purchase by the Board of less than all of the Bonds of a given CUSIP number may cause the average life of the remaining Bonds of that CUSIP number to change. See "ADDITIONAL CONSIDERATIONS-Sinking Fund Installment Schedule Modification" for additional information.

Participation by Bondholders of the Series H 2021 Bonds that have been insured in the secondary market is subject to the terms, conditions, and availability of such offer by the respective insurer, custodian, paying agent or registrar. The Series E 2018 Bonds are not insured in the secondary market.

To make an informed decision as to whether, and how, to tender Bonds for purchase pursuant to this Tender Offer and the Pricing Notice, Bondholders must read this Tender Offer carefully, including the POS attached hereto, and consult with their broker, accounts executive, financial advisor, attorney and/or other professionals. For more information about risks concerning this Tender Offer, please see "ADDITIONAL CONSIDERATIONS" herein.

Any Bondholder wishing to accept this Tender Offer should follow the procedures more specifically described herein. Bondholders and their brokers and accounts executives with questions about this Tender Offer should contact the Dealer Manager or the Information Agent.

Key Dates and Times

*All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Tender Offer.*

Launch Date and Posting of POS	April 13, 2026
Pricing Notice	April 17, 2026
Expiration Date	5:00 p.m. on April 24, 2026
Notice of Preliminary Acceptance	April 27, 2026
Determination of Purchase Prices	approximately 10:00 a.m. on April 28, 2026
Notice of Purchase Prices	April 28, 2026
Notice of Final Acceptance	April 29, 2026
Settlement Date	May 12, 2026

The Dealer Manager
for this Tender Offer is:

Wells Fargo Bank, N.A.

The Information Agent and Tender Agent
for this Tender Offer is:

Globic Advisors

BONDS SUBJECT TO THIS TENDER OFFER

TABLE 1 – TAXABLE BONDS⁽¹⁾

Series	CUSIP*	Maturity	Interest Rate	Outstanding Principal Amount	Maximum Principal Amount that may be Accepted for Purchase	Call Date	Benchmark Treasury Security†	Indicative Fixed Spread†
Series H 2021	61212L SY6	11/15/2026	1.129%	\$ 3,250,000	\$ 3,250,000	11/15/2031	T2	-30 bps
Series H 2021	61212L SZ3	11/15/2027	1.371	3,290,000	3,290,000	11/15/2031	T2	-17 bps
Series H 2021	61212L TA7	11/15/2028	1.521	3,345,000	3,345,000	11/15/2031	T2	-8 bps
Series H 2021	61212L TB5	11/15/2029	1.623	3,395,000	3,395,000	11/15/2031	T3	-3 bps
Series H 2021	61212L TC3	11/15/2030	1.798	3,455,000	3,455,000	11/15/2031	T5	-5 bps
Series H 2021	61212L TD1	11/15/2031	1.898	3,525,000	3,525,000	11/15/2031	T5	7 bps
Series H 2021	61212L TE9	11/15/2032	2.058	3,590,000	3,590,000	11/15/2031	T7	-1 bps
Series H 2021	61212L TF6	11/15/2033	2.223	3,660,000	3,660,000	11/15/2031	T7	9 bps
Series H 2021	61212L TG4	11/15/2034	2.323	3,750,000	3,750,000	11/15/2031	T10	0 bps
Series H 2021	61212L TH2	11/15/2035	2.423	2,500,000	2,500,000	11/15/2031	T10	9 bps
Series H 2021	61212L TJ8	11/15/2036	2.523	2,560,000	2,560,000	11/15/2031	T10	18 bps
Series H 2021	61212L TK5	11/15/2037	2.613	2,625,000	2,625,000	11/15/2031	T10	28 bps
Series H 2021	61212L TL3	11/15/2038	2.663	2,695,000	2,695,000	11/15/2031	T10	37 bps
Series H 2021	61212L TM1	11/15/2043	2.797	14,660,000	14,660,000	11/15/2031	T10	72 bps

(1) These prices are subject to change through the Determination of Purchase Prices.

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† Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of the date and time that the Purchase Prices for the Taxable Bonds are set, currently expected to be approximately 10:00 a.m., New York City time, on April 28, 2026. Actual fixed spreads and Benchmark Treasury Security will appear in the Pricing Notice. Actual Purchase Prices will appear in the Pricing Notice. The Purchase Price to be paid on the Settlement Date excludes Accrued Interest on the Bonds tendered for purchase, which interest will be paid up to but not including the Settlement Date in addition to the Purchase Price.

BONDS SUBJECT TO THIS TENDER OFFER (CONTINUED)

TABLE 2 – TAX-EXEMPT BONDS⁽¹⁾

Series	CUSIP*	Maturity	Interest Rate	Outstanding Principal Amount	Maximum Principal Amount that may be Accepted for Purchase	Call Date	Applicable BVAL Index†	Indicative Fixed Spread†
Series E 2018	61212L QJ1	11/15/2028	5.000%	\$ 1,215,000	\$ 1,215,000	11/15/2027	Nov-2028	-24 bps
Series E 2018	61212L QK8	11/15/2029	5.000	1,275,000	1,275,000	11/15/2027	Nov-2029	-21 bps
Series E 2018	61212L QL6	11/15/2030	5.000	1,345,000	1,345,000	11/15/2027	Nov-2030	-19 bps
Series E 2018	61212L QM4	11/15/2031	5.000	1,410,000	1,410,000	11/15/2027	Nov-2031	-18 bps
Series E 2018	61212L QN2	11/15/2032	5.000	1,485,000	1,485,000	11/15/2027	Nov-2032	-17 bps
Series E 2018	61212L QQ5	11/15/2034	5.000	1,610,000	1,610,000	11/15/2027	Nov-2034	-14 bps
Series E 2018	61212L QS1	11/15/2036	5.000	1,745,000	1,745,000	11/15/2027	Nov-2036	-17 bps
Series E 2018	61212L QU6	11/15/2038	5.000	1,895,000	1,895,000	11/15/2027	Nov-2038	-22 bps
Series E 2018	61212L QV4	11/15/2039	5.000	1,990,000	1,990,000	11/15/2027	Nov-2039	-24 bps
Series E 2018	61212L QW2	11/15/2043	5.000	9,040,000	9,040,000	11/15/2027	Nov-2043	-25 bps
Series E 2018	61212L QX0	11/15/2045	5.000	5,240,000	5,240,000	11/15/2027	Nov-2045	-8 bps

(1) These prices are subject to change through the Determination of Purchase Prices.

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† The applicable BVAL Index for each CUSIP of the Tax-Exempt Bonds will be the BVAL Index yield (the “BVAL Yield”) for the month and year corresponding to the maturity of each such Tax-Exempt Bond, as set forth in the Monthly Value Table as of the Determination of Purchase Prices, as shown on the EMMA Website at the following address: <https://emma.msrb.org/ToolsAndResources/BloombergYieldCurve?daily=True> and accessed by the link to Monthly Value Table. Actual fixed spreads and BVAL Index will appear in the Pricing Notice. Actual Purchase Prices will appear in the Pricing Notice. The Purchase Price to be paid on the Settlement Date excludes Accrued Interest on the Tax-Exempt Bonds tendered for purchase, which interest will be paid up to but not including the Settlement Date in addition to the Purchase Price.

PROVISIONS APPLICABLE TO THIS TENDER OFFER

On April 17, 2026, the Pricing Notice will be made available: (i) at the Municipal Securities Rulemaking Board (the “**MSRB**”) through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “**EMMA Website**”), using the CUSIP numbers for the Bonds listed in the “Bonds Subject to this Tender Offer” tables above; (ii) to DTC (defined herein) and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/msu>.

On April 28, 2026, the Notice of Purchase Prices will be made available: (i) at the MSRB through the EMMA Website, using the CUSIP numbers for the Bonds listed in the “Bonds Subject to this Tender Offer” tables above; (ii) to DTC (defined herein) and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/msu>.

The POS (the form of which is attached hereto as APPENDIX A) will also be made available: (i) at the EMMA Website, using the CUSIP numbers for the Bonds listed in the “Bonds Subject to this Tender Offer” tables in this Tender Offer; (ii) to DTC and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/msu>.

The consummation of this Tender Offer is also subject to certain conditions, including, without limitation, the Financing Conditions (as defined herein). See “INTRODUCTION – General” and “TERMS OF THIS TENDER OFFER – Conditions to Purchase” herein.

IMPORTANT INFORMATION

This Tender Offer and other information with respect to this Tender Offer are and will be available from Wells Fargo Bank, N.A. (the “Dealer Manager”) and Globic Advisors (the “Information Agent”) at <http://emma.msrb.org> and <https://www.globic.com/msu>. Bondholders wishing to tender their Bonds for purchase pursuant to this Tender Offer should follow the procedures described in this Tender Offer. The Board reserve the right to cancel or modify this Tender Offer at any time on or prior to the Expiration Date, and reserve the right to make a future tender offer at prices different than the prices described herein and in the Pricing Notice in their sole discretion. The Board will have no obligation to purchase Bonds tendered if cancellation or modification occurs or if the Board is unable to issue the Series L 2026 Bonds. The Board further reserves the right to accept nonconforming tenders or waive irregularities in any tender. The Board also reserves the right in the future to defease or refund (on an advance or current basis) any remaining portion of outstanding Bonds through the issuance of publicly offered or privately placed taxable or tax-exempt obligations or utilizing funds of the Board or any combination thereof. The consummation of this Tender Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein) that are anticipated to occur after the Expiration Date but prior to the Settlement Date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TENDER OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS TENDER OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS TENDER OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Board is not recommending to any Bondholder whether to offer their Bonds in connection with this Tender Offer. Each Bondholder must make these decisions and should read this Tender Offer and consult with its broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

This Tender Offer is not being extended to, and Bonds tendered in response to this Tender Offer will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Tender Offer or such acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Tender Offer to be made through a licensed or registered broker or dealer, this Tender Offer shall be deemed to be made on behalf of the Board through the Dealer Manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Tender Offer, including APPENDIX A, and, if given

or made, such information or representation may not be relied upon as having been authorized by the Board or any of their affiliates.

In addition to its role as Dealer Manager for the Bonds, Wells Fargo Bank, N.A. is also serving as Underwriter for the Series L 2026 Bonds to be issued by the Board as described in APPENDIX A.

The delivery of this Tender Offer shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Board, or its affiliates, since the date hereof. The information contained in this Tender Offer is as of the date of this Tender Offer only and is subject to change, completion, or amendment without notice.

Certain statements included or incorporated by reference into this Tender Offer constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “forecast,” “plan,” “expect,” “estimate,” “budget” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Board does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Tender Offer, including APPENDIX A, contains important information and should be read in its entirety before any decision is made with respect to this Tender Offer.

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OFFER TO TENDER BONDS
made by
**THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF
MONTANA**
to the Holders described herein of
all or a portion of certain maturities
as set forth on pages (i) through (ii) herein of

**STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY**

**Facilities Improvement Revenue Bonds, Series E 2018
General Revenue Bonds, Series H 2021 (Taxable)**

INTRODUCTION

General

This Offer to Tender Bonds, dated April 13, 2026 (as it may be amended or supplemented, including the cover page and Appendices hereto, this “*Tender Offer*”), describes an offer by The Board of Regents of Higher Education for the State of Montana (the “*Board*”), with the assistance of Wells Fargo Bank, N.A., as Dealer Manager (the “*Dealer Manager*”), to the beneficial owners (the “*Holders*” or “*Bondholders*”) of all or a portion of certain maturities of the Board’s outstanding State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series E 2018 (the “*Series E 2018 Bonds*”) and State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series H 2021 (Taxable) (the “*Series H 2021 Bonds*”) as set forth on pages (i) through (ii) of this Tender Offer (collectively, the “*Bonds*”) to use a portion of the proceeds of the Board’s State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series L 2026 (the “*Series L 2026 Bonds*”), to purchase Bonds tendered by any Bondholder, subject to the limitation set forth herein, at the offer prices based on the following:

- (i) with respect to the *federally taxable Bonds* listed in Table 1 on page (i) of this Tender Offer (the “*Taxable Bonds*”), the offer price(s) will be based on fixed spreads to be set forth in the Pricing Notice, which is expected to be dated on or about April 17, 2026 (as may be amended and supplemented, the “*Pricing Notice*,” a form of which is attached hereto as APPENDIX C), to be added to the yields on certain benchmark United States Treasury Securities; and
- (ii) with respect to the *federally tax-exempt Bonds* listed in Table 2 on page (ii) of this Tender Offer (the “*Tax-Exempt Bonds*”), the offer price(s) will be based on fixed spreads to be set forth in the Pricing Notice, which is expected to be dated on or about April 17, 2026 (as may be amended and supplemented, the “*Pricing Notice*,” a form of which is attached hereto as APPENDIX C), to be added to the yields on the relevant benchmark BVAL Index,

plus, in each case, accrued interest on the Bonds tendered for purchase up to but not including the Settlement Date (“*Accrued Interest*”). If issued, the Series L 2026 Bonds will be dated the Settlement Date, bear interest at the rates and mature on the dates (subject to prior redemption) and be issued in the manner, on the terms and with the security therefor all as set forth in the POS (as defined herein). This Tender Offer is being made to reduce the Board’s debt service requirements.

The Bonds were issued by the Board pursuant to the Amended and Restated Indenture of Trust, dated as of October 1, 2021, between the Board and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”), as amended and supplemented (the “*Indenture*”). For certain information concerning the Board, the Series L 2026 Bonds and the security for such Series L 2026 Bonds, see the Preliminary Official Statement dated April 13, 2026, attached hereto as APPENDIX A (the “*POS*”).

The source of funds to purchase the Bonds validly tendered for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be from proceeds of the Series L 2026 Bonds. Bondholders who tender Bonds for purchase on the Settlement Date will receive Accrued Interest on such Bonds. See “—Sources of Funds to Purchase Bonds and Pay Accrued Interest on Bonds Purchased” herein.

Notwithstanding any other provision of this Tender Offer, the consummation of this Tender Offer and the Board’s obligation to accept for purchase Bonds validly tendered (and not validly withdrawn) pursuant to this Tender Offer is subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (a) the successful completion by the Board of a debt financing transaction (the “*Proposed Financing*”), including (i) the issuance of the Series L 2026 Bonds, the proceeds of which will be sufficient, to (x) fund the purchase of all Bonds validly tendered pursuant to this Tender Offer and (y) pay all fees and expenses associated with the issuance of the Series L 2026 Bonds; (b) the Board obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Tender Offer when taken together with the Proposed Financing (collectively, the “*Financing Conditions*”), all on terms and conditions that are in the Board’s best interest in its sole discretion; and (c) the other conditions set forth in “Terms of This Tender Offer – Conditions to Purchase” herein. The Board reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date (as defined herein) or from time to time, in its sole discretion. This Tender Offer may be withdrawn by the Board at any time prior to the Expiration Date.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER BONDS FOR PURCHASE, BONDHOLDERS MUST READ THIS TENDER OFFER AND ALL APPENDICES TO THIS TENDER OFFER.

None of the Board, the Dealer Manager or the Information Agent and Tender Agent (as defined herein) makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder’s Bonds for purchase. Bondholders must make their own decisions and should read this Tender Offer carefully and consult with their broker, accounts executive, financial advisor, attorney and/or other appropriate professional in making these decisions.

Subject to the terms and conditions of this Tender Offer, the Board may purchase Bonds tendered for purchase provided that such Bonds tendered for purchase have been validly tendered by 5:00 p.m., New York City time, on April 24, 2026 (as extended from time to time in accordance with this Tender Offer, the “*Expiration Date*”) and accepted by the Board on or about 5:00 p.m., New York City time, on April 29, 2026 (the “*Final Acceptance Date*”), assuming all conditions to this Tender Offer have then been satisfied or waived by the Board on May 12, 2026 (such date being the “*Settlement Date*”). Bondholders who tender Bonds for purchase in accordance with the provisions of this Tender Offer and that are accepted by the Board will receive payment of Accrued Interest (as defined herein) on such Bonds on the Settlement Date.

In the event all conditions to this Tender Offer are not satisfied or waived by the Board on or prior to the Settlement Date, any Bonds tendered pursuant to such Tender Offer shall be returned to the Holder and remain Outstanding.

HOLDERS OF BONDS WHO DO NOT ACCEPT THIS TENDER OFFER, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE WHEREIN THE BOARD IN ITS DISCRETION DOES NOT ACCEPT, IN WHOLE OR PART, SUCH TENDER FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE “*UNTENDERED BONDS*”) AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE INDENTURE. THE BOARD RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS OR THE BONDS NOT PURCHASED PURSUANT TO THIS TENDER OFFER THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR UTILIZING FUNDS OF THE BOARD OR ANY COMBINATION THEREOF. SEE “INTRODUCTION – BONDS NOT TENDERED FOR PURCHASE” AND “ADDITIONAL CONSIDERATIONS” HEREIN.

Consideration for Tender Offer

On April 17, 2026, the Board will publish the Pricing Notice in the form attached hereto as APPENDIX C, which Pricing Notice will set forth confirmation or amendment of the fixed spreads (the “*Fixed Spreads*”) for each CUSIP for the Bonds tendered pursuant to this Tender Offer.

The Fixed Spreads with respect to the Taxable Bonds represent the yield, expressed as an interest rate percentage above the yield on the indicated benchmark United States Treasury Security (the “*Benchmark Treasury Securities*”) at which the Board may purchase the Taxable Bonds. The Fixed Spreads will be added to the yield on a Benchmark Treasury Security for each CUSIP to establish the yield (the “*Taxable Purchase Yield*”). The yields on the Benchmark Treasury Securities (the “*Treasury Security Yield*”) will be based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages at approximately 10:00 AM on April 28, 2026. The Taxable Purchase Yield will be used to calculate the Taxable Bonds Purchase Price (hereinafter defined). The Taxable Bonds Purchase Price will be the sum of the present value of all remaining scheduled principal and interest on the applicable Taxable Bonds on the Settlement Date, as determined on April 28, 2026, minus Accrued Interest up to but not including the Settlement Date, calculated on a semi-annual basis (assuming 360-day

year consisting of twelve 30-days months), in accordance with standard market practice (the “**Taxable Bond Purchase Price**”). The Taxable Bonds Purchase Price will be expressed as a dollar amount per \$100 principal amount of bonds. In the event the Taxable Bonds Purchase Price is greater than \$100, when applicable, the Taxable Bonds Purchase Price will be calculated to the par call date for the Taxable Bonds (all remaining scheduled principal payments to occur on par call date). Actual fixed spreads, Benchmark Treasury Securities and Taxable Purchase Prices will appear in the Pricing Notice.

The Fixed Spreads with respect to the Tax-Exempt Bonds represent the yield, expressed as an interest rate percentage above the yield on the indicated Bloomberg Valuation Index AAA Callable Municipal Curve (the “**BVAL Index**”) at which the Board may purchase the Tax-Exempt Bonds. The Fixed Spreads will be added to the BVAL Index for each CUSIP to establish the yield (the “**Tax-Exempt Purchase Yield**”). The applicable BVAL Index for each CUSIP of the Tax-Exempt Bonds will be the BVAL Index yield (the “**BVAL Yield**”) for the month and year corresponding to the maturity of each such Tax-Exempt Bond, as set forth in the Monthly Value Table at approximately 10:00 AM on April 28, 2026, as shown on the EMMA Website at the following address:

<https://emma.msrb.org/ToolsAndResources/BloombergYieldCurve?daily=True>

and accessed by the link to Monthly Value Table. The Tax-Exempt Purchase Yield will be used to calculate the Tax-Exempt Bonds Purchase Price (hereinafter defined). The Tax-Exempt Bonds Purchase Price will be the sum of the present value of all remaining scheduled principal and interest on the applicable Tax-Exempt Bonds on the Settlement Date, as determined on April 28, 2026, minus Accrued Interest up to but not including the Settlement Date, calculated on a semi-annual basis (assuming 360-day year consisting of twelve 30-days months), in accordance with standard market practice (the “**Tax-Exempt Bond Purchase Price**” and, together with the Taxable Bond Purchase Price, the “**Purchase Price**”). The Tax-Exempt Bonds Purchase Price will be expressed as a dollar amount per \$100 principal amount of bonds. In the event the Tax-Exempt Bonds Purchase Price is greater than \$100, when applicable, the Tax-Exempt Bonds Purchase Price will be calculated to the par call date for the Tax-Exempt Bonds (all remaining scheduled principal payments to occur on par call date). Actual fixed spreads, the applicable BVAL Index for each CUSIP and the Tax-Exempt Bond Purchase Price will appear in the Pricing Notice. The Board will publish a Notice of Purchase Prices on or about 5:00 p.m. on April 28, 2026. The Notice of Purchase Prices and the Pricing Notice will be made available: (i) at the Municipal Securities Rulemaking Board (the “**MSRB**”) through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “**EMMA Website**”), using the CUSIP numbers for the Bonds listed in the tables under “**BONDS SUBJECT TO THIS TENDER OFFER**”; (ii) to DTC (defined herein) and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/msu>.

Sources of Funds to Purchase Bonds and Pay Accrued Interest on Bonds Purchased

The source of funds to purchase the Bonds validly tendered for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be from proceeds of the Series L

2026 Bonds. The payment of Accrued Interest on Bonds validly tendered and accepted for purchase pursuant to this Tender Offer will be funded by legally available moneys of the Board. **THE PURCHASE OF ANY BONDS TENDERED PURSUANT TO THIS TENDER OFFER IS CONTINGENT ON THE ISSUANCE BY THE BOARD OF THE SERIES L 2026 BONDS THE PROCEEDS OF WHICH WILL BE SUFFICIENT TO FUND THE PURCHASE OF ALL BONDS VALIDLY TENDERED PURSUANT TO THIS TENDER OFFER.** The Series L 2026 Bonds are described in the POS, attached hereto as APPENDIX A.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Board, the Dealer Manager, or the Information Agent and Tender Agent in connection with this Tender Offer. However, Bondholders should check with their broker, bank, accounts executive or other financial institution which maintains the account in which their Bonds are held (their “*Financial Representative*”) to determine whether it will charge any commissions or fees.

Bonds not Tendered for Purchase

Any Bonds that are not tendered for purchase in response to this Tender Offer will continue to be outstanding, and payable and secured, pursuant to the terms of the Indenture. THE BOARD RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE BONDS NOT TENDERED FOR PURCHASE PURSUANT TO THIS TENDER OFFER THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR UTILIZING FUNDS OF THE BOARD OR ANY COMBINATION THEREOF. SEE “ADDITIONAL CONSIDERATIONS” HEREIN.

The tender for purchase by the Board of Bonds of any CUSIP number may have certain potential adverse effects on holders of Bonds with such CUSIP not purchased pursuant to this Tender Offer, including, but not limited to, the following:

- The principal amount of the Bonds of such CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of any Untendered Bonds of that CUSIP number that remain outstanding.
- If less than all of the Bonds of a CUSIP number for which sinking fund installments have been established are purchased by the Board pursuant to this Tender Offer, the average life of the remaining Untendered Bonds of that CUSIP number may change. See “ADDITIONAL INFORMATION—Sinking Fund Installment Schedule Modification” for additional information.

Only a Portion of Bonds Offered for Purchase

Should the Board determine to purchase some but not all of the Bonds of a particular CUSIP, the Board will accept those tendered Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the Board determines to purchase, where applicable (b) the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a

multiple of \$5,000, the principal amount of such offer will be rounded down to the nearest multiple of \$5,000. If as a result of such adjustment, the amount of a holder's accepted Bonds would be less than the minimum authorized denomination of \$5,000, the Board will reject such holder's tender instruction in whole. The Board will determine the proration factor that permits it to accept the amount of Bonds it has determined to purchase.

Sinking Fund Installment Schedule Modification

Certain of the Bonds that are the subject of this Tender Offer are term bonds subject to mandatory sinking fund installments. If less than all of the Series E 2018 Bonds or Series H 2021 Bonds of a given CUSIP number that are subject to mandatory sinking fund installments are purchased by the Board, the Purchase Price will be credited to such mandatory sinking fund installments on a pro rata basis. The reduction in sinking fund installments resulting from the purchase by the Board of less than all of the Bonds of a given CUSIP number may cause the average life of the remaining Bonds of that CUSIP number to change. See "ADDITIONAL CONSIDERATIONS—Sinking Fund Installment Schedule Modification."

Dealer Manager, Information Agent and Tender Agent

Wells Fargo Bank, N.A. is the Dealer Manager for this Tender Offer. Investors with questions about this Tender Offer should contact the Dealer Manager or Globic Advisors, which serves as Information Agent and Tender Agent (the "*Information Agent*" or the "*Tender Agent*") for this Tender Offer, at the addresses and telephone numbers set forth on the page preceding the Appendices appending to this Tender Offer. See "DEALER MANAGER" and "INFORMATION AGENT AND TENDER AGENT" herein.

In addition to its role as Dealer Manager for the Bonds, Wells Fargo Bank, N.A. is also serving as Underwriter for the Series L 2026 Bonds to be issued by the Board as described in APPENDIX A.

Prevailing Time

All times in this Tender Offer are New York City time.

TERMS OF THIS TENDER OFFER

Expiration Date

This Tender Offer will expire on the Expiration Date, unless earlier terminated or extended, as described in this Tender Offer. In the sole discretion of the Board, Bonds tendered after 5:00 p.m., New York City time, on the Expiration Date and prior to the acceptance of tenders by the Board as described below under the heading "– Acceptance of Tenders Constitute Irrevocable Agreement; Notice of Results" may be accepted by the Board (in its sole discretion) for purchase. See "TERMS OF THIS TENDER OFFER – Extension, Termination and Amendment of This Tender Offer; Changes to Terms" below for a discussion of the Board's ability to extend the Expiration Date and to terminate or amend this Tender Offer.

Offers Only Through the Board's ATOP Accounts

The Bonds are held in book-entry-only form through the facilities of The Depository Trust Company (“*DTC*”). The Board, through the Information Agent and Tender Agent, will establish Automated Tender Offer Program (“*ATOP*”) accounts at DTC for this Tender Offer promptly after the date of this Tender Offer. Bondholders who wish to tender Bonds pursuant to this Tender Offer may do so through the applicable ATOP accounts.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE BOARD'S ATOP ACCOUNTS. THE BOARD WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER.

Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the Board's ATOP accounts relating to this Tender Offer, series, maturity and CUSIP number in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants can only tender Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the applicable Board's ATOP accounts. To ensure a Bondholder's Bonds are tendered to the applicable Board's ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Bonds to the applicable Board's ATOP accounts by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the applicable Board's ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date. See “– Tender of Bonds by Financial Institutions; Board's ATOP accounts.”

THE BOARD, THE DEALER MANAGER, AND THE INFORMATION AGENT AND TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE APPLICABLE BOARD'S ATOP ACCOUNTS OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED BONDS.

Information to Bondholders

The Board may give information about this Tender Offer to the market and Bondholders by delivery of the information to the MSRB through the EMMA Website. Additionally, the Board may give information about this Tender Offer to the Information Agent (collectively referred to herein, together with the EMMA Website, as the “*Information Services*”). The Information Agent will deliver information provided to it by the Board through its website, <https://www.globic.com/msu>. Delivery by the Board of information to the MSRB through the EMMA Website will be deemed to constitute delivery of this information to each Bondholder.

The Board, the Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the Board to the Information Services may receive such information from the Dealer Manager or the Information Agent and Tender Agent by contacting them using the contact information on the page preceding the Appendices appended to this Tender Offer.

Any updates to this Tender Offer, including, without limitation any supplements to the POS, will be distributed through the EMMA Website and will additionally be made available to the Information Agent. The final Official Statement with respect to the Series L 2026 Bonds will be posted to the EMMA Website subsequent to the Final Acceptance Date and prior to the Settlement Date.

Minimum Denominations and Consideration

A Bondholder may tender Bonds for purchase of a particular CUSIP number that it owns in an amount of its choosing, but in a principal amount equal to the minimum denomination of \$5,000 (the “*Minimum Authorized Denomination*”) or any integral multiple of \$5,000 in excess thereof only.

The Pricing Notice will be made available by the Board on April 17, 2026: (i) at the EMMA Website, using the CUSIP numbers for the Bonds listed on pages (i) through (ii) in this Tender Offer; (ii) to DTC and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/msu>.

Tender Consideration. The purchase price for the Bonds with each particular CUSIP tendered pursuant to this Tender Offer will be calculated as described in “Consideration for Tender Offer” above.

The proceeds of the Series L 2026 Bonds will be used (i) to purchase Bonds tendered by any Bondholder and accepted by the Board and (ii) as determined by the Board, depending upon the results of this Tender Offer, to advance refund certain Untendered Bonds and/or refund other bonds of the Board not included as part of the Tender Offer. The Series L 2026 Bonds are described in the POS, attached hereto as APPENDIX A. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be from legally available moneys of the Board and paid on the Settlement Date.

Accrued Interest

The Purchase Price of the Bonds tendered and accepted for purchase will not be deemed to include any amount representing the interest which will have accrued on a tendered Bond of a particular CUSIP number from the last payment of interest thereon to but not including the Settlement Date (“*Accrued Interest*”). In addition to the Purchase Prices of the Bonds accepted for purchase by the Board, Accrued Interest on such Bonds will be paid by, or on behalf of, the Board to the tendering Bondholders on the Settlement Date.

Provisions Applicable to All Tenders

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Bonds of a particular CUSIP number for purchase, and (b) the principal amount of Bonds of such CUSIP number to be tendered. A Bondholder also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the Board purchases the Bondholder's tendered Bonds. The Board, the Dealer Manager, and the Information Agent and Tender Agent will not charge any Bondholder for tendering Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Bonds owned by the Bondholder and must include the following information: (1) the CUSIP number(s) of the Bond(s) being tendered, and (2) the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of \$5,000 and if not so stated, for tenders of less than all of the holder's position in the Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000). Any Bondholder located outside of the United States should check with their broker to determine if there are any additional minimal increments, alternative settlement timing or other limitations.

"All or none" offers are not permitted. A Bondholder cannot condition its offer for any single CUSIP on the acceptance of its offer for a separate CUSIP. No alternative, conditional or contingent tenders will be accepted.

Bonds may be tendered for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof. Holders who tender less than all of their Bonds must continue to hold their Bonds in at least the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE APPLICABLE BOARD'S ATOP ACCOUNTS. THE BOARD WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER. See "– Tender of Bonds by Financial Institutions; Board's ATOP Accounts" herein.

General. A Bondholder may only tender Bonds it owns or controls. By tendering Bonds pursuant to this Tender Offer, a Bondholder will be deemed to have represented and agreed with the Board as set forth below under "– Representations by Tendering Bondholders to the Board." All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the Board to the Information Services can review the EMMA Website or otherwise must make appropriate arrangements with their Financial Representatives, or the Information Agent and Tender Agent.

Representations by Tendering Bondholders to the Board

By tendering Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the Board that:

(a) the Bondholder has received this Tender Offer and the POS and has had the opportunity to review this Tender Offer and the POS, each in their entirety, prior to making its decision to tender Bonds, and agrees if the purchase of any tendered Bonds is consummated, the purchase of such Bonds shall be on the terms and conditions set forth in this Tender Offer;

(b) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Bonds; and on the Settlement Date, the Board will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s), plus Accrued Interest;

(c) the Bondholder has made its own independent decision to tender its Bonds for purchase pursuant to this Tender Offer, and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the Board, the Dealer Manager or the Information Agent and Tender Agent as investment advice or as a recommendation to tender the Bondholder's Bonds at the applicable Purchase Price, it being understood that the information from the Board, the Dealer Manager and the Information Agent and Tender Agent related to the terms and conditions of this Tender Offer made pursuant to this Tender Offer shall not be considered investment advice or a recommendation to tender Bonds;

(e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Tender Offer; and

(f) each owner of a tendered Bond specifically consents to the purchase of such tendered Bond for the cash factor and on the terms set forth in this Tender Offer, as applicable, and to the issuance of and all terms of the Series L 2026 Bonds to effect such purchase, including without limitation the principal amount, interest rate, series designation, redemption provisions and other terms of the Series L 2026 Bonds that differ from the terms of the Bonds.

Tender of Bonds by Financial Institutions; Board's ATOP Accounts

The Board, through the Information Agent and Tender Agent, will establish the Board's ATOP accounts at DTC for this Tender Offer to which this Tender Offer relates promptly after the date of this Tender Offer. Tenders of Bonds pursuant to this Tender Offer may only be made by transfer to the Board's ATOP accounts. Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the Board's ATOP accounts corresponding to this Tender Offer in accordance with DTC's procedures.

Concurrently with the delivery of Bonds through book-entry transfer into the applicable Board's ATOP accounts, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the related Board's ATOP accounts by not later than 5:00 p.m., New York City time, on the Expiration Date, provided, however, a tender of Bonds related to an Agent's Message (defined herein) transmitted to the applicable Board's ATOP accounts after such time may be accepted by the Board for purchase if the Board, in its sole

discretion, waives the defect in the timing of the delivery of such message. The confirmation of a book-entry transfer to either of the Board's ATOP accounts as described above is referred to herein as a "***Book-Entry Confirmation.***"

The term "***Agent's Message***" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Bonds that have been tendered by such participant pursuant to this Tender Offer, and to the effect that such participant agrees to be bound by the terms of this Tender Offer. By causing DTC to transfer Bonds into the applicable Board's ATOP account, a financial institution warrants to the Board that they have full authority, and has received from the Bondholder(s) of such Bonds all direction necessary, to tender, transfer and sell such Bonds as set forth in this Tender Offer.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE APPLICABLE BOARD'S ATOP ACCOUNTS. THE BOARD WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER.

Bondholders who are not DTC participants can only tender Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the applicable Board's ATOP accounts. To ensure a Bondholder's Bonds are tendered to the applicable Board's ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Bonds to the applicable Board's ATOP accounts by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the applicable Board's ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date.

THE BOARD, THE DEALER MANAGER, AND THE Information Agent and TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE APPLICABLE BOARD'S ATOP ACCOUNTS OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED BONDS.

Determinations as to Form and Validity of this Tender Offer; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the applicable Board's ATOP accounts), form, eligibility and acceptance of any Bonds tendered for purchase pursuant to this Tender Offer will be determined by the Board in its sole discretion and such determinations will be final, conclusive and binding.

The Board reserves the right to waive any irregularities or defects in any tender. The Board, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice

of any defects or irregularities in tenders and they will have no liability for failing to give such notice.

The Board reserves the absolute right to reject any and all offers, whether or not they comply with the terms of this Tender Offer.

Amendment or Withdrawals of Tenders Prior to an Expiration Date

A Bondholder may amend its offer to tender for purchase in respect of the amount being tendered by causing an amended offer to be received at the applicable Board's ATOP accounts at or before 5:00 p.m. on the Expiration Date.

An offer to tender for purchase may be withdrawn by a Bondholder by causing a withdrawal notice to be received at the applicable Board's ATOP accounts at or before 5:00 p.m. on the Expiration Date.

An amended offer or a notice of withdrawal must be submitted in substantially the same manner as an offer.

Bondholders who have tendered for purchase their Bonds will not receive any information from the Board, the Dealer Manager or the Information Agent and Tender Agent concerning offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their offers after 5:00 p.m. on the Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP number, and with respect to amended offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the Board in its sole discretion and will be final, conclusive and binding.

Tenders of Bonds may be withdrawn prior to 5:00 p.m. on the Expiration Date. **ALL TENDERS OF BONDS SHALL BE IRREVOCABLE AT 5:00 P.M. ON THE EXPIRATION DATE.**

Acceptance of Tenders for Purchase

After the Expiration Date, the Board will determine in its sole discretion the amount (if any) of the tendered Bonds that it will purchase based on such factors as the Board deems relevant. If the Board accepts any purchase offer for a particular CUSIP, the Board will purchase all Bonds of such CUSIP made that are so tendered pursuant to this Tender Offer. The obligation of the Board to purchase tendered Bonds is subject to satisfaction of certain conditions as described herein.

The Board will be preliminarily accepting tender offers for purchase on the Preliminary Acceptance Date. The Board will finalize its acceptance of Tender Offers on the Final Acceptance Date.

Preliminary Acceptance Date. On the Preliminary Acceptance Date, the Board will make an initial determination of the Bonds that it wishes to purchase, which shall be subject to change

until the Final Acceptance Date. The Board shall be under no obligation to purchase any Bond offered. The Board will determine in its sole discretion if it will purchase any Bonds.

Final Acceptance Date. On the Final Acceptance Date, upon the terms and subject to the conditions of this Tender Offer, as set forth in this Tender Offer, the Board will elect to accept for purchase outstanding Bonds validly tendered pursuant to this Tender Offer (or defectively tendered, if such defect has been waived by the Board), with acceptance subject to the satisfaction or waiver by the Board of the conditions to the purchase of tendered Bonds. See “– Acceptance of Tenders Constitute Irrevocable Agreement; Notice of Results” and “– Conditions to Purchase.”

The acceptance notification will state: (i) the principal amount of the Tendered Bonds of each CUSIP number that the Board has accepted for purchase in accordance with this Tender Offer, which may be zero for a particular CUSIP number, or (ii) that the Board has decided not to purchase any Tendered Bonds.

Following the publication of the Final Notice of Purchase Prices and Acceptance, all Target Bonds that were tendered but were not accepted for purchase will be released and returned to the tendering institution in accordance with DTC’s ATOP procedures.

The Board will have no obligation to purchase Bonds tendered for purchase if cancellation or modification occurs or if the Board is unable to issue the Series L 2026 Bonds. The Board has the right to purchase none, some or all of the Bonds offered, notwithstanding any other statements herein about the Board’s current intentions for amount of Bonds to be purchased. The Board reserves the right to, and may decide to defease or refund, (on an advance or current basis), some or all of the Untendered Bonds or the Bonds not purchased pursuant to this Tender Offer through the issuance of publicly-offered or privately-placed taxable or tax-exempt obligations or utilizing funds of the Board or any combination thereof. See also “– Bonds not Tendered for Purchase” for certain potential impacts on any Untendered Bonds.

Should the Board choose to purchase some but not all the Tendered Bonds tendered for purchase of a particular CUSIP or should the Board receive Tendered Bonds tendered for purchase of a particular CUSIP that exceeds the “Maximum Principal Amount that May be Accepted for Purchase” for such CUSIP, the Board will accept those Tendered Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the Board determines to purchase, where applicable up to the “Maximum Principal Amount that May be Accepted for Purchase” of such CUSIP to (b) the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of the Minimum Authorized Denomination, the principal amount of such offer will be rounded down to the nearest multiple of \$5,000, as applicable. The pro rata calculation will take into consideration the rounding procedure such that the amount accepted for a particular CUSIP is not in excess of the “Maximum Principal Amount that may be Accepted for Purchase.” The Board will determine the proration factor that permits it to accept the amount of Target Bonds it has determined to purchase.

Notwithstanding any other provision of this Tender Offer, the consummation of this Tender Offer and the Board’s conditional obligation to accept for purchase Bonds validly

tendered (and not validly withdrawn) pursuant to this Tender Offer are subject to the satisfaction of or waiver of the Financing Conditions (see “INTRODUCTION – General” herein) and the other conditions set forth in “Conditions to Purchase” herein. The Board reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date or from time to time, in its sole discretion. This Tender Offer may be withdrawn by the Board at any time prior to the Expiration Date.

Acceptance of Tenders Constitute Irrevocable Agreement; Notice of Results

Acceptance by the Board of Bonds tendered for purchase on the Final Acceptance Date will constitute an irrevocable agreement between the tendering Bondholder and the Board to sell and purchase such Bonds, subject to satisfaction of all conditions to the other terms of this Tender Offer. See “Minimum Denominations and Consideration” herein and “– Conditions to Purchase” herein.

The acceptance of Bonds tendered for purchase is expected to be made by notification to the Information Services on or about 10:00 a.m., New York City time, on the Final Acceptance Date. This notification will state the principal amount of the Bonds of each CUSIP number that the Board has agreed to accept for tender for purchase, as applicable, in accordance with this Tender Offer, which may be zero for a particular CUSIP number.

Settlement Date

Subject to satisfaction of all conditions to the Board’s obligation to purchase tendered Bonds, as applicable and as described herein, including, without limitation, the Financing Conditions, the Settlement Date is the day on which Bonds accepted for purchase will be purchased at the applicable Purchase Price(s), together with Accrued Interest thereon. The Settlement Date will occur following the Final Acceptance Date, subject to all conditions to this Tender Offer having been satisfied or waived by the Board. The expected Settlement Date is May 12, 2026, unless extended by the Board, assuming all conditions to this Tender Offer have been satisfied or waived by the Board. Bondholders whose Bonds are accepted for purchase on the Settlement Date will receive Accrued Interest up to but not including the Settlement Date.

The Board may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See “– Conditions to Purchase.”

Subject to satisfaction of all conditions to the Board’s obligation to purchase Bonds tendered for purchase pursuant to this Tender Offer, as described herein, payment by the Board, or on the Board’s behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price and Accrued Interest on the Bonds accepted for purchase. The Board expects that, in accordance with DTC’s standard procedures, DTC will transmit the aggregate Purchase Price (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Bonds accepted for purchase on behalf of Bondholders for delivery to the Bondholders. **The Board, the Dealer Manager, and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.**

Purchase and Accrued Interest Funds

The source of funds to purchase the Bonds validly tendered for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be from proceeds of the Series L 2026 Bonds. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be from legally available moneys of the Board and paid on the Settlement Date. The purchase of any Bonds tendered pursuant to this Tender Offer is contingent on the issuance by the Board of the Series L 2026 Bonds, as well as certain other conditions which must be satisfied on or prior to the Settlement Date. See “INTRODUCTION – General” and “– Conditions to Purchase” herein for more information on the conditions precedent to this Tender Offer.

Conditions to Purchase

In addition to the Financing Conditions (see “INTRODUCTION – General” herein), if after the Final Acceptance Date, but prior to payment for Bonds accepted by the Board on the Settlement Date, any of the following events should occur, the Board will have the absolute right to cancel its obligations to purchase Bonds without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the Board reasonably believes may, directly or indirectly, have an adverse impact on this Tender Offer or the expected benefits of this Tender Offer to the Board or the Bondholders;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the Board reasonably believes this fact makes it inadvisable to proceed with the purchase of Bonds;
- A material change in the business or affairs of the Board has occurred which the Board reasonably believes make it inadvisable to proceed with the purchase of Bonds;
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the Board reasonably believes, in its sole discretion, makes it inadvisable to proceed with the purchase of Bonds;
- There shall have occurred a material disruption in securities settlement, payment or clearance services; or
- In the event of the Board’s obligation to purchase Bonds, if for any reason the Series L 2026 Bonds are not issued.

These conditions (including the Financing Conditions) (the “*Conditions to Purchase*”) are for the sole benefit of the Board and may be asserted by the Board, prior to the time of payment of the Bonds the Board has agreed to purchase, regardless of the circumstances giving rise to any of

these conditions or may be waived by the Board in whole or in part at any time and from time to time in its discretion, and may be exercised independently for each CUSIP. The failure by the Board at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Board which may be asserted at any time and from time to time prior to the time of payment of the Bonds they have agreed to purchase. Any determination by the Board concerning the events described in this section will be final and binding upon all parties.

HOLDERS OF BONDS WHO DO NOT ACCEPT THIS TENDER OFFER, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE WHEREIN THE BOARD IN ITS DISCRETION DOES NOT ACCEPT SUCH TENDER FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE “*UNTENDERED BONDS*”) AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE INDENTURE. THE BOARD RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS OR THE BONDS NOT PURCHASED PURSUANT TO THIS TENDER OFFER THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR UTILIZING FUNDS OF THE BOARD OR ANY COMBINATION THEREOF. See “INTRODUCTION – BONDS NOT TENDERED FOR PURCHASE” AND “ADDITIONAL CONSIDERATIONS” HEREIN.

Extension, Termination and Amendment of This Tender Offer; Changes to Terms

a. Through and including an Expiration Date, the Board has the right to extend this Tender Offer (an “*Extension*”) to any date in its sole discretion, provided that a notice of any Extension of an Expiration Date is given to the Information Services, including by posting such notice to the EMMA Website on or about 9:00 a.m., New York City time, on the first business day after the Expiration Date.

b. The Board also has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading “– Acceptance of Tenders Constitute Irrevocable Agreement; Notice of Results,” subject to applicable law, to terminate this Tender Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

c. The Board also has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading “– Acceptance of Tenders Constitute Irrevocable Agreement; Notice of Results,” to amend or waive the terms of this Tender Offer in any respect and at any time by giving notice to the Information Services. This amendment or waiver will be effective at the time specified in such notice.

Except with respect to Extensions of this Tender Offer as described in (a) above, the Board has the right to amend the terms of this Tender Offer to change the Purchase Price of the Bonds (a “*Purchase Price Amendment*”) by providing a notice of such Purchase Price Amendment to the

Information Services, including by posting such notice to the EMMA Website no later than on or about 9:00 a.m., New York City time, five (5) business days prior to the Expiration Date. Further, the Board has the right to amend or waive any term of this Tender Offer in any respect, other than an Extension or Purchase Price Amendment, by providing notice of such amendment or waiver to the Information Services, including by posting such notice to the EMMA Website no later than on or about 9:00 a.m., New York City time, three (3) business days prior to the Expiration Date.

d. In such event, any offers submitted with respect to the affected Bonds prior to the Board providing notice of an Extension, Purchase Price Amendment or any other amendment or waiver of this Tender Offer, shall remain in full force and effect and any Bondholder of such affected Bonds wishing to revoke their offer to tender such Bonds must affirmatively withdraw such offer prior to the Expiration Date.

No extension, termination or amendment of this Tender Offer (or waiver of any terms of this Tender Offer) will change the Board's right to decline to purchase any Bonds without liability. See "– Conditions to Purchase."

The Board, the Dealer Manager and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Certain information relating to the Bonds and the Board may be obtained by contacting the Dealer Manager or Information Agent and Tender Agent at the contact information set forth on the page preceding the Appendices appended to this Tender Offer. Such information is limited to (i) this Tender Offer, including the information set forth in the POS which is attached hereto as APPENDIX A, and (ii) information about the Board is available through the EMMA Website.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

ADDITIONAL CONSIDERATIONS

None of the Board, the Dealer Manager or the Information Agent and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the Bonds. Each Bondholder must make its decision and should read this Tender Offer and the POS and consult with its broker, accounts executive, financial advisor and/or other financial professional in making such decision.

In deciding whether to participate in this Tender Offer, each Bondholder should consider carefully, in addition to the other information contained in this Tender Offer, the following:

- In the event that the Series L 2026 Bonds are not issued and sold, tendered Bonds accepted for purchase are not required to be purchased by the Board and in such event, Bondholders will continue to hold their respective tendered Bonds.

- Even if the Board does not purchase any tendered Bonds, the Board shall have the right now or in the future to refund all or any portion of the tendered Bonds or may in the future invite Bondholders to tender such tendered Bonds for purchase by the Board.

Market for the Bonds

The Bonds are not listed on any national or regional securities exchange. To the extent that the Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to effect a sale of the Bonds at a price higher than the Purchase Price(s) established in connection with this Tender Offer.

Treatment of Bonds Not Tendered Pursuant to this Tender Offer

Bonds not tendered pursuant to this Tender Offer will remain outstanding. If Bonds are purchased in this Tender Offer, the principal amount of Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Bonds of that CUSIP that remain outstanding. The terms and conditions of the Bonds that remain outstanding will continue to be governed by the terms of the Indenture and related bond documents.

The Board May Acquire Bonds at More Favorable Prices Than Those Offered Pursuant to this Tender Offer

The Board reserves the right to, and may in the future decide to, acquire some or all of the Bonds not purchased pursuant to this Tender Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers, or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Tender Offer and the Pricing Notice, which could be cash or other consideration. Any future acquisition of Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of this Tender Offer and the Pricing Notice. The decision to make future purchases or exchanges by the Board and the terms of such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Board will ultimately choose to pursue in the future.

If favorable market conditions exist and considering the results of this Tender Offer, the Board reserves the right to, and may decide to, refund (on an advance or current basis) some or all of the Bonds not purchased pursuant to this Tender Offer through the issuance of publicly-offered or privately-placed bonds, including with proceeds of the Series L 2026 Bonds.

Timeliness of Tender Offers

This Tender Offer will expire at 5:00 p.m., New York City time, on the Expiration Date (currently scheduled for April 24, 2026), unless extended or terminated. Bonds tendered for purchase as described in this Tender Offer after 5:00 p.m., New York City time, on the Expiration Date will not be accepted for tender, except in the Board's sole discretion.

Sinking Fund Installment Schedule Modification

Certain of the Bonds that are the subject of this Tender Offer are term bonds subject to mandatory sinking fund installments. The reduction in sinking fund installments resulting from the purchase by the Board of less than all of the Bonds of a given CUSIP number may cause the average life of the remaining Bonds of that CUSIP number to change.

If less than all of the Bonds of a given CUSIP number that are subject to mandatory sinking fund installments are purchased by the Board, the Purchase Price will be credited to such mandatory sinking fund installments on a pro rata basis.

For the following series of Bonds, in the event that part, but not all of the series of Bonds that are subject to mandatory sinking fund redemption are purchased by the Board, the Purchase Price shall be credited to such sinking fund installments on a pro rata basis among the Holders thereof:

- The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series E 2018
- The Board of Regents of Higher Education for the State of Montana, General Revenue Bonds, Series H 2021 (Taxable)

Preliminary Acceptance Date and Final Acceptance Date

The Board will be preliminarily accepting tender offers on April 27, 2026 (the “***Preliminary Acceptance Date***”). The Board will finalize its acceptance of tender offers on April 29, 2026 (the “***Final Acceptance Date***”). Notification of preliminary acceptance of Bonds tendered pursuant to this Tender Offer will be given on or about 5:00 p.m., New York City time, on the Preliminary Acceptance Date and notification of final acceptance of Bonds tendered pursuant to this Tender Offer will be given on or about 5:00 p.m., New York City time, on the Final Acceptance Date, unless an Expiration Date is extended or this Tender Offer is terminated. See “TERMS OF THIS TENDER OFFER – Acceptance of Tenders for Purchase” herein.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax considerations relating to the sale of tendered Bonds for cash pursuant to the Tender Offer. This summary is based on the U.S. Internal Revenue Code of 1986 (the “***Code***”) and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “***IRS***”), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below. The Board has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Bondholders should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or

administrative actions, relating to the Bonds and the Tender Offer based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the ownership and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences. This summary is limited to consequences to U.S. Holders (as defined below) that hold the Bonds as “capital assets” (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of Bonds that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

Tendering Holders

A Bondholder that sells tendered Bonds for cash pursuant to the Tender Offer generally will recognize gain or loss in an amount equal to the difference between (i) the cash received less amounts attributable to any Accrued Interest (which will be excluded from gross income to the same extent that it would have been excluded absent such tender and otherwise taxed as ordinary interest income to the extent not previously included in income) and (ii) the Bondholder’s adjusted tax basis in the tendered Bond. A Bondholder’s adjusted tax basis in a tendered Bond generally will be equal to the amount that the Bondholder paid for the tendered Bond, increased by any market discount with respect to the tendered Bond previously included in the Bondholder’s gross income and accrued original issue discount with respect to the tendered Bond and reduced by the amount of any amortized bond premium on the tendered Bond. Except to the extent attributable to market discount, any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bondholder held the tendered Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

In the case of a Bondholder that acquired tendered Bonds at a market discount, any gain recognized upon the sale of the tendered Bonds generally will be taxable as ordinary income to the extent of the market discount not previously included in income.

Payments of the proceeds from the sale of the tendered Bonds, including payments of Accrued Interest, may be required to be reported to the IRS under applicable Treasury Regulations. Backup withholding will apply to these payments if the Bondholder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the Bondholder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

Non-Tendering Holders

A Bondholder that does not sell Bonds pursuant to the Tender Offer will not recognize any gain or loss, and will retain the same adjusted tax basis, holding period, and accrued market discount, if any, in its Bonds.

SOLICITING DEALER FEES; ELIGIBLE INSTITUTIONS ARE NOT AGENTS

The Board agrees to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (an "*Eligible Institution*"), a solicitation fee of \$1.50 per \$1,000 on the principal amount of Bonds purchased from each of its Retail Customers by the Board pursuant to this Tender Offer. A "*Retail Customer*" is an individual who owns no more than \$250,000 principal amount of Bonds and manages his or her own investments or an individual who owns no more than \$250,000 principal amount of Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

The Solicitation Fee Payment Request Form, attached hereto as APPENDIX B, must be returned to the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on or before the next business day following the Expiration Date, unless earlier terminated or extended. No payment of a solicitation fee will be made on requests received after this time. No solicitation fee will be paid on requests improperly submitted or for Bonds not purchased by the Board.

Eligible Institutions are not agents of the Board for this Tender Offer.

DEALER MANAGER

Pursuant to the terms of that certain Dealer Manager Agreement between the Board and the Dealer Manager, the Board has retained Wells Fargo Bank, N.A. ("*Wells Fargo*") to act on its

behalf as Dealer Manager for this Tender Offer. The Board has agreed to pay the Dealer Manager customary fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to this Tender Offer, all from the proceeds of the Series L 2026 Bonds. References in this Tender Offer to the Dealer Manager are to Wells Fargo Bank, N.A. only in its capacity as the Dealer Manager. The compensation of the Dealer Manager is based upon the amount of Bonds tendered to and accepted by the Board.

The Dealer Manager may contact Bondholders regarding this Tender Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Tender Offer to beneficial owners of the Bonds.

As of the date of this Tender Offer, Wells Fargo Bank, N.A. Municipal Finance Group does not own or hold any Bonds and its affiliates and Wells Fargo lines of business may have holdings of the Bonds that they are unable to disclose for legal and regulatory reasons. References in this Tender Offer to the Dealer Manager are to Wells Fargo only in its capacity as the Dealer Manager.

The Dealer Manager and its respective affiliates together comprise full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Board for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their respective customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Board, including the Bonds. Affiliates of a Dealer Manager may have holdings of Bonds that they are unable to disclose for legal or regulatory reasons.

In addition to its role as a Dealer Manager for the Bonds, Wells Fargo is also serving as Underwriter for the Series L 2026 Bonds as described in the POS.

The Dealer Manager is not acting as a financial or municipal advisor to the Board in connection with this Tender Offer.

INFORMATION AGENT AND TENDER AGENT

The Board has retained Globic Advisors to serve as Information Agent and Tender Agent for this Tender Offer. The Board has agreed to pay the Information Agent and Tender Agent customary fees for their services and to reimburse the Information Agent and Tender Agent for their reasonable out-of-pocket costs and expenses relating to this Tender Offer.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters and the issuance of the Series L 2026 Bonds will be passed upon by Dorsey & Whitney LLP, Missoula, Montana and Minneapolis, Minnesota, as Bond Counsel and Disclosure Counsel to the Board. A copy of the form of opinion of Bond Counsel which will be delivered with the Series L 2026 Bonds is set forth in APPENDIX C of the POS attached hereto as APPENDIX A. Certain legal matters will be passed on for the Dealer Manager by its counsel, Barnes & Thornburg LLP, Minneapolis, Minnesota.

MISCELLANEOUS

No one has been authorized by the Board, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Bondholder whether to tender Bonds pursuant to this Tender Offer or the amount of Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Tender Offer other than those contained in this Tender Offer. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the Board, the Dealer Manager or the Information Agent and Tender Agent.

None of the Board, the Dealer Manager, or the Information Agent and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering or exchanging all or any portion of the principal amount of such Bondholder's Bonds. Bondholders must make their own decisions and should read this Tender Offer carefully and consult with their broker, accounts executive, financial advisor, attorney and/or other professional in making these decisions.

Investors with questions about this Tender Offer should contact the Dealer Manager or the Information Agent and Tender Agent. The contact information for the Dealer Manager and the Information Agent and Tender Agent is as follows:

The Dealer Manager for this Tender Offer is:

Wells Fargo Bank, N.A.
1700 Lincoln Street
12th Floor
Denver, Colorado 80203
Tel: (303) 863-6008
Attn: Ryan Poulsen, Director
Email: ryan.poulsen@wellsfargo.com

The Information Agent and Tender Agent for this Tender Offer is:

Globic Advisors
477 Madison Avenue, 6th Floor
New York, New York 10022
Tel: (212) 227-9622
Attn: Robert Stevens
Email: rstevens@globic.com
Document Website: <https://www.globic.com/msu>

APPENDIX A

Preliminary Official Statement

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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 13, 2026

NEW AND REFUNDING ISSUE
BOOK-ENTRY ONLY

S&P Rating: "AA-"
(See "RATING" herein)

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Series L 2026 Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, and (iii) is excluded from Montana taxable income for State of Montana individual income tax purposes. Interest on the Series L 2026 Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in gross income for purposes of the Montana corporate income tax and the Montana alternative corporate income tax. See "TAX CONSIDERATIONS" herein.



\$57,000,000*
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
GENERAL REVENUE BONDS
SERIES L 2026

Dated: Date of original issuance and delivery

Due: November 15, as shown on inside cover

The General Revenue Bonds, Series L 2026 (the "Series L 2026 Bonds") are to be issued by The Board of Regents of Higher Education for the State of Montana (the "Board") pursuant to an Amended and Restated Indenture of Trust, dated as of October 1, 2021, between the Board and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), as amended and supplemented (the "Indenture"), including the Series L 2026 Supplemental Indenture of Trust, dated as of May 1, 2026, between the Board and the Trustee. The Series L 2026 Bonds bear interest from their date of original issue payable semiannually on each May 15 and November 15, commencing November 15, 2026.

The Series L 2026 Bonds are subject to optional, mandatory and extraordinary mandatory redemption prior to maturity, at par without premium, as more fully described herein. See "THE SERIES L 2026 BONDS—Redemption" herein. The Series L 2026 Bonds are not secured by any debt service reserve fund. See "Investment Considerations" herein.

The Series L 2026 Bonds and any bonds heretofore or hereafter issued on a parity with the Series L 2026 Bonds pursuant to the Indenture are herein collectively referred to as the "Bonds." ***The Bonds (including the Series L 2026 Bonds) are special, limited obligations of the Board payable, equally and ratably, on a first lien basis, from Pledged Revenues (as defined herein) of Montana State University (the "University") and certain funds and accounts created under the Indenture, all as more fully described herein. Neither the credit nor the taxing power of the State of Montana (the "State") or any agency, instrumentality or political subdivision of the State is pledged for the payment of the principal of, premium, if any, or interest on any Bonds, nor will any Bonds be or be deemed to be obligations of the State or any agency, instrumentality or political subdivision of the State. The Board has no taxing power.***

The Board, with the assistance of Wells Fargo Bank, National Association, as dealer manager (the "Dealer Manager"), has released an "Offer to Tender Bonds made by The Board of Regents of Higher Education for the State of Montana" dated April 13, 2026 (the "Tender Offer"), inviting owners of all or a portion of certain maturities of the Board's outstanding Series E 2018 Bonds and Series H 2021 Bonds as described herein (collectively, the "Invited Bonds") to tender such bonds for purchase by the Board.

The proceeds of the Series L 2026 Bonds will be used by the University to (i) refund all or a portion of certain maturities of the outstanding Series E 2018 Bonds and Series K-1 2024 Bonds, as defined and as more particularly described herein (the "Refunding"); (ii) defray in part the cost of paying, discharging, and cancelling the Invited Bonds selected by the Board (the "Tendered Bonds") in response to the Tender Offer (the "Tender"); (iii) finance improvements at the Bozeman Campus and Billings Campus of the University, as more particularly described herein; and (iv) pay costs and expenses in connection with the issuance of the Series L 2026 Bonds, the Refunding, and the Tender. See "PLAN OF FINANCE" herein.

The Series L 2026 Bonds will be issued as fully registered bonds of single stated maturities and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, as securities depository. Individual purchases and sales of the Series L 2026 Bonds may be made in book-entry form only, in the principal amount of \$5,000 within a single maturity and in integral multiples thereof. Purchasers of the Series L 2026 Bonds (the "beneficial owners") will not receive physical bond certificates. Principal and interest on the Series L 2026 Bonds will be payable to DTC, which will in turn remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Series L 2026 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series L 2026 Bonds are offered when, as and if issued and delivered by the Board to Wells Fargo Bank, National Association (the "Underwriter"), subject to prior sale, withdrawal or modification of the offer without notice, and subject to approval of the legality of the Series L 2026 Bonds by Dorsey & Whitney LLP, Missoula, Montana and Minneapolis, Minnesota, as Bond Counsel, and other conditions. Certain legal matters will be passed upon for the Board by Ali Bovingdon, Esq., Chief Legal Counsel for the Montana University System. Certain legal matters will be passed upon for the Underwriter and Dealer Manager by Barnes & Thornburg LLP, Minneapolis, Minnesota. North Slope Capital Advisors is acting as municipal advisor to the Board in connection with the issuance of the Series L 2026 Bonds. It is expected that delivery of the Series L 2026 Bonds will be made in book-entry form through the facilities of DTC on or about May 12, 2026* against payment therefor.

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of the Series L 2026 Bonds. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision.

Wells Fargo Securities

The date of this Official Statement is [____], 2026

* Preliminary; subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES*

\$57,000,000*
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
GENERAL REVENUE BONDS
SERIES L 2026

<u>Maturity</u> <u>(Nov. 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [®]
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\$[] []% Term Bond due November 15, 20[], Yield []%, CUSIP [][®]

* Preliminary; subject to change.

[®] CUSIP is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein are provided by CUSIP Global Services managed by S&P Global Market Intelligence on behalf of the ABA. The CUSIP numbers provided in this Official Statement are included for convenience of the holders and potential holders of the Series L 2026 Bonds. No assurance can be given that the CUSIP numbers for the Series L 2026 Bonds will remain the same after the date of issuance and delivery of the Series L 2026 Bonds. Neither the Underwriter, the Board, nor the University takes any responsibility for the accuracy of such CUSIP numbers.

THE BOARD OF REGENTS OF HIGHER EDUCATION

Greg Gianforte, Governor of the State of Montana (Ex-officio Member)
Susie Hedalen, Superintendent of Public Instruction (Ex-officio Member)
Todd Buchanan, Board Member and Chair
Loren Bough, Board Member and Vice Chair
Joyce Dombrowski, Board Member
Jeff Southworth, Board Member
Dean Folkvord, Board Member
Heather Hoyer, Board Member
Daniel Spoon, Board Member
Carter Jasper, Student Board Member
Clayton Christian, Commissioner of Higher Education (Ex-officio Secretary)

OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

Clayton Christian, Commissioner of Higher Education
Joe Thiel, Interim Deputy Commissioner, Academic, Research and Student Affairs
Tyler Trevor, Deputy Commissioner, Budget and Planning, Chief of Staff
Galen Hollenbaugh, Deputy Commissioner, Government Relations and Communications
Ali Bovingdon, Montana University System Chief Legal Counsel

CENTRAL ADMINISTRATION OF MONTANA STATE UNIVERSITY

Brock Tessman, President
Robert L. Mokwa, Executive Vice President for Academic Affairs and Provost*
Terry Leist, Vice President for Administration and Finance
Alison Harmon, Vice President for Research and Economic Development
Steve Swinford, Vice President for Student Success
Michael Becker, Interim Vice President for University Communications
Ryan Knutson, Vice President for Information Technology and Chief Information Officer
Sreekala Bajwa, Vice President for Agriculture
Fran Albrecht, President and Chief Executive Officer, Montana State University Foundation

CENTRAL ADMINISTRATION OF MONTANA STATE UNIVERSITY – BILLINGS

Stefani Hicswa, Chancellor
Lee Vartanian, Provost and Vice Chancellor for Academic Affairs
Kim Hayworth, Vice Chancellor for Student Access and Success
Leslie Weldon, Vice Chancellor for Administration and Finance

CENTRAL ADMINISTRATION OF MONTANA STATE UNIVERSITY – NORTHERN

Greg Kegel, Chancellor
Jennifer Brown, Provost and Vice Chancellor

CENTRAL ADMINISTRATION OF MONTANA STATE UNIVERSITY – GREAT FALLS COLLEGE

Stephanie Erdmann, Chief Executive Officer and Dean

UNDERWRITER AND DEALER MANAGER

Wells Fargo Bank, National Association

BOND COUNSEL

Dorsey & Whitney LLP, Missoula, Montana and Minneapolis, Minnesota

MUNICIPAL ADVISOR

North Slope Capital Advisors, Denver, Colorado

UNDERWRITER'S COUNSEL

Barnes & Thornburg LLP, Minneapolis, Minnesota

*In January of 2026, Dr. Mokwa announced that he will retire in June from his administrative role and return to the faculty as a professor in the Department of Civil Engineering.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Board, the University, the Underwriter, the Trustee, or any other person. This Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be a sale of the Series L 2026 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Board, the University, or any other persons or entities described herein since the respective dates as of which such information is presented.

The information set forth under the caption “BOOK-ENTRY ONLY SYSTEM” has been furnished by The Depository Trust Company, New York, New York, and the information set forth under the caption “UNDERWRITING” has been furnished by the Underwriter. All other information in this Official Statement has been obtained from the Board and the University and other sources identified herein that the Board and the University consider to be reliable.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Underwriter’s practice is to maintain a secondary market in municipal bonds they sell. The Underwriter presently intends to engage in secondary market trading of the Series L 2026 Bonds, subject to applicable securities laws. The Underwriter, however, is not obligated to engage in secondary market trading and no assurance can be given that a secondary market for the Series L 2026 Bonds will be available.

In connection with the offering of the Series L 2026 Bonds, the Underwriter may effect certain transactions that stabilize the price of the Series L 2026 Bonds. Such transactions may consist of bids or purchases for the purpose of maintaining the price of the Series L 2026 Bonds. In addition, if the Underwriter over-allots (that is, sells more than the aggregate principal amount of the Series L 2026 Bonds set forth on the cover page of this Official Statement) and thereby creates a short position in the Series L 2026 Bonds in connection with the offering, the Underwriter may reduce that short position by purchasing Series L 2026 Bonds in the open market. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of a security to be higher than it might otherwise be in the absence of such purchases. The Underwriter makes no representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Series L 2026 Bonds. In addition, the Underwriter makes no representation it will engage in such transactions or that such transactions, if commenced, will not be discontinued without notice.

THE SERIES L 2026 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED (THE “TRUST INDENTURE ACT”), IN RELIANCE ON SECTION 3(A)(2) OF THE SECURITIES ACT AND OTHER EXEMPTIONS CONTAINED IN THE TRUST INDENTURE ACT. THE SERIES L 2026 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

**CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER
FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "intend," "estimate," "projection," "budget" or other similar words. These forward-looking statements include, but are not limited to, the statements in this Official Statement under the caption "INVESTMENT CONSIDERATIONS." These statements reflect the current views of the Board and the University with respect to future events and the achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Other than as may be required by applicable law, the Board and the University do not intend to issue or cause to be issued any updates or revisions to those forward-looking statements if or when their expectations or the events, conditions or circumstances on which such statements are based occur. However, the Board and the University have undertaken to provide continuing disclosure on certain matters, as more fully described under the caption "CONTINUING DISCLOSURE" and in Appendix E hereto. All forward-looking statements contained in this Official Statement are qualified in their entirety by the cautionary statements set forth in this Official Statement.

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OFFICIAL STATEMENT

\$57,000,000*
STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
GENERAL REVENUE BONDS
SERIES L 2026

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained in this Official Statement. For the definitions of certain capitalized terms used in this Official Statement and not otherwise defined herein, see Appendix D hereto.

General

The purpose of this Official Statement of The Board of Regents of Higher Education for the State of Montana (the “Board”) is to provide information concerning the Board, Montana State University (the “University”) and the Board’s \$57,000,000* aggregate principal amount State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series L 2026 (the “Series L 2026 Bonds”).

The Series L 2026 Bonds are to be issued in accordance with the powers of the Board granted by and under the Constitution of the State of Montana (the “State”) and pursuant to an Amended and Restated Indenture of Trust, dated as of October 1, 2021, between the Board and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as amended and supplemented (the “Indenture”), including the Series L 2026 Supplemental Indenture of Trust, dated as of May 1, 2026, between the Board and the Trustee. The Series L 2026 Bonds and any additional bonds heretofore or hereafter issued on a parity with the Series L 2026 Bonds pursuant to the Indenture, are herein collectively referred to as the “Bonds.” See “DEBT SERVICE REQUIREMENTS” herein for a schedule of the annual debt service requirements for the Bonds, including the Series L 2026 Bonds.

In connection with the issuance of the Series L 2026 Bonds, the Board, with the assistance of Wells Fargo Bank, National Association, as dealer manager (the “Dealer Manager”), has released an “Offer to Tender Bonds made by The Board of Regents of Higher Education for the State of Montana” dated April 13, 2026 (the “Tender Offer”), inviting owners of all or a portion of certain maturities of the Board’s outstanding Series E 2018 Bonds and Series H 2021 Bonds as described herein (collectively, the “Invited Bonds”) to tender such bonds for purchase by the Board. Such Invited Bonds as selected by the Board through the Tender Offer (the “Tendered Bonds”) will be purchased and cancelled by the University on the date of issuance of the Series L 2026 Bonds. See “PLAN OF FINANCE – The Tender” herein for more information.

The Board and the Montana University System

Under the Constitution of the State, the governance and control of the Montana University System (the “University System”) are vested exclusively in the Board, which consists of seven voting members appointed by the Governor and confirmed by the State Senate and three ex-officio non-voting members.

* Preliminary; subject to change.

The University System consists of Montana State University and the University of Montana, each of which comprises a multi-campus university, as well as three community colleges in the State and the Office of the Commissioner of Higher Education. The Office of the Commissioner of Higher Education is the central administrative unit of the Board and the University System.

Montana State University

Montana State University (the “University”) is a land grant university, originally founded in 1893. Today the University is a multi-campus university with approximately 23,915 students across four campuses: The University includes Montana State University Bozeman (“MSU-Bozeman”) located in Bozeman, Montana; Montana State University Billings (“MSU-Billings”) located in Billings, Montana; Montana State University Northern (“MSU-Northern”) located in Havre, Montana; and Great Falls College MSU (“Great Falls College”) located in Great Falls, Montana. MSU-Bozeman has administrative oversight of all four University campuses. The University is proud to deliver high-quality instruction and educational services to a diverse student population, which is made possible through its dedicated faculty and staff and also through students that recognize a great education at an exceptional value. All four University campuses are accredited by the Northwest Commission on Colleges and Universities. Unless otherwise specifically provided, the term “University” refers to and includes MSU-Bozeman, MSU-Billings, MSU-Northern, Great Falls College, Montana Agricultural Experiment Station, Montana State University Extension, and the Fire Service Training School.

Plan of Finance

The proceeds of the sale of the Series L 2026 Bonds will be used by the University to (i) refund all or a portion of certain maturities of the outstanding Series E 2018 Bonds and Series K-1 2024 Bonds, as defined and as more particularly described herein (the “Refunding”); (ii) defray in part the cost of paying, discharging, and cancelling the Tendered Bonds in response to the Tender Offer (the “Tender”); (iii) finance improvements at the Bozeman Campus and Billings Campus of the University, as more particularly described herein; and (iv) pay costs and expenses in connection with the issuance of the Series L 2026 Bonds, the Refunding, and the Tender. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

Security for the Series L 2026 Bonds

The Bonds (including the Series L 2026 Bonds) are special, limited obligations of the Board payable, equally and ratably, on a first lien basis, from Pledged Revenues and certain funds and accounts created under the Indenture, all as more fully described herein. NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF THE STATE IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY BONDS, NOR WILL ANY BONDS BE OR BE DEEMED TO BE OBLIGATIONS OF THE STATE OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF THE STATE. THE BOARD HAS NO TAXING POWER.

As set forth in the Indenture, Pledged Revenues consist of the following: (i) Auxiliary Facilities Gross Pledged Revenues remaining after related charges for payment of Operation and Maintenance Expenses other than General Allocated Administrative Expenses; (ii) all unrestricted revenues of the University not constituting Auxiliary Facilities Gross Pledged Revenues; and (iii) Land Grant Income and Indirect Cost Recovery Payments relating to Research Contracts; provided, however, that Pledged Revenues exclude revenues from (i) tuition charges; (ii) associated student activities fees which are under the direct control of student associations; (iii) proceeds of the levy of any general (ad valorem) property taxes; and (iv) grants or appropriations from the State Legislature. Revenues, fees or income may be added

or deleted from the definition of Pledged Revenues and thereby removed as security for the Bonds, in accordance with the provisions of the Indenture. See “SECURITY FOR THE SERIES L 2026 BONDS” herein.

THE SERIES L 2026 BONDS ARE NOT SECURED BY THE DEBT SERVICE RESERVE FUND ESTABLISHED UNDER THE INDENTURE OR BY ANY MORTGAGE ON ANY FACILITIES OF THE UNIVERSITY.

Book-Entry Only System

The Series L 2026 Bonds will be issued as fully registered securities of single stated maturities in the name of Cede & Co. and deposited with The Depository Trust Company, New York, New York (“DTC”), as securities depository. See Appendix F hereto.

So long as Cede & Co. is the registered owner of the Series L 2026 Bonds, references herein to bondholders, holders or owners of the Series L 2026 Bonds (other than under “TAX CONSIDERATIONS” and “CONTINUING DISCLOSURE” herein) are references to Cede & Co. and not the beneficial owners of the Series L 2026 Bonds.

NONE OF THE BOARD, THE UNIVERSITY, THE TRUSTEE, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS (EACH TERM AS DEFINED IN APPENDIX F HERETO) OF THE SERIES L 2026 BONDS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; THE PAYMENT BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES L 2026 BONDS; THE DELIVERY OF ANY NOTICE BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE INDENTURE; THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES L 2026 BONDS; OR ANY OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS REGISTERED OWNER OF THE SERIES L 2026 BONDS.

Financial Statements

The financial information contained herein has been derived from the consolidated audited financial statements of the University for the Fiscal Year ended June 30, 2025 (attached as Appendix B to this Official Statement), and from the consolidated audited financial statements of the University for the Fiscal Years ended June 30, 2021, 2022, 2023 and 2024 (previously filed pursuant to continuing disclosure undertakings and available from the Electronic Municipal Market Access repository of the Municipal Securities Rulemaking Board at www.emma.msrb.org (“EMMA”). See “FINANCIAL STATEMENTS.”

Continuing Disclosure

The Board and the University have agreed to supply certain financial and operating data and notices of certain events as required by Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). See “CONTINUING DISCLOSURE” herein. Failure of the Board and the University to provide such information may materially and adversely affect any secondary market trading in the Series L 2026 Bonds.

Investment Considerations

The attention of each prospective purchaser of the Series L 2026 Bonds is directed to the discussion of risks and other investment considerations contained under “INVESTMENT CONSIDERATIONS” herein.

THE BOARD OF REGENTS OF HIGHER EDUCATION

General

Under Article X, Section 9 of the Constitution of the State, the governance and control of the University System are vested exclusively in the Board. The Board has full power, responsibility, and authority to supervise, coordinate, manage and control the University System, and supervise and coordinate other public educational institutions assigned by law. The Board establishes system-wide policy and appoints, by constitutional mandate, a Commissioner of Higher Education (the “Commissioner”) as the chief executive officer of the University System.

Members of the Board

The Board consists of three ex-officio non-voting members (including the Governor of the State, the Superintendent of Public Instruction of the State and the Commissioner) and seven members appointed by the Governor and confirmed by the State Senate to seven-year overlapping terms. One of the members of the Board is a student appointed by the Governor who is registered full-time at a unit of higher education under jurisdiction of the Board. The present members of the Board and their terms of office are:

<i>Name</i>	<i>Title</i>	<i>Occupation</i>	<i>Term Expires</i>
Greg Gianforte	Ex-Officio Board Member (non-voting)	Governor	December 31, 2028
Susie Hedalen	Ex-Officio Board Member (non-voting)	Superintendent of Public Instruction	December 31, 2028
Todd Buchanan	Board Member and Chair	Co-Owner and Advisor for Buchanan Capital, Inc.	January 31, 2028
Loren Bough	Board Member and Vice Chair	Angel Investor, Board Member, globally, in Real Estate, Technology and Consumer Sectors	January 31, 2027
Dean Folkvord	Board Member	Co-founder of Wheat Montana Farms and Bakery and co-owner of several Montana hotels and motels	February 1, 2031
Heather Hoyer	Board Member	Superintendent of Great Falls Public Schools	February 1, 2032
Carter Jasper	Student Board Member	Student	July 1, 2026
Jeff Southworth	Board Member	Co-Owner and President of Allied Steel	January 31, 2029
Daniel Spoon	Board Member	Chief Medical Officer and Director of Research at Providence Medical Group	February 1, 2033
Clayton Christian	Ex-Officio Secretary (non-voting)	Commissioner of Higher Education	Ex-Officio

Office of the Commissioner of Higher Education

The Office of the Commissioner of Higher Education is the central administrative unit of the University System and the Board. The Commissioner and his staff are responsible for providing quality and timely service to the Board, government entities including the executive and legislative branches, the public and the media, students and staff, and others in the education community when they request information or assistance. Policies and directives of the Board are communicated and implemented by the Commissioner and his staff, using the Board's statutory and constitutional authority in an effective and professional manner.

The Office of the Commissioner of Higher Education works to strengthen the credibility of the University System to provide effective advocacy and provides balance between the needs and interests of the campuses and the needs and interests of the State and its students.

The administrative staff of the Office of the Commissioner of Higher Education are as follows:

<i>Name</i>	<i>Title</i>
Clayton Christian	Commissioner of Higher Education
Joe Thiel	Interim Deputy Commissioner, Academic, Research and Student Affairs
Tyler Trevor	Deputy Commissioner, Budget and Planning, Chief of Staff
Galen Hollenbaugh	Deputy Commissioner, Government Relations and Communications
Ali Bovingdon	Montana University System Chief Legal Counsel

THE SERIES L 2026 BONDS

The following is a general description or summary of the Series L 2026 Bonds. Reference is hereby made to the Series L 2026 Bonds and to the Indenture for a more complete description of such provisions. The discussion herein is qualified by such reference. See also "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix D hereto.

General

The Series L 2026 Bonds bear interest from their date of original issue (the "Issue Date"), payable on May 15 and November 15 of each year, commencing November 15, 2026 (each an "Interest Payment Date"). The Series L 2026 Bonds will mature on the dates and bear interest at the annual rates set forth on the inside front cover of this Official Statement. Interest on the Series L 2026 Bonds is calculated on the basis of a 360-day year composed of twelve 30-day months. The Series L 2026 Bonds will be issued only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

The Board will cause books for the registration and for the transfer of the Series L 2026 Bonds to be kept by the Trustee. The principal of the Series L 2026 Bonds is payable upon surrender at the principal corporate trust office of the Trustee, as Paying Agent, or of any successor Paying Agent. Interest on the Series L 2026 Bonds shall be payable to the Holders thereof as of the close of business on the fifteenth day next preceding an Interest Payment Date, by wire transfer on such Interest Payment Date to Cede & Co. Principal and interest payments are to be made as described in Appendix F hereto.

Redemption

*Optional Redemption.** The Series L 2026 Bonds maturing on and after November 15, 20[___], are subject to optional redemption prior to maturity, at the option of the Board, on any date on or after November 15, 20[___] in whole or in part, at a Redemption Price equal to the principal amount of Series L 2026 Bonds being redeemed, plus accrued interest to the redemption date, without premium.

*Mandatory Sinking Fund Redemption.** The Series L 2026 Bonds maturing on November 15, 20[___] shall be subject to redemption in part by operation of sinking fund installments, at a redemption price equal to 100% of the principal amount of the Series L 2026 Bonds to be redeemed, together with accrued interest to the date of redemption, on the dates and in the mandatory redemption amounts as follows:

20[___] Term Bond	
November 15	Mandatory
of the Year	Redemption Amount

*

*Stated maturity.

Partial Redemption of Series L 2026 Bonds

Upon surrender of any Series L 2026 Bond to be redeemed in part only, the Trustee shall authenticate and deliver to the Holder, at the expense of the Board, a new Series L 2026 Bond of authorized denominations equal in aggregate principal amount to the unredeemed portion of principal of the Series L 2026 Bond surrendered, with the same interest rate and the same maturity.

Except as otherwise provided under “—Extraordinary Mandatory Redemption of Series L 2026 Bonds” if less than all of the Series L 2026 Bonds are to be redeemed: (i) the Trustee shall redeem such Series L 2026 Bonds as shall be directed in writing by the Board and the University and (ii) if Series L 2026 Bonds of a single maturity are to be redeemed, Series L 2026 Bonds of that maturity shall be selected by lot or such other method as the Trustee in its sole discretion shall deem fair and appropriate or in accordance with the procedures of DTC; *provided, however*, that the Series L 2026 Bonds shall be redeemed only in authorized denominations.

Extraordinary Mandatory Redemption of Series L 2026 Bonds

Upon the sale of any or all of the Auxiliary Facilities, the Board and the University shall furnish a certificate to the Trustee stating the average annual Auxiliary Facilities Gross Pledged Revenues received by the Board and the University from the Auxiliary Facilities, based upon the last three Fiscal Years preceding the sale of such Auxiliary Facilities, as reported in the University’s annual financial statements which have been certified by an Independent Accountant. Upon the sale of any or all of the Auxiliary Facilities, the proceeds of such sale shall, pursuant to the provisions of the Indenture and at the written direction of the Board and the University, be applied to the redemption of Bonds Outstanding or directed to the acquisition of other revenue producing Auxiliary Facilities or other facilities or improvements, or to the modernization or renovation of other revenue producing facilities, the income of which is pledged by

* Preliminary; subject to change.

the Indenture, but the proceeds of such sale need not be so applied (i) if, after giving effect to such sale, the Board and the University are in compliance with the rate maintenance covenant during the Fiscal Year of such sale and in the Fiscal Year immediately thereafter (see “SECURITY FOR THE SERIES L 2026 BONDS—Rate Maintenance Covenant” herein), or (ii) if the Auxiliary Facilities that are sold are determined by the Board and the University to be obsolete or have become economically obsolete to operate, or (iii) if the total value of any Auxiliary Facilities which are sold or otherwise disposed of shall be five percent (5%) or less of the total value of all Auxiliary Facilities at the time of such sale or disposition.

If any mandatory redemption of Bonds shall be made upon the sale of Auxiliary Facilities, the portion of the proceeds from the sale of such Auxiliary Facilities equal to the ratio of the Auxiliary Facilities Gross Pledged Revenues from such Auxiliary Facilities during the Fiscal Year in which such sale occurs to the average Auxiliary Facilities Gross Pledged Revenues from such Auxiliary Facilities during the last three Fiscal Years shall be applied for the purpose of redeeming Outstanding Bonds on a succeeding Interest Payment Date following the calculation and for which notice of redemption may be given in accordance with the requirements of the Indenture.

The redemption price for Bonds mandatorily redeemed upon the sale of Auxiliary Facilities will equal the principal amount of the Bonds redeemed and accrued and unpaid interest to the redemption date, but without premium. If less than all Bonds Outstanding are to be redeemed, the Bonds redeemed shall be selected by lot or such other method as the Trustee in its sole discretion shall deem fair and appropriate or in accordance with the procedures of DTC, and redeemed on a reasonably proportionate basis from among all then Outstanding maturities of the Bonds, such basis to be determined and effectuated as nearly as practicable by the Trustee by multiplying the total amount of moneys available to redeem Bonds on the date fixed for redemption by the ratio which the principal amount of all Bonds Outstanding in each maturity bears to the principal amount of all Bonds then Outstanding; *provided, however*, that the Bonds shall be redeemed only in integral multiples of \$5,000.

The Board may decrease such mandatory redemption upon the sale of any Auxiliary Facilities by the principal amount of any Bonds acquired by the Board or the University and delivered to the Trustee for cancellation, or if the same shall have been previously canceled by the Trustee, and if such delivery or cancellation shall have occurred not less than 45 days prior to the date fixed for redemption and if such principal amount has not theretofore been applied as a credit against any Bonds subject to mandatory redemption upon the sale of any Auxiliary Facilities.

Notice of Redemption

In the event any of the Series L 2026 Bonds are called for redemption, the Trustee shall give notice of redemption, in the name of the Board, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, to the Holders of the Series L 2026 Bonds to be redeemed at their addresses as shown on the registration books of the Trustee. While in the book-entry only system, notices of redemption to be given to the Holders and all payments to be made to Holders upon redemption of the Series L 2026 Bonds shall be given or made only to DTC, as the registered Holder of the Bonds. See [Appendix F](#) hereto. Each notice will state that on the redemption date designated in the notice, and upon the satisfaction of any condition stated therein, there will become due and payable on each of the Series L 2026 Bonds, the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue and will require that each of the Series L 2026 Bonds being redeemed, in whole or in part, be surrendered at the corporate trust office of the Trustee.

With respect to any notice of optional redemption of Series L 2026 Bonds, unless upon the giving of such notice such Series L 2026 Bonds is deemed to have been paid under the terms of the Indenture, such notice may state that redemption is conditioned upon the receipt by the Trustee on or prior to the date

fixed for such redemption of money sufficient to pay the redemption price of the Series L 2026 Bonds to be redeemed or upon the satisfaction of any other condition stated therein, and that if such money is not so received or such condition not so satisfied, such notice shall be of no force and effect, and the Board shall not be required to redeem such Series L 2026 Bonds. In the event that such notice of redemption contains such a condition and such money is not so received or such condition is not so satisfied, the redemption will not be made and the Trustee will, within a reasonable time thereafter, give notice in the manner in which the notice of redemption was given, that such money was not so received or such condition not so satisfied and that such redemption was not made. If a notice of redemption shall not be conditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then, upon presentation and surrender of the Series L 2026 Bonds so called for redemption at the place or places of payment, such Series L 2026 Bonds shall be redeemed.

Any Series L 2026 Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the specified redemption date.

SECURITY FOR THE SERIES L 2026 BONDS

The following is a general description or summary of the security for Series L 2026 Bonds. Reference is hereby made to the Series L 2026 Bonds and to the Indenture for a more complete description of such provisions. The discussion herein is qualified by such reference. See also "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix D hereto.

Pledged Revenues

The Bonds (including the Series L 2026 Bonds) are special, limited obligations of the Board, payable, equally and ratably, as to the Debt Service Requirements thereof, from Pledged Revenues and from the Funds and Accounts created under the Indenture as expressly set forth therein (except to the extent paid out of moneys attributable to Bond proceeds of a particular Series of Bonds or any other amounts deposited to any Funds or Accounts created under the Indenture, together with the income from the temporary investment thereof, which are specifically designated for payment of a particular Series of Bonds), and nothing in the Bonds or in the Indenture shall be considered as pledging any other funds or assets of the Board or the University for the payment thereof.

"Pledged Revenues" is defined in the Indenture as:

- (i) Auxiliary Facilities Gross Pledged Revenues remaining after related charges for payment of Operation and Maintenance Expenses other than General Allocated Administrative Expenses, which will be paid as Operation and Maintenance Expenses subject to the deposit of Pledged Revenues as set forth in the Indenture;
- (ii) all unrestricted revenues of the University not constituting Auxiliary Facilities Gross Pledged Revenues; and
- (iii) Land Grant Income and Indirect Cost Recovery Payments relating to Research Contracts.

Notwithstanding the foregoing, Pledged Revenues excludes revenues from (i) tuition charges; (ii) associated student activities fees which are under the direct control of student associations; (iii) proceeds of the levy of any general (ad valorem) property taxes; and (iv) grants or appropriations from the State Legislature.

“Auxiliary Facilities Gross Pledged Revenues” is defined in the Indenture as all income from rents, board or both derived from Auxiliary Facilities. “Auxiliary Facilities” is defined in the Indenture as all housing, dining and other facilities now or hereafter owned by the University from which the University derives income from rents, board or both. Except as expressly provided in a Supplemental Indenture, Auxiliary Facilities do not include any facilities that are built with moneys appropriated by the State.

“Operation and Maintenance Expenses” is defined in the Indenture as the reasonable and necessary current expenses of the Board and the University, paid or accrued, of maintenance, repair, replacement and operation, and includes, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair, replacement and operation, which may include expenses not annually recurring, of or pertaining to the Auxiliary Facilities. “General Allocated Administrative Expenses” is defined in the Indenture as all reasonable and necessary current expenses and assessments paid or accrued, consisting of indirect, legal, administrative and other indirect and incidental expenses and assessments of various University departments and operations which are allocated on a pro rata or other basis to and as an expense of the Auxiliary Facilities and of any other facilities designated by the Board and the University from time to time, respectively, but shall not include direct legal or overhead expenses or direct administrative assessments.

As set forth in the Indenture, the Board reserves the right to include in Pledged Revenues, at its sole option, in the future, other sources of revenue or income excluded in the definition of Auxiliary Facilities Gross Pledged Revenues or Pledged Revenues. In addition, the Board reserves the right to remove, at its sole option, in the future, any revenues from Pledged Revenues, so long as no more than 10% of the Pledged Revenues (based on the University’s most recent audited financial statements) are removed in any Fiscal Year.

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The following table shows historical Pledged Revenues and debt service coverage for the five Fiscal Years ended June 30, 2025. Information for the Fiscal Year ended June 30, 2025 is derived from the audited consolidated financial statements of the University attached in Appendix B hereto. Information for the Fiscal Years ended June 30, 2021, 2022, 2023 and 2024 is derived from the audited consolidated financial statements of the University which are available from EMMA.

Years Ended June 30,	2021	2022	2023	2024	2025
Net operating and nonoperating revenues	\$665,902,735	\$698,437,156	\$756,200,095	\$804,732,475	\$842,207,416
Tuition	(159,248,037)	(171,215,423)	(182,463,846)	(192,888,227)	(167,483,861)
Fees controlled by student associations	(3,569,741)	(3,614,861)	(3,678,012)	(3,920,190)	(3,016,594)
Grants and contracts ⁽¹⁾	(181,452,324)	(177,177,651)	(190,112,521)	(190,414,122)	(217,911,708)
Appropriations	(144,738,448)	(145,526,451)	(154,166,508)	(168,535,398)	(171,366,343)
Federal financial aid grants and contracts	(20,568,036)	(20,478,805)	(20,371,813)	(22,233,081)	(27,705,230)
Restricted gifts ⁽²⁾	(20,528,662)	(27,514,759)	(27,582,982)	(30,368,587)	(37,868,724)
Other restricted revenue	(2,965,027)	(2,965,027)	(2,965,027)	(1,690,131)	(1,776,929)
Interest Expense	6,976,012	8,088,907	8,415,762	6,948,539	8,752,590
Operations and Maintenance Expenses for Auxiliary Facilities	(31,006,916)	(36,225,681)	(43,591,179)	(50,526,077)	(47,133,658)
Pledged Revenues	\$108,801,557	\$121,807,405	\$139,683,969	\$151,105,201	\$176,696,959
Actual Debt Service⁽³⁾	\$17,463,489	\$18,222,561	\$16,795,662	\$15,387,518	\$17,696,959
Actual Coverage⁽⁴⁾	6.23x	6.68x	8.32x	9.82x	10.05x
Pro Forma Maximum Annual Debt Service^{(5)*}					[_____]
Pro Forma Coverage^{(6)*}					[_____]

* Preliminary, subject to change.

(1) Does not include Indirect Cost Recovery Payments.

(2) Pledged Revenues includes unrestricted gifts and grants; however, the calculation of historical Pledged Revenues and debt service coverage herein does not take into account any unrestricted or restricted gifts and grants.

(3) Actual Debt Service includes actual principal and interest paid on outstanding Bonds, notes and government advances for the periods presented. See "Indebtedness of the University" in Appendix A hereto for further information.

(4) Actual Coverage is calculated by dividing Pledged Revenues by Actual Debt Service.

(5) Pro Forma Maximum Annual Debt Service reflects estimated maximum annual principal and interest payments solely with respect to outstanding Bonds and assuming the issuance of the Series L 2026 Bonds, the refunding of all or a portion of certain maturities of the Series E 2018 Bonds and Series K-1 2024 Bonds, and the tender of all or a portion of the Series E 2018 Bonds and Series H 2021 Bonds. Pro Forma Maximum Annual Debt Service is estimated to occur in Fiscal Year 20[____]. See "DEBT SERVICE REQUIREMENTS" herein and "Indebtedness of the University" in Appendix A hereto for further information.

(6) Pro Forma Coverage is calculated by dividing Fiscal Year 2025 Pledged Revenues by Pro Forma Maximum Annual Debt Service.

Special, Limited Obligations

The Bonds are not obligations, general, special or otherwise, of the State, do not constitute a debt, legal, moral or otherwise, of the State, and are not enforceable against the State, nor shall payment therefor be enforceable out of any funds or assets of the Board or University other than the Pledged Revenues pledged thereto by the Indenture. The Indenture does not pledge or mortgage any property constituting part of the University other than the Pledged Revenues. The issuance of the Series L 2026 Bonds shall not, directly, indirectly or contingently, obligate the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation, legislative or otherwise, for their payment. The Board has no taxing power.

Rate Maintenance Covenant

Pursuant to the Indenture, the Board covenants that it will establish and maintain, so long as any of the Bonds remain Outstanding, such rental rates, fees and charges for the use of the Auxiliary Facilities and such rules as are required with respect thereto as shall be necessary to provide and generate sufficient Auxiliary Facilities Gross Pledged Revenues for payment of annual Operation and Maintenance Expenses and, together with the other Pledged Revenues, as shall provide and generate sufficient Pledged Revenues for payment of the Debt Service Requirements on the Bonds Outstanding, to maintain the Debt Service Reserve Fund and the Repair and Replacement Fund in the minimum amounts required by the Indenture, and to make all other payments and charges as are required or permitted under this Indenture. The Series L 2026 Bonds are not secured by the Debt Service Reserve Fund.

The Board further covenants that, so long as any of Bonds remain Outstanding, there shall be charged against users of services pertaining the Auxiliary Facilities, such fees, rates and other charges so that the Auxiliary Facilities Gross Pledged Revenues shall be at least sufficient, together with all other Pledged Revenues (after giving effect to the sale of any Auxiliary Facilities in any Fiscal Year), to pay in each Fiscal Year: (i) Operation and Maintenance Expenses; (ii) the Debt Service Requirements due and payable on the Bonds; and (iii) deficiencies or requirements pertaining to any Fund or Account (including the Termination Account created under the Indenture relating to the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues or any part thereof (subject to compliance by the Board with certain legislation of the United States or the State or any regulation or other action taken by the federal government or any State agency or political subdivision of the State pursuant to such legislation, as further described in the Indenture).

Additional Bonds

Additional Series of Bonds may be issued from time to time pursuant to, and subject to the conditions provided in, the Indenture for one or more of the following purposes: (i) refunding, in whole or in part, any one or more Series of Outstanding Bonds, (ii) financing or refinancing costs of any Projects, or (iii) any lawful purpose as the Board of the University may direct, and in the case of (i), (ii) or (iii), paying costs and expenses incidental thereto, establishing reserves and paying capitalized interest with respect thereto, as determined by the Board and the University. In addition, in connection with the issuance of any such additional Series of Bonds, the Board shall deliver to the Trustee a certificate stating and confirming that (i) Pledged Revenues for the Fiscal Year preceding the issuance of the such additional Series of Bonds shall have been equal to at least 1.15 times the Maximum Annual Debt Service for all Bonds then Outstanding and (ii) estimated Pledged Revenues to be received in each of the three Fiscal Years following the completion of construction of the Projects to be financed with the proceeds of such Bonds (and if no Projects are to be financed, the three Fiscal Years following the date of issuance of the Bonds), including any other Projects then under construction at the University, shall equal at least 1.15 times the Maximum Annual Debt Service for all Bonds then Outstanding and the Bonds proposed to be issued.

As a condition to the issuance of a Series of Bonds secured by the Debt Service Reserve Fund, the balance in the Debt Service Reserve Fund shall be increased from proceeds of such Series of Bonds or from other available funds of the Board and the University, to an amount equal to the Debt Service Reserve Requirement with respect to all Bonds secured by the Debt Service Reserve Fund. The issuance of any Series of Bonds must be authorized under and pursuant to and in compliance with the Constitution and applicable laws of the State and under and pursuant to the Indenture. The Series L 2026 Bonds are not secured by the Debt Service Reserve Fund.

PLAN OF FINANCE

The proceeds of the sale of the Series L 2026 Bonds will be used by the University to (i) undertake the Refunding as described under “—The Refunding”; (ii) defray in part the cost of paying, discharging, and cancelling the Tendered Bonds in response to the Tender Offer as described under “—The Tender”; (iii) finance improvement at the Bozeman Campus of the University as described under “—Bozeman Campus Projects” and at the Billings Campus of the University as described under “—Billings Campus Projects”; and (iv) pay costs and expenses in connection with the issuance of the Series L 2026, the Refunding, and the Tender. See “SOURCES AND USES OF FUNDS” herein.

Bozeman Campus Projects

A portion of the proceeds of the Series L 2026 Bonds will be used by the University to finance energy improvement projects in various academic, administrative and research facilities across the Bozeman Campus of the University (the “Bozeman Campus Projects”).

The University has utilized the Energy Performance Contracting (“EPC”) process to address deferred maintenance, reduce utility costs such as water and electricity, and improve system efficacy through energy efficient replacements. The Bozeman Campus Projects represent the Phase 1 projects identified by the EPC process. These projects include indoor lighting retrofitting for various facilities; lab airflow/exhaust and cooling system upgrades in Barnard Hall; chilled and condenser water system upgrades for the Plant Growth Center and Visual Communications facilities; and deferred maintenance projects for the Heat Plant, comprised of replacements for the surge tank and emergency generator, backup propane system upgrades, and boiler upgrades.

Billings Campus Projects

A portion of the proceeds of the Series L 2026 Bonds will be used by the University to finance certain capital improvements to the Billings Campus of the University (the “Billings Campus Projects”). The Billings Campus projects consist of (i) elevator updates that will replace elevators and necessary components in Petro Hall residence hall, the Liberal Arts Building, and the College of Education and (ii) a roof replacement project for the Liberal Arts Building on campus.

The Refunding*

Series E 2018 Bonds

A portion of the proceeds of the sale of the Series L 2026 Bonds will be used by the University to refund a portion of the State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series E 2018, dated February 8, 2018, issued in the original principal amount of \$44,800,000 (the “Series E 2018 Bonds”), and currently outstanding in the principal amount of \$40,145,000.

The Series E 2018 Bonds maturing on November 15 in the years 2033, 2035, 2037 and 2047 (the “Series E 2018 Refunded Bonds”), and currently outstanding in the principal amount of \$10,735,000, are subject to optional redemption prior to maturity, at the option of the Board, on any date on or after November 15, 2023, in whole or in part, at a redemption price equal to the principal amount of the Series E 2018 Bonds being redeemed, plus accrued interest to the redemption date, without premium.

* Preliminary; subject to change.

The Series E 2018 Bonds maturing on November 15 in the years 2028 through 2032, 2034, 2036, 2038, 2039, 2043 and 2045, are subject to optional redemption prior to maturity, at the option of the Board, on any date on or after November 15, 2027, in whole or in part, at a redemption price equal to the principal amount of the Series E 2018 Bonds being redeemed, plus accrued interest to the redemption date, without premium.

The Series E 2018 Refunded Bonds will be called for redemption and are expected to be paid and discharged on or about May 29, 2026, conditioned upon the closing of the offering of the Series L 2026 Bonds.

The Series E 2018 Refunded Bonds are listed in the table below:

Series E 2018 Refunded Bonds						
Maturity Date (Nov 15)	Original Principal Amount	Interest Rate	Outstanding Principal Amount	Principal Amount to be Redeemed	CUSIP	Redemption Date
2033	\$1,545,000	3.000%	\$1,545,000	\$1,545,000	61212L QPY	May 29, 2026
2035	1,675,000	3.125	1,675,000	1,675,000	61212L QR3	May 29, 2026
2037	1,815,000	3.250	1,815,000	1,815,000	61212L QT9	May 29, 2026
2047	5,700,000	3.375	5,700,000	5,700,000	61212L QY8	May 29, 2026

The Series E 2018 Bonds were issued to finance the costs of designing, constructing, equipping and furnishing the approximately 480-bed Hyalite Hall residence hall on the Bozeman Campus of the University.

Series K-1 2024 Bonds

A portion of the proceeds of the sale of the Series L 2026 Bonds will be used by the University to refund the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bond, Series K-1 2024 Bonds, dated June 25, 2024, issued in the original principal amount of \$6,275,000 (the “Series K-1 2024 Bonds”), and currently outstanding in the principal amount of \$5,665,000 (the “Series K-1 2024 Refunded Bonds”).

The Series K-1 2024 Refunded Bonds are subject to optional redemption at the option of the Board, in whole or in part, on any date, at a redemption price equal to the principal amount of Series K-1 2024 Bonds being redeemed together with accrued interest thereon to the redemption date, without premium. The Series K-1 2024 Bonds will be called for redemption and are expected to be paid and discharged on or about May 29, 2026, conditioned upon the closing of the offering of the Series L 2026 Bonds.

The Series K-1 2024 Refunded Bonds are listed in the table below:

Series K-1 2024 Refunded Bonds						
Maturity Date (Nov 15)	Original Principal Amount	Interest Rate	Outstanding Principal Amount	Principal Amount to be Redeemed	CUSIP	Redemption Date
2039	\$6,275,000	3.95%	\$5,665,000	\$5,665,000	N/A	May 29, 2026

The Series K-1 2024 Bonds were issued to finance the costs of construction of parking improvements on the Bozeman Campus of the University.

The Tender*

A portion of the proceeds of the sale of the Series L 2026 Bonds will be used by the University to defray the cost of paying, discharging, and cancelling all or a portion of certain maturities of the (i) Series E 2018 Bonds and (ii) the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series H 2021 (Taxable), dated October 19, 2021, issued in the original principal amount of \$72,150,000 (the “Series H 2021 Bonds”), and currently outstanding in the principal amount of \$56,300,000, in response to the Tender Offer (as described below).

The Series E 2018 Bonds were issued to finance the costs of designing, constructing, equipping and furnishing the approximately 480-bed Hyalite Hall residence hall on the Bozeman Campus of the University. The Series H 2021 Bonds were issued for the purpose of refunding the University’s Facilities Refunding Revenue Bonds, Series N 2012; Taxable Facilities Refunding Revenue Bonds, Series O 2012; and Facilities Improvement Revenue Bonds, Series A 2013.

The Tender Offer is anticipated to close concurrently with the issuance of the Series L 2026 Bonds and Tendered Bonds are anticipated to be purchased and cancelled by the University.

In conjunction with the issuance of the Series L 2026 Bonds, the University, with the assistance of Wells Fargo Bank, National Association, as dealer manager (the “Dealer Manager”), has released an “Invitation to Tender made by The Board of Regents of Higher Education for the State of Montana” dated April 13, 2026 (the “Tender Offer”), inviting owners of all or a portion of certain maturities of the Series E 2018 Bonds and Series H 2021 Bonds (collectively, the “Invited Bonds”) to tender such series of bonds for purchase by the University on the terms and conditions set forth in the Tender Offer. The purpose of the Tender Offer was to give the Board the opportunity to purchase and cancel the Invited Bonds on the date of issuance of the Series L 2026 Bonds.

Subject to the terms and limitations on the amount of Invited Bonds to be purchased for cancellation by the Board set forth in, and other conditions of, the Tender Offer, the Board will purchase Invited Bonds validly tendered for purchase in the principal amounts and comprising the Tendered Bonds, as selected by the Board in accordance with the Tender Offer and as set forth below (the “Tendered Bonds”). Such Tendered Bonds will be purchased and cancelled by the Board on the date of issuance of the Series L 2026 Bonds and shall no longer be “Outstanding” within the meaning of the Indenture. Funds to pay the purchase price of the Tendered Bonds, and to pay the costs of the Tender Offer, will be provided from proceeds of the Series L 2026 Bonds. Based on the results of the Tender Offer, the Invited Bonds will be (i) purchased pursuant to the Tender Offer or (ii) remain Outstanding. In the event a Dealer Manager owns any of the Invited Bonds, such Dealer Manager, or any of its respective affiliates, may participate in the tender of such Invited Bonds pursuant to the Tender Offer.

* Preliminary; subject to change.

The Tendered Bonds are listed in the table below:

Tendered Bonds									
Series	CUSIP	Maturity	Interest Rate	Outstanding Principal Amount	Maximum Principal Amount to be Accepted for Purchase	Bonds Tendered	Pro Rata Acceptance Ratio	Bonds Accepted	Bonds Rejected
Series E 2018	61212L QJ1	11/15/2028	5.000	1,215,000	1,215,000				
Series E 2018	61212L QK8	11/15/2029	5.000	1,275,000	1,275,000				
Series E 2018	61212L QL6	11/15/2030	5.000	1,345,000	1,345,000				
Series E 2018	61212L QM4	11/15/2031	5.000	1,410,000	1,410,000				
Series E 2018	61212L QN2	11/15/2032	5.000	1,485,000	1,485,000				
Series E 2018	61212L QQ5	11/15/2034	5.000	1,610,000	1,610,000				
Series E 2018	61212L QS1	11/15/2036	5.000	1,745,000	1,745,000				
Series E 2018	61212L QU6	11/15/2038	5.000	1,895,000	1,895,000				
Series E 2018	61212L QV4	11/15/2039	5.000	1,990,000	1,990,000				
Series E 2018	61212L QW2	11/15/2043	5.000	9,040,000	9,040,000				
Series E 2018	61212L QX0	11/15/2045	5.000	5,240,000	5,240,000				
Series H 2021	61212L SY6	11/15/2026	1.129	3,250,000	3,250,000				
Series H 2021	61212L SZ3	11/15/2027	1.371	3,290,000	3,290,000				
Series H 2021	61212L TA7	11/15/2028	1.521	3,345,000	3,345,000				
Series H 2021	61212L TB5	11/15/2029	1.623	3,395,000	3,395,000				
Series H 2021	61212L TC3	11/15/2030	1.798	3,455,000	3,455,000				
Series H 2021	61212L TD1	11/15/2031	1.898	3,525,000	3,525,000				
Series H 2021	61212L TE9	11/15/2032	2.058	3,590,000	3,590,000				
Series H 2021	61212L TF6	11/15/2033	2.223	3,660,000	3,660,000				
Series H 2021	61212L TG4	11/15/2034	2.323	3,750,000	3,750,000				
Series H 2021	61212L TH2	11/15/2035	2.423	2,500,000	2,500,000				
Series H 2021	61212L TJ8	11/15/2036	2.523	2,560,000	2,560,000				
Series H 2021	61212L TK5	11/15/2037	2.613	2,625,000	2,625,000				
Series H 2021	61212L TL3	11/15/2038	2.663	2,695,000	2,695,000				
Series H 2021	61212L TM1	11/15/2043	2.797	14,660,000	14,660,000				

This description is not intended to summarize the terms of the Tender Offer, or to solicit offers to tender Invited Bonds, and reference is made to the Tender Offer for a discussion of the terms of the Tender Offer and the conditions for settlement of the Invited Bonds validly tendered and accepted for purchase. The University filed the Tender Offer with the MSRB through its EMMA System.

SOURCES AND USES OF FUNDS*

The estimated sources and uses of funds in connection with the issuance of the Series L 2026 Bonds are as follows:

<u>Sources</u>		
Par Amount of Series L 2026 Bonds		
Net Original Offering Premium/(Discount)		
Funds for Refunding Bonds		
Total Sources:		
<u>Uses</u>		
Refunding of Refunded Bonds		
Tender Purchase		
Deposit to Construction Fund		
Costs of Issuance ⁽¹⁾		
Total Uses:		

*Preliminary; subject to change

(1) Includes Underwriter's discount, Dealer Manager fees, legal, trustee, rating agency and other issuance fees and expenses.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each Fiscal Year of the University, the debt service requirements for the outstanding Parity Bonds prior to issuance of the Series L 2026 Bonds, and the estimated debt service for the Series L 2026 Bonds.

Fiscal Year Ending <u>June 30</u>	Series L 2026 Bonds <u>Debt Service*</u>	Other Outstanding <u>Parity Bonds⁽¹⁾</u>	Total <u>Debt Service*</u>
2027	[]	\$ 24,442,414	
2028		24,493,870	
2029		22,690,633	
2030		22,678,581	
2031		12,987,105	
2032		12,986,470	
2033		12,998,248	
2034		12,947,317	
2035		12,963,893	
2036		11,643,462	
2037		10,169,340	
2038		10,168,761	
2039		10,166,316	
2040		10,159,643	
2041		9,639,737	
2042		9,638,205	
2043		9,041,257	
2044		9,029,709	
2045		5,893,200	
2046		5,450,400	
2047		5,071,825	
2048		2,948,938	
		\$ 268,209,322	

* Preliminary; subject to change.

(1) Includes debt service on the Series D 2017, Series E 2018, Series G 2021, Series H 2021, Series I 2022, Series J 2023, Series K-1 2024, Series K-2 2024, and Series K-3 2024 Bonds. See "Indebtedness of the University" in Appendix A hereto for further information.

INVESTMENT CONSIDERATIONS

No person should purchase Series L 2026 Bonds without carefully reviewing the following information which sets forth some, but not all, of the factors which may affect the beneficial owners' receipt of payments of the principal of or interest on the Series L 2026 Bonds.

Special, Limited Obligations

No entity or person other than the Board (and solely with respect to Pledged Revenue) is, or shall be, in any way liable or responsible for any payments to be made under the Indenture or the Series L 2026 Bonds, or for other obligations of the Board under such documents. Accordingly, for payment of principal and interest on the Series L 2026 Bonds, Holders of the Series L 2026 Bonds must look solely to the Pledged Revenues and other funds, if any, the Trustee holds in the Debt Service Fund.

Payment and Security for Series L 2026 Bonds

The Series L 2026 Bonds are payable solely from the Pledged Revenues and certain funds and accounts created under the Indenture, all as more fully described herein. A number of factors could have an adverse effect on the University and its ability to generate Pledged Revenues in amounts required by the Indenture. Those factors include, but are not limited to, a decline in enrollment at any of the University's campuses; the ability of the University to attract and retain management, faculty and other employees (whether because of compensation or otherwise); the ability of management to control operating expenses, including during periods of inflation; the ability of management maintain tuition and fees at competitive levels; variations in pension and retirement benefit expenses; variations in levels of funding from federal and State sources; and variations in levels of contributions and grants from private sources.

No other funds of the Board or the University (or the State or any other entity) are pledged to secure the payment of the Series L 2026 Bonds. The Series L 2026 Bonds are not secured by a mortgage on or security interest in any real property or personal property. The Series L 2026 Bonds are not expected to be insured by a letter of credit or any other form of financial guarantee.

No Debt Service Reserve Fund

Payment of principal of and interest on the Bonds is not secured by any debt service reserve fund. Under the Indenture, no Debt Service Reserve Requirement has been established or is funded for the Series L 2026 Bonds or any Outstanding Bonds. ANY AMOUNTS ON DEPOSIT IN THE DEBT SERVICE RESERVE FUND WILL NOT SECURE, AND ARE NOT AVAILABLE FOR, PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES L 2026 BONDS.

Enrollment

The University's flagship Bozeman Campus accounts for the majority of its students. MSU-Bozeman has experienced significant enrollment growth since 2007. MSU-Bozeman set a record for headcount enrollment in Fall 2025 at 17,165 students, a slight increase over Fall 2024. The record marked the fifth year in a row of enrollment growth at the Bozeman Campus, which itself followed 11 years of growth from 2007 to 2018. See "Student Enrollment and Matriculation" in [Appendix A](#) hereto.

Enrollment and retention are the primary drivers of net tuition revenue production. There can be no assurance that enrollment will continue to increase in the future. Demand for attendance at the University may be subject to factors beyond the University's control, such as general economic and demographic conditions, demand for higher education in general or for programs offered by the University in particular, and funding for financial aid. Decreases in enrollment could result in the need for reduction

in expenses and could adversely affect the University's financial position and results of operations, as well as the amount of Pledged Revenues available to pay the Series L 2026 Bonds. In addition, changes in U.S. immigration policies could affect enrollment among international students. State legislation could also affect the eligibility of students for resident tuition which could affect enrollment.

Financial Aid

In academic year 2024-25, 94% of first-time, full-time degree seeking students received some form of financial aid covering some portion of tuition and fees or living expenses. See "Student Financial Aid" in [Appendix A](#) hereto. No assurance can be given that federal and state financial aid and private third-party financing will continue to be funded at current levels or that the University will continue to fund student aid at current levels. Curtailment of such financial aid could cause a decline in enrollment, which could in turn could adversely affect the University's financial position and results of operations, as well as the amount of Pledged Revenues available to pay the Series L 2026 Bonds. State financial shortfalls may result in reductions to state aid funding for colleges, including the University.

Competition

There is strong competition among institutions of higher education for students both nationally and within the West and Mountain West region from which the University draws the majority of its students. Universities and colleges compete principally based on location, tuition rates, degree offerings, and academic reputation. To the extent that competitors have or achieve an advantage with respect to any of these factors, the University could be adversely affected.

Changes in demographics, such as a decrease in the overall number of high school graduates or a decrease in the number of high school graduates who elect to go to college, could adversely affect the University's efforts to attract students. Changes in technology could significantly impact the manner in which the University operates, could allow other competition to enter the field of education without making significant investments in capital assets such as land and buildings and could adversely affect the financial position of the University.

Application of Bond Proceeds for the Bozeman Campus Projects and Billings Campus Projects

A portion of the proceeds of the Series L 2026 Bonds will be applied to the construction of the Bozeman Campus Projects and Billings Campus Projects. Construction of projects such as the Bozeman Campus Projects and Billings Campus Projects is subject to ordinary risks associated with construction, such as risks of cost overruns, noncompletion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor shortage or strife, delays in and shortages of materials, weather conditions, fire, and casualty. Any delays in construction may adversely impact the University's ability to complete the financed improvements which may result in, among other things, cost overruns.

Also, present estimates of construction costs could be exceeded. To the extent unforeseen problems or other events (such as increases in prices of construction materials or services, failure of a contractor to complete a project at the contract price, or building code changes) occur that require an increase in acquisition or construction costs, the University will have to use reserves or borrow additional amounts to complete such projects or modify components to reduce costs.

In addition, inflation has increased significantly in the United States over the past five years, with costs of construction materials including specialized parts, iron, steel, lumber and concrete increasing

dramatically. Continued inflation may cause cost overruns on the Bozeman Campus Projects and Billings Campus Projects.

Revenue Pledge; Enforceability of Remedies

If the Board were to default on the payment of principal of or interest on the Series L 2026 Bonds, payment of the principal of and interest on the Series L 2026 Bonds would not be subject to acceleration. The Board is liable for principal and interest payments only as they become due. In the event of multiple defaults in payment of principal of or interest on the Series L 2026 Bonds, the Holders would be required to bring a separate action for each such payment not made. Any such action to compel payment or for money damages would be subject to the limitations on legal claims and remedies against public bodies under State law.

The pledge of Pledged Revenues by the Board and the covenants of the Board in the Indenture are subject to the exercise by the federal government, the State or any political subdivision thereof, of the police power (essential governmental powers for the public welfare). The actual realization of amounts to be derived upon the enforcement of such pledge upon any default will depend upon the exercise of remedies under the Indenture. These remedies may be dependent upon judicial actions which are often subject to discretion and delay. The remedies under the Indenture may not be readily available or may be limited by constitutional and statutory law, including specifically federal and state bankruptcy law, and by judicial decisions. A court may decide not to order the specific performance of the covenants contained in those documents.

All legal opinions with respect to the enforceability of the Indenture will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity.

Covenants to Maintain Tax-Exempt Status of the Series L 2026 Bonds

The tax-exempt status of interest on the Series L 2026 Bonds, as described under “TAX CONSIDERATIONS” herein, is based on continuing compliance by the Board with certain covenants contained in the Indenture and the related tax certificate, and the reporting of certain information to the United States Treasury. These covenants relate generally to restrictions on the use of facilities financed or refinanced with proceeds of the Series L 2026 Bonds (including restrictions on leasing or selling financed facilities), requirements regarding the timely and proper use of proceeds of the Series L 2026 Bonds, arbitrage limitations and rebate of certain excess investment earnings (if any) to the federal government. Failure by the Board or the University to comply with any of these covenants could cause interest on the Series L 2026 Bonds to become subject to federal income taxation retroactive to the Issue Date. In such an event, the Indenture does not provide for payment of any additional interest on the Series L 2026 Bonds, redemption of the Series L 2026 Bonds, or acceleration of the payment of debt service on the Series L 2026 Bonds.

Secondary Market for the Series L 2026 Bonds

There can be no assurance that a secondary market for the Series L 2026 Bonds will provide owners of the Series L 2026 Bonds with investment liquidity or will continue until final maturity of the Series L 2026 Bonds. The Underwriter anticipates engaging in secondary market trading of the Series L 2026 Bonds (subject to applicable state securities laws). However, the Underwriter is not obligated to engage in secondary market trading of the Series L 2026 Bonds, and cannot give assurances that there will be a continuing secondary market in the Series L 2026 Bonds. In addition, adverse developments with respect

to the Board, its properties or operations (including the University) may adversely affect bid and asked prices for the Series L 2026 Bonds in any secondary market. In some states, specific conditions must be met in order to qualify for an exemption from registration for secondary market sales. The rating of the Series L 2026 Bonds does not address the market liquidity of the Series L 2026 Bonds.

The Board and the University have agreed to supply information as described under the heading “CONTINUING DISCLOSURE” as required by Rule 15c2-12. Failure to provide such information, if required, may materially adversely affect any secondary market trading on the Series L 2026 Bonds.

Cybersecurity

The University, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, software viruses, malicious software, ransomware, and other attacks on its computing and other digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the University’s system technology that could lead to disruptions in mission critical systems, unauthorized release of confidential or otherwise protected information, corruption of data, or misappropriation of assets or information. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the University invests in multiple forms of cybersecurity and operational safeguards. While the University’s cybersecurity and operational safeguards are periodically tested, no assurances can be given by the University that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the University’s finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the University to material litigation and other legal risks, which could cause the University to incur material costs related to such legal claims or proceedings.

Most recently, in April 2023, the University detected a cyberattack involving unauthorized access to its computer network. In response, the University notified law enforcement, took steps to secure its systems and launched an investigation. The financial exposure of the University was not significant, and the majority of the University’s expenses associated with the breach were covered by insurance. No ransom was paid related to data release. Since that time, the University has implemented numerous programs and continues to analyze additional steps to improve the University’s security posture. The University has employed a tiered privileged access model, multi-factor authentication (“MFA”) for any remote access to devices, deployed Microsoft Local Administrator Password Solution (“LAPS”), and removed domain accounts from local admin groups. The University has also enacted attack surface reduction rules to endpoints and LogRhythm Security Information and Event Management (“SIEM”) for log collection and aggregation, conducted third party risk assessments, increased security awareness training and phishing simulations, implemented the use of privileges access workstations for privileged admins, and added additional information security staff.

Environmental Regulation

The University’s facilities and operations are subject to a wide variety of federal, state and local environmental and occupational and safety laws and regulations. The University may be responsible for investigating and remedying hazardous substances located on or migrating from University property. There are practical, financial and legal risks associated with such environmental and safety laws and regulations, and noncompliance may result in damage to individuals, property or the environment; may interrupt operations or increase their cost, or both; may trigger investigations, administrative proceedings, penalties or other government agency actions; and may result in legal liability, including damages, injunctions or

finances, some or all of which may not be covered by insurance. There can be no assurance that the University will not be materially adversely affected by such environmental and safety risks.

Damage, Destruction or Other Liability

The University and its properties and facilities are susceptible to natural disasters and other catastrophic events. The State experiences seasonal conditions such as wildfire, flooding, blizzards, drought, and other extreme weather events. In addition, the State experiences regular earthquakes. Because the University's campuses are located throughout the State, the University's campuses may face differing weather and other challenges. There can be no assurance that any University preparedness measures will be adequate in the event that a natural disaster or other catastrophic event occurs.

Although the University is required to obtain and maintain certain insurance as set forth in the Indenture, there can be no assurance that the University will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies. If the proceeds of insurance with respect to any Auxiliary Facility are insufficient, together with other available funds, to provide for the repair, replacement or reconstruction of damaged or destroyed property to the extent that such property shall be returned substantially to its usefulness prior to such damage or destruction, such insurance proceeds, instead of being used to repair, replace or reconstruct such damaged or destroyed property, shall be deposited with the Trustee to the credit of the Redemption Account of the Debt Service Fund and shall be applied to redemption of all or part of the Bonds then Outstanding in the manner described under "THE SERIES L 2026 BONDS—Extraordinary Mandatory Redemption of the Series L 2026 Bonds". There can be no assurance that any such proceeds will be sufficient to redeem the Bonds in full.

Maintenance of Credit Rating

The Series L 2026 Bonds will be rated as to their creditworthiness by S&P (as defined herein). No assurance can be given that the Series L 2026 Bonds will maintain their original credit rating. If the credit rating on the Series L 2026 Bonds decreases, the Series L 2026 Bonds may lack liquidity in the secondary market in comparison with other obligations. Adverse developments with respect to the operation of the University could result in a rating downgrade and may have an adverse effect upon a holder's ability to sell the Series L 2026 Bonds or the bid and ask prices for the Series L 2026 Bonds. See "RATING" herein.

Investment Portfolio Risk

Market conditions that negatively affect the University's investments may adversely affect debt service coverage. The University does not have a formal investment policy for interest rate risk (other than with respect to derivative products, including swap agreements), credit risk or custodial risk. University investments administered by the Montana Board of Investments ("MBOI") are subject to the investment risk policies of MBOI. See Note 2—Cash Deposits, Cash Equivalents and Investments in [Appendix B](#) hereto for a description of the University's investments.

Administration Changes

Changes in key administration personnel could affect the capability of the administration to effectively administer the business of the University.

Federal Legislation, Regulation and Policy

Federal priorities, policies and other changes involving higher education (including research funding, tuition assistance and accreditation standards); appropriations and government contracts and grants; borrowing (including the debt ceiling); trade (including tariffs); immigration (and its impact on foreign students, faculty and employees); diversity, equity and inclusion; clean energy; civil rights and free speech violations; and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts can result in reductions in the level of federal funding to the University for a variety of policy priorities, including education, research and other federally funded programs, leading to unpredictability. Recently, several such policy shifts have been proposed or promulgated through presidential executive orders and other official and unofficial actions at the federal level, including proposed delays, reductions, freezes, reallocations and potential eliminations in grants, federal funding and other appropriations and financial assistance, the substantial reduction or elimination, or changes in policies, operations or priorities, of federal agencies (including the U.S. Department of Education), accreditation standards, new or increased tariffs, immigration actions, the elimination of existing tax credits, curtailment of tax-exempt bond financing (which could be retroactive), increases or changes to endowment taxation requirements, reduced funding for financial aid programs, and audits, investigations and enforcement actions by federal agencies. In addition, the “One Big Beautiful Bill Act”, signed into federal law by the President of the United States on July 4, 2025, imposes new student loan borrowing limits and other restrictions, and eliminated certain student loan programs. Grad PLUS student loans are not utilized at the University, therefore a need to establish alternative internal lending programs is not necessary.

To date, the University has not experienced material reductions in overall federal research funding as a result of recent federal legislative or executive actions. The University continues to compete for and receive federal research awards from a variety of sponsoring agencies. However, there can be no assurance that federal research funding levels applicable to the University will be maintained in the future. In addition to changes in aggregate research funding levels, federal agencies may modify policies governing the calculation, allowability, or reimbursement of facilities and administrative costs, also referred to as indirect cost recovery or F&A. Such changes could reduce the amount of indirect cost recovery payments received by the University, even if total research award activity remains stable.

In response to potential changes in federal policies affecting indirect cost recovery, the University has flexibility, subject to applicable sponsor requirements, to adjust its budgeting and cost allocation practices for sponsored research. Such actions may include the reclassification of certain research related costs as allowable direct costs charged to individual grants, as well as other administrative and financial adjustments intended to mitigate the potential impact of reduced indirect cost recovery. There can be no assurance, however, that such measures would fully offset the effects of material changes in federal policies.

The University is monitoring current and potential federal legislative and executive actions and initiatives that could adversely impact the operations and/or financial condition of the University. The University cannot predict the outcome of such proposals and other actions, nor the potential impacts of any future such changes. While the financial impact of these developments on the University cannot be quantified at this time, such changes could have adverse effects on University revenues, operation and maintenance costs or capital funding requirements, which could be material.

UNDERWRITING

Pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”) entered into between the Board and Wells Fargo Bank, National Association (the “Underwriter”), the Series L 2026 Bonds are being purchased for reoffering by the Underwriter. The Series L 2026 Bonds are being purchased at an

aggregate purchase price of \$[] (representing the aggregate principal amount of the Series L 2026 Bonds less an underwriter's discount of \$[] plus/less net original issue premium/(discount) of \$[]). The Underwriter is obligated to take and pay for all of the Series L 2026 Bonds if any are taken. The obligation of the Underwriter to accept delivery of the Series L 2026 Bonds is subject to various conditions contained in the Bond Purchase Agreement. The Underwriter intends to offer the Series L 2026 Bonds to the public initially at the offering prices that result in the yields set forth on the inside front cover of this Official Statement, which may subsequently change without any requirement of prior notice.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the underwriter of the Series L 2026 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series L 2026 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series L 2026 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series L 2026 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Bank, National Association is the underwriter with respect to the Series L 2026 Bonds and is also servicing as Dealer Manager on the Tender Offer. The Tendered Bonds are being tendered under the terms of the Tender Offers through the Dealer Manager in connection with the tender offers described in "PLAN OF FINANCE." The Dealer Manager will be compensated separately for their services as Dealer Manager. For its services as Dealer Manager, the Dealer Manager will be compensated (the "Dealer Manager's Fee") in an amount equal to a percentage of the aggregate principal amount of the Tendered Bonds and will be reimbursed for their reasonable expenses relating to the Tender Offer. The Dealer Manager's Fee will be paid from proceeds of the Series L 2026 Bonds.

As of the date hereof, Wells Fargo Bank, N.A. Municipal Finance Group does not own or hold any Tendered Bonds. Other Wells Fargo Bank, N.A. lines of business and affiliates may own or hold the Tendered Bonds for its own account or the account of its customers. To the extent any other line of business or affiliate of Wells Fargo Bank, N.A. owns or holds any of the Tendered Bonds, they would be engaged like any other investor or holder of the Tendered Bonds.

MUNICIPAL ADVISOR

North Slope Capital Advisors is acting as municipal advisor (the "Municipal Advisor") to the Board in connection with the issuance of the Series L 2026 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series L 2026 Bonds.

RATING

The Series L 2026 Bonds are rated “AA-” by S&P Global Ratings (“S&P”). Such rating reflects only the view of S&P at the time the rating is issued and does not constitute a recommendation to buy, sell or hold securities or address all material risks relating to an investment in the Series L 2026 Bonds. An explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the described rating may have an adverse effect on the market price of the Series L 2026 Bonds.

A rating is not a recommendation to buy, sell or hold the Series L 2026 Bonds and any rating should be evaluated independently. Neither the Board, the University nor the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series L 2026 Bonds any proposed change in or withdrawal of the rating of the Series L 2026 Bonds or to oppose any such change or withdrawal.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Montana income tax considerations relating to the purchase, ownership, and disposition of the Series L 2026 Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the “Code”) and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “IRS”), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Series L 2026 Bonds. The Board has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of the Series L 2026 Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Series L 2026 Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Series L 2026 Bonds. It does not address the application of the alternative minimum tax or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Montana income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Series L 2026 Bonds for cash at original issue and hold the Series L 2026 Bonds as “capital assets” (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Series L 2026 Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Series L 2026 Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the “issue price” of a maturity of Series L 2026 Bonds is the first price at which a substantial amount of Series L 2026 Bonds of that maturity is sold for cash to persons other

than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, bond counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Series L 2026 Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, and (iii) is excluded from Montana taxable income for State of Montana individual income tax purposes. Interest on the Series L 2026 Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in gross income for purposes of the Montana corporate income tax and the Montana alternative corporate income tax.

The Code establishes certain requirements that must be met after the issuance of the Series L 2026 Bonds in order that interest on the Series L 2026 Bonds be excluded from federal gross income. These requirements include, but are not limited to, provisions regarding the use of proceeds of the Series L 2026 Bonds and use of the facilities financed or refinanced with such proceeds and restrictions on the investment of proceeds of the Series L 2026 Bonds and other amounts. The Board made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Series L 2026 Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Series L 2026 Bonds to be included in gross income for federal income tax purposes and Montana taxable income for State of Montana individual income tax purposes, which may be retroactive to their date of issue. Bond counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Series L 2026 Bonds in the event that interest on the Series L 2026 Bonds is included in gross income for federal income tax purposes and Montana taxable income for Montana individual income tax purposes. In rendering its opinion, bond counsel will rely upon certifications of the Board with respect to certain material facts within the Board's and the University's knowledge.

Original Issue Discount

Series L 2026 Bonds may be issued at a discount from their principal amount (any such Series L 2026 Bonds being "*Discount Bonds*"). The excess of the principal amount payable on Series L 2026 Bonds of a given maturity over their issue price constitutes "original issue discount" ("*OID*"). OID that accrues to a holder of a Discount Bond is excluded from federal gross income of individuals, estates and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal tax basis.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original

issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Series L 2026 Bonds, even if the Series L 2026 Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Series L 2026 Bond is purchased for a cost that is less than the Series L 2026 Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Series L 2026 Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Series L 2026 Bond (to the extent that the gain realized does not exceed the accrued market discount on the Series L 2026 Bond).

Bond Premium

A holder that acquires a Series L 2026 Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal tax basis for the Series L 2026 Bond. Premium generally is amortized for federal income tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Series L 2026 Bonds at a premium might recognize taxable gain upon sale of the Series L 2026 Bonds, even if such Series L 2026 Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes.

Related Tax Considerations

Section 86 of the Code requires recipients of certain social security and railroad retirement benefits to take interest on the Series L 2026 Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series L 2026 Bonds. In the case of a financial institution, generally no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Series L 2026 Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Series L 2026 Bonds for this purpose even though not directly traceable to the purchase of the Series L 2026 Bonds. The Series L 2026 Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Income (including interest) or loss on the Series L 2026 Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series L 2026 Bonds may affect a holder's federal, state, or local tax liability in some additional

circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Series L 2026 Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Series L 2026 Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Series L 2026 Bond. A holder's adjusted tax basis in a Series L 2026 Bond generally will be equal to the amount that the holder paid for the Series L 2026 Bond, increased by any accrued original issue discount with respect to the Series L 2026 Bond and reduced by the amount of any amortized bond premium on the Series L 2026 Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Series L 2026 Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Series L 2026 Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Series L 2026 Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

LEGAL MATTERS

Legal matters incidental to the authorization and issuance of the Series L 2026 Bonds by the Board in accordance with the Constitution of the State and State law, and as to the validity and enforceability of and the tax exemption of interest on the Series L 2026 Bonds, are subject to the approval of Dorsey & Whitney LLP, as bond counsel, whose approving opinion (the form of which is attached as Appendix C hereto) will be delivered with the Series L 2026 Bonds. Certain other legal matters will be passed upon for the Board by Ali Bovingdon, Esq., Chief Legal Counsel for the Montana University System. Certain legal matters will be passed upon for the Underwriter and Dealer Manager by Barnes & Thornburg LLP.

LITIGATION

There is no litigation of any nature now pending or, to the best knowledge of the Board or officers of the University, threatened, concerning the organization of the Board or the University, or materially questioning the titles of the members of the Board to their respective offices, restraining or enjoining the issuance, sale, execution or delivery of the Series L 2026 Bonds or in any way contesting any proceedings or transactions relating to the authorization, issuance, sale or delivery of the Series L 2026 Bonds, or affecting the validity of the Series L 2026 Bonds or the pledge and application of the Pledged Revenues

under the Indenture. In addition, there is no litigation pending or, to the best knowledge of officers of the University or the Board, threatened, against the University or the Board in which, in the opinion of management of the University, an adverse determination would have a material adverse effect on the University's financial position. The University is a defendant in legal actions arising in the normal course of business. If a final judgment were entered against the University in any general liability action in an amount in excess of its insurance coverage and immunity protection, the University would be liable for the excess. See "Insurance" in Appendix A hereto for further information. In Spring 2025, the U.S. Department of Education's Office for Civil Rights ("OCR") announced the University as one of 45 universities that were part of open Title VI investigations regarding graduate program eligibility based on race. The University completed an internal investigation regarding such matters and, in Fall 2025, entered into a resolution agreement with OCR. The University believes that it is in compliance with the resolution agreement although OCR has not officially closed out the matter. Due to the nature of OCR investigation, the University believes any further potential remedies would be administrative in nature and would not result in a material financial impact.

CONTINUING DISCLOSURE

In order to permit the participating underwriters in the primary offering of the Series L 2026 Bonds to comply with paragraph (b)(5) of Rule 15c2-12, the Board and the University will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the Outstanding Series L 2026 Bonds, in a Continuing Disclosure Agreement, dated as of May 1, 2026 (the "Continuing Disclosure Agreement"), with U.S. Bank Trust Company, National Association, as dissemination agent, to provide annual reports of specified information and notice of the occurrence of certain events. The form of Continuing Disclosure Agreement is attached hereto as Appendix E.

Breach of the Continuing Disclosure Agreement will not constitute a "Default" or an "Event of Default" under the Indenture or the Series L 2026 Bonds. A broker or dealer is to consider a known breach of the Continuing Disclosure Agreement before recommending the purchase or sale of the Series L 2026 Bonds in the secondary market. Thus, a failure on the part of the Board and the University to observe the Continuing Disclosure Agreement may adversely affect the transferability and liquidity of the Series L 2026 Bonds and their market price. During the previous five years, the University did not timely link to one issue audited financial statements for its Fiscal Year ended June 30, 2023 and did not timely file such audited financial statements for all other outstanding issues; did not timely file audited financial statements and annual operating data for its Fiscal Year ended June 30, 2022; did not timely file notice of incurrence of financial obligation; did not timely file its annual operating data for the Fiscal Year ended June 30, 2025; and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

The University's management believes it has appropriate staffing levels and adequate policies and associated procedures to assure post-issuance compliance with its existing and future continuing disclosure agreements under Rule 15c2-12. In addition, the University is working with its dissemination agent to ensure that future continuing disclosure filings are properly linked by the dissemination agent to all Bond CUSIPs.

FINANCIAL STATEMENTS

The financial information contained herein has been derived from the consolidated audited financial statements of the University for the Fiscal Year ended June 30, 2025 (attached as Appendix B to this Official Statement), and from the consolidated audited financial statements of the University for the Fiscal Years ended June 30, 2021, 2022, 2023 and 2024 (previously filed pursuant to continuing disclosure undertakings and available from EMMA).

The University's consolidated audited financial statements have been prepared by the University's auditor, the Legislative Audit Division of the State of Montana. The Legislative Audit Division has not been requested to consent to the inclusion of its audit report with respect to the consolidated audited financial statement of the University for the Fiscal Year ended June 30, 2025. A copy of the audit report is available at the following link:

https://www.montana.edu/ubs/financialstatements/FY25_FinancialStatements%20with%20opinion.pdf

THE TRUSTEE

The Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth herein or for the recitals contained in the Indenture or the Series L 2026 Bonds, or for the validity, sufficiency or legal effect of any such documents. The Trustee has not evaluated the risks, benefits or propriety of any investment in the Series L 2026 Bonds and makes no representation, and has reached no conclusions regarding the security for the Series L 2026 Bonds, or the investment quality of the Series L 2026 Bonds, about all of which the Trustee expresses no opinion and which the Trustee expressly disclaims the expertise to evaluate.

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**APPROVAL OF OFFICIAL STATEMENT BY BOARD OF REGENTS
AND THE MONTANA STATE UNIVERSITY**

The Board and the University have authorized the preparation of this Official Statement under their direction and have duly authorized and approved this Official Statement and its use and distribution by the Underwriter in connection with the offering and sale of the Series L 2026 Bonds.

THE BOARD OF REGENTS OF HIGHER
EDUCATION FOR THE STATE OF
MONTANA

By _____
Chair

Approved:

MONTANA STATE UNIVERSITY

By _____
Vice President for Administration and Finance

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APPENDIX A

MONTANA STATE UNIVERSITY

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APPENDIX A

MONTANA STATE UNIVERSITY

Introduction

Montana State University (the “MSU” or the “University”) is a land grant university, originally founded in 1893. Today, the University is a multi-campus university with approximately 23,915 students across four campuses: Montana State University Bozeman (“MSU-Bozeman”) located in Bozeman, Montana; Montana State University Billings (“MSU-Billings”) located in Billings, Montana; Montana State University Northern (“MSU-Northern”) located in Havre, Montana; and Great Falls College MSU (“Great Falls College”) located in Great Falls, Montana. MSU-Bozeman has administrative oversight of all four University campuses. The University is proud to deliver high-quality instruction and educational services to a diverse student population, which is made possible through its dedicated faculty and staff and also through students that recognize a great education at an exceptional value.

MSU-Bozeman is a comprehensive university with both four-year undergraduate programs and masters and doctoral graduate programs and significant research activities. MSU-Bozeman is the flagship campus of the University and is Montana’s largest university. MSU-Bozeman is located in the City of Bozeman in south central Montana and in the picturesque Gallatin Valley, surrounded by five mountain ranges and three rivers. Bozeman is routinely ranked as one of the best places to live, and among the best college towns and ski towns, offering numerous outdoor recreation opportunities along with the cultural amenities of a much larger city. MSU-Bozeman set a record for headcount enrollment in fall 2025 at 17,165 students, a slight increase over fall 2024. The record marked the fifth year in a row of enrollment growth at the MSU-Bozeman, which itself followed 11 years of growth from 2007 to 2018. Looking forward, enrollment is expected to remain stable due to devoting careful attention to maintaining an appropriate mix of in- and out-of-state students, initiatives to increase retention, and structured tutoring and mentoring opportunities. MSU-Bozeman also includes Gallatin College MSU (“Gallatin College”), a two-year college located on the MSU-Bozeman campus and also across town to serve students in developmental, associates/transfer programs, and in technical and workforce careers. In addition to its academic presence and research capabilities, the MSU-Bozeman “Bobcats” compete in the Division I Big Sky Conference sports. In January 2026, the Bobcat football team won the Football Championship Subdivision (FCS) National Championship.

MSU-Billings, established in 1927, is a regional, comprehensive four-year higher education institution located in Montana’s largest city. MSU-Billings is the third largest public university in Montana. MSU-Billings also includes City College (“City College”), a two-year college that is embedded within MSU-Billings.

MSU-Northern, located in the rural northern region of Montana, was established in 1929 and is a comprehensive university offering programs and services at the associate, bachelors’ and master’s levels. Great Falls College, established in 1969, is a comprehensive two-year college, which provides two-year transfer degrees as well as degrees and certificates preparing students to enter the workforce.

The University also includes the Montana Agricultural Experiment Station (“MAES”), Montana State University Extension (“MSU Extension”) and the Fire Service Training School. MAES is a federal/state partnership supporting agricultural and natural resource research and outreach and consists of seven research centers located across the State for the purpose of maintaining viable agricultural and natural resource communities and an affordable supply of food and fiber for America. MSU Extension coordinates educational and research resources through campus-based specialists and 54-local MSU Extension offices, providing outreach to all 56 Montana counties and seven reservations. Fire Service Training School

provides fire service personnel with professional training; identifies new methods of fire prevention and suppression; provides testing and certification for personnel and apparatus; and coordinates fire services training in the State.

Unless otherwise specifically provided, the term “University” refers to and includes MSU-Bozeman, MSU-Billings, MSU-Northern, Great Falls College, MAES, MSU Extension, and Fire Services Training School.

Governance and Administration

Board of Regents and the Montana University System. Under the Constitution of the State of Montana, the governance and control of the Montana University System are vested exclusively in The Board of Regents of Higher Education for the State of Montana (the “Board”), which consists of seven voting members appointed by the Governor and confirmed by the State Senate and three ex-officio non-voting members. The Montana University System consists of the University and the University of Montana, each of which comprises a multicampus university, three community colleges and the Office of the Commissioner of Higher Education. The Office of the Commissioner of Higher Education is the central administrative unit of the Board and the Montana University System. See “THE BOARD OF REGENTS OF HIGHER EDUCATION” in the forepart of this Official Statement for a more detailed description of the Board and the Office of the Commissioner of Higher Education.

University Executive Leadership. The chief executive officer of the University is the President, who is appointed by and accountable to the Board through the Office of the Commissioner of Higher Education. The President of the University is responsible for the administration and management of the University. MSU-Billings and MSU-Northern each have a chancellor who is the chief administrative officer of such campus and who reports to the President of the University. The two-year campuses, Great Falls College, City College and Gallatin College, each have a dean who serves as the chief administrative officer and who reports to the four-year institution with which the college is affiliated. The President’s Executive Team is the senior leadership team of the University, and MSU-Billings and MSU-Northern have similar leadership groups for local decisions and recommendations.

The current members of the President’s Executive Team, their titles, and the dates they joined the University in these roles are as follows:

Name	Current Title	Start Date
Brock Tessman	President	July 2025
Robert Mokwa*	Executive Vice President for Academic Affairs and Provost	June 2016
Terry Leist	Vice President for Administration and Finance	March 2011
Alison Harmon	Vice President for Research and Economic Development	July 2022
Steven Swinford	Vice President for Student Success	July 2023
Michael Becker	Interim Vice President for University Communications	July 2025
Ryan Knutson	Vice President for Information Technology and CIO	July 2021
Sreekala Bajwa	Vice President for Agriculture, Dean of the College of Agriculture, and Director of the Montana Agricultural Experiment Station	January 2019
Cody Stone	Executive Director for MSU Extension	September 2018
Kellie Peterson	General Counsel	June 2015
Leon Costello	Director of Athletics	June 2016
Chris Dobbs	Executive Director, Museum of the Rockies	September 2018

Name	Current Title	Start Date
Kayla Lee	Chair, Staff Senate	July 2025
Jeannette Grey-Gilbert	Chief Human Resources Officer, Administration and Finance	January 2019
Fran Albrecht	President and Chief Executive Officer, MSU Alumni Foundation	November 2023
Lenny Triem	President, Associated Students of Montana State University	May 2025
Brad White	Director, Audit Services	November 2022
James Tobin	Executive Assistant to the President	May 2024
Rob Maher	Chair, Faculty Senate	July 2025

*In January of 2026, Dr. Mokwa announced that he will retire in June from his administrative role and return to the faculty as a professor in the Department of Civil Engineering.

Information and biographies of select executive leadership team members are set forth below:

Brock Tessman, President. Dr. Brock Tessman is the 13th president of Montana State University. He’s an energetic and dedicated supporter of students and their success, and he is known for his ability to communicate the value of public higher education for America and the world, and for his commitment to delivering better outcomes for the university and its students. President Tessman came to Montana State University most recently from the presidency of Northern Michigan University, but before Michigan he gained extensive experience as a leader within the Montana University System. He served for four years as the Montana Deputy Commissioner of Higher Education, and before that as a professor of political science and honors college dean within the state university system. He began his academic career at the University of Georgia and earned tenure as a faculty member at that institution’s School of Public and International Affairs. President Tessman has an undergraduate honors degree in international relations from Brown University. He earned his master’s in international affairs and his doctorate in political science, both from the University of Colorado at Boulder.

Robert Mokwa, Executive Vice President for Academic Affairs and Provost. Dr. Mokwa joined MSU 20 years ago as a faculty member in the Department of Civil Engineering. Dr. Mokwa has served as executive vice president and provost for ten years. In his role, Dr. Mokwa is the second highest-ranking administrator at MSU overseeing 10 college and school deans, the University’s academic programs, faculty hiring and development, numerous centers and institutes, the WWAMI Medical Education Program and the University’s on-line course offerings. Dr. Mokwa received the MSU President’s Excellence in Teaching Award in 2014, the Faculty Award for Excellence for the College of Engineering in 2009, the College of Engineering Outstanding Instructor award in 2002 and has served as a MSU Faculty Senate chair. Dr. Mokwa holds a bachelor’s degree from Virginia Polytechnic Institute and State University, a master’s degree from Purdue University and a doctorate from Virginia Tech.

Terry Leist, Vice President for Administration and Finance. Terry Leist has served as vice president of Administration and Finance since 2011 and served MSU prior to that as a fiscal director for the Division of Academic Affairs as well as the Division of Student Success for five years. During that time, he has overseen financing and construction of over 25 percent of the University’s square footage – perhaps the largest period of expansion in the University’s 132-year history. In addition to overseeing the University’s \$1.1 billion annual budget, Mr. Leist also provides direct management oversight to the Office of Human Resources, University Police, Safety and Risk Management, Financial Services, Purchasing, University Budgets, Facilities Services, Campus Planning, Design and Construction, the Office of Sustainability, University Student Housing, Culinary Services and Event Services. Mr. Leist also works with MSU’s campuses in Billings, Great Falls and Havre to develop financial and administrative plans and is the

University's primary financial liaison with the Montana Board of Regents, which governs the entire public higher-education system in Montana. Prior to coming to MSU, Mr. Leist had a 22-year career with United Parcel Service where he was a financial controller at various UPS locations from 1997-2003. His last assignment was in Singapore as director of finance and accounting for UPS's Asia Pacific Region, which posted annual revenues exceeding \$1.3 billion. Mr. Leist holds an undergraduate degree from the University of Iowa and a master's of business administration with an emphasis in finance from Drake University.

Alison Harmon, Vice President for Research and Economic Development. In her role, Dr. Harmon oversees the largest research enterprise in the State of Montana and the only "very high research" university in Montana, Idaho, Wyoming and North and South Dakota as defined by the Carnegie Classification of Institutions of Higher Education. Prior to this role, she served as Dean of the College of Education, Health and Human Development at MSU and remains a professor of food and nutrition and sustainable food systems in the Department of Health and Human Development. Dr. Harmon's scholarship has focused curriculum development and educator guidance around food systems and sustainability. Dr. Harmon has provided leadership in the development of innovative curricula at the University including the Sustainable Food & Bioenergy Systems Degree program; the Montana Dietetic Internship; the campus farm—Towne's Harvest Garden; Hospitality Management & Culinary Arts; and the LIFE Scholars Program. Dr. Harmon holds a bachelor's degree in biology from the University of Michigan, a master's degree in forest resources and a doctorate in nutrition, both from Penn State.

Steven Swinford, Vice President for Student Success at Montana State University. In his role, Dr. Swinford provides leadership and strategic oversight for a wide range of student-centered services, including admissions, the dean of students, academic advising, financial aid, student engagement, student wellness and veterans' services. This role is not his first on campus; Dr. Swinford joined MSU in 1996 as a faculty member in the Department of Sociology and Anthropology and has since served in several key academic and administrative roles. From 2021 to 2023, he served as the Vice Provost for curriculum, assessment, and accreditation. Dr. Swinford holds a doctorate and a master's degree in sociology from Bowling Green State University and a bachelor's degree in sociology and history from Marian College. His career reflects a long-standing commitment to student learning, retention, and success in higher education.

Michael Becker, Interim Vice President for University Communications. Becker joined Montana State University's leadership team in 2025 after serving for eight years as a director within University Communications and MSU's spokesperson. As vice president, he guides teams of professional photographers, web designers, writers, editors, marketers and graphic designers to promote Montana's largest institution of higher education. Before MSU, he was a senior editor at the Bozeman Daily Chronicle newspaper, where he oversaw digital editorial operations and web development. Becker is from eastern Montana and earned his master's degree and bachelor's in English from Montana State University.

Ryan Knutson, Vice President for University Information Technology and Chief Information Officer. Dr. Knutson joined MSU in 2021 after having served as chief information officer for the Sioux Falls Public Schools, where he oversaw a team that provided the technology infrastructure supporting 25,000 students, 3,000 staff and teachers and more than 30,000 devices across 32 locations. Prior to working for the Sioux Falls Public Schools, Dr. Knutson was assistant vice president for technology at South Dakota State University in Brookings, South Dakota from 2010 to 2019. Dr. Knutson holds a doctor of education in educational administration from the University of South Dakota; a master's in information systems from Dakota State University in Madison, South Dakota and a bachelor in economics from South Dakota State University. Dr. Knutson is also a graduate of the Berkeley Leadership Institute at the University of California, Berkeley.

Sreekala Bajwa, Vice President for Agriculture. Dr. Bajwa has led MSU's College of Agriculture and the Montana Agricultural Experiment Station (MAES) and its seven research centers since 2018, which comprise the largest research enterprise within the University. During her time at MSU, Dr. Bajwa has secured millions in funds from the Montana Legislature for improvements to MAES facilities. Dr. Bajwa is a highly regarded researcher of precision agriculture and has provided international leadership into research and education for applying remote sensing and unmanned aerial systems to agricultural systems. Dr. Bajwa holds a bachelor's in agricultural engineering from Kerala Agricultural University in India, a master's in agricultural engineering from the Indian Institute of Technology Kharagpur in India and a doctorate of agricultural engineering from the University of Illinois at Urbana-Champaign.

Cody Stone, Executive Director for MSU Extension. Dr. Stone has led MSU Extension as executive director since September 2018, after having previously served as associate director for three years. Dr. Stone joined MSU Extension in 2005, making him the second longest-serving MSU employee of the executive team. As MSU Extension executive director, Dr. Stone oversees an educational network that stretches into all 56 of Montana's counties and all seven Indian reservations in the State. Dr. Stone holds a bachelor's degree in biochemistry and a master's degree in agricultural education from Texas A&M University. He received his doctorate in education from MSU, focusing on adult and higher education administration.

Kellie Peterson, General Counsel. Kellie Peterson serves as general counsel for MSU as well as its affiliate campuses in Havre, Billings and Great Falls. Ms. Peterson supervises both inside and outside legal counsel on University matters. Peterson also provides legal advice to the Montana Commissioner of Higher Education and serves on the Montana University System legal staff led by the MUS chief legal counsel located in Helena. Ms. Peterson is a graduate of Gonzaga University and the University of Montana Law School. Prior to joining MSU, she was in private practice in Arizona specializing in education, municipal, and American Indian law. Ms. Peterson is a native of Butte, Montana and has an extensive knowledge of Montana history and its relationship to State law.

Mission and Strategic Plan

As the State's land-grant university, the University's mission is to integrate education, creation of knowledge and art and service to communities. In 2019, the University adopted a new strategic plan, *Choosing Promise*. The plan has three areas of intentional focus: drive transformational learning experiences creating outstanding educational outcomes for all students, improve lives and society through research, creativity and scholarship, and expand mutually beneficial and responsive engagement for the advancement of Montana. In October 2023, the University Council voted unanimously to extend the Strategic Plan for two years – until 2026 – to recognize the impacts that the COVID-19 pandemic had on the University's progress while also underlining the enduring features of the plan. This strategic plan will serve as the University's roadmap through 2026 in furtherance of the University's historic mission as articulated by the Morrill Land Grant Act of 1862 and the subsequent Hatch and Smith-Lever Acts passed by the U.S. Congress. Central to all parts of the plan is an emphasis to improve Montana, its people, its environment and its economy.

Accreditation

All four University campuses are accredited by the Northwest Commission on Colleges and Universities ("NWCCU") and, in addition, by national professional accrediting organizations in teacher education, nursing, environmental health, engineering, engineering technologies, architecture, foods and nutrition, chemistry, art, music and business.

Academic and Other Programs

MSU-Bozeman. MSU-Bozeman has, over its 132-year history, built a national and international reputation for excellence in undergraduate and graduate education. The curricula offered at MSU-Bozeman are divided into seven colleges offering baccalaureate and graduate degrees: College of Agriculture; College of Arts and Architecture; College of Education, Health and Human Development; Jake Jabs College of Business and Entrepreneurship; College of Letters and Science; Norm Asbjornson College of Engineering; and College of Nursing. Additional post-graduate programs are offered through the Graduate School. One-year and two-year undergraduate certificates and degrees are offered through Gallatin College. The MSU-Bozeman Honors College offers curriculum for students to qualify for an honors designation in addition to the degree in the student's chosen major of academic study. The Library serves as a college unit to support research and education across the University.

MSU-Bozeman offers more than 250 academic programs, including more than 115 graduate programs, 60 master's degree options, three education specialist degree options, 28 doctoral degree options and many certificate options. In the academic year ended June 30, 2025, MSU-Bozeman awarded 3,438 degrees, including 411 master's degrees and 90 doctorates. MSU-Bozeman is home to 300 laboratories, 44 research centers and seven agricultural research centers across the State in the Montana Agricultural Experiment Station. MSU-Bozeman is classified as having "very high research activity" by the Carnegie Classification of Institutions of Higher Education, and it is one of just two institutions that also have the profile of "Very High Undergraduate" enrollment.

MSU-Bozeman established its Hilleman Scholars program, named after Maurice Hilleman – an MSU-Bozeman alumnus now widely recognized as the most prolific vaccinologist in history. The Hilleman Scholars program seeks Montana high school students who may not have performed well on traditional academic measures, but who have shown grit and promise. Each year, MSU-Bozeman selects at least 50 Hilleman Scholars from across Montana. The Hilleman story shows how nurturing the promise in hard-working Montanans of ordinary or humble means can transform them, their families, the State of Montana (the "State") and even the world.

MSU-Bozeman continues to be one of the top institutions in the country in producing Goldwater scholars. The Goldwater Scholarship is a competitive national award given to math, science and engineering students. Since the scholarship's inception in 1989, 92 MSU-Bozeman students have become Goldwater scholars.

In addition to its academic mission of educating students and creating knowledge and art, MSU-Bozeman is home to numerous entities that help strengthen the State through outreach efforts. First among them is MSU Extension, which has agents serving all 56 Montana counties and seven reservations in the areas of youth development, agriculture, community development, and family and consumer science. MSU-Bozeman is also home to the Montana Manufacturing Extension Center, a statewide manufacturing outreach and assistance center whose professional staff have extensive experience in manufacturing and business in a variety of industries. Other examples of the University's statewide reach include its Center for Mental Health Research and Recovery, Montana PBS and the Museum of the Rockies.

MSU-Billings. MSU-Billings is a regional, comprehensive, public, four-year higher education institution located in Billings. MSU-Billings is unique in that it is one of few higher education institutions that also boasts an embedded two-year community college. Since its founding in 1927, MSU-Billings has grown, with the City of Billings and Yellowstone County, into a comprehensive higher education center of south-central and eastern Montana. The university offers 115 academic programs across five colleges: the College of Liberal Arts & Social Sciences (CLASS), the College of Business (COB), the College of Education (COE), the College of Health Professions and Science (CHPS), and City College, which serves

the comprehensive two-year mission of the University. MSU-Billings offers a full complement of certificate programs, associate, bachelor and master's degrees, as well as pre-professional academic offerings in many areas, 25 online degree and certificate programs, and several academic programs unique to the Montana University System. In addition, MSU-Billings offers graduate degrees from the CLASS, COE and CHPS.

Public service is integral to the mission of the MSU-Billings. Its two primary public service entities are Yellowstone Public Radio (KEMC), serving Montana and Northern Wyoming with local, regional and nationally acclaimed educational programming, including NPR, and the Montana Center for Inclusive Education (MCIE), which serves the diverse population of Montana and provides continuing professional development opportunities for educators and direct service providers.

MSU-Billings has established the Native American Achievement Center to reach and engage Native American students. It is the mission of the Native American Achievement Center to help recruit and retain American Indian students at MSU-Billings. The office serves as an advocate for students pursuing post-secondary educational opportunities by providing academic and student support while encouraging individual, social, cultural, and emotional growth.

MSU-Billings has invested in distance learning by developing full degree programs and general education online. This investment continues in order to provide educational offerings to Montana citizens who are place-bound or time-bound.

Because Billings is the primary health care center of the region, MSU-Billings partnered with the industry to meet its educational needs and established the College of Health Professions and Science with key programs in athletic training, health and human performance, and rehabilitation and human services, as well as a RN to BSN nursing program. The program is being delivered online and helps to put more highly trained nurses to work in medical facilities across the State.

MSU-Northern. MSU-Northern, located in the rural northern region of Montana, was established in 1929 and is a comprehensive university offering programs and services at the associate, bachelor and master's levels. It is known for its supportive, student-centered environment in which a unique mix of academic programs are responsive to local, regional and State workforce needs. MSU-Northern provides liberal arts, professional and technical programs that serve a diverse student population; promotes a student-centered and culturally enriched environment which fosters student success; and partners with external entities to enhance and expand learning experiences. MSU-Northern offers bachelor and master's degrees in education, and bachelor degrees in arts, applied sciences, science and nursing, as well as two-year associate degree programs and certificate programs.

MSU-Northern utilizes innovative teaching, alternate delivery methods and partnerships with tribal colleges across Montana and a number of two-year colleges throughout the Northwest, helping these institutions expand their program offerings of four-year bachelor degrees.

Great Falls College. Great Falls College, established in 1969, is an independently accredited, comprehensive two-year college primarily serving north-central Montana. Great Falls College offers two-year transfer degrees as well as degrees and certificates preparing students to enter high-skill, high-wage, high-demand careers. Transfer degrees include general education (Associate of Arts, Associate of Science, and the Montana University System Core) offerings. The Certificate and Associate of Applied Science degrees include one- and two-year applied programs in Health Sciences, Accounting, Substance Abuse and Addictions Counseling, Trades, and Technology disciplines.

Additional offerings related to workforce development, customized and contracted training, and community enrichment are provided as part of economic and community development. Great Falls College works with employers to ensure students are getting the knowledge they need to be successful in employment. Several of the health sciences and trades programs offered at Great Falls College are unique to the State and the region. In partnership with Great Falls Public Schools, the Career and College Readiness program is also housed on the Great Falls College campus.

Research

The University is the largest research university in Montana and contributes significantly to the regional economy by creating jobs, providing contracts to businesses, and applying research findings. The land grant mission is particularly important for health research, as investigators recognize the importance of sharing their results with practitioners and patients who could directly benefit from their findings. Through advocacy and advancement of basic and applied research, creative work, and academic scholarship, the University's Office of Research and Economic Development ("RED"), fosters an environment where research, scholarly activities, entrepreneurship, and economic development thrive and advance the educational and research mission of the University. In alignment with existing research excellence and growing performance in cybersecurity, photonics, optics, food systems, agriculture, energy, education, health, biomedical sciences, entrepreneurship, environmental science, creative and performing arts, design, architecture, humanities, and social sciences, the University is committed to solving four grand challenges of Montana in collaboration with state partners: Securing the Future of Montana, Food and Fuel Security, Promoting Wellness in our Communities, and Caring for our Environment. With exemplary research and professional training and an international and interdisciplinary emphasis, the University is home to world-class researcher faculty and educators. The University's annual research expenditures set a record in fiscal year 2025 with total National Science Foundation Higher Education Research and Development ("NSF HERD") expenditures at nearly \$288.7 million, marking an approximately 12% increase over fiscal year 2024 and seven years in a row of record-setting research growth. MSU-Bozeman accounts for the majority of the University's research activity and is home to research laboratories and infrastructure for conducting externally supported research and is classified by the Carnegie Foundation as an R1 institution. See "University Revenues—Grant and Contract Revenue" herein for a further discussion on grant and contract funding.

Facilities

The University has campuses in four Montana cities, as further described below. A summary of total capital assets of the University, net of accumulated depreciation, for the five fiscal years ended June 30, 2025, is provided in the table below. See Note 7 to the consolidated audited financial statements in Appendix B hereto for a more complete description of the University's capital assets.

The 2025 State legislature approved the appropriation of funds for capital improvements to various facilities of the University, including a \$4,000,000 appropriation for a Cisel Hall HVAC and plumbing, \$4,600,000 for a Lewis Hall elevator and other Americans with Disabilities Act works, and \$5,230,000 for Hamilton Hall renovations. The University also received an additional \$8,385,000 for various major maintenance projects. The \$23,000,000 appropriation from the State for construction of a new Gallatin College was contingent upon the University raising an additional \$22.5 million for construction costs. The University successfully raised those funds and will work with the State to begin the design and construction process on the new building.

CAPITAL ASSETS

Years Ended June 30,	2021	2022	2023	2024	2025
Capital assets	\$1,139,039,548	\$1,269,805,825	\$1,304,657,804	\$1,324,900,961	\$1,425,948,441
Land, capitalized collections and construction in progress	75,333,866	33,757,327	57,290,665	120,099,383	148,775,272
Intangible assets (net)	614,319	376,276	108,769	31,170	24,152
Less: accumulated depreciation	(652,849,673)	(692,679,855)	(734,262,976)	(772,924,574)	(806,409,322)
Capital assets, net	\$562,138,060	\$611,259,573	\$627,794,262	\$672,106,939	\$768,338,542

MSU-Bozeman. The MSU-Bozeman campus spans 1,800 acres with more than 58 architecturally unique buildings and an 18,000+ seat football stadium. In total, MSU-Bozeman includes approximately 5.6 million square feet of buildings on roughly 1,025 acres, with more than 40 academic buildings, with 12 residence halls and additional student apartments, over 9,200 classroom seats and over 500,000 square feet of laboratories. The campus also includes a variety of entertainment venues, including Brick Breeden Field House, Miller Riding Pavilion, Bobcat Stadium, Strand Union Building, Romney Oval, Centennial Mall, Lambert Field.

The increase in enrollment at MSU-Bozeman over the past decade has resulted in an increased demand for student housing and dining services. In Fall 2016, a new 400-bed residence hall was completed and in Fall 2020, a new six-story 510-bed residence hall was completed. In addition, MSU-Bozeman has added new student dining facilities. In November 2022, the Board granted the University authority to plan, program and design a new student housing facility. The University is in the preliminary planning and design stages.

Norm Asbjornson Hall was opened in Spring 2019, completing a \$50 million privately funded classroom and teaching lab construction project that promotes inter-disciplinary instruction and houses the MSU-Bozeman Honors College.

In September 2021, MSU-Bozeman announced a philanthropic gift of \$101 million for its College of Nursing, which is the largest private gift in Montana history. The funds are aimed at addressing one of the defining challenges of our time: access to health care, particularly for rural and frontier communities. The gift will fund new nursing facilities, equipment, classrooms, and simulation labs at the MSU College of Nursing in Bozeman and its satellite locations across Montana, as well as create five endowed professorships and establish Montana’s only certified nurse midwifery program, preparing doctoral-level nurses to benefit maternal health care statewide. Groundbreaking was in Spring 2024 for the MSU-Bozeman campus.

In Fall 2021, the privately funded \$20 million American Indian Hall opened on the MSU-Bozeman campus. American Indian Hall is a 25,000 square foot facility housing the Department of Native American Studies, the Office of Diversity and Inclusion, and student support services for Tribal students, as well as providing a gathering point for students from regional Native American tribes and general classroom space for all students. The American Indian Hall is the first building in Montana to earn LEED Platinum certification under version 4.1, the highest ranking using the United States Green Building Council’s sustainability rating system.

The Montana State football team moved into the state-of-the-art Bobcat Athletic Complex in Fall 2021. The Bobcat Athletic Complex is a 40,000-square-foot-facility that provides student-athletes with study spaces, locker rooms and team meeting rooms, as well as training, health and rehabilitation facilities. It also houses the football program, including offices for coaches and staff. The building was funded with

\$18 million in private donations raised in just two years. Then, in August 2025, a new indoor athletic facility, the Kennedy-Stark Athletic Center, opened on the MSU-Bozeman campus. The \$26.5 million, donor-funded building serves as the primary practice and competition space for indoor track and field programs, in addition to being an additional practice space for the Bobcat football team.

In addition to new construction, MSU-Bozeman has also renovated existing space on campus. Romney Hall, originally built in 1922 as the original physical education building, reopened in November 2021 after its transformation into a state-of-the-art interactive instructional space, which added 19 classrooms and 1,000 classroom seats to the MSU-Bozeman campus. In addition, three high impact student centers are housed in the renovated facility: a new veterans center, writing center and math center. The Romney Hall renovation was a \$32 million project, funded in part by \$25 million of State appropriations.

In Fall of 2024, MSU-Bozeman opened a new Student Wellness Center, which integrates all student health services—medical, dental and counseling—in a single facility alongside recreational and fitness spaces.

Development is also moving forward on the MSU Innovation Campus, located just west of the MSU-Bozeman campus, where an 87,000-square-foot office space called INDUSTRY Bozeman is currently under construction and plans are in the works for a 78,000-square-foot facility for the self-driving vehicle technology company Aurora. Additionally, Hyundai Motor Group has announced plans to bring its New Horizons Studio headquarters to the MSU Innovation Campus to develop advanced all-terrain robotic vehicles. The MSU Innovation Campus aims to create opportunities for companies to collaborate with the University's research, faculty and students.

In April 2024, MSU-Bozeman broke ground on Gianforte Hall, a new 58,000 square foot, three-story building, which will house MSU-Bozeman's school of computing and computing-related fields, including cybersecurity, optics and photonics, electrical and computer engineering, and creative industries. The Gianforte Family Foundation donated \$50 million to help fund the building, which is scheduled to open in Fall 2026. The building will be MSU's first mass timber structure.

In Fall 2025, MSU-Bozeman opened the 120,000-square-foot Kennedy-Stark Athletic Center, which features practice facilities for the Bobcat football team and a full slate of competition-ready features for track and field including a 100-yard turf surface; a six-lane, 300-meter track; jumping pits; throwing sectors; and pole vault areas. The facility will be the primary practice and competition space for MSU-Bozeman's indoor track and field programs.

In Fall 2025, MSU-Bozeman received authority from the Board to design and construct a \$27.5 million addition to the Visual Communication Building. Funding for this project comes from a variety of donors.

MSU-Billings. MSU-Billings consists of 22 buildings on approximately 110 acres. The main campus is located in downtown Billings. The MSU-Billings campus includes two residence halls and a family housing building consisting of 10 apartments, classroom space, research laboratory space, and classroom and teaching laboratories. The campus also includes a recreation center, aquatics center, parking garage, and a student union building which contains a campus store and dining services.

In Fall 2021, MSU-Billings unveiled a renovated and expanded Yellowstone Science and Health Building, a state-of-the-art facility for the College of Health Professions and Science. The building provides state of the art teaching labs and classrooms to advance health-related programs, and also includes a student wellness studio. The project was paid for with State appropriations and funds raised by the MSU-Billings Foundation.

In 2022, MSU-Billings announced the launch of the Institute for Neurodiversity and Applied Behavior Analysis at the Montana Center for Inclusive Education (MCIE). The Institute will serve children in the region with mental, social, and behavioral differences associated with autism spectrum disorders, developmental disabilities, similar mental health disorders, and other behavioral disabilities, by providing direct and telehealth clinical support.

MSU-Northern. MSU-Northern consists of 18 buildings on approximately 115 acres in Havre. The campus is picturesque and convenient in terms of layout and proximity to community resources. There is a total of 595,745 square feet of building space on campus. MSU-Northern serves as an important cultural resource and continuing education center for a large geographic region, including four Native American reservations. The campus also includes a fitness center, tennis courts, and football field.

Great Falls College. Great Falls College is located in Great Falls. The campus consists of three buildings on approximately 40 acres. The campus comprises 817 classroom seats and 6,650 square feet of laboratory space. There are no student housing facilities at Great Falls College. Great Falls College recently completed a new dental clinic addition, which adds nearly 11,000 square feet of building space.

Student Enrollment and Matriculation

The table below sets forth total enrollment and certain matriculation data for the four University campuses as of Fall semester for the five most recently completed academic years.

STUDENT ENROLLMENT AND MATRICULATION

Years Ended June 30,	2021	2022	2023	2024	2025
<i>Enrollment</i>					
Headcount (Fall) ⁽¹⁾	23,188	23,077	23,413	23,741	23,915
FTEs					
Two-Year Colleges	1,961	2,023	2,179	2,205	2,271
Undergraduate	15,784	15,861	16,109	16,241	16,469
Graduate	1,558	1,474	1,427	1,424	1,399
TOTAL	19,303	19,358	19,715	19,870	20,139
<i>FTEs</i>					
In-State Students	11,558	11,060	11,051	11,151	11,497
Out-of-State Students ⁽²⁾	5,576	6,246	6,560	6,637	6,802
Exchange	2,169	2,052	2,104	2,082	1,840
TOTAL	19,303	19,358	19,715	19,870	20,139
<i>Matriculation</i>					
Undergraduate ⁽³⁾					
Applications	33,280	35,763	32,665	30,336	30,029
Accepted	25,490	27,381	25,723	24,601	26,492
Percent Accepted	77%	77%	79%	81%	85%
Enrolled	6,096	5,684	5,640	5,668	5,897
Percent of Accepted Enrolled	24%	21%	22%	23%	22%
<i>Graduate⁽⁴⁾</i>					
Applications	1,923	2,022	2,099	2,218	2,169
Accepted	1,249	1,152	1,115	1,038	1,054
Percent Accepted	65%	57%	53%	47%	49%
Enrolled	771	624	671	645	630
Percent of Accepted Enrolled	62%	54%	60%	62%	60%

1. Headcount is presented for Fall semester in each of the years presented and not as of the Fiscal Year-End.
2. Includes students in the Western Undergraduate Exchange program (“WUE”). Over the past five fiscal years, WUE students have made up an average of approximately 30% of out-of-state enrollment on an FTE basis. See “University Revenues—Tuition and Fees.”
3. Includes first year and transfer students.
4. Includes doctoral and master’s degrees, as well as graduate specialists and non-degree graduate students.

The University has devoted careful attention to maintaining an appropriate mix of in- and out-of-state students, as well as initiatives to increase student persistence, particularly from freshman to sophomore year, including structured tutoring and mentoring opportunities. New initiatives are also being implemented to address retention—the percentage of first-time full-time students returning for their second year.

In Fall 2025, MSU-Bozeman’s retention rate – the percentage of first-year students returning for their second year – was a modern record of 81.8%. First-to-second-year retention is a key indicator as it is highly predictive of how many students will continue to graduation. New initiatives are also being implemented to address fall-to-spring retention as well.

Combined with student retention efforts at the undergraduate level, renewed recruitment, retention, and program development efforts for graduate students, and persistent growth in new and existing Gallatin College programs that have presaged and responded to growth in the Gallatin Valley, MSU-Bozeman expects its enrollment to remain strong.

Student Financial Aid

Over 82% of incoming students to the University currently receive some form of financial aid covering some portion of tuition and fees or living expenses. A summary of federal financial aid awarded to students for the five fiscal years ended June 30, 2025 is provided in the table below. The table does not include financial aid or scholarship funds provided to students from the University, the Foundations or other State sources.

FEDERAL FINANCIAL AID

Years Ended June 30,	2021	2022	2023	2024	2025
SEOG ⁽¹⁾	\$ 980,333	\$ 1,311,092	\$ 1,563,390	\$ 1,137,256	\$ 1,896,588
Work study	511,073	404,089	430,057	748,733	699,425
Pell grant	20,599,620	20,585,767	20,353,155	22,248,323	27,703,570
Direct loan	78,733,382	79,583,583	75,136,919	73,731,237	68,701,025
TOTAL	\$100,824,408	\$101,884,531	\$97,483,521	\$97,865,549	\$99,000,608

1. Supplemental Educational Opportunity Grants.

Faculty and Staff

The table below sets forth total employee headcount as of Fall semester for the five fiscal years ended June 30, 2025.

TOTAL FACULTY AND STAFF

Employee Category	2021	2022	2023	2024	2025
Faculty/Professional	2,743	2,627	2,780	2,793	2,778
State Classified System	1,487	1,568	1,687	1,749	1,767
Graduate Assistants	902	880	932	934	924
Temporary Hourly and Student	2,331	2,351	2,566	2,559	2,629
TOTAL	7,463	7,426	7,965	8,035	8,098

Historical Financial Results

The following financial data was obtained from the University's financial audit reports for the five fiscal years ended June 30, 2025. See [Appendix B](#) hereto for the consolidated audited financial statements of the University for the fiscal year ended June 30, 2025.

These University's financial audit reports are prepared by the Legislative Audit Division of the State Legislature. The University's audited financial statements include all activities of the four University campuses, MAES, MSU Extension and Fire Services Training School. Entities included in the University's financial audit reports as component units of the University are nonprofit, tax-exempt organizations operating exclusively for the purposes of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with the University. Although the University may not control the timing or amount of receipts from these entities, the majority of the revenues or incomes thereon that the entities hold and invest are restricted by donors to the activities of the University. The entities included as component units in the financial statements are the Montana State University Foundation, the MSU-Billings Foundation, the MSU-Northern Foundation, the MSU Bobcat Club, and the Museum of the Rockies, Inc. The Legislative Audit Division of the State Legislature does not audit entities included as component units in the financial statements.

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

Years Ended June 30,	2021	2022	2023	2024	2025
Operating revenues:					
Tuition and fees ⁽¹⁾⁽²⁾	\$197,213,766	\$213,432,103	\$227,131,430	\$240,540,945	\$216,380,316
Federal appropriations	5,745,750	6,328,548	6,534,047	6,236,743	6,160,803
Federal grants and contracts	107,644,322	119,497,843	149,132,458	163,368,556	190,741,835
State grants and contracts	6,587,479	7,042,575	6,739,058	6,481,487	6,437,186
Nongovernmental grants and contracts	12,985,207	11,876,236	14,192,703	13,453,109	13,506,329
Grant and contract facilities and administrative cost recoveries	25,137,090	27,393,133	30,419,707	33,277,063	34,491,113
Educational, public service and outreach revenues	27,998,389	28,963,004	31,753,522	32,296,405	34,084,722
Auxiliary enterprises charges ⁽²⁾⁽³⁾ :					
Housing	22,011,188	27,141,414	28,088,898	29,519,267	32,927,983
Food services	16,474,093	26,532,878	27,260,057	28,783,437	35,894,957
Other auxiliary sales and services	6,436,479	8,370,787	10,013,910	10,139,411	12,900,099
Interest earned on loans	68,257	71,259	18,963	254,322	46,500
Other operating revenues	3,373,027	3,239,562	2,683,789	2,584,732	4,409,886
Total operating revenues	\$431,675,047	\$479,889,342	\$533,968,542	\$566,935,477	\$587,981,729
Operating expenses:					
Compensation and benefits, including pension	\$384,644,564	\$381,663,954	\$418,121,788	\$454,788,409	\$476,719,368
OPEB amortization	1,956,790	2,841,409	1,379,896	1,151,638	986,329
Operating expenses	167,625,428	184,125,132	224,054,521	243,128,913	249,716,567
Scholarships and fellowships ⁽²⁾⁽⁴⁾	37,021,695	53,457,867	30,992,444	30,204,813	16,308,530
Depreciation and amortization	37,477,341	43,398,666	45,440,895	45,318,795	52,740,077
Total operating expenses	\$628,725,818	\$665,487,028	\$719,989,544	\$774,592,568	\$796,470,871
Operating loss	(\$197,050,771)	(\$185,597,686)	(\$186,021,002)	(\$207,657,091)	(\$208,489,142)

Years Ended June 30,	2021	2022	2023	2024	2025
Non-operating revenues (expenses):					
State and local appropriations	\$145,296,102	\$146,195,755	\$154,867,953	\$169,590,555	\$172,431,898
Federal Pell grant revenue	20,568,036	20,478,805	20,371,813	22,233,081	27,705,230
Federal CARES Act grant	47,931,912	31,763,145	12,812,808	9,478	—
Land grant income	2,964,657	2,409,507	2,441,459	2,961,296	3,304,805
Gifts	20,528,662	27,514,759	27,582,982	30,368,587	37,868,724
Investment income (loss)	3,914,332	(1,725,251)	12,570,299	19,582,540	21,667,619
Interest expense	(6,976,012)	(8,088,907)	(8,415,762)	(6,948,539)	(8,752,590)
Net non-operating revenues	\$234,227,689	\$218,547,813	\$222,231,552	\$237,796,998	\$254,225,686
Income before other revenues, expenses, gains and losses	\$37,176,918	\$32,950,127	\$36,210,550	\$30,139,907	\$45,736,544
Loss on disposal of capital assets	(275,242)	(32,498)	(124,633)	(21,613)	(296,209)
Additions to permanent endowments	30,263	16,166	87	10,291	7,743
Capital grants and gifts	20,642,976	25,581,229	2,575,590	25,502,139	68,829,692
Change in net position:	\$57,574,915	\$58,515,024	\$38,661,594	\$55,630,724	\$114,277,770
Net position – beginning of year as restated ⁽⁵⁾	\$461,691,482	\$518,939,374	\$577,454,398	\$611,728,401	\$667,359,126
Net position – end of year	\$519,266,397	\$577,454,398	\$616,115,992	\$667,359,125	\$781,636,896

1. Net of scholarship allowances of \$46,878,893 in 2021, \$43,164,718 in 2022, \$54,124,210 in 2023, \$61,155,045 in 2024, and \$98,113,508 in 2025.
2. During the year ended June 30, 2025, the University implemented a change to the discount estimate methodology based on NACUBO advisory AR 2023-01. The change moves from the Alternate Method presented in NACUBO advisory 2000-05, which estimated the financial aid expense based on all disbursements to students including refunds and loan payments. The new method calculates and allocates the discount directly by student and by term. This results in a more accurate estimate of the discount and a more accurate allocation between tuition and auxiliary revenue. The change resulted in a decrease in tuition and fees revenue, an increase in auxiliary revenue, and a decrease in scholarship and fellowship expense.
3. Net of scholarship allowances of \$7,801,725 in 2021, \$8,548,104 in 2022, \$10,437,441 in 2023, \$11,990,827 in 2024, and \$3,902,844 in 2025.
4. Net of scholarship allowances of \$54,680,618 in 2021, \$51,712,822 in 2022, \$64,561,651 in 2023, \$73,145,872 in 2024, and \$102,016,352 in 2025.
5. Net position as of June 30, 2021, as presented in the previously issued 2021 audited financial statements, was restated in the 2022 audited financial statements. The restatement resulted in a decrease in net position of \$327,023. Net position as of June 30, 2023, as presented in the previously issued 2023 audited financial statements, was restated in the 2024 audited financial statements. The restatement resulted in a decrease in net position of \$4,387,591.

Management's Discussion and Analysis of Recent Financial Performance

Comparison of Fiscal Year 2025 to Fiscal Year 2024

The University's net financial position increased \$114.3 million during fiscal year 2025. Large increases in research activity combined with strong auxiliary revenues, steady State appropriations, and capital investments are contributing factors to the University's ability to increase its net position.

Operating revenues contain the majority of the University's income, and increased \$21.0 million, or 3.7%, from 2024 to 2025. Reported net tuition and fee revenue for 2025 was impacted by a change to

the scholarship discount allowance. This change in guidance from the National Association of College and University Business Officers (NACUBO) more accurately estimates and allocates the scholarship discount between tuition and fees and auxiliary services. The scholarship allowance includes all waivers, scholarships, federal aid, and other student support that reduces the overall cost to students. Additionally, the updated methodology now allocates more allowance to tuition and fees and less allowance to room and board, resulting in a decrease in tuition and fees and increase in auxiliary revenue. Overall, the University experienced stable enrollment and an increased FTE. The outcome for 2025 is approximately \$216.4 million in tuition and fees. Tuition rates for 2025 increased by 4.0% for resident undergraduate and graduate students and 6.0% for nonresident undergraduate and graduate students at all four University campuses.

The number of annual full-time-equivalent students enrolled increased from 19,870 in 2024 to 20,139 in 2025. Three of the four University campuses had increased enrollments, with MSU-Billings experiencing a small decline of 16 FTE.

Grant and contract operating revenues, including facility and administrative cost recoveries, increased 13.2%, to \$245.2 million, compared with 2024 revenues of \$216.6 million. The increase in grant revenues is due to a proactive approach in seeking out grant opportunities and a high level of grant applications being awarded, with the largest increase in grants coming from Department of Defense funding.

Auxiliary services revenue experienced an increase of \$13.2 million, or 19.4%, due to an increase in room and board rates of 8.0% from 2024 to 2025. Occupancy rates within the University's housing facilities continued to be high with live on campus requirement for freshman as well as more returning students choosing to live on campus. Auxiliary revenue was also impacted by the change in the scholarship discounting allowance as described above. The addition of the Chik-Fil-A franchise and student health fee increases for health and dental services contributed to a \$2.8 million (27.2%) increase in other auxiliary revenue.

Net non-operating revenue increased \$16.4 million from 2024 to 2025. The University received an increase in State and local appropriations of \$2.8 million, or 1.7%, from 2024 to 2025. The State appropriations increase totaled \$6.7 million for 2025, which was offset by a decline of \$5 million in Higher Education Other Revenue. In 2024, funds to pay off a State loan were provided on a one-time basis. The standard general fund appropriation increase was driven by a 4% legislative pay plan increase that was partially funded by the State.

Capital and other items increased from \$25.5 million in 2024 to \$68.5 million in 2025, an increase of \$43.0 million. The change is driven by an increase in non-State capital contributions of \$38.5 million for multiple building projects including Gianforte Hall, the five Mark & Robyn Jones College of Nursing buildings, and the Kennedy-Stark Athletic Center. These capital additions have been funded with private donor funds. There was also an increase of \$4.7 million in capital contributions from the state for Long Range Building Program maintenance projects.

Operating expenses increased \$21.9 million, or 2.8%, from 2024 to 2025. Operating expenses were up across most categories with the exception of public service, auxiliary, and plant and facilities which remained fairly flat. There was a decrease in financial aid due to the change in the scholarship discount calculation. This reduction in expense was offset with a reduction in tuition and fee revenue. Compensation and benefits and maintenance costs were the main drivers of expenditure increases in each area.

Compensation and benefits expenses increased \$21.9 million, or 4.8%, from 2024 to 2025. A legislative pay plan increase of 4% or \$1.50 per hour, effective at the start of fiscal year 2025, led to increased expenditures in this category along with lower vacancy rates. Maintenance expenses increased

by 15.2% or \$5.8 million from 2024 to 2025. The maintenance cost increases are due to deferred maintenance investments in multiple areas.

Research expenses increased significantly by \$15.0 million, or 8.3%, from 2024 to 2025. Increases in research expenditures for compensation and benefits of \$9.4 million and contracted services of \$6.3 million contributed to a record year for research expenditures at the University.

Comparison of Fiscal Year 2024 to Fiscal Year 2023

The University's net financial position increased \$55.6 million during fiscal year 2024. Tuition and fees revenues driven by modest increases and stable enrollments, increased research activity, and growing State appropriations all had positive impacts on the University's ability to increase its net position.

Operating revenues contain the majority of the University's income, and increased \$33.0 million, or 6.2%, from 2023 to 2024. Tuition and fee revenues, driven by modest increases and stable enrollments, were a primary driver in revenue growth in 2024 at approximately \$240.5 million. Tuition rates for 2024 increased by 4.0% for resident undergraduate and graduate students and 6.0% for nonresident undergraduate and graduate students at all four University campuses.

The number of annual full-time-equivalent students enrolled increased from 19,715 in 2023 to 19,870 in 2024. Two of the four MSU campuses had increased enrollments, with the Billings campuses experiencing declines of 48 FTE and MSU-Northern with a decline of 39 FTE.

Grant and contract operating revenues, including facility and administrative cost recoveries, increased 8.0%, to \$216.6 million, compared with 2023 revenues of \$200.5 million. The increase in grant revenues is due to a proactive approach in seeking out grant opportunities and a high level of grant applications being awarded, with the largest increase attributed to federal awards.

Net non-operating revenue increased \$21.0 million from 2023 to 2024 in spite of a decrease in Federal CARES revenues of \$7.4 million. The University received an increase in State and local appropriations of \$14.7 million, or 9.5%, from 2023. State appropriations increases were driven by allocations for inflationary present law needs and a 4% legislative pay plan increase. Investment income saw an increase as STIP interest rates related to investments averaged 5.4% for fiscal year 2024.

Capital and other items increased from \$2.5 million in 2023 to \$25.5 million in 2024, an increase of \$23.0 million. The change is largely due to donations related to construction for the Indoor Athletic Center, Gianforte Hall, and multiple nursing buildings across the State.

Operating expenses increased \$54.6 million, or 7.58%, from 2023 to 2024. Operating expenses were up across most categories with the exception of financial aid expenses and depreciation, which both remained fairly flat. Auxiliary services expenses increased by \$9.2 million, or 13%, and instruction expenses increased by \$8.5 million, or 5.4%.

Compensation and benefits expenses increased \$36.7 million, or 8.8%, from 2023 to 2024, as the University recovered from a high number of vacancies seen during the pandemic. Positions campus-wide were more readily filled and an increase in research expenditures led to personnel-related growth. These changes, combined with a legislative pay plan increase of 4% effective at the start of fiscal year 2024, led to increased expenditures across the board.

Research expenses increased significantly in fiscal year 2024 by \$14.8 million, or 9%. Increases in research expenditures for compensation and benefits of \$9.2 million and contracted services of \$5.6 million contributed to a record year for research expenditures at MSU.

Auxiliary operating expenses increased \$9.3 million, or 13%. Compensation and benefits contributed the most to this increase at \$7.3 million, or a 19.0%. Filling vacancies combined with staff retention initiatives drove the increase. Supplies also increased by \$1.56 million due to ongoing inflationary costs of food.

Instructional operating expenses increased in 2024 by \$8.5 million, or 54%. The entirety of the increase was driven by an increase to compensation and benefits expenses, which increased by \$9.0 million due to increased costs of labor, filling of vacancies in tenure-track faculty lines, and an increased investment in faculty merit and promotion increases.

Public service operating expenses increased in 2024 by \$3.9 million, a 7.4% increase. This increase was primarily due to a \$2.0 million, or 6.3% increase in compensation and benefits. Contracted services under the public service expense category saw an \$842,000 increase. Plant-related operating expenses again increased in fiscal year 2024, seeing a 27.6% increase.

Maintenance expenditures increased by 112%, or \$11.7 million. Costs of materials and contracted labor have led to these increases along with more emphasis on deferred maintenance investments across campuses both internally and from the State.

See Management’s Discussion and Analysis included in the consolidated audited financial statements in [Appendix B](#) hereto for a comparative overview of the University’s financial position and operating results for the fiscal year ended June 30, 2025.

Fiscal Year 2026 Operating Budget

The budgeted operating revenue for fiscal year 2026 is higher compared to fiscal years 2024 and 2025. Transfer revenue is expected to be approximately \$800,000 lower than fiscal year 2025. The University’s operating budget for fiscal year 2026 was finalized by the Board at its September 2025 meeting. See “CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT” in the forepart of this Official Statement.

University Revenues

Funding for the major activities of the University comes from a variety of sources, including State appropriations, tuition and fees, housing and food services, gifts, grants and contracts (including facilities and administrative cost recoveries), federal financial aid, educational, public service and outreach programs. See “SECURITY FOR THE SERIES L 2026 BONDS—Pledged Revenues” in the forepart of this Official Statement for a calculation of historical Pledged Revenues and debt service coverage for the five fiscal years ended June 30, 2025.

State Appropriations

The University’s general education and services operating budget, which receives appropriation assistance from the State General Fund, is developed biennially by the Board and transmitted to the Governor for consideration and inclusion in the Governor’s executive budget. The Governor is required to present a balanced State operating budget to the State Legislature at each legislative session; and the official

State operating budget is established by the State Legislature through appropriations. The Board allocates State-appropriated funding to each of the campus units using a funding model developed by the Office of the Commissioner of Higher Education based primarily on the number of in-State resident students at each campus. State law authorizes the University to carry-forward unexpended appropriations into the following fiscal year or biennium.

A portion of the State General Fund appropriation to the University consists of funds raised pursuant to an annual State-wide property tax levy for the support of the Montana University System. This tax levy was originally established in the early 1920s by the State Legislature without voter approval. In 1948, the State Legislature determined to provide for voter authorization for a six-mill levy with authorization to be for ten-year periods coterminous with each decade. The first election was held in 1948, and subsequent elections have been held every ten years thereafter, with the result being that the six-mill levy has been continuously authorized since 1950. Voter approval and authorization for the six-mill levy for the decade beginning in the year 2020 was received at the State general election in November 2018.

The following table sets forth State appropriations to the University for the four fiscal years ended June 30, 2025, and the amounts budgeted for the fiscal year ending June 30, 2026. See “Management’s Discussion and Analysis of Recent Financial Performance—Fiscal Year 2026 Operating Budget.”

STATE APPROPRIATIONS⁽¹⁾

<u>Years Ended June 30,</u>	<u>Total</u>
2022	\$145,526,451
2023	154,166,508
2024	168,535,398
2025	171,366,343
2026 (budgeted)	190,603,375

1. Amounts reported do not include adjustments required by Statement No. 68 of the Governmental Accounting Standards Board, Accounting for Financial Reporting for Pensions, and one-time-only funding allocated to the University.

Tuition and Fees

General tuition is assessed to all students on a per credit basis, deposited in the current unrestricted fund at each University campus. Program tuition is additional tuition assessed to students in certain academic programs or courses, deposited in the current unrestricted fund at four-year institutions and into a designated fund at two-year institutions, to ensure the two-year institutions’ ability to accumulate funds for their equipment intensive programs. Actual tuition charges may vary for several reasons, including, but not limited to, whether a student is enrolled in online versus campus-based study, academic program (e.g., certificate programs) or student type (e.g., early college students receive discounted tuition).

The University also charges students mandatory and non-mandatory fees. Mandatory fees are assessed to all students registering at each University campus, regardless of the academic program or course of study chosen by the student, unless explicitly exempted by Board policy. Board policy encourages the incorporation of mandatory general fees into tuition and discourages the proliferation of fees. Mandatory fees include, but are not limited to, student building fees, health and physical education fees, fieldhouse fees, student athletic fees, student union building fees, student facilities enhancement fees, academic building fees, and student union use fees. Each University campus may charge students fees at different

rates and certain campuses may require fees not charged by another University campus. Non-mandatory fees include, but are not limited to lab fees, program fees, and course fees.

Tuition and fees are approved by the Board every two years. Requests for approval of changes to tuition or fees at other times will only be considered by the Board upon a demonstration of extenuating circumstances, except student driven fees, which may be considered by the Board annually without extenuating circumstances. Associated student governments are given opportunities to take part in discussions with the Board concerning any changes in tuition or fees. Before approving or increasing any fee, Board policy requires constituted student government organizations be given notice and an opportunity to express student opinion, either by formal action of the student senate or by student referendum.

Tuition are largely dependent on the amount of State funding available, as well as projected expenses.

In fiscal year 2022, non-resident students on the MSU-Bozeman campus saw tuition increases of 4%, while resident student tuition rates remained unchanged. In fiscal year 2023, resident tuition rates increased 5% and non-resident rates increased 3% from the prior year. In fiscal years 2024 and 2025, resident tuition rates increased 4% from fiscal years 2023 and 2024, respectively, and nonresident tuition rates increased 6% from fiscal years 2023 and 2024, respectively. In fiscal year 2026, resident tuition rates increased 6.9% and non-resident rates increased 1.4% from the prior year. In fiscal year 2027, resident tuition rates will be increased 6.4% and non-resident rates will be increased 1.4% from the prior year.

All four University campuses participate in the Western Undergraduate Exchange program (“WUE”). WUE is an agreement among the 16 members of the Western Interstate Commission of Higher Education (“WICHE”), through which 160+ participating public colleges and universities provide discounted tuition rates to out-of-state students who are residents of a WICHE-region state or territory. Under WUE, eligible students enrolled at any of the University’s campuses pay 150% of resident tuition and pay mandatory fees at full nonresident rates. Over the past five fiscal years, WUE students have made up approximately 30% of out-of-state enrollment on an FTE basis.

The average annual cost of attendance for full time (12 credit hours) undergraduate students for the 2024-2025 and 2025-2026 academic years, for each of the four University campuses, is summarized in the tables below.

**2024-2025 AVERAGE ANNUAL COST OF ATTENDANCE
FULL-TIME UNDERGRADUATE**

Resident	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College
Tuition	\$6,299	\$4,997	\$5,010	\$3,096
Mandatory fees	2,161	2,283	1,972	963
Average room and board	12,290	9,704	7,198	N/A
	<u>\$20,750</u>	<u>\$16,984</u>	<u>\$14,180</u>	<u>\$4,059</u>

Non-Resident	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College
Tuition	\$30,784	\$20,468	\$19,785	\$11,616
Mandatory fees	2,503	2,429	2,090	963
Average room and board	12,290	9,704	7,198	N/A
	<u>\$45,577</u>	<u>\$32,601</u>	<u>\$29,073</u>	<u>\$12,579</u>

2025-2026 AVERAGE ANNUAL COST OF ATTENDANCE
FULL-TIME UNDERGRADUATE

Resident	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College
Tuition	\$6,730	\$5,826	\$5,298	\$3,162
Mandatory fees	2,216	2,404	2,198	982
Average room and board	14,580	10,490	7,597	N/A
	\$23,526	\$18,720	\$15,093	\$4,144

Non-Resident	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College
Tuition	\$31,216	\$20,756	\$20,072	\$12,044
Mandatory fees	2,566	2,554	2,342	982
Average room and board	14,580	10,490	7,597	N/A
	\$48,632	\$33,800	\$30,011	\$13,026

Housing and Food Services

Residence hall facilities and apartment housing facilities are available MSU-Bozeman, MSU-Billings and MSU-Northern; neither residence halls nor apartment housing facilities are currently available at Great Falls College. Student housing is provided in 12 residence halls and 8 apartment complexes at MSU-Bozeman, two residence halls and one apartment complex at MSU-Billings; and two residence halls and one apartment complex at MSU-Northern.

As of June 30, 2025, MSU-Bozeman residence halls had available occupancy capacity of 4,767 and apartment housing facilities had available occupancy capacity of 490; MSU-Billings residence halls had available occupancy capacity of 782 and apartment housing facilities had available occupancy capacity of 20; and MSU-Northern residence halls had available occupancy capacity of 375 and apartment housing facilities had available occupancy capacity of 45. When offering apartment housing facilities, priority may be given to students who are married, students who have dependent children, students with disabilities, graduate students, and faculty members, in accordance University housing policy.

Pursuant to a policy of the Board and with limited exceptions, students at each of MSU-Bozeman, MSU-Billings and MSU-Northern, with less than thirty (30) accumulated credit hours (i.e., freshmen) are required to live in a residence hall. Exceptions to the housing requirements are available for students who are married or are single parents or are living with their immediate family within commuting distance of the campus. Students with more than thirty (30) accumulated credit hours may also live in a residence hall.

Students living in residence halls are required to purchase a meal plan. The meal plans are also available to students who do not live in a residence hall, as well as faculty and staff. In addition, cash dining services are available on each of the University campuses for students, faculty and staff.

Biennially, the Board establishes rates for the residence halls on each of the University campuses. The rates vary among the campuses and depend on the particular residence hall and single or double occupancy. For the 2025-2026 academic year, semester rates at MSU-Bozeman ranged from \$6,248 for a double room to \$8,369 for a double room assigned to one student; semester rates at MSU-Billings ranged from \$2,564 for a double room to \$3,129 for a single room; and semester rates at MSU-Northern ranged from \$1,462 for a double room to \$2,062.00 for a double room assigned to one student.

The Board also establishes on a biennial basis monthly rental rates for the apartment housing facilities, with rental rates designed to reflect market rents in the respective communities. MSU-Billings also has a number of residential properties located in residential neighborhoods adjacent to the campus

which are rented primarily to student families, faculty and staff. These units are generally occupied during the entire year and are rented at market rates.

Gifts

The University is financially supported in its mission by a variety of organizations. Montana State University Foundation, MSU-Billings Foundation, MSU-Northern Foundation, MSU Bobcat Club, and the Museum of the Rockies, Inc. (collectively, the “Supporting Organizations”) are nonprofit, tax exempt organizations operating exclusively for the purposes of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with, the University, and are accounted for as component units of the University in the University’s financial statements. In addition, MSU-Bozeman Bookstore, Friends of Montana Public Television and Friends of KEMC provide support to the University.

The University does not control the timing or amount of receipts from the Supporting Organizations. A majority of the revenues or incomes thereon that the Supporting Organizations hold and invest are restricted by donors to the activities of the University. As of June 30, 2025, the Supporting Organizations had combined net assets of approximately \$637 million and during the fiscal year ending June 30, 2025, the Foundations provided approximately \$74 million in program services support including scholarships and other gifts directly to the University.

See Notes 17 and 19 to the consolidated audited financial statements in [Appendix B](#) hereto for further information. Pledged Revenues includes unrestricted gifts and grants, however, the table included under “SECURITY FOR THE SERIES L 2026 BONDS—Pledged Revenues” in the forepart of this Official Statement does not take into account any such unrestricted gifts and grants in the calculation of historical Pledged Revenues and debt service coverage.

Grant and Contract Revenue

Grant and contract revenue is derived primarily from grants and contracts for research. A summary of grant and contract revenue, including Indirect Cost Recovery Payments, for the five fiscal years ended June 30, 2025 is provided in the table below. The table does not include Land Grant Income. Indirect Cost Recovery Payments means all those amounts currently known as “facilities and administrative costs” (“F&A”) payable under a Research Contract for indirect costs. Indirect Cost Recovery Payments are primarily derived from Research Contracts with agencies or departments of the federal government. The University’s current federal negotiated F&A rate is 45%, effective June 1, 2022, and negotiated with the U.S. Department of Health and Human Services. F&A collections in fiscal year 2025 totaled \$33.8 million—an 8% increase over fiscal year 2024. Research Contracts with federal agencies have various terms, but most are subject to annual appropriations by the United States Congress. Although payments from federal agencies have increased in recent years, the Board and the University cannot predict the amount of payments the University will receive from federal agencies in future years or whether annual Congressional appropriations will be adequate to fund existing and future Research Contracts.

GRANT AND CONTRACT REVENUE

Years Ended June 30,	2021	2022	2023	2024	2025
Federal grants and contracts	\$107,644,322	\$119,497,843	\$149,132,458	\$163,368,556	\$190,741,835
State grants and contracts	6,587,479	7,042,575	6,739,058	6,481,487	6,437,186
Nongovernmental grants and contracts	12,985,207	11,876,236	14,192,703	13,453,109	13,506,329
Grant and contract facilities and administrative cost recoveries	25,137,090	27,393,133	30,419,707	33,277,063	34,491,113

Educational, Public Service and Outreach Revenues

University revenues include sales and services of educational departments, which represents revenues from events, continuing education, residence life, student union facilities and various other sources. Events revenue consists of all revenues, fees and income derived from ticket sales at and for various University sponsored athletic, concerts, theater and other activities and events held in stadiums, arenas, fieldhouses, events centers and similar facilities. Continuing education revenue consists of all revenues from the self-support activities of the Continuing Education Program consisting of various programs and services provided to persons who are not enrolled students of the University, including professionals, educational and training programs for governmental, service and other private industry employees, conferences and special institutes for various associations and groups, specialized technical and occupational training, and related programs, from which the University derives revenue including contract income, fees and charges paid by participants or sponsoring organizations, lease and rental income.

Other Auxiliary Sales and Services Revenues

University revenues include other auxiliary sales and services revenues, which currently represents revenues from auxiliary activity sales (including recreational facilities, fieldhouse, student health services, food service and various other sources) and parking fees.

Land Grant Income

Land Grant Income is derived from lands granted by the United States Congress in 1881 and 1889 to the State (then the Territory of Montana) for the benefit of the State's universities and colleges. The land so granted has been allocated and dedicated to each of the units of the Montana University System by the State Legislature and the income from each unit's allocated land is dedicated to the support of each such unit. MSU-Bozeman has been allocated 140,000 acres and MSU-Billings has been allocated 31,727 acres. The Land Grant Income currently is derived from two principal sources: (i) leases of trust land (consisting of grazing leases, agricultural leases, oil and gas leases, recreational leases and timber revenue which is distributable to the Montana University System Trusts) and (ii) royalties received from timber harvesting, oil and gas extraction and mining on the land. Royalty income is deposited into a permanent trust fund and invested and the investment income is paid to the unit of the Montana University System to which the royalty income was attributable.

The land grant permanent trust fund investments held by the State of Montana on behalf of Montana State University for MSU-Bozeman and MSU-Billings were approximately \$12.8 million and \$3.40 million, respectively as of June 30, 2025.

Total Land Grant Income received by the University was approximately \$3.3 million the fiscal year ended June 30, 2025.

Historical Pledged Revenues and Debt Service Coverage

As described under in the forepart of this Official Statement under the heading “SECURITY FOR THE SERIES L 2026 BONDS,” Pledged Revenues consist of (i) Auxiliary Facilities Gross Pledged Revenues remaining after related charges for payment of Operation and Maintenance Expenses other than General Allocated Administrative Expenses; (ii) all unrestricted revenues of the University not constituting Auxiliary Facilities Gross Pledged Revenues; and (iii) Land Grant Income and Indirect Cost Recovery Payments relating to Research Contracts; provided, however, that Pledged Revenues exclude revenues from (i) tuition charges; (ii) associated student activities fees which are under the direct control of student associations; (iii) proceeds of the levy of any general (ad valorem) property taxes; and (iv) grants or appropriations from the State Legislature. Revenues, fees or income may be added or deleted from the definition of Pledged Revenues and thereby added or removed as security for the Bonds, in accordance with the provisions of the Indenture.

See “SECURITY FOR THE SERIES L 2026 BONDS—Pledged Revenues” in the forepart of this Official Statement for defined terms referenced above and for a calculation of historical Pledged Revenues and debt service coverage for the five fiscal years ended June 30, 2025.

Pledged Revenues includes unrestricted gifts and grants, however, the table included under “SECURITY FOR THE SERIES L 2026 BONDS—Pledged Revenues” in the forepart of this Official Statement does not take into account any such unrestricted gifts and grants in the calculation of historical Pledged Revenues and debt service coverage.

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Indebtedness of the University

The following table presents the University’s outstanding indebtedness as of April 1, 2026. See “PLAN OF FINANCE” and “DEBT SERVICE REQUIREMENTS” in the forepart of this Official Statement.

TOTAL LONG TERM INDEBTEDNESS

Indebtedness	Outstanding Amount
Series D 2017 Bonds	\$ 4,530,000
Series E 2018 Bonds + ◇	40,145,000
Series G 2021 Bonds	41,230,000
Series H 2021 Bonds ◇	56,300,000
Series I 2022 Bonds	7,710,000
Series J 2023 Bonds	11,740,000
Series K-1 2024 Bonds +	5,665,000
Series K-2 2024 Bonds	6,980,000
Series K-3 2024 Bonds	28,720,000
Series L 2026 Bonds*	57,000,000
Subtotal Revenue Bonds*	<u>\$260,020,000</u>
Other Indebtedness	
Intercept Loans	\$ 4,333,398
SBECF Loans	1,047,972
Subtotal Other Indebtedness	<u>\$5,381,370</u>
Total Indebtedness	<u><u>\$265,401,370</u></u>

*Preliminary; subject to change.

+ Bonds subject to the Refunding. See “PLAN OF FINANCE – The Refunding” in the forepart of the Official Statement.

◇ Bonds subject to the Tender. See “PLAN OF FINANCE – The Tender” in the forepart of the Official Statement.

See also Notes 10 and 11 to the consolidated audited financial statements in [Appendix B](#) hereto for a further description of the University’s capital lease obligations, subscription-based information technology arrangements (SBITAs) and other long-term liabilities, commitments and contingencies.

Insurance

The University insurance portfolio contains a comprehensive variety of coverage, and the University is further protected by limited governmental immunity as described below. State law requires participation of all state agencies in a self-insurance plan established by the Montana Department of Administration, Risk Management and Tort Defense Division (“RMTDD”) that includes coverage for automobile physical damage, aircraft physical damage and liability, general liability, and property exposures. RMTDD provides coverage above self-insured retentions by purchasing other commercial coverage through the State’s brokers for excess active shooter, volunteer accidental death and dismemberment, boiler and machinery, business interruption, crime, cyber/data information security, fine art, foreign liability and special risks, inland marine, student medical and non-medical professional liability, excess property, special events coverage and summer camps accident and injury. The University maintains athletic injury and catastrophic sports injury insurance for its NCAA programs through a separate carrier. In addition to these basic policies, the University’s Department of Safety and Risk Management establishes guidelines and provides consultation in risk assessment, avoidance, acceptance, and transfer. Buildings and contents are insured for replacement cost value. For each loss covered by the State’s self-insurance program and commercial coverage, the University elects a \$1,000 per occurrence retention. If the RMTDD pays damages on a claim, the division has the right to recover costs or damages from any party in connection

with the claim. There is no agency deductible applied to tort liability claims. There is a \$250/\$500 deductible for comprehensive/collision claims on state owned, loaned, or leased vehicles.

The Tort Claims Act of the State of Montana provides that governmental entities are liable for its torts and of those of its employees acting within the course and scope of their employment or duties, whether arising out of a governmental or proprietary function, except as specifically provided by the State Legislature. Accordingly, State law presently requires that the State “provide for the immunization, defense and indemnification of its public officers and employees civilly sued for their actions taken within the course and scope of their employment.”

Self-Funded Programs include both health care and workers’ compensation. The University’s employee health care program is self-funded and is provided through participation in the Montana University System Inter-unit Benefits Program. This program is funded on an actuarial basis.

The Montana University System provides workers’ compensation coverage through the MUS Self-Funded Workers’ Compensation Program (the “Worker’s Compensation Program”). The Workers’ Compensation Program is self-insured for workers’ compensation claims to a maximum of \$750,000 per occurrence. Losses more than those limits, or \$1,000,000 for an aircraft-related claim, are covered by reinsurance with a commercial carrier. Employer’s liability claims are covered to a maximum of \$1,000,000 above the self-insured amount. The MUS also purchases state-specific workers’ compensation insurance policies for its permanent, non-Montana employees.

See Note 15 to the University’s consolidated audited financial statements in [Appendix B](#) hereto for a more complete description of the University’s insurance portfolio.

Retirement Plans and Other Post-Employment Benefits

The vast majority of University employees eligible to participate in retirement programs are members of either the Montana Public Employees’ Retirement System (“PERS”), the Game Wardens’ and Peace Officers’ Retirement System (“GWPORS”), the State Teachers’ Retirement System (“TRS”), or the Montana University System Retirement Program (“MUS-RP”). All of the above programs are defined benefit retirement plans except for MUS-RP and PERS-Defined Contribution Retirement Plan. Effective July 1, 1993, MUS-RP was made the mandatory retirement plan for new faculty and administrative staff. A very limited number of University employees participate in the Federal Employees’ Retirement System, or the U.S. Civil Service Retirement System

The following table summarizes the total of the University’s share of balances for defined benefit plans as of and for the fiscal year ended June 30, 2025. See Note 14 to the University’s consolidated audited financial statements in [Appendix B](#) hereto for a more complete description of the University’s retirement plans and other post-employment benefits.

SHARE OF DEFINED BENEFIT PLANS

Year Ended June 30, 2025	TRS	PERS	GWPORS	Total
Net Pension Liability	\$ 9,990,191	\$103,298,611	\$ 894,791	\$114,183,593
Deferred Outflows of Resources	23,546,024	21,352,914	1,545,688	46,444,626
Deferred Inflows of Resources	553,591	2,351,159	1,853,070	4,757,820
Pension Expense (including State share paid on behalf of the University)	6,810,849	13,131,098	237,015	20,178,962

The following table presents the University’s liability for its proportionate share of the net pension liability (“NPL”) for TRS, PERS and GWPORS for the fiscal year ended June 30, 2025. The University’s proportionate share of each NPL was based on the University’s contributions received by TRS, PERS and GWPORS, respectively, from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all participating employers.

UNIVERSITY’S PROPORTIONATE SHARE OF THE NPL

Year Ended June 30, 2025	TRS	PERS	GWPORS
University’s Proportionate Share as Percent of NPL	0.54%	4.22%	3.49%
State’s Proportionate Share Associated with University as Percent of NPL	0.15%	1.05%	—
University’s Proportionate Share	\$ 9,990,191	\$103,298,611	\$894,791
State’s Proportionate Share Associated with the University	\$ 2,764,852	\$ 25,709,890	—

MUS-RP. MUS-RP is a defined contribution plan, established under authority of Title 19, Chapter 21, Montana Code Annotated. Benefits at retirement depend upon the amount of investment gains and losses and the employee’s life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA-CREF. The University records employee/employer contributions and remits monies to TIAA-CREF. The University’s contribution to MUS-RP was \$13,143,444 during the fiscal year ended June 30, 2025, which was the required contribution under the plan.

TRS. TRS is a multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in the State. Benefits are based on eligibility, years of service and average final compensation. Member rights are vested after five years of service. Contribution rates to TRS are determined by State law and the University has made the statutorily required contributions. TRS receives 2.49% of reportable compensation from the State’s general fund for School Districts and Other Employers. TRS also receives 0.11% of reportable compensation from the State’s general fund for State and University employers. The State is also required to contribute \$25.0 million annually to TRS in perpetuity, payable July 1 of each year.

For fiscal year 2025, each employer was required to contribute 11.96%. For fiscal years 2026 and 2027, each employer will be required to contribute 9.47% . Beginning fiscal year 2028, the employer contribution rate will increase by 0.1% per year, with a 11.47% contribution rate for fiscal years 2047 and thereafter. Based on the actuarial valuation conducted by Cavanaugh Macdonald Consulting, LLC, as of July 1, 2025, the statutory contribution rates (including statutorily required future increases) are sufficient to amortize the unfunded accrued liability within 21 years. During the fiscal year ended June 30, 2025, the University’s contribution to TRS was \$6,662,129.

PERS-DBRP. The PERS-Defined Benefit Retirement Plan, administered by the Montana Public Employee Retirement Administration, is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, Chapters 2 and 3, Montana Code Annotated. This plan covers the State, local governments, certain employees of the Montana University System, and school districts. PERS-DBRP provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. Contribution rates to PERS-DBRP are determined by State law and the University has made the statutorily required contributions. As of July 1, 2025, the University’s contribution rate was 9.17% of total compensation. A portion of such contribution rate is deemed an employer supplemental

contribution (2.27%). Beginning July 1, 2027, the employer supplemental contribution will increase by 0.10% for 20 years. For fiscal years beginning after June 30, 2047, the employer supplemental contribution will equal 4.27% of total compensation. Each plan member is required to contribute 7.90% of such member's compensation. Contributions are deducted from each plan member's salary and remitted by participating employers. The additional employer contribution will terminate and the 7.90% plan member contribution rate will be decreased to 6.90% on January 1 in the year following actuarial valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. Based on the actuarial valuation conducted by Cavanaugh Macdonald Consulting, LLC, as of June 30, 2025, the statutory contribution rates are sufficient to amortize the unfunded accrued liability within 23 years. During the fiscal year ended June 30, 2025, the University's contribution to PERS-DBRP was \$11,753,275.

PERS-DCRP. PERS-Defined Contribution Retirement Plan, administered by the Public Employee Retirement Board, is a multiple-employer plan established July 1, 2002. Contributions are deducted from each member's salary and remitted by participating employers. The State legislature has the authority to establish and amend contribution rates. Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment. During the fiscal year ended June 30, 2025, the University's contribution to PERS-DCRP was \$574,158.

GWPORS. GWPORS, administered by the Montana Public Employee Retirement Administration, is a multiple-employer, cost-sharing defined benefit plan established in 1963, and governed by Title 19, Chapters 2 and 8, Montana Code Annotated. GWPORS provides retirement, disability and death benefits to persons employed as game wardens, warden supervisory personnel or State peace officers and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. Contribution rates to GWPORS are determined by State law and the University has made the statutorily required contributions. Rates are specified by State law for periodic employer and employee contributions. Each plan member is required to contribute 10.56% of such member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. Each employer is required to contribute 10.560% of members' compensation. The employer contribution rate will increase by 0.1% for each of the next 10 years beginning fiscal year 2026. This additional contribution terminates on the July 1 following the Board's receipt of an actuarial valuation that determines that terminating the additional employer contribution would not cause the amortization period to exceed 25 years. Based on the actuarial valuation conducted by Cavanaugh Macdonald Consulting, LLC, as of June 30, 2025, the statutory contribution rates are sufficient to amortize the unfunded accrued liability within 16 years. During the fiscal year ended June 30, 2025, the University's contribution to GWPORS was \$237,015.

Other Post-Employment Benefits (OPEB). State law requires that State agencies provide access to health insurance benefits to eligible retirees up to Medicare-eligible age (65). In addition, the Board has directed the Office of the Commissioner of Higher Education to provide access to health insurance benefits beyond age 65. Eligible University retirees may participate in the University's health insurance plan, provided they pay an amount considered by the University to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The State and its component units will amortize the calculated OPEB liability resulting from this implicit rate subsidy over a period of 30 years. The State has not mandated funding of this liability and the University has not funded any portion of its OPEB liability, which totaled approximately \$23.4 million, as

of June 30, 2025. The University's annual OPEB cost (expense) represents an amount that, if funded, would cover normal costs each year and amortize this unfunded actuarial liability over a period of 30years.

END OF APPENDIX A

APPENDIX B

**MONTANA STATE UNIVERSITY CONSOLIDATED AUDITED
FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

Included as a Component Unit of the State of Montana





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MESSAGE from the PRESIDENT



Our goal at Montana State University is to open the doors to higher education for as many students as we can and, once they choose to walk through those doors, offer them a first-rate education that will set them up for a meaningful career and enable them to improve their lives and communities. We are laser-focused on that goal, and students and families are noticing: We saw a record 17,165 students enroll at MSU this fall. For each of those students who have chosen MSU, our faculty and staff are committed to helping them meet their educational and career goals and to providing support and resources for them at every step.

These investments in our students are paying dividends, and they are enjoying remarkable successes. For example, when Doriane Keiser, an associate member of the Fort Peck tribes, enrolled at MSU in 2021, she had a goal of one day going to graduate school to become a clinical psychologist with the hope of eventually returning to the Fort Peck Indian Reservation where she grew up to help improve individual and community mental health. In November, Doriane was awarded a

Rhodes Scholarship, a huge step in helping her make her dreams a reality. Doriane is MSU's 12th Rhodes Scholar and one of just 32 Americans selected for the world-renowned scholarship this year.

Our university is also incredibly proud of and invested in research. MSU's latest annual research expenditures totaled a record \$288.7 million. That comes chiefly in the form of grants that support both basic science and practical applications in fields from agriculture and cybersecurity to health and rural education. Our research efforts are broad. In fact, MSU is the largest research enterprise of any type in the state of Montana, and at our core we understand that research is about making a positive impact on our state and its people. The opportunities provided to students through research, as well as the economic, societal and health benefits that these projects have for our communities, are fundamental to our land-grant mission.

MSU's campus continues to evolve. In October, we opened a renovated and reinvigorated Veterans Park. The space honors veterans and serves as a place for all visitors to connect and reflect. We also celebrated the opening of a new outdoor classroom and gathering space at American Indian Hall. The space is dedicated to the late Blackfeet tribal elder and activist Elouise Cobell, who was educated at MSU and received an honorary doctorate in 2002. We also see major construction projects underway on campus, including Gianforte Hall, the future home of the Gianforte School of Computing; Jones Hall, a nursing education building that will house the Mark and Robyn Jones College of Nursing; MSU's Wool Lab, which will be part of the Combined State Laboratories Building; and a privately owned and operated hotel leased on MSU land. Planned future major construction projects include a major expansion at Montana PBS and a new building for fast-growing two-year programs at Gallatin College MSU.

Our student-athletes continue to make us proud. Our football team brought home the FCS national championship with a dramatic win over Illinois State, earning MSU's first national football title in 41 years and capping a glorious season that also included, for the first time ever, two Cat-Griz gridiron wins.

Achieving MSU's land-grant mission of education, research and outreach to communities would not be possible without the excellence and dedication of our faculty and staff. We are proud of the people and policies behind our financial strength, and we are grateful for the hard work of many who ensure the MSU campuses are good stewards of the resources made available to us for the benefit of our students. Thanks to their commitment — and to our incredible students — MSU shines across Montana, changing lives and communities every day.

Brock Tessman
President, Montana State University





KEY PERSONNEL

Montana University System Board of Regents

Todd Buchanan (Chair)

Loren Bough

Dean Folkvord

Carter Jasper (Student Regent)

Joyce Dombrowski

Heather Hoyer

Jeff Southworth

Ex Officio Members:

Clayton Christian, Commissioner of Higher Education

Greg Gianforte, Governor

Susie Hedalen, Superintendent of Public Instruction

University Administration

Brock Tessman

Stefani Hicswa

Gregory Kegel

Stephanie Erdmann

Sreekala Bajwa

Cody Stone

President

Chancellor, MSU Billings

Chancellor, MSU Northern

Dean & CEO, Great Falls College MSU

Vice President of Agriculture

Director, MSU Extension

Office of the Commissioner of Higher Education

Clayton Christian

Joe Thiel

Tyler Trevor

Kerry Davant

Galen Hollenbaugh

Ali Bovingdon

Commissioner of Higher Education

Interim Deputy Commissioner, Academic, Research & Student Affairs

Deputy Commissioner for Budget & Planning and Chief of Staff

Executive Director of Human Resources

Deputy Commissioner, Government Relations & Public Affairs

MUS Chief Legal Counsel

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Alexa O'Dell
William Soller
Miki Cestnik

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of Montana State University, a component unit of the State of Montana, which are comprised of the Consolidated Statement of Net Position as of June 30, 2025, the related Consolidated Statement of Revenues, Expenses and Changes in Net Position, and Consolidated Statement of Cash Flows for the fiscal year then ended, and the University Component Units – Combined Statement of Financial Position as of June 30, 2025, or December 31, 2024, and the related University Component Units – Combined Statement of Activities for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Montana State University as of June 30, 2025, and the changes in net position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Montana State University Alumni Association, the Montana State University - Billings Foundation, the Montana State University - Northern Foundation, the Museum of the Rockies, Incorporated, and the Montana State University Bobcat Club. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for the component units of the university, as noted above, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the university and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Montana State University Alumni Association, the Montana State University - Billings Foundation, the Montana State University - Northern Foundation, the Museum of the Rockies, Incorporated, and the Montana State University Bobcat Club were not audited in accordance with *Government Auditing Standards*.

Room 171 • State Capitol Building • PO Box 201705 • Helena, MT • 59620-1705
Phone (406) 444-3122 • FAX (406) 444-9784 • E-mail lad@legmt.gov

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the university's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the university's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Required Supplementary Information - Pensions, the Required Supplementary Information - Other Post-Employment Benefits, and the related notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information. The other information comprises all information preceding the opinion and the unaudited supplemental information, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, on our consideration of the university's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the university's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (25-11).

Respectfully submitted,

/s/ Alexa O'Dell

Alexa O'Dell, CPA
Deputy Legislative Auditor
Helena, MT

MANAGEMENT'S DISCUSSION & ANALYSIS

Montana State University (the "University") is a land grant university serving state, national, and international constituents by providing academic instruction, conducting a high level of research activity, advancing fundamental knowledge, and by disseminating knowledge to the people of Montana and beyond through community engagement. The University encompasses four campuses located in Bozeman, Billings, Great Falls, and Havre, as well as the Montana Agricultural Experiment Station, Montana Extension Service, and the Fire Services Training School. The University operates throughout the State of Montana, which covers 147,000 square miles of vast landscapes and urban and rural communities containing over 1 million citizens.

The University is proud to deliver high-quality instruction and educational services to a diverse student population, which is made possible not only through its dedicated faculty and staff but also through students that recognize a great education at an exceptional value. The University continues to ensure diligent recruiting of in-state students, while managing its mix of in-state, out-of-state, and out-of-area students to ensure a diverse, growing student population.

OPERATIONS

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and expenses incurred during the year on a full accrual basis, and classifies activities as either "operating" or "non-operating." This distinction results in operating deficits for those institutions that depend on gifts and state aid, which are classified as non-operating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, an operating expense, which allocates the cost of assets over their expected useful lives.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

(in millions)

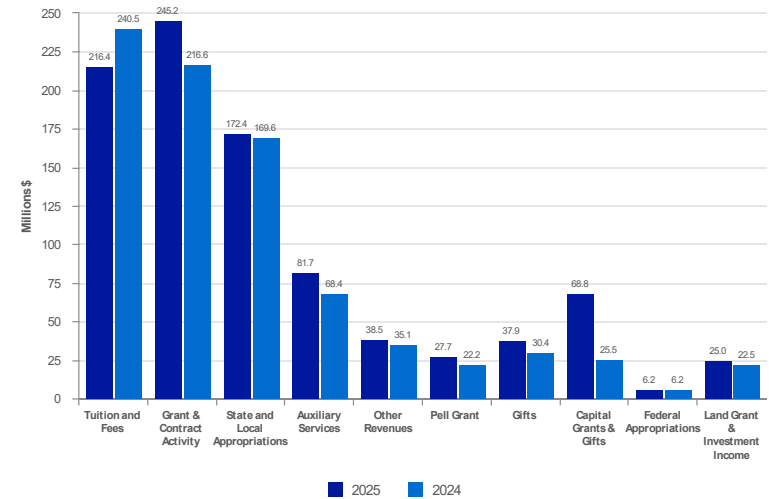
	2025	2024
Operating revenues	\$ 588.0	\$ 566.9
Operating expenses	796.5	774.6
Operating loss	\$ (208.5)	(207.7)
Non-operating revenues and expenses (net)	254.2	237.8
Income before capital & other items	\$ 45.7	\$ 30.1
Capital & other items	68.6	25.5
Change in net position	\$ 114.3	\$ 55.6

Comparison of 2025 and 2024 Results of Operations

The University's net financial position increased \$114.3 million during fiscal year 2025. Large increases in research activity combined with strong Auxiliary revenues, steady state appropriations, and capital investments are contributing factors to the University's ability to increase its net position.

Operating revenues contain the majority of the University's income, and increased \$21.0 million, or 3.7%, from 2024 to 2025. Reported net tuition and fee revenue for 2025 is being impacted by a change to the scholarship discount allowance. This change in guidance from the National Association of College and University Business Officers (NACUBO) more accurately estimates and allocates the scholarship discount between tuition and fees and auxiliary services. The scholarship allowance includes all waivers, scholarships, federal aid, and other student support that reduces the overall cost to students. Additionally, the updated methodology now allocates more allowance to tuition and fees and less allowance to room & board, resulting in a decrease in tuition and fees and increase in auxiliary revenue.

Revenue Comparison



For clarity, the table below shows the outcome for 2024 if the new methodology had been used. From an institutional perspective, cash is collected for many of these items and that is reflected in the overall cash flow statement. Overall, MSU experienced stable enrollment and an increased FTE. The outcome for 2025 is approximately \$216.4 million in tuition and fees. Tuition rates for 2025 were increased by 4.0% for resident undergraduate and graduate students and 6.0% for nonresident undergraduate and graduate students at all 4 campuses.

	2025 New Method	2024 Old Method	2024 New Method
Revenue			
Tuition and Fees	\$216.4	\$240.5	\$217.1
Auxiliary Services	81.7	68.4	76.5
Total Revenue	298.1	308.9	293.6
Expense			
Scholarships and Fellowships	16.3	30.2	14.9
Total Net of Change	\$281.8	\$278.7	\$278.7

The number of annual full-time-equivalent students enrolled increased from 19,716 to 20,204. Three of the four MSU campuses had increased enrollments, with MSU-Billings experiencing a small decline of 28 FTE.

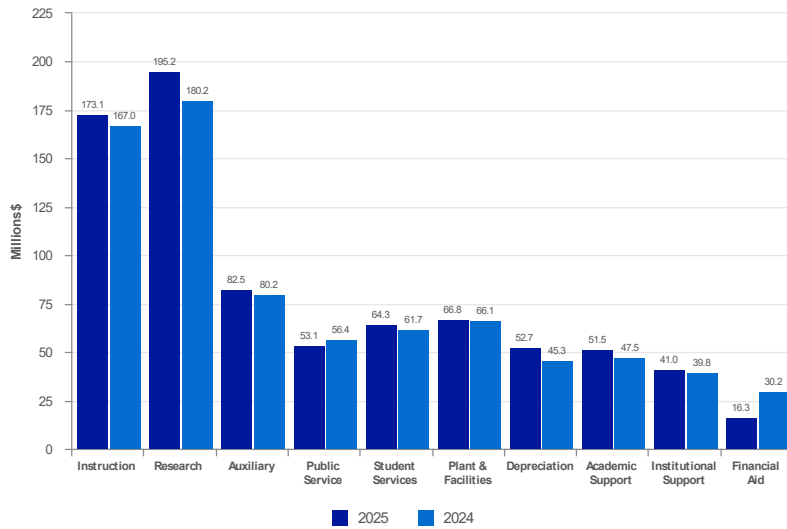
Grant and contract operating revenues, including facility and administrative cost recoveries, increased 13.20%, to \$245.2 million, compared with 2024 revenues of \$216.6 million. The increase in grant revenues is due to a proactive approach in seeking out grant opportunities and a high level of grant applications being awarded, with the largest increase in grants coming from Department of Defense funding.

Auxiliary services revenue experienced an increase of \$13.2 million, or 19.3%, due to an increase in room & board rates of 8.0% from 2024 to 2025. Occupancy rates within our housing facilities continue to be high with live-on requirement for freshman as well as more returning students choosing to live on-campus. Auxiliary revenue was also impacted by the change in the scholarship discounting allowance as described above. The addition of the Chick-Fil-A franchise and student health fee increases for health and dental services contributed to a \$2.8 million (27.2%) increase in other auxiliary revenue.

Net non-operating revenue increased \$16.4 million from 2024 to 2025. The Universities received an increase in State and local appropriations of \$2.8 million, or 1.7%, from 2024. The state appropriations increase totaled \$6.7 million for 2025, which was offset by a decline of \$5 million in Higher Education Other Revenue. In 2024, funds to pay off a state loan were provided on a one-time basis. The standard general fund appropriation increase was driven by the 4% legislative pay plan increase that was partially funded by the state.

Capital and other items increased from \$25.5 million in 2024 to \$68.5 million in 2025, an increase of \$43.0 million. The change is driven by an increase in non-state capital contributions of \$38.5 million for multiple building projects including Gianforte Hall, the five Mark & Robyn Jones College of Nursing buildings, and the Kennedy-Stark Athletic Center. These capital additions have been funded with private donor funds. There was also an increase of \$4.7 million in capital contributions from the state for Long Range Building Program maintenance projects.

Expense Comparison



Operating expenses increased \$21.9 million, or 2.82%, from 2024 to 2025. Operating expenses were up across most categories with the exception of public service, auxiliary, and plant & facilities which remained fairly flat. There was a decrease in financial aid due to the change in the scholarship discount calculation. This reduction in expense was offset with a reduction in tuition and fee revenue. Compensation and benefits and maintenance costs were the main drivers of expenditure increases in each area.

Compensation and benefits expenses increased \$21.9 million, or 4.8%, from 2024 to 2025. A legislative pay plan increase of 4% or \$1.50/hr effective at the start of fiscal year 2025, led to increased expenditures in this category along with lower vacancy rates. Maintenance expenses increased by 15.2% or \$5.8 million. The maintenance cost increases are due to deferred maintenance investments in multiple areas.

Research expenses increased significantly in FY25 by \$15.0 million, or 8.3%. Increases in research expenditures for compensation and benefits of \$9.4 million and contracted services of \$6.3 million contributed to a record year for research expenditures at MSU.

NET POSITION

The **Statement of Net Position** is presented in a classified format, which differentiates between current and non-current assets and liabilities, deferred outflows and deferred inflows, and also categorizes net position (formerly called "fund balance") into four categories. The University's overall financial position increased by \$114.3 million from 2024 to 2025, as discussed below.

Condensed Statements of Net Position (in millions)

	2025	2024
ASSETS		
Current assets	\$ 459.5	\$ 412.7
Capital assets, net	768.3	672.1
Other noncurrent assets	78.5	74.4
Total assets	\$ 1,306.3	\$ 1,159.2
DEFERRED OUTFLOWS	86.9	79.3
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,393.2	\$ 1,238.5
LIABILITIES		
Current liabilities	\$ 140.3	\$ 117.7
Noncurrent liabilities	415.2	403.5
Total liabilities	\$ 555.5	\$ 521.2
DEFERRED INFLOWS	\$ 56.1	\$ 50.0
NET POSITION		
Net investment in capital assets	\$ 544.5	\$ 434.6
Restricted, non-expendable	10.1	10.0
Restricted, expendable	24.7	26.4
Unrestricted	202.3	196.3
Total net position	\$ 781.6	\$ 667.3
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 1,393.2	\$ 1,238.5

Comparison of 2025 and 2024 Net Position

Current assets include the University's cash and cash equivalents; accounts, grants, and loans receivable; inventories; and other assets expected to benefit the University within one year.

The increase of \$46.8 million in current assets resulted from two main changes. The first is an increase of \$14.9 million in cash and cash equivalents driven by strong enrollments and record research activity. The second is an increase of \$32.5 million in receivables, driven by grants and contracts receivables. There is often a lag in receiving reimbursement from the Department of Defense, which makes up the largest portion of our grant expenditures.

Capital assets, net increased \$96.2 million, resulting from asset additions of \$104.1 million, including \$15.3 million in furniture and equipment, \$132.4 million in construction work-in-progress, and \$3.2 million in subscription based information technology arrangements per GASB 96. Asset additions were offset by depreciation and amortization expense of \$52.7 million. \$103.9 million was transferred from construction work-in-progress to building improvements, building, and land improvements. These transfers were for completion of various projects across campus including the Facilities Yard, Stadium Parking Improvements, Kennedy-Stark Athletic Center, and Grant Street improvements. Construction work-in-progress is related to Gianforte Hall and the five nursing buildings.

Further detail on capital, leases, and other non-current assets can be found in Note 7.

Equipment additions totaled \$15.3 million during 2025. Research and instruction in the sciences require a substantial equipment investment, and many specialized pieces of equipment are grant funded. The opening of the wellness center also impacted furniture and equipment as many pieces of medical and fitness equipment were a part of the new construction.

Other noncurrent assets include endowment fund and other long term investments, student loans receivable, and donated funds restricted to use for facility construction. The balance of Other Noncurrent Assets increased by 5.6% to \$78.5 million in 2025, primarily due to an increase in non-current lease receivables of \$5.1 million related to the renewal of the MSU-Bookstore lease for 15 years beginning on July 1, 2024.

Deferred outflows represent the University's deferred loss on debt refundings and pension and OPEB related balances. The deferred loss on debt refunding represents the excess of the reacquisition price of refunded debt over its net carrying amount. The outstanding deferred loss on refunding balances are related to Series 2017D and 2021H. Pension and OPEB deferred outflows are the portion of the net pension and OPEB liabilities not included as expenses and include employer contributions and transactions subsequent to the measurement date of the liabilities. See Note 14 for further information on pensions and OPEB.

Current liabilities include payroll and related liabilities, amounts payable to suppliers for goods and services received, cash received for which the University has not yet earned the related revenue, securities lending liability, and debt principal payments due within one year. The balance increased \$22.7 million, or 19.3%, from 2024 to 2025. This includes an \$8.3 million increase in short-term bonds payable, due to the Series 2024K-2 and 2024K-3 issuances which are both 5-year bridge loans that will be repaid with donor pledges. Deferred revenue increased by \$7.9 million, or 46.9% over the last year, driven by summer session payments received in 2024 but deferred to 2025. The total increase related to summer session was \$3.78 million. Both tuition and fees increase significantly in the 2nd year of a biennium as the increases are not approved in time to be effective in year 1 (2024). Grants and contract payments received in advance accounted for a \$2.5 million increase in deferred revenue as well. Finally, with increased compensation obligations, the current portion of compensated absences increased 10.0%, or \$1.3 million.

Noncurrent liabilities include debt and advance liabilities, the amount of compensated absence liability estimated to be payable after a one-year period,

and amounts which will be payable to the Federal government as the University collects repayments from loans outstanding under the Federal Perkins Loan or Nursing Loan programs. Noncurrent liability balances increased \$11.7 million, or 2.9%, resulting primarily from a \$9.3 million increase in debt, capital lease, and other obligations (Note 10).

Deferred Inflows include amounts related to lease receivables and pension and OPEB balances. The lease receivable portion is initially recorded at the lease receivable plus any payments received on or before the commencement of the lease that relate to future periods. This will be recognized as revenue over the life of the lease. The OPEB and pension portion includes amounts related to changes in estimates and assumptions which have occurred since the last actuarial valuation for defined benefit pension and OPEB plans. These will be amortized to expense over a period as determined by actuarial calculations for each of the plans, as discussed in Note 14.

Net investment in capital assets consist of the historical acquisition value of capital assets, reduced by both accumulated depreciation expense charged against assets and debt balances related to capital assets. This balance increases as assets are acquired and debt is repaid, and decreases as assets are depreciated and debt is incurred. Overall balances in net investment in capital assets increased \$110.0 million in 2025.

Restricted, non-expendable balances must be held in perpetuity, and include endowment principal as well as certain balances in student loan funds. Balances remained stable between fiscal years 2024 and 2025.

Restricted, expendable net assets represent balances that may be expended by the University in accordance with restrictions imposed by an external party, such as a donor, or through a legislative mandate. The University's most significant restricted, expendable balances relate to funds restricted to use for the construction, renewal or replacement of facilities, for the payment of debt, and for scholarships.

Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets are designated for specific purposes as described in the notes to the financial statements, and include funds accumulated for employee termination payouts, scholarships, facility renewal and replacement, and certain student projects. Balances in unrestricted net position increased by \$5.9 million in comparison to fiscal year 2024. This growth was driven by strong enrollments and related tuition revenues and record research activities.



CASH FLOWS

The **Statement of Cash Flows** presents information related to cash inflows and outflows, categorized by operating, noncapital financing, capital financing, and investing activities. The reconciliation of operating loss to cash used in operations explains the relationship between the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, showing that increases and decreases in operating assets often require the use or receipt of cash, but do not result in recognition of a revenue or an expense.

Condensed Statements of Cash Flows (in millions)

	2025	2024
Cash provided/(used) by:		
Operating activities, net	\$ (176.4)	\$ (146.0)
Noncapital financing activities, net	237.6	219.6
Capital and related financing activities, net	(66.9)	(77.6)
Investing activities, net	20.5	21.8
Net change in cash & equivalents	\$ 14.9	\$ 17.8
Cash & equivalents, beginning of year	342.4	324.6
Cash & equivalents, end of year	\$ 357.3	\$ 342.4

Comparison of 2025 and 2024 Cash Flows

Operating activities in fiscal year 2025 used \$176.4 million in cash and the University realized an operating loss of \$208.5 million. In 2024, the University expended \$146.0 million in cash for operating activities and realized an operating loss of \$207.7 million. Comparatively, depreciation and amortization expenses in 2025 amounted to \$52.7 million compared to \$45.3 million in 2024.

Noncapital financing activities provided \$237.6 million in positive cash flows to the University, resulting from \$172.4 million in state and local appropriations, \$27.7 million in federal Pell grant revenue, \$37.9 million in expendable gifts, and \$3.3 million of land grant income. In 2024, noncapital financing activities provided \$219.6 million in cash, resulting from \$169.6 million in state and local appropriations, \$22.2 million in federal Pell grant revenue, \$30.4 million in expendable gifts, and \$3.0 million of land grant income.

Capital and related financing activities used \$66.9 million in cash, resulting primarily from cash expended on capital assets of \$97.2 million (see Note 7 to the financial statements), principal debt repayments of \$9.2 million, and interest payments of \$9.6 million. In 2024, these activities netted \$77.6 million of cash outflow, resulting primarily from cash expended on capital assets of \$67.3 million, principal debt repayments of \$8.8 million, and interest payments of \$8.1 million.

DEBT AND ADVANCES

As of June 30, 2025, the University had approximately \$265.6 million in outstanding bond, note, and lease principal, compared with \$242.0 million at June 30, 2024 (see Note 10 to the financial statements). The balance increased due to the issuance of Series 2024K-2 and Series 2024K-3 bonds. Intercap debt is issued at a variable rate, reset each February, and as of June 30, 2025, was 5.00%. As of June 30, 2025, the University's bonds are rated Aa3 by Moody's Investor Services and AA- by Standard and Poor's.

ECONOMIC OUTLOOK

Montana State University set a record for headcount enrollment in the fall of 2025 at 17,165 students, a slight increase over the prior fall. The record marked the fifth year in a row of enrollment growth at the campus, which itself followed 11 years of growth from 2007 to 2018. Looking forward, enrollment is expected to remain stable due to devoting careful attention to maintaining an appropriate mix of in- and out-of-state students, initiatives to increase retention, and structured tutoring and mentoring opportunities.

MSU's retention of students, and their persistence to graduation, has been another area of strength. MSU saw 81.8% of its first-time, full-time students return for a second fall term in 2025, a record. When all new students are counted — including full-time, part-time and transfers — the retention rate was 75.4%, one of the highest rates seen in at least 15 years. Research has shown that students returning for their second year is a key indicator for future success in college.

The university set a record for full-time equivalent, or FTE, enrollment for the fall of 2025 with 15,785. That number is calculated by taking the total number of credits that MSU students are enrolled in and dividing by a full-time credit load — 15. It is a sign that more MSU students are taking more courses per semester, which is key to graduating on time. MSU has long urged students to take advantage of state tuition rules by enrolling in 15 or more credits per semester to save money, an initiative called the Freshman 15. This fall, 87% of new, first-time students and 69% of all undergraduates enrolled in 15 or more credits — both record numbers.

MSU is graduating more students and doing so in a shorter period than at any time in modern history — meaning more students enter their post-graduation work lives and pursuits earlier. This fall, MSU recorded increases in its four- and five-year graduation rates, which rose to 41.4% and 56.4% respectively. The six-year rate also saw an increase to 59%. From fall 2024 to fall 2025, the university awarded 3,657 degrees.

Record demand continues for Gallatin College MSU programs, which offer career technical education and vocational training. That demand is expected to remain strong as the city and the county both experience unprecedented population and economic growth. The university currently leases off-campus spaces for the majority of programs offered at Gallatin College MSU. Due to the college's continued growth, the university has sought a new building for Gallatin College MSU for years, which will allow its students to learn at the main MSU campus, providing easier access to important services such as the library, tutoring, and wellness. House Bill 5, passed by the 2023 Legislature, provided \$23.5 million for a Gallatin College MSU building, provided that MSU raises the other needed \$22.5 million. MSU has successfully raised these funds and will work with the state to begin the design and construction process on the new building.

A combination of modest tuition increases, stable state appropriations, and increased enrollment have contributed to financial growth. The university has set aside modest reserves to ensure the availability of retirement payout and scholarship funds and to provide a means to absorb unexpected expenses or decreases in revenue.

To assist in resource allocation, university management evaluates programs regularly and maintains a transparent budgeting process that stresses accountability and stewardship of the university's assets, as well as excellence in the programs offered. Management will continue to balance spending and revenue to maintain quality programs without unduly limiting student access to the university through the cost of attendance.



FINANCIAL STATEMENTS

Consolidated Statement of Net Position

FOR THE YEAR ENDED JUNE 30, 2025

	2025
ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 357,260,187
Securities lending collateral	9,834,419
Accounts and grants receivable, net (Note 3)	19,548,549
Lease receivable	319,581
Amounts receivable from Federal government	61,805,612
Amounts receivable from primary government	316,704
Loans receivable, net (Note 6)	1,081,097
Inventories (Note 4)	3,101,157
Prepaid expenses and other current assets (Note 5)	6,255,222
Total current assets	<u>\$ 459,522,527</u>
Noncurrent assets	
Restricted cash and cash equivalents	\$ 87,989
Restricted investments	8,546,165
Loans receivable, net (Note 6)	5,084,444
Investments	59,269,419
Capital assets, net (Note 7)	768,338,542
Lease receivable non-current	4,983,489
Other noncurrent assets (Note 7)	531,211
Total noncurrent assets	<u>\$ 846,841,259</u>
Total assets	<u>\$ 1,306,363,786</u>
DEFERRED OUTFLOWS	
Deferred loss on debt refunding (Note 11)	\$ 3,256,713
Deferred pension and OPEB outflows (Note 14)	83,595,112
Total deferred outflows	<u>\$ 86,851,825</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,393,215,611</u>

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Net Position (continued)

FOR THE YEAR ENDED JUNE 30, 2025

	2025
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities (Note 8)	\$ 56,496,912
Advances (current) and other amounts payable to primary government	1,258,009
Amounts payable to other State of Montana component units	656,505
Securities lending liability	9,834,419
Property held in trust for others	2,904,480
Unearned revenues (Note 9)	24,793,924
Current portion compensated absences	14,600,636
Current portion debt and lease obligations (Note 10)	29,796,392
Total current liabilities	<u>\$ 140,341,277</u>
Noncurrent liabilities:	
Advances from primary government	\$ 4,233,147
Debt, lease, and other obligations (Note 10)	235,799,474
Compensated absences	30,141,507
OPEB implicit rate subsidy	23,423,267
Net pension liability	114,183,593
Due to Federal government (Note 6)	7,369,086
Total noncurrent liabilities	<u>\$ 415,150,074</u>
Total liabilities	<u>\$ 555,491,351</u>
DEFERRED INFLOWS	
Deferred Inflows-Pension and OPEB (Note 14)	\$ 50,964,553
Deferred Inflows-Leases	5,122,811
Total deferred inflows	<u>\$ 56,087,364</u>
NET POSITION	
Net investment in capital assets	\$ 544,554,003
Restricted - nonexpendable	10,060,239
Restricted - expendable	24,734,708
Unrestricted (Note 12)	202,287,946
Total net position	<u>\$ 781,636,896</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,393,215,611</u>

The accompanying notes are an integral part of these financial statements.

Combined Statement of Financial Position - Component Units

FOR THE YEAR ENDED JUNE 30, 2025 OR DECEMBER 31, 2024

Assets:	
Cash and cash equivalents	\$ 6,125,777
Short-Term Investments	0
Accrued dividends and interest	18,761
Investments	524,166,740
Amounts due from the institution or other MSU component units	0
Contributions receivable, net of allowance	84,341,167
Contracts, notes and other receivables	27,643,521
Non-depreciable capital assets	6,860,083
Depreciable capital assets, net	15,145,252
Other assets	2,134,006
Total assets	<u>\$ 666,435,307</u>
Liabilities and net assets:	
Liabilities	
Accounts payable	\$ 955,811
Accrued expenses and other liabilities	3,660,371
Compensated absences	216,074
Notes and bonds payable	1,988,156
Amounts due to the institution or other MSU component units	1,798,827
Liabilities to external beneficiaries	6,948,405
Custodial funds	13,769,695
Total liabilities	<u>\$ 29,337,339</u>
Net assets	
Without donor restrictions - undesignated	\$ 22,473,859
Without donor restrictions - designated	29,682,555
With restrictions	584,941,554
Total net assets	<u>\$ 637,097,968</u>
Total liabilities and net assets	<u>\$ 666,435,307</u>

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Revenues, Expenses, and Changes in Net Position

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>
OPERATING REVENUES	
Tuition and fees (net of \$98,113,508 scholarship discount)	\$ 216,380,316
Federal appropriations	6,160,803
Federal grants and contracts	190,741,835
State grants and contracts	6,437,186
Non-governmental grants and contracts	13,506,329
Grant and contract facilities and administrative cost recoveries	34,491,113
Educational, public service and outreach revenues	34,084,722
Auxiliary revenues:	
Housing (net of \$1,909,453 scholarship discount)	32,927,983
Food services (net of \$1,884,770 scholarship discount)	35,894,957
Other auxiliary sales and services (net of \$108,621 scholarship discount)	12,900,099
Interest earned on loans	46,500
Other operating revenues	4,409,886
Total operating revenues	<u>\$ 587,981,729</u>
OPERATING EXPENSES	
Compensation and benefits, including pensions (Note 14)	\$ 476,719,368
OPEB amortization (Note 15)	986,329
Operating expenses (Note 13)	249,716,567
Scholarships and fellowships (net of \$102,016,352 scholarship discount)	16,308,530
Depreciation and amortization	52,740,077
Total operating expenses	<u>\$ 796,470,871</u>
Operating loss	<u>\$ (208,489,142)</u>
NONOPERATING REVENUES (EXPENSES)	
State and local appropriations	\$ 172,431,898
Federal Pell grant revenue	27,705,230
Land grant income (pledged as security for repayment of bonds)	3,304,805
Gifts (expendable)	37,868,724
Investment income (loss)	21,667,619
Interest expense	(8,752,590)
Net non operating revenues (expenses)	<u>\$ 254,225,686</u>
Income before other revenues, expenses, gains and losses	<u>\$ 45,736,544</u>
Loss on disposals of capital assets	(296,209)
Additions to permanent endowment	7,743
Capital gifts, grants and contributions	68,829,692
Change in net position	<u>\$ 114,277,770</u>
Net position, beginning of year	667,359,126
Net position, end of year	<u>\$ 781,636,896</u>

The accompanying notes are an integral part of these financial statements.

Combined Statement of Activities - Component Units

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025 OR DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 1,710,473	\$ 131,239,858	\$ 132,950,331
Investment, interest and dividend income	5,400,869	4,881,267	10,282,136
Net realized and unrealized gain (loss) on investments	3,088,757	25,562,387	28,651,144
Contract support and contributions from University	2,407,204	—	2,407,204
Special events	1,109,105	95,790	1,204,895
Other income	16,851,145	(6,148,595)	10,702,550
Net assets released from restrictions	79,743,699	(79,743,699)	—
Total revenues	\$ 110,311,252	\$ 75,887,008	\$ 186,198,260
Expenses:			
Program services			
University support	\$ 69,588,431	\$ —	\$ 69,588,431
Academic and institutional	2,665,590	—	2,665,590
Scholarships and awards	13,484,945	—	13,484,945
Total program services expense	\$ 85,738,966	\$ —	\$ 85,738,966
Operating expenses			
Fundraising efforts	\$ 6,344,684	\$ —	\$ 6,344,684
General and administrative	6,350,056	—	6,350,056
Other miscellaneous	2,695,051	—	2,695,051
Total operating expenses	\$ 15,389,791	\$ —	\$ 15,389,791
Change in net assets before nonoperating items	\$ 9,182,495	\$ 75,887,008	\$ 85,069,503
Nonoperating expenses			
Payments to beneficiaries and change in liabilities to external beneficiaries	\$ 18,019	\$ 2,651,882	\$ 2,669,901
Change in net assets	\$ 9,200,514	\$ 78,538,890	\$ 87,739,404
Net assets, beginning of year, as previously stated	\$ 42,955,900	\$ 504,724,939	\$ 547,680,839
Restatement of beginning net assets	\$ —	\$ 1,677,725	\$ 1,677,725
Net assets, beginning of year, as restated	\$ 42,955,900	\$ 506,402,664	\$ 549,358,564
Net assets, end of year	\$ 52,156,414	\$ 584,941,554	\$ 637,097,968

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	2025
Cash flows from operating activities:	
Tuition and fees	\$ 214,619,894
Federal appropriations	6,164,153
Federal grants and contracts	170,441,480
State grants and contracts	7,738,802
Private grants and contracts	12,423,398
Grant and contract facilities and administrative cost recoveries	30,158,800
Educational, public service and outreach revenues	23,670,939
Sales and services of auxiliary enterprises	81,117,544
Interest on loans receivable	46,500
Other operating receipts	12,366,695
Compensation and benefits	(473,418,820)
Operating expenses	(247,078,617)
Scholarships and fellowships	(16,308,530)
Loans made to students and federal loan funds repaid	90,669
Loan payments received	1,603,776
Net cash used in operating activities	\$ (176,363,317)
Cash flows from noncapital financing activities:	
Receipts (disbursements) of funds held in trust for others	\$ 1,457,853
Direct lending proceeds	68,674,777
Direct lending disbursements	(68,674,777)
State and local appropriations	172,431,898
Federal CARES Act Grant	(4,955,434)
Federal Pell grant funds received	27,705,230
Gifts and contributions	37,868,724
Land grant income (see Note 2)	3,304,805
Repayment of long-term operating advance from primary government	(218,833)
Additions to permanent endowment	7,743
Net cash provided by noncapital financing activities	\$ 237,601,986
Cash flows from capital financing activities:	
Purchase of capital assets	\$ (97,152,430)
Proceeds from sale of capital assets	7,560,214
Gifts restricted for capital purchase	—
Other capital financing activities	33,104
Proceeds from borrowings	43,715,000
Debt principal repayment	(9,249,144)
Advances from primary government	(42,395)
Repayment of advances from primary government	(2,099,369)
Interest paid	(9,627,828)
Net cash provided by (used in) capital financing activities	\$ (66,862,848)
Cash flows from investing activities:	
Purchase of investments	\$ —
Proceeds from sale of investments	—
Investment income	20,519,663
Net cash provided by (used in) investing activities	\$ 20,519,663
Net change in cash and cash equivalents	\$ 14,895,483
Cash and equivalents at beginning of year	342,452,693
Cash and equivalents at end of year	\$ 357,348,176

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows (continued)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

Reconciliation of Operating Loss to Net Cash Used in Operations

	<u>2025</u>
Operating loss	\$ (208,489,142)
Noncash income and expense:	
Depreciation and amortization on capital assets	52,740,078
Provision for uncollectible accounts	258,416
Changes in operating assets and liabilities, deferred inflows and deferred outflows:	
Accounts and grants receivable	(35,956,436)
Loans receivable	1,297,995
Inventories	(204,020)
Prepaid expenses	(1,005,553)
Accounts payable and other accrued liabilities	7,221,423
Net pension obligation and related deferred inflows and outflows	(223,049)
Unearned revenue	7,920,643
Compensated absences	1,532,477
Amounts due to Federal government	(1,456,148)
Net cash used in operations	<u>\$ (176,363,317)</u>

Schedule of noncash financing and investing activities

	<u>2025</u>
Capital assets contributed to the University	\$ 60,720,204
Capital assets acquired through issuance of lease obligations	8,844,291
Bond issue costs, discounts, premiums and deferred loss on refunding amortized or written off to interest expense (net)	1,095,051
Net increase (decrease) in fair value of investments	1,019,162

Reconciliation of cash and cash equivalents as shown on the Statements of Cash Flows to cash as shown in the Statements of Net Position

	<u>2025</u>
Cash and cash equivalents classified as current assets	\$ 357,260,187
Cash and cash equivalents classified as noncurrent assets	87,989
Total cash and cash equivalents as reported on the Statements of Cash Flows	<u>\$ 357,348,176</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The accompanying financial statements include all activities of the four Montana State University campuses, the Montana Agricultural Experiment Station, Montana Extension Service, and the Fire Services Training School, collectively referred to as the "University." The four campuses of the University are Montana State University–Bozeman, Montana State University–Billings, Montana State University–Northern (located in Havre) and Great Falls College–Montana State University. Significant inter-entity transactions have been eliminated in consolidation.

The University is the State's land grant university, serving the state, national, and international communities by providing its students with academic instruction, conducting a high level of research activity, performing other activities that advance fundamental knowledge, and by disseminating knowledge to the people of Montana.

A financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements for the University are included as a component unit of the State of Montana Basic Financial Statements, which are prepared annually and presented in the Montana Annual Comprehensive Financial Report (ACFR).

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*. The statement was clarified by the issuance of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, which modifies certain requirements for inclusion of component units

in the financial reporting entity. The statements require that a legally tax exempt organization be reported as a component unit of a reporting entity if the economic resources received or held by these organizations are entirely or virtually entirely for the direct benefit of the reporting entity or its component units, and the reporting entity is entitled to, or has the means to otherwise access, a majority of the economic resources received or held by the separate organization. The resources of the separate organization must also be significant to the reporting entity. In addition, organizations are evaluated for inclusion if they are closely related to, or financially integrated with, the reporting entity, and qualify as presenting a financial benefit or burden relationship. The University has established a threshold minimum of 1% - 2% of consolidated net position or 1% - 2% of consolidated revenues as an initial requirement for inclusion of an organization as a component unit in its financial statements. Other entities may be included, though, if the University determines that to exclude the entity would be misleading, according to clarified criteria presented on statement No. 61. For further discussion of component units, see Note 19.

BASIS OF PRESENTATION

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November, 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Montana, the University was also required to adopt GASB Statements No. 34 and No. 35. The latter statement was adopted as amended by GASB Statements No. 37 and No. 38.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents – For purposes of the statement of cash flows, the University considers its unrestricted, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certain funds on deposit with trustees, as well as funds invested in the Short Term Investment Pool with the Montana Board of Investments (BOI) are considered cash equivalents, unless BOI management determines that a portion of its portfolio is sufficiently illiquid and should be considered investments. In such cases, each participant in the pool is allocated its pro-rata share of illiquid funds.

Investments – The University accounts for its investments at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, which was implemented during 2016. Investment income is recorded on the accrual basis. All investment income, including unrealized gains and losses on the carrying value of investments, is reported as a component of investment income. Investments include derivative instruments that do not qualify for hedge accounting in accordance with GASB Statement No. 53.

Accounts and grants receivable – Accounts receivable include tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are reported net of estimated uncollectible amounts.

Allowances for uncollectible accounts – The University estimates the value of its receivables that will ultimately prove uncollectible, and has reported a provision for such as an expense in the accompanying financial statements.

Inventories – Inventories include consumable supplies, livestock, and food items and items held for resale or recharge within the University. Inventories are valued at lower of cost or market value, using First In First Out (FIFO) or specific identification methods.

Restricted cash and investments – Cash and investments that are externally restricted as to use are classified as non-current assets in the accompanying statement of net position. Such assets include endowment fund cash and investments.

Capital assets – Capital assets are stated at cost for purchased or constructed assets, and at estimated fair value for donated assets. Renovations to buildings, infrastructure, and land improvements that significantly increase the value, change the use, or extend the useful life of the structure are capitalized. Routine repairs and maintenance and minor renovations are charged to operating expense in the year in which the expense is incurred. Capitalization thresholds range from \$5,000 for equipment to \$500,000 for infrastructure.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, ranging from 3 years for certain software to 75 years for certain infrastructure assets. The University has elected to capitalize museum, fine art, and special library collections, but does not record depreciation on those items.

Unearned revenues – Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to events occurring in the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated absences – During the year ended June 30, 2024, the University adopted GASB Statement No. 101, *Compensated Absences*. Eligible University employees earn a minimum of 8 hours sick and 10 hours annual leave for each month worked, with additional annual leave accruals based on longevity, up to 16 hours per month worked. Eligible employees may accumulate annual leave up to twice their annual accrual, while sick leave may accumulate without limitation. Twenty-five percent of accumulated sick leave earned after July 1, 1971 and 100 percent of accumulated annual leave, if not used during employment, is paid upon termination.

Other Post-Employment Benefits (OPEB) – During the year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The University allows retirees to participate in the Montana University System's self-funded health insurance plan by paying an amount considered by the University to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The unfunded actuarial accrued liability is amortized over a 20-year period on an open basis beginning December 31, 2017. The state has not mandated funding of the liability. See Note 14 for further details.

Pensions – During the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See Note 14 for further information on pensions.

Net position – Resources are classified in one of the following four categories:

- **Net investment in capital assets** – this represents the University's total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted, non-expendable** – this represents net balances subject to externally imposed stipulations requiring permanent maintenance. Such assets include the University's permanent endowment funds.
- **Restricted, expendable** – this represents balances whose use by the University is subject to externally imposed stipulations as to use of the assets.
- **Unrestricted** – this represents balances that are not subject to externally imposed stipulations. Unrestricted balances may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted balances are designated for specific purposes as described in Note 12.

Classification of revenues – The University has classified its revenues as either operating or non-operating according to the following criteria:

- **Operating revenues** – include activities that have the characteristics of exchange transactions, including (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.
- **Non-operating revenues** – include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Use of restricted revenues – When the University maintains both restricted and unrestricted funds for the same purpose, the order of use of such funds is determined on a case-by-case basis, depending on relevant law and other restrictions. Restricted funds remain classified as restricted until they are expended.

Income taxes – The University, as a political subdivision of the State of Montana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. Because tax liabilities are not considered to be material, no provision for income tax expense is reported in the accompanying financial statements.

Scholarship discounts and allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are computed as the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

During the year ended June 30, 2025, the University implemented a change to the discount estimate methodology based on NACUBO advisory AR 2023-01. The change moves from the Alternate Method presented in NACUBO advisory 2000-05, which estimated the financial aid expense based on all disbursements to students (including refunds and loan payments). The new method calculates and allocates the discount directly by student and by term. This results in a more accurate estimate of the discount and a more accurate allocation between tuition and auxiliary revenue. The change resulted in a decrease in tuition and fees revenue, an increase in auxiliary revenue, and a decrease in scholarship and fellowship expense.

Accounting standards recently adopted – During the year ended June 30, 2025, the University adopted GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The University's assessment is discussed in detail in Note 15.



NOTE 2 – CASH DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Cash deposits – The University must comply with State statutes, which generally require that cash and investments remain on deposit with the State treasury, and as such are subject to the State's investment policies. Certain exceptions exist, which allow funds to be placed on deposit with trustees to satisfy bond covenants or to maximize investment earnings through placing certain funds with recognized University foundations. Deposits with the State treasury and other financial institutions totaled \$100,329,482 at June 30, 2025.

Cash equivalents – These amounts consist of cash held by trustees as well as \$208,645,862 of the amount invested in the Short Term Investment Pool (STIP) with the BOI at June 30, 2025.

STIP participants include both state agencies and local governments. STIP uses net asset value to compute unit values. As described in the notes to the BOI Consolidated Unified Investment Program Financial Statements, investments must have a maximum maturity of 397 or fewer days unless they have reset dates.

Investments – GASB Statement No. 72, Fair Value Measurement and Application, requires that investments be classified according to a "fair value hierarchy." With respect to Statement No. 72's fair value hierarchy, GASB defines "inputs" as "the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk." Statement No. 72 further categorizes inputs as observable or unobservable: observable inputs are "inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability"; unobservable inputs are "inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability." GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and disclosure for external investment pools and pool participants. The University participates in external investment pools, and has adopted Statement No. 79.



The University records its investments as noted in the table below, and categorizes them within the fair value hierarchy as follows:

- Level 1—Fair value is determined using quoted prices for identical assets or liabilities in active markets.
- Level 2—Fair value is determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 – Values are determined using unobservable inputs.

In addition, certain investments are classified as NAV, meaning Net Asset Value per share. This includes pooled investments, such as those held at the University's supporting foundations and in the State of Montana external investment pools. Unit values for these investments are based upon the University's allocated proportion of the fair value of underlying assets of the pools.

Cash equivalents and investments consisted of the following at June 30, 2025:

Security Type	Fair Value	Moody's Credit Quality Rating at June 30, 2025	Effective Duration (years) or Weighted Average Maturity (days) at June 30, 2025	Basis of Valuation or Fair Value Level	Liquidity of NAV Assets
State of Montana Short Term Investment Pool	\$ 208,645,862	NR ³	Weighted average maturity for the pool: 58 days	Net Asset Value	Daily
U. S. Bank Money Market Funds collateralized by U.S. Bank pool, not in the University's name)	\$ 46,869,295	P-1	N/A	Cash equivalents, carried at amortized cost	
State of Montana Trust Fund Investment Pool ¹	\$ 56,912,724	NR ³	6.38	Net Asset Value	Monthly
Foundation Pooled Cash Equivalents and Investments ^{1, 2}	\$ 10,896,833	NR ³	N/A ²	Net Asset Value	No formal liquidity agreement

1 TFIP and Foundation investments are intended to be permanent investments.
 2 The Foundation investment pool is not considered a debt pool, and as such, a duration calculation is not applicable.
 3 Not rated

Investments Recorded at Net Asset Value

State of Montana Short Term Investment Pool (STIP) and State of Montana Trust Fund Investment Pool (TFIP)

– STIP and TFIP are external investment pools managed and administered under the direction of the Montana Board of Investments as statutorily authorized by the Unified Investment Program. Each is a commingled pool for investment purposes and participant requested redemptions from the pool are redeemed the next business day (STIP) or on a monthly basis (TFIP). The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the investment. Refer to the fair value measurement note disclosures within BOI's annual financial statements for the underlying investments for commingled UIP assets within the fair value hierarchy. The BOI annual financial information is available from the BOI at 2401 Colonial Drive 3rd Floor, PO Box 200126, Helena, MT 59620-0126 or by calling 406-444-0001. The BOI's annual financial statements can be found on BOI's website at www.investmentmt.com.

Foundation investment pools – Foundation pools are external investment pools managed by the MSU Alumni Foundation, the MSU-Billings Foundation, and the MSU-Northern Foundation. The University's investment in these pools is intended to be permanent, for endowment and quasi-endowment funds, which make up the majority of the balance; as such, a liquidity term has not been formally established for these funds. Financial statements of the foundations, which are all component units, which include relevant investment disclosures, can be found as discussed in Note 19.

Endowment spending policy – The State of Montana has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A majority of the University's endowment funds are managed by the MSU Alumni Foundation, in accord with their spending policy, which conforms to UPMIFA. The Foundation's spending policy is based on a 12-quarter weighted average net earnings plus the value of the corpus at fiscal year-end multiplied by a 4% spending rate. Certain limits are applied: assuming there is not a prohibition in the donor agreement against the use of the original gift, spending is curtailed when the value of the endowment drops to the 80% of the original contribution amount. Both realized and unrealized earnings are recorded for the endowment funds.

Securities lending transactions – The BOI is authorized by law to lend its securities, and has contracted with its custodial bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30th, markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The BOI and the bank split the earnings 85% and 15% respectively on security lending activities. The BOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the BOI's credit risk exposure to the borrowers. The custodial bank cannot sell collateral unless the borrower defaults. The University's allocated portion of security lending cash collateral was \$9,834,419 at June 30, 2025.

During the fiscal year, the custodial bank loaned the BOI's public securities and received as collateral: U.S. dollar cash; U.S. Government and government sponsored agency securities; U.S. corporate debt securities and structured securities; sovereign debt securities; and debt securities issued by certain supranational agencies amongst other instruments.

The cash collateral received for each loan was invested in a high-liquid, separately managed portfolio. The board and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

The Navigator portfolio had an average duration of 21 days and an average weighted final maturity of 103 days in 2025.

Investment risks – The University's investments are concentrated primarily with the State of Montana. A discussion of the risks of the applicable State investment products is relevant to the University's investments and is summarized below. Detailed asset maturity and other information demonstrating risk associated with the BOI Unified Investment Program is contained in the BOI financial statements, and may be accessed by contacting the BOI at P.O. Box 200126, Helena, MT 59620-0126. Investment risks are described in the following paragraphs.

Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. With the exception of the U.S. government securities, all BOI STIP and TFIP fixed income instruments have credit risk as measured by a nationally recognized statistical rating organization (NRSRO). All STIP money market investments are in U.S. government money markets. Cash held by trustees are invested in money market funds that have received AAA credit quality ratings from three NRSRO's: Moody's; Standard and Poor's; and Fitch.

U.S. government securities are guaranteed directly or indirectly by the U.S. government. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University holds funds at the BOI, in addition to its foundations and trustee. Per BOI policy, the BOI's custodial bank must be rated at a minimum at the 6th highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) on an annual basis.

As of June 30th, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank. The equity index funds, securities held at the State's depository bank, real estate, mortgage, and loan investments were purchased and recorded in the BOI's name. Commingled fund investments are also registered in the name of the BOI. Therefore, the BOI is not subject to custodial credit risk.

For funds held by the University's foundations or its trustee for cases where bond proceeds are held in accordance with restrictions set forth in the University's bond indenture, a specific custodial credit risk policy has not been adopted. Information with respect to pooled investments held at the MSU Foundation is included in Note 19 of the financial statements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. The University invests funds at the BOI, specifically with TFIP and STIP, where concentration of credit risk is addressed with all investment policy statements as set by the BOI. The University also invests certain funds with its Foundations and trustees, where a concentration of credit risk policy has not been adopted by the University. Information regarding Foundation investments is available as described in Note 19 to the financial statements.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University invests funds with the BOI, which addresses interest rate risk in the investment policy statements as set by the BOI. Although the STIP investments held by the BOI have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP interest rate risk is determined using the WAM method. The WAM measure expresses investment time horizons – the time when investments are due or reset and payable in days, months or years – weighted to reflect the dollar size of the individual investments within an investment type. Inclusive of cash and cash equivalents, the WAM averages 58 days for the portfolio.

The BOI has selected the effective duration method as a measure of interest rate risk for all fixed income portfolios. The TFIP investment policy requires average duration of the non-core income asset class will be maintained in a range within 25% of the index duration. The TFIP investment policy requires the average duration of any internally managed portfolio will be maintained in a range within 20% of the benchmark duration.

For funds held by the University's foundations or its trustee for cases where bond proceeds are held in accordance with restrictions set forth in the University's bond indenture, a specific interest rate risk policy has not been adopted by the University.

Land grant earnings – The University benefits from two separate land grants which total 240,000 acres. The first granted 90,000 acres for the University under provisions of the Morrill Act of 1862. The second, under the Enabling Act of 1889, granted an additional 50,000 acres for agricultural institutions and 100,000 acres for state normal schools.

Under provisions of both grants, income from the sale of land and land assets must be reinvested and constitutes, along with the balance of the unsold land, a perpetual endowment fund. The State of Montana, Board of Land Commissioners, administers both grants and holds all endowed assets. The University's land grant assets are not reflected in these financial statements, but are included as a component of the State of Montana Basic Financial Statements that are prepared annually and presented in the Montana Annual Comprehensive Financial Report.

Investment income from the perpetual endowment is distributed periodically to the University by the State of Montana, Board of Land Commissioners, and is reported as revenue in the accompanying financial statements. The University has currently pledged such income to the retirement of revenue bond indebtedness; after satisfying the liens of the indenture, the University may expend the funds for any lawful purpose.

In addition to distributed endowment income, the University also receives revenue generated from trust land timber sales. The University has the flexibility to designate timber sales revenues as either distributable or for reinvestment, should it choose to expend the funds for certain specified purposes.

NOTE 3 – ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2025
Accounts receivable	\$ 10,014,812
Other receivables, including private grants and contracts	15,323,809
Gross accounts and grants receivable	\$ 25,338,621
Less allowance for uncollectible accounts	(5,790,072)
Net accounts and grants receivable	\$ 19,548,549

NOTE 4 – INVENTORIES

Inventories consisted of the following as of June 30:

	2025
Bookstore	\$ 545,395
Food services	354,448
Facilities services	899,182
Livestock	814,276
Other	487,856
Total inventories	\$ 3,101,157

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consisted of the following as of June 30:

	2025
Library subscriptions	\$ 1,896,504
Other (including summer session payments)	4,358,718
Total prepaid expenses	\$ 6,255,222

NOTE 6 – LOANS RECEIVABLE

Student loans made under the Federal Perkins Loan Program constitute the majority of the University's loan balances. Included in non-current liabilities as of June 30, 2025 related to the program is \$7,369,086 that will be repayable to the Federal government as loans are repaid to the University by students. Students whose loans were approved and for whom the first installment disbursed prior to September 30, 2017, continued to receive loans throughout the 2017-2018 academic year. Hereafter, no new loans will be disbursed due to the elimination of the program by the Federal government.

The Federal portions of interest income and loan program expenses are shown as additions to and deductions from the amount due to the Federal government, and not as operating transactions, in the accompanying financial statements.



NOTE 7 – CAPITAL, LEASES, AND OTHER NON-CURRENT ASSETS

Following are the changes in capital assets during the year ended June 30, 2025:

	Balance				Balance June 30, 2025
	July 1, 2024	Additions	Retirements	Transfers	
Capital assets not being depreciated:					
Land	\$ 8,299,720	\$ —	\$ —	\$ —	\$ 8,299,720
Museum and fine art	6,213,622	180,000	—	—	6,393,622
Library special collections	3,903,113	—	—	—	3,903,113
Livestock for education	4,515,508	77,600	—	—	4,593,108
Construction work-in-progress	97,167,419	132,350,735	(29,558)	(103,902,888)	125,585,708
Total capital assets not being depreciated	\$ 120,099,383	\$ 132,608,335	\$ (29,558)	\$ (103,902,888)	\$ 148,775,272
Other capital assets:					
Furniture and equipment	\$ 209,035,417	\$ 15,309,631	\$ (14,575,518)	\$ 845,076	\$ 210,614,606
Library materials	68,746,992	604,660	(687,323)	—	68,664,328
Buildings	580,323,108	—	—	21,033,770	601,356,878
Building improvements	317,204,610	2,075,746	—	58,514,238	377,794,593
Land improvements	36,755,927	1,212,202	—	23,116,474	61,084,603
Infrastructure	45,121,634	—	—	—	45,121,634
Leasehold Improvements	8,667,986	—	(966,398)	393,330	8,094,918
Intangible Right to Use Equipment	632,593	6,294	(146,117)	—	492,769
Intangible Right to Use Bldg	48,049,919	1,818,438	(9,133,683)	—	40,734,674
Intg Right to Use SBITA	10,362,775	3,192,800	(1,566,139)	—	11,989,436
Total capital assets being depreciated	\$ 1,324,900,961	\$ 24,219,770	\$ (27,075,178)	\$ 103,902,888	\$ 1,425,948,441
Less accumulated depreciation for:					
Furniture and equipment	\$ (152,875,588)	\$ (11,092,595)	\$ 14,201,223	\$ —	\$ (149,766,959)
Library materials	(62,941,106)	(1,051,497)	687,522	—	(63,305,082)
Buildings	(233,259,160)	(12,850,425)	—	—	(246,109,584)
Building Improvements	(249,281,372)	(12,116,611)	—	—	(261,397,983)
Land Improvements	(22,063,045)	(1,892,145)	—	—	(23,955,189)
Infrastructure	(30,478,137)	(363,139)	—	—	(30,841,276)
Leasehold Improvement	(5,159,451)	(397,642)	966,398	—	(4,590,694)
Intangible Right to Use Equipment	(207,600)	(147,148)	129,721	—	(225,027)
Intangible Right to Use Bldg	(12,091,298)	(8,754,599)	1,697,310	—	(19,148,588)
Accum Amort Intang Right to Use SBITA	(4,567,818)	(4,067,260)	1,566,139	—	(7,068,939)
Total Accumulated Depreciation	\$ (772,924,574)	\$ (52,733,060)	\$ 19,248,312	\$ —	\$ (806,409,322)
Other capital assets, net	\$ 551,976,387	\$ (28,513,291)	\$ (7,826,866)	\$ 103,902,888	\$ 619,539,119
Intangible assets, net	31,169	(7,017)	—	—	24,152
Capital Assets, net	\$ 672,106,939	\$ 104,088,028	\$ (7,856,424)	\$ —	\$ 768,338,542

Historical records are not available for certain of the University's assets. As such, some values have been estimated based on insurance values, industry-accepted valuation techniques, or estimates made by University personnel knowledgeable as to the assets' values. Livestock held for educational purposes consist primarily of cattle herds. Breeding cattle are routinely replaced in the herds by their offspring; additions and deductions from the asset cost are not reported for reproducing cattle replaced in this manner.

Lease receivables – The University's lease receivables are associated with the leasing of building space. For the fiscal year ended June 30, 2025, total lease revenue was \$556,898, and the related interest revenue was \$234,089.

Other non-current assets – As of June 30, 2025, other non-current assets of \$0.5 million include a receivable from the MSU Alumni Foundation related to a key employee deferred compensation plan as described in Note 14 in addition to strategic reserves and repair and renovation funds.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30:

	2025
Compensation, benefits and related liabilities	\$ 21,711,200
Accrued interest expense	1,035,816
Accounts and deposits payable	33,749,896
Total	\$ 56,496,912

NOTE 9 – UNEARNED REVENUES

Unearned revenues consisted of the following as of June 30:

	2025
Grant and contract funds received in advance	\$ 10,629,193
Summer session payments received in advance	9,980,150
Other unearned revenues	4,184,581
Total	\$ 24,793,924



NOTE 10 – NON-CURRENT LIABILITIES

Following are the changes in non-current liabilities for the year ended June 30, 2025:

	June 30, 2024	Additions	Reductions	June 30, 2025	Amounts due within one year
Bonds, notes payable, and lease obligations					
Bonds payable, net of discount	\$184,027,974	\$—	\$(10,093,604)	\$173,934,370	\$8,920,000
Bonds payable, direct placement	14,725,000	43,715,000	(680,000)	57,760,000	8,685,000
Notes and other long-term liabilities	352,402	—	(155,133)	197,269	—
Lease obligations	37,869,965	1,895,243	(11,397,652)	28,367,556	9,995,135
SBITA obligations	4,988,279	2,951,920	(2,603,528)	5,336,671	2,196,257
Total bonds, notes payable, and lease obligations	\$241,963,620	\$48,562,163	\$(24,929,917)	\$265,595,866	\$29,796,392
Compensated absence liability	43,054,533	1,687,610*	—	44,742,143	14,600,636
Advances from primary government – Intercap	6,366,379	—	(2,032,981)	4,333,398	810,296
Advances from primary government - DEQ	1,375,584	—	(327,612)	1,047,972	337,918
Amounts due to Federal government	8,825,233	14,888	(1,471,035)	7,369,086	—
OPEB liability— implicit rate subsidy for retiree health insurance	21,701,011	2,059,401	(337,146)	23,423,266	—
Net pension liability	110,317,648	24,101,100	(20,235,155)	114,183,593	—
Total NonCurrent Liabilities	\$433,604,008	\$76,425,162	\$(49,333,846)	\$460,695,324	\$45,545,242

*The change in the compensated absences liability is presented as a net change.

Amounts not due within one year are reflected in the non-current liabilities section of the accompanying Statement of Net Position.

Bonds payable, direct placement - The University incurred an additional \$43.72 million in direct placement bonds to support the construction of the Kennedy-Stark Athletic Center and the five Mark & Robyn Jones College of Nursing buildings so they could be completed while the associated pledges would continue to come in over the next 5 years. The donor pledged revenues will be utilized to repay these bonds.

Lease obligations – The University's lease obligations are associated with the leasing of copiers and space for offices, labs, and radio towers. As of June 30, 2025, the University has future minimum lease commitments payable for the following years ended:

June 30,	Principal	Interest	Total
2026	\$9,995,135	\$579,361	\$10,574,502
2027	3,784,828	442,773	4,227,599
2028	3,546,317	368,971	3,915,288
2029	3,003,899	304,762	3,308,661
2030	1,881,504	248,824	2,130,328
2031 - 2035	3,835,277	856,801	4,692,078
2036 - 2040	2,230,565	253,360	2,483,926
2041 - 2045	90,031	2,322	92,353
Total payments	\$28,367,556	\$3,057,174	\$31,424,735

Subscription-based Information Technology Arrangements (SBITAs) – The University's SBITA obligations are associated with software subscription and contract costs for service-based fees paid to vendors for time-limited access to software platforms essential to program and administrative functions. As of June 30, 2025, the University has future minimum SBITA commitments payable for the following years ended:

June 30,	Principal	Interest	Total
2026	\$2,196,257	\$192,158	\$2,388,415
2027	1,964,364	87,466	2,051,831
2028	791,211	29,002	820,213
2029	384,839	1,844	386,683
Total payments	\$5,336,671	\$310,470	\$5,647,142

NOTE 11 – BONDS, NOTES, ADVANCES PAYABLE AND DEFERRED LOSS ON DEBT REFUNDING

The following chart details the amount of revenue bond principal outstanding as of June 30, 2025.

	Coupon rate	Principal Outstanding
Series 2017 D	2.250%-5.000%	\$6,820,000
Series 2018 E	3.000%-5.000%	40,685,000
Series 2023 J	5.000%	12,665,000
Series 2021 G	3.000%-5.000%	42,395,000
Series 2021 H	0.929%-2.797%	60,300,000
Series 2022 I	2.910%	8,085,000
Series 2024 K-1	3.950%	5,960,000
Series 2024 K-2	4.070%	8,545,000
Series 2024 K-3	4.070%	35,170,000
Total Principal Outstanding		\$220,625,000

Revenue bonds are payable for the Fiscal Years Ending June 30 as follows:

	Bonds Payable		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2026	\$8,920,000	\$5,701,971	\$8,685,000	\$2,099,311	\$25,406,282
2027	8,195,000	5,449,013	9,060,000	1,738,402	24,442,415
2028	8,505,000	5,184,707	9,440,000	1,364,163	24,493,870
2029	6,960,000	4,915,965	9,845,000	969,666	22,690,631
2030	7,165,000	4,678,352	10,275,000	560,229	22,678,581
2031 - 2035	39,915,000	19,324,967	4,245,000	1,398,066	64,883,033
2036 - 2040	34,180,000	12,476,816	5,040,000	610,706	52,307,522
2041 - 2045	36,180,000	5,857,766	1,170,000	34,338	43,242,104
2046 - 2050	12,845,000	626,163	—	—	13,471,163
Total cash requirements	\$162,865,000	\$64,215,720	\$57,760,000	\$8,774,881	\$293,615,601
Unamortized premium (discount) net	11,069,370	—	—	—	11,069,370
Bond payable, net	\$173,934,370		\$57,760,000		\$231,694,370

Description of bonded indebtedness

Series D 2017, July 25, 2017 – The University issued its Series D refunding debt in the principal amount of \$21.0 million. The proceeds were used for a current refunding of the Series K 2006 Facilities Refunding Revenue Bonds and an advance refunding of the Series M 2011 Facilities Improvement Revenue Bonds with stated maturities in 2022 and thereafter. The refunding resulted in an economic gain to the University of \$1.3 million. The proceeds of the Series D 2017 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on all \$8.3 million of the Series K 2006 and \$12.7 million of the Series M 2011 bonds with maturities in the year 2022 and thereafter. The refunded Series K 2006 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series M bonds that were not refunded totals \$0.9 million. A portion of the Series D bonds matured in November 2021. The portion of Series D still outstanding include:

Maturity Date	Principal
11/15/2025	\$ 2,150,000
11/15/2026	\$ 2,225,000
11/15/2027	\$ 2,305,000

Series E 2018, February 8, 2018 – The University issued \$44.8 million of Series E 2018 Facilities Improvement Revenue Bonds to fund the construction of a new residence hall on the Bozeman Campus. Payments are scheduled each May and November through November 2047. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series G 2021, October 19, 2021 – In October 2021, the University issued its Series G 2021 tax-exempt bonds in the amount of \$45.6 million. Proceeds of \$12.4 million were used to refund the Series C 2016 Facilities Improvement Revenue draw-down bonds. The refunding resulted in an economic gain to the University of \$1.0 million. The proceeds of the Series G 2021 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due at maturity or upon redemption, the principal of and interest on the \$12.4 million Series C 2016 bonds in the year 2022 and thereafter. The refunded Series C 2016 bonds are no longer considered to be outstanding under the indenture. Proceeds of \$33.2 million were used to fund the construction of the Wellness Center on the Bozeman campus. Payments are scheduled for each

May and November through November 2046. Bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series H 2021, October 19, 2021 – In October 2021, the University issued its Series H 2021 refunding taxable debt in the amount of \$72.1 million. The proceeds were used for an advanced refunding of the Series N 2012 bonds, the Series O 2012 bonds, and the Series A 2013 bonds with stated maturities in 2022 and thereafter. The refunding resulted in an economic gain to the University of \$.8 million for Series N 2012, \$.2 million for Series O 2012, and \$8.2 million for Series A 2013. The proceeds of the Series H 2021 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal and interest on all Series N 2012, Series O 2012 and Series A 2013 bonds with maturities in 2022 and thereafter. Series N 2012, Series O 2012 and Series A 2013 are no longer considered to be outstanding under the indenture.

Series I 2022, March 25, 2022 – In March 2022, the University closed on its Series I 2022 General Revenue bonds for \$9.1 million, which were issued to acquire a research building on the Bozeman campus. The bonds are a direct placement with First Security Bank of Bozeman. Payments are scheduled each May and November through November 2041. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series J 2023, June 22, 2023 – In June 2023, the University issued its Series J refunding debt in the principal amount of \$14.4 million. The proceeds were used for a refunding of the Series F 2018 Facilities Refunding Revenue Bonds with stated maturities in the year 2023 and thereafter. The refunding resulted in an economic loss of \$4,552. Payments are scheduled for each May and November through November 2035. Bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16. The refunded F 2018 bonds are no longer considered to be outstanding per the indenture.

Series K-1 2024, June 25, 2024 - In June 2024, the University closed on its Series K-1 2024 General Revenue bonds for \$6.3 million, which were issued to finance the construction of parking improvements on the Bozeman campus. The bonds are a direct placement with TrailWest Bank. Payments are scheduled each May and November through November 2039. The bonds are secured by a first lien on and pledge of net pledged revenues, as described in Note 16.

Series K-2 2024, July 25, 2024 - In July 2024, the University closed on its Series K-2 2024 General Revenue bonds for \$8.6 million, which were issued to finance the construction of an indoor athletic facility to support student athletes on the Bozeman campus. The bonds are a direct placement with TD Bank. Payments are scheduled each May and November through November 2029. Payments are made with received donor pledges and are also secured by a first lien on and pledge of net pledged revenues, as described in Note 16,

Series K-3 2024, July 25, 2024 - In July 2024, the University closed on its Series K-3 2024 General Revenue bonds for \$35.2 million, which were issued to finance the construction of five academic buildings to serve the Mark and Robyn Jones College of Nursing in Billings, Bozeman, Great Falls, Kalispell, and Missoula, Montana. The bonds are a direct placement with TD Bank. Payments are scheduled each May and November through November 2029. Payments are made with received donor pledges and are also secured by a first lien on and pledge of revenues, as described in Note 16.

Deferred Loss on Debt Refunding – Deferred loss on debt refunding is the excess of the reacquisition price of refunded debt over its net carrying amount. Deferred loss on debt refunding was \$3.3 million as of June 30, 2025. Though the transactions resulted in an accounting loss, the refundings resulted in an economic gain, in that future principal plus interest (including issuance costs) will be less than the principal and interest that would have been paid had the original debt been paid out to its scheduled maturity. This occurs due to lower interest costs over the life of the debt.

Advances payable to primary government – The University participates in the State’s Intercap loan program. Intercap loans contain a variable interest rate, which is based on the underlying bond rate of the BOI Intercap bonds, and is adjusted each February. The rate as of June 30, 2025 was 5.00%. Intercap loans are secured by the pledge of net income from revenue-producing facilities and student fees.

During fiscal year 2024, the Office of the Governor paid in full the debt for the Montana Science and Technology Alliance (MSTA). This advance was made during the mid-1990s by the MSTA to stimulate research and create activities in Montana. Such loans were subsequently assumed by the State of Montana Board of Investments. As of June 30, 2024, there was no outstanding balance on this debt.

Advances were made to the University by the State Department of Environmental Quality (DEQ) as part of its State Building Energy Conservation Program (SBCEP). The program provides funding for projects such as lighting, window replacement, and other energy-efficiency initiatives. The projects selected for funding under the program are done so only if utility savings resulting from the improvements are expected to offset the cost of the projects.

Amounts due to the State of Montana are scheduled to be repaid for each of the Years Ending June 30 as follows:

	Intercap Loans		DEQ SBCEP		Total
	Principal	Interest	Principal	Interest	
2026	\$810,296	\$206,502	\$337,918	\$32,115	\$1,386,831
2027	673,814	165,765	184,715	21,494	1,045,788
2028	485,762	135,780	143,539	15,761	780,842
2029	450,058	112,537	147,837	11,462	721,894
2030	461,425	89,890	48,547	7,016	606,878
2031 - 2035	1,387,358	159,718	144,260	17,375	1,708,711
2036 - 2040	64,685	3,258	41,156	1,861	110,960
Total	\$4,333,398	\$873,450	\$1,047,972	\$107,084	\$6,361,904

NOTE 12 – NET POSITION

As of June 30, the University's unrestricted balances were as follows:

	2025
Board of Regents' approved reserves	\$ 53,061,241
Other designated purposes	149,226,705
Total unrestricted net position	\$ 202,287,946

Board of Regents' approved reserves represent cash and investments held for specific purposes that were generated through state appropriations and student tuition revenue in excess of operating expenses. The remainder of unrestricted net position is designated for other purposes that support the educational and general operations of the University. These resources also include those from auxiliary services, which are substantially self-supporting activities that provide services for students, faculty, and staff.

As of June 30, the University's restricted balances were as follows:

	2025
Restricted - nonexpendable:	
Endowments	\$ 8,586,675
Loans	1,473,565
Total restricted - nonexpendable	\$ 10,060,239
Restricted - expendable:	
Scholarships	\$ 3,724,269
Research and other	16,117,408
Loans	396,856
Construction and renewal of plant facilities	3,718,117
Debt retirement	778,058
Total restricted - expendable	\$ 24,734,708

NOTE 13 – OPERATING EXPENSES

Functional operating expenses were incurred in performance of the following during the years ended June 30:

	2025
Instruction	\$ 173,096,432
Research	195,178,055
Public service	53,121,405
Academic support	51,496,259
Student services	64,259,633
Institutional support	41,009,195
Plant-related expenses	66,797,112
Auxiliary enterprises	82,461,823
Scholarships and fellowships	16,310,880
Depreciation and amortization	52,740,077
Total	\$ 796,470,871

Natural operating expenses were incurred in the following categories during the years ended June 30:

	2025
Compensation and benefits	\$ 456,540,442
Pension	20,178,926
OPEB	986,329
Supplies and service	145,857,907
Travel	16,573,692
Utilities	11,213,881
Other operating expenses	76,071,087
Scholarship and fellowships	16,308,530
Depreciation and amortization	52,740,077
Total	\$ 796,470,871

NOTE 14 – RETIREMENT, TERMINATION AND OTHER POST-EMPLOYMENT BENEFITS

Retirement Plans

University employees eligible to participate in retirement programs are members of either the Montana Public Employees' Retirement System (PERS), the Game Wardens' and Peace Officers' Retirement System (GWORS), Montana Teachers' Retirement System (TRS), the Montana University System Retirement Program (MUS-RP), Federal Employees' Retirement System (FERS), or the U.S. Civil Service Retirement System (CSRS). All are defined benefit plans except for the MUS-RP. Membership in the MUS-RP is compulsory for new faculty and administrative staff.

There are very few employees participating in the CSRS and currently no employees participating in the FERS plan. In addition, information is not available from the federal plan administrator with respect to the proportionate share for these employees. Due to the limited number of personnel involved, disclosure for these plans will be presented as if they were defined contribution plans.

MUS-RP – The MUS-RP is a defined contribution plan, established in 1988 under authority of Title 19, Chapter 21, MCA and is underwritten by the Teachers' Insurance and Annuity Association (TIAA). Benefits at retirement depend upon the amount of investment gains and losses and the employee's life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA. The University records employee/employer contributions, and remits monies to TIAA. Combined contributions cannot exceed 13% of the participants' compensation (MCA §19-21-203). Individuals are immediately vested with contributions.

Annual reports that include financial statements and required supplemental information on the plan are available from TIAA, 730 Third Avenue, New York, New York 10017-3206, phone 1-800-842-2733.

FERS – This plan commenced in 1986 and is available to Federal employees joining the Extension Service staff that either had no prior covered service under CSRS or had a break in service. This retirement plan contains defined benefit plan components, a Basic Benefit Plan and Social Security, and a defined contribution component, the Thrift Savings Plan (TSP). Basic benefits can be received at age 55 with as little as 10 years of service, and minimum retirement benefits at age 62 with 5 years of service. The formula for basic benefits is 1% of the highest consecutive three-year-average salary multiplied by the number of years of service. The formula changes slightly if over 62 and over 20 years of service. At age 62, retirees are eligible for cost of living adjustments on retirement benefits. The employer is required to make at least a 1% contribution to the TSP. The TSP benefits at retirement depend upon the amount of employer contributions, employee voluntary contributions, and investment gains and losses. Further information regarding the Federal Employees Retirement System can be obtained from the U.S. Office of Personnel Management, 1900 E Street NW, Washington, DC 20415.

CSRS – This retirement plan is authorized under the Smith-Lever Act of 1914 as amended and is available to Federal employees who first entered covered service before January 1, 1987 and who are joining the Extension Service staff without a break in service. CSRS is a defined benefit plan. The retirement benefits are based upon the highest consecutive three-year-average salary. Retirees are eligible for cost of living adjustments the year after retirement. Benefits can be received at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with five years of service. Further information regarding the Civil Service Retirement System can be obtained from the U.S. Office of Personnel Management, 1900 E Street NW, Washington, DC 20415.

PERS-DCRP – This plan is administered by the Public Employees Retirement Board and is reported as multiple-employer plan established July 1, 2002, governed by Title 19, chapters 2 & 3, MCA. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Member and employer contribution rates are specified by state

law as a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates. Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

Key Employee Plans – One defined benefit plan and two defined contribution plans existed for a key employee of the University. The defined benefit plan and one defined contribution plan each will provide \$500,000 plus applicable employer payroll taxes. The MSU Alumni Foundation has reimbursed the University \$500,000, contributing \$100,000 in each of the years 2020 thru 2024. Upon retirement of the employee, the MSU Alumni Foundation will contribute the additional \$500,000 for a combined total \$1,000,000 base wage of the plans. Expenses associated with the plan have been fully accrued. The University is funding the plan with an outside administrator, to the extent that the IRS allows tax-advantaged contributions, with certain contributions occurring during the employee's tenure and others which may occur within up to 5 years after retirement. Because the University is funding a substantial proportion of the plan with reimbursement occurring from the MSU Alumni Foundation, a significant liability and effect on net position does not exist; therefore, balances related to these plans are not included within the net pension liability calculations or other disclosures below. The remaining defined contribution plan exists to provide \$56,600 annually in deferred compensation to the key employee. The retirement of this key employee occurred on June 30, 2025.

A new defined contribution plan for a second key employee exists, beginning on July 1, 2025, that will provide \$75,000 annually in deferred compensation to an existing retirement plan.

Pension data for the year ended June 30, 2025 for defined contribution and federal plans is as follows. Employer contributions for these plans are included within compensation and benefits in the accompanying financial statements.

	MUS-RP	CSRS	PERS- DCRP
Covered payroll*	\$209,799,687	\$138,085	\$6,261,263
Employer contributions/expense	\$13,143,444	\$9,155	\$574,158
% of covered payroll	6.07% - 6.29%	6.63%	9.17%
Employee contributions	\$14,952,906	\$9,155	\$494,640
% of covered payroll	7.07% - 7.13%	6.63%	7.90%

* Covered payroll excludes students employed under the College Work Study programs and part-time employees.

Total payroll for 2025 was \$315,938,732. Amounts contributed to retirement plans during the past three years were equal to the required contribution each year. Federal plan administrators have not provided information with respect to net pension liability. Because only one individual employed by the University participates in this plan, the University believes the balances are not material to its financial position or results of operations.

The amounts contributed by the University and its employees were as follows for the years ended June 30:

	MUS-RP	CSRS	FERS	PERS- DCRP
2021	23,514,881	30,011	7,190	636,123
2022	23,255,294	29,689	8,394	582,303
2023	24,608,094	29,814	8,516	759,768
2024	26,441,157	26,266	8,918	951,468
2025	28,096,350	18,311	—	1,068,798

Defined Benefit Plans

Following is the total of the University's share of balances for material defined benefit plans as of and for the year ended June 30, 2025:

	TRS	PERS	GWPORS	Total
Net Pension Liability	\$9,990,191	\$103,298,611	\$894,791	\$114,183,593
Deferred Outflows of Resources	23,546,024	21,352,914	1,545,688	46,444,626
Deferred Inflows of Resources	553,591	2,351,159	1,853,070	4,757,820
Pension Expense (including state share paid on behalf of the University)	6,810,849	13,131,098	237,015	20,178,962

In accordance with Statement on Governmental Accounting Standard No. 68, Accounting and Financial Reporting for Pensions (Statement 68), employers are required to recognize and report certain amounts associated with their participation in retirement plans. Statement 68 became effective June 30, 2015 and includes requirements to record and report the University's proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows, and Deferred Outflows of resources associated with pensions. As defined by Statement 68, the University has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS that are used to provide pension benefits to the retired members of each of the plans. Due to the existence of a special funding situation, the University is also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability (NPL) that is associated with the University.

Teachers' Retirement System (TRS)

TRS Plan Description

TRS is a mandatory-participation multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana. The TRS Board is the governing body, and the TRS staff administers the System in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

TRS Eligibility for Participation

Membership in TRS is mandatory for all K-12 public educators, except for persons teaching fewer than thirty days in each fiscal year. A University faculty member who is already an active, inactive, or retired member of TRS, if hired into a position that was previously covered by TRS, may have a choice to remain in TRS or transfer to the [Montana University System Retirement Program \(MUS-RP\)](#). University employees not already members of TRS, or that are members of TRS but are hired into a position that was not previously covered by TRS, will become members of the MUS-RP.

TRS Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Average final compensation (AFC) is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - 1.85% x AFC x years of creditable service - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than 1.6667 x AFC x years of creditable service)

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members, the GABA is a variable rate between 0.50% and 1.50% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

For the years ending June 30, 2025 and June 30, 2024, the University's net pension liability (NPL) related to TRS was as follows:

			Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
	2025	2024	2025	2024	
University Proportionate Share	\$9,990,191	\$10,853,260	0.54%	0.56%	(0.02)%
State of Montana Proportionate Share associated with the University	2,764,852	3,079,416	0.15%	0.16%	(0.01)%
Total	\$12,755,043	\$13,932,676	0.69%	0.72%	(0.03)%

The NPL was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on the university's contributions received by TRS during the measurement period July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of TRS' participating employers.

TRS Changes in Actuarial Assumptions and Other Inputs

There have been no changes in actuarial assumptions since the previous measurement date.

TRS Changes in benefit terms

There have been no changes in benefit terms since the previous measurement date.

TRS Changes Between the Measurement Date and the Reporting Date

Between the measurement date of the collective net pension liability and the University's reporting date, there were no changes that are expected to have a significant effect on the University's proportionate share of collective net pension liability.

TRS Pension Expense

The University's pension expense related to TRS was as follows for the year ended June 30, 2025:

University expense	\$6,662,129
State of Montana expense/ University revenue recognized	148,720
Total	\$6,810,849

TRS Deferred Inflows and Outflows

The University share of deferred outflows of resources and deferred inflows of resources related to TRS was as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$252,746	\$—
Changes in actuarial assumptions	—	332,065
Difference between projected and actual investment earnings	—	192,789
Changes in proportion & differences between actual and expected contributions	13,334,303	28,737
Contributions paid to TRS subsequent to the measurement date *	9,958,975	—
Total	\$23,546,024	\$553,591

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the year ending June 30:

	Amount of Deferred Outflows (Inflows) to be recognized as an increase (decrease) to Pension Expense
2026	\$4,648,457
2027	\$4,262,551
2028	\$3,036,868
2029	\$1,085,583
Thereafter	\$—

TRS Overview of Contributions

TRS receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity. TRS receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. TRS also receives 0.11% of reportable compensation from the State's general fund for State and University employers. Finally, the State is also required to contribute \$25 million annually to TRS in perpetuity, payable on July 1st of each year.

TRS Actuarial Assumptions

The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date of July 1, 2024. There were several significant assumptions and other inputs used to measure the total pension liability.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

Total Wage Increases*	3.50%-9.00% for Non-University Members and 4.25% for University Members
Investment Return	7.30%
Price Inflation	2.75%
Post-retirement Benefit Increases	
<ul style="list-style-type: none"> Tier One Members: If the retiree has received benefits for at least three years, the retirement allowance will be increased by 1.5% each January 1st. Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%. 	
Mortality among contributing members service	PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
Mortality among service retired members	PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
Mortality among beneficiaries	PUBT-2010 Contingent Survivor Table projected to 2021. Projected generationally using MP-2021.
Mortality among disabled members	PUBT-2010 Disabled Retiree Mortality Table projected to 2021.
*Total Wage Increases include 3.50% general wage increase assumption	

TRS Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1 of each year. Based on those assumptions, the TRS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

TRS Target Allocations

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	3.00%	-0.33%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

TRS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	Assuming 1.0% Decrease	At Current Discount Rate	Assuming 1.0% Increase
	6.3%	7.3%	8.3%
University proportion of Net Pension Liability	\$14,358,370	\$9,990,191	\$6,340,535

TRS Summary of Significant Accounting Policies

TRS prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

TRS's stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/about-trs/financial-actuarial-reports>

Public Employees' Retirement System (PERS)

PERS Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State and local governments, certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.



PERS Eligibility for Participation

All new members in covered positions (generally all University classified employees which excludes faculty and professional staff) are defaulted to the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the University also have a third option to join the Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions is used to pay down the liability of the PERS-DBRP. A new employee of the University who is already an active or inactive member of one of the PERS Plans may remain in the current retirement option or transfer to the MUS-RP. Written election to move to the MUS-RP must be done within 30 days of becoming eligible to participate, or employees default to their existing retirement plan.

PERS Summary of Benefits

Service retirement:

- Hired prior to July 1, 2011
 - Age 60, 5 years of membership service
 - Age 65, regardless of membership service or
 - Any age, 30 years of membership service
- Hired on or after July 1, 2011:
 - Age 65, 5 years of membership service
 - Age 70, regardless of membership service

Early retirement

- Hired prior to July 1, 2011
 - Age 50, 5 years of membership service
 - Any age, 25 years of membership service
- Hired on or after July 1, 2011
 - Age 55, 5 years of membership service

Second Retirement (requires returning to PERS-covered employer or PERS service)

- Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retired on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018)
 - No service credit for second employment
 - Start the same benefit amount the month following termination
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement
- Retired before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement
 - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months
- Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 – HAC during any consecutive 36 months
- Hired on or after July 1, 2011 – HAC during any consecutive 60 months

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's highest average compensation

PERS Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit
- 25 years of membership service or more: 2% of HAC per year of service credit

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit
- 30 years or more of membership service: 2% of HAC per year of service credit

PERS Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 through June 30, 2013
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%
 - 1.5% reduced by 0.1% for each 2% PERS is funded below 90%
 - 0% whenever the amortization period for PERS is 40 years or more

PERS Net Pension Liability

As defined by GASB Statement 68, the State of Montana contributed additional contributions, as the non-employer contributing entity, that qualify as special funding. The state contributed a Statutory Appropriation from the General Fund of \$35,329,705 that was paid to the plan. Those employers who received special funding are all participating employers. Due to the existence of the this special funding situation, all participating employers, including the University, are required to report the portion of the State of Montana's proportionate share of the collective net pension liability that is associated with the employer. The State of Montana's proportionate share of net pension liability associated with the University is \$25.7 million. This equals the ratio of state statutory contributions for the University to the total state contributions paid.

The University's net pension liability related to PERS was as follows for the years ended June 30,

	2025	2024	Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
			2025	2024	
University Proportionate Share	\$103,298,611	\$96,979,970	4.22%	3.97%	0.25%
State of Montana Proportionate Share associated with the University	25,709,890	25,716,776	1.05%	1.05%	0.00%
Total	\$129,008,501	\$122,696,746	5.27%	5.02%	0.25%

The Net Pension Liability (NPL) as of June 30, 2024, was determined based on the Total Pension Liability (TPL) using the actuarial valuation performed by the Plan's actuary as of June 30, 2024.

PERS Changes in Actuarial Assumptions and Methods

There have been no changes to the assumptions or other inputs that affected the measurement of the TLP since the previous measurement date.

PERS Changes in Benefit Terms and Proportionate Share

There have been no changes to benefit terms or changes in proportionate share to the Plan since the measurement date that would have a significant effect on the employers proportionate share of the collective NPL.

PERS Pension Expense

The University's pension expense related to PERS was as follows for the year ended June 30, 2025:

University share	\$11,753,275
State of Montana expense/ University revenue recognized	1,377,823
Total PERS Pension expense recognized	\$13,131,098

PERS Deferred Inflows and Outflows

The University share of deferred outflows of resources and deferred inflows of resources related to PERS was as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$5,220,151	\$—
Changes in actuarial assumptions	—	2,297,080
Difference between projected and actual investment earnings	—	—
Change in proportionate share & Difference between actual and expected contributions	7,901,757	54,079
Contributions paid to PERS subsequent to the measurement date *	8,231,006	—
Total	\$21,352,914	\$2,351,159

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the years ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2026	\$4,560,198
2027	\$8,814,686
2028	\$(1,614,863)
2029	\$(989,276)
Thereafter	\$—

PERS Overview of Contributions

Rates are specified by Montana Statutes and are a percentage of the member's compensation. The State legislature has the authority to establish and amend contribution rates to the plan.

PERS Member contributions

- Plan members are required to contribute 7.9% of their compensation. Contributions are deducted from each member's salary and remitted by participating employers.
- The 7.9% member contribution rate is temporary and will be decreased to 6.9% on January 1 in the year following an actuarial valuation in which results show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

PERS Employer contributions

- State and University employers are required to contribute 9.170% of members' compensation.
- Local government entities are required to contribute 9.070% of members' compensation.
- School district employers are required to contribute 8.80% of members' compensation.
- Following the 2013 Legislative Session, and beginning July 1, 2014, employer contributions began increasing an additional 0.1% each year for 10 years, through 2024, the additional contribution amount stays at 2.27%. The employer additional contributions, including 0.27% added in 2007 and 2009, will terminate on January 1 of the year following actuarial valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation, though member contributions for working retirees are not required.
- The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

PERS Non Employer Contributions

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

PERS Stand-Alone Statements

The PERS financial information is reported in the Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report. These reports, as well as the actuarial valuations and experience study, are available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

PERS Actuarial Assumptions

The Total Pension Liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions.

Investment return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth *	3.50%
*includes Inflation at	2.75%
Merit Increases	0% to 4.80%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
- After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustment to the member's benefit.	
- Members hired prior to July 1, 2007	3.00%
- Members hired between July 1, 2007 & June 30, 2013	1.50%
- Members hired on or after July 1, 2013	
- For each Year PERS is funded at or above 90%	1.50%
- The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	
- 0% whenever the amortization period for PERS is 40 years or more	0%
Mortality:	
- Active Participants	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationaly using MP-2021
- Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Contingent Survivors	PUB-2010 Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationaly using MP-2021
- Healthy Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward on year and adjusted 104% for males and 103% for females. Projected generationaly using MP-2021.

PERS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.10% of salaries paid by local governments and 0.37% paid by school districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

PERS Target Allocations

The best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	100.00%	

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

PERS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	6.30%	7.30%	8.30%
The University's proportion of Net Pension Liability	\$150,586,982	\$103,298,611	\$63,644,999

PERS Summary of Significant Accounting Policies

MPERA prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Game Wardens' and Peace Officers' Retirement System (GWPORS)

GWPORS Plan Description

GWPORS is administered by the Montana Public Employee Retirement Administration (MPERA). It is a multiple-employer, cost-sharing defined benefit plan established in 1963, and governed by Title 19, chapters 2 & 8, MCA. Benefits are established by state law and can only be amended by the Legislature. GWPORS provides retirement, disability and death benefits to those employed as game wardens, warden supervisory personnel, or state peace officers, and their beneficiaries. Member rights are vested after five years of service.

GWPORS Service Retirement and Monthly Benefit Formula:

- Age 50 with 20 years of membership service.
- 2.5% of highest average compensation (HAC) x years of service credit

GWPORS Early Retirement

- Age 55 with 5 years up to 20 years of membership service.
- A reduced retirement benefit calculated using the HAC and service credit at early retirement.

GWPORS Second Retirement

Applies to retirement system members re-employed in a GWPORS position on or after July 1, 2017:

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of reemployment
 - is refunded the accumulated contributions associated with the period of reemployment
 - starting the first month following termination of service, receives the same retirement benefit previously paid to the member
 - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - is awarded service credit for the period of reemployment
 - starting the first month following termination of service, receives the same retirement benefit previously paid to the member
- A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members' rehire date does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - on the initial retirement benefit in January immediately following second retirement
 - on the second retirement benefit starting in January after receiving that benefit for at least 12 months
- A member who returns to covered service is not eligible for a disability benefit

GWPORS Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 – HAC is the average during any consecutive 36 months
- Hired on or after July 1, 2011 – HAC is the average during any consecutive 60 months

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's HAC

GWPORS Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit:

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

GWPORS Net Pension Liability

The University's net pension liability related to GWPORS was as follows for the years ended June 30,

	Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL	
	2025	2024	2025	2024
University Proportionate Share	\$894,791	\$2,484,418	3.49%	3.70%
				-0.21%

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year end. The basis for the Total Pension Liability as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

GWPORS Changes in Actuarial Assumptions or Methods

There have been no changes to the actuarial assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

Changes in Benefit Terms and Proportionate Share

There have been no changes to benefit terms or changes in proportionate share to the Plan since the measurement date that would have a significant effect on the employers proportionate share of the collective NPL.

GWPORS Pension Expense

The University's proportionate share of the pension expense related to GWPORS was as follows for the year ended June 30,

	2025
University expense	\$237,015

GWPORS Deferred Inflows and Outflows

At June 30, the University share of deferred outflows of resources and deferred inflows of resources related to GWPORS was as follows:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$407,889	\$11,150
Changes in actuarial assumptions	—	100,037
Difference between projected and actual investment earnings	776,804	1,741,883
Change in proportionate share & Difference between actual and expected contributions	115,405	—
Contributions paid to GWPORS subsequent to the measurement date	245,591	—
Total	\$1,545,689	\$1,853,070

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the year ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2026	\$29,824
2027	\$(502,220)
2028	\$(39,029)
2029	\$(41,545)
Thereafter	\$—

GWPORS Overview of Contributions

The State legislature has the authority to establish and amend contribution rates to the plan. Contribution rates are specified by Montana Statutes and are a percentage of the member's compensation. Plan members are required to contribute 10.56% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. Each state agency and university employers are required to contribute 10.560% of members' compensation.

For reporting date June 30, 2025: Upon passage and approval of House Bill 85, during the 2025 Legislative session, the modified layered amortization policy put in place for GWPORS during the 2023 Legislative session, was repealed and restores the employer contribution rate to the fiscal year 2024 employer rates that existed before HB 569 was passed. The 2025 employer contribution rate for GWPORS that was resorted with the passing of HB 85 is 10.560% instead of the 9.620% for fiscal year 2025.

For reporting date June 30, 2025, non-special funding: House Bill 569 also provides a one-time appropriation of State of Montana general fund dollars to the GWPORS of \$41.2 million. This is a non-special funding, non-contributing entity contribution. For GASB Statement 68 reporting, the University recognized grant revenue of \$1,436,744 for its proportionate share of support revenue from the State of Montana.

GWPORS Stand-Alone Statements

The GWPORS financial information is reported in the Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report. These reports, as well as the actuarial valuations and experience study, are available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.



The Total Pension Liability in the June 30, 2024, actuarial valuation was determined using the following assumptions:

Investment return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth*	3.50%
*includes Inflation at	2.75%
Merit Increases	1.0% to 6.40%
Guaranteed Annual Benefit Adjustment (GABA):	
– Requires 12 full months of retirement before GABA will be made	
– Members hired prior to July 1, 2007	3.00%
– Members hired on or after July 1, 2007	1.50%
Mortality	
– Active Participants	PUB-2010 Safety Amount Weighted Healthy Mortality projected to 2021 for males and females. Projected generationally using MP-2021
– Disabled Retirees	PUB 2010 Safety Amount Weighted Disabled Retiree Mortality Table, projected to 2021, set forward one year for males
– Contingent Survivors	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021 set forward one year for males. Projected generationally using MP-2021
– Healthy Retirees	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males, and adjusted 105% for males and 100% for females. Projected generationally using MP-2021

GWPORS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. Based on those assumptions, the GWPORS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

GWPORS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of the June 30, 2024, actuarial valuation is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

GWPORS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	<u>6.3%</u>	<u>7.3%</u>	<u>8.3%</u>
University proportion of Net Pension Liability	\$2,863,521	\$894,791	(\$719,773)

GWPORS Summary of Significant Accounting Policies

The GWPORS prepares its financial statements using the accrual basis of accounting. For the purposes of determining the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been recognized on the same accrual basis as they are reported by GWPORS. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. The GWPORS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Termination Benefits

During the year ended June 30, 2025, certain employees were involuntarily terminated. The University agreed to contribute to certain employees health insurance for a specified period of time as severance. No employees who were offered severance had elected the Teachers' Retirement System Option 1 payout during the fiscal year ended June 2025. During the year ended June 30, 2025, incentive pay of \$284,731 for voluntary and involuntary terminations plus benefits of \$35,397 were paid to a total of 8 employees, for a total of \$320,127 in expenses included in the accompanying financial statements.

Other Post-Employment Benefits

Other post-employment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave.

Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30, 2025.

	2025
Total OPEB Liability	\$23,423,266
Deferred OPEB Outflows of Resources	\$37,150,471
Deferred OPEB Inflows of Resources	\$46,206,733
OPEB expense	\$986,329

Plan Description – The Montana University System (MUS) Group Health Insurance plan is administered by the Office of the Commissioner of Higher Education. The MUS provides optional post-employment healthcare benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Participants must elect to start medical coverage within 60 days of leaving employment. Coverage is effective the first day of the month following termination of employment. Medical, dental, and vision benefits are available through this defined benefit plan. The MUS OPEB plan is not administered through a trust; as such, no plan assets are eligible to be used to offset the total OPEB liability. The MUS group health insurance program operates in accordance with state law requiring it to be actuarially sound (20-25-1310, MCA) and have sufficient reserves to liquidate unrevealed claims liability and other liabilities.

The MUS OPEB plan is reported as single employer plan. The MUS pays for post-employment healthcare benefits on a pay-as-you-go basis from general assets from the MUS group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The MUS allows retirees to participate, as a group, at a rate that does not cover all of the related costs when retirees separated from the active participants in the group health insurance plan. This results in the reporting of the total OPEB liability in the related financial statements and note disclosures.

Employer proportionate share of total OPEB liability and basis for allocation – The total OPEB liability (TOL) was based on the actuarial valuation as of December 31, 2024, with a measurement date of March 31, 2025. The University's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Proportionate share of collective total OPEB liability

The University's share of the total plan OPEB liability was as follows :

	2025		2024	
	OPEB Liability	OPEB Proportionate Share	OPEB Liability	OPEB Proportionate Share
Total OPEB Liability	\$23,423,266	52.77%	\$21,701,010	53.26%

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources were as follows:

The University's OPEB plan deferred outflows and inflows of resources are from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$12,229,412.00	\$24,545,034.00
Changes in actuarial assumptions or other inputs	\$41,747,347.00	\$41,618,019.00
Prior Period Amortization	\$(12,606,371.00)	\$(14,709,805.00)
FY 2024 Amortization	\$(4,219,917.00)	\$(5,246,515.00)
Total	\$37,150,471	\$46,206,733

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be fully recognized in expense during the fiscal years ending June 30, as follows:

	Net Amount To Be Recognized as an increase or (decrease) to OPEB Expense
2026	\$(1,026,598)
2027	\$(1,026,598)
2028	\$(1,026,598)
2029	\$(1,024,993)
2030	\$(991,305)
Thereafter	\$(3,960,566)

Funding Policy - The Montana University System funds the benefits on a pay-as-you-go basis from the general assets.

Actuarial Methods and Assumptions – The actuarial funding method used to determine the cost of the Montana University System Employee Group Benefits Plan is the entry age normal funding method. The key definition under this method is that the accrued liability is the present value of future benefits less the present value of future normal costs, where the entry age normal cost is the amount of level contribution such that the present value of future normal costs at entry age is exactly equal to the present value of future benefits at entry age. That is, the accrued liability is defined as the present value of prior normal cost deposits. For liability that is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- An individual's present value of future benefit at entry age is calculated as the monthly benefit due at the point of separation.
- The normal cost at entry age is the present value of future benefit divided by the working lifetime, accounting for interest and inflation assumptions.
- An individual's accrued liability is the present value of the future benefit for valuation purposes at the beginning of the plan year, and an individual's normal cost is the present value of the benefit from the prior year trended forward an increment. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates and the probability of the individual separating on those dates.
- The plan's service cost is the sum of the individual normal costs, and the plan's accrued liability is the sum of the accrued liabilities for all participants under the plan.

Information as of the latest actuarial valuation for the MUS OPEB plan follows:

Average annual contribution:	Retiree/ Surviving Spouse	Spouse	Actuarial assumptions:	
Before Medicare eligibility	\$11,772	\$10,011	Discount rate	4.57
After Medicare eligibility	\$4,416	\$4,886	Projected payroll increases	3.50%
Actuarial valuation date	December 31, 2024		Participation:	
Actuarial measurement date ⁽¹⁾	March 31, 2025		Future retirees	40%
Actuarial cost method	Entry age normal cost method		Future eligible spouses	70%
Amortization method	Level percent of pay		Marital status at retirement	70%
Amortization period	20 years			
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75			

⁽¹⁾ Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Contributing Members:

- For TRS and MUS-RP employees, mortality follows the Pub-2010 Teacher table, projected generationally using MP-2021.
- For general MPERA members, mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021.
- For GWPORS members, mortality follows the Pub-2010 Safety table, projected generationally using MP-2021.

Mortality - Retired:

- For TRS and MUS-RP retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102% for males and 103% for females, projected generationally using MP-2021.
- For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.
- For GWPORS retirees, mortality follows the Pub-2010 Safety Retiree table set forward 1 year and adjusted 105% for males, or adjusted 100% for females, projected generationally using MP-2021.

Mortality - Surviving Beneficiaries:

- For TRS and MUS-RP survivors, mortality follows the Pub-2010 Contingent Survivor table, projected generationally using MP-2021.
- For general MPERA survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males and females, projected generationally using MP-2021.
- For GWPORS survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males, projected generationally using MP-2021.

Mortality - Disabled:

- For TRS and MUS-RP retirees, mortality follows the Pub-2010 General Disabled table, projected generationally using MP-2021.
- For general MPERA retirees, mortality follows the Pub-2010 General Disabled table set forward 1 year for males and females, projected generationally using MP-2021.
- For GWPORS retirees, mortality follows the Pub-2010 Safety Disabled table set forward 1 year for males, projected generationally using MP-2021.

Changes in actuarial assumptions and methods since last measurement date: Changes to assumptions include an increase to the interest/discount rate and projected payroll increases.

Sensitivity of the TOL to changes in the healthcare cost trend rates

The following presents the Total OPEB Liability if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Assuming 1.0% Decrease	At Current Rate	Assuming 1.0% Increase
University proportion of total OPEB Liability	\$18,598,164	\$23,423,266	\$29,976,797

Sensitivity of the TOL to changes in the discount rate: The following presents the Total OPEB Liability if calculated using the 20-year municipal bond rates that are 1-percentage-point lower or 1-percentage-point higher than the March 31, 2025 20-year municipal bond rate:

	Assuming 1.0% Decrease	At Current Rate	Assuming 1.0% Increase
University proportion of total OPEB Liability	\$29,784,982	\$22,423,266	\$18,620,104

Financial and plan information — The MUS Group Benefits Plan does not issue a stand-alone financial report, but is subject to audit as part of the State of Montana’s Basic Financial Statements, included in the Annual Comprehensive Financial Report (ACFR). A copy of the most recent ACFR can be obtained online at <https://sfsd.mt.gov/SAB/acfr> or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

NOTE 15 – RISK MANAGEMENT AND CERTAIN RISK DISCLOSURES

Risk Management

Due to the diverse risk exposure of the University and its constituent agencies, the insurance portfolio contains a comprehensive variety of coverage. Montana statutes, Sections 2-9-101 through 305, MCA, require participation of all state agencies in the self-insurance plan established by the Montana Department of Administration, Risk Management and Tort Defense Division (RMTDD). The self-insurance program includes coverage for automobile physical damage, aircraft physical damage and liability, general liability (including auto), and property exposures. The RMTDD provides coverage above self-insured retentions by purchasing other commercial coverage using Alliant Insurance Services as the primary insurance broker. Those coverages include Active Shooter coverage, volunteer accidental death & dismemberment, boiler & machinery, business interruption, crime, cyber/ data information security, fine art, foreign liability and special risks, inland marine, student medical and non-medical professional liability, excess property, special events coverage, and Summer Camps Accident and Injury. The insurance broker for aviation excess liability and aircraft hull (physical damage) is held through a specialty broker, Mountain Air Aviation. MSU secures athletic injury and catastrophic sports injury insurance for its NCAA programs through AIG Insurance Company.

In addition to these basic policies, the University’s Department of Safety and Risk Management establishes guidelines and provides consultation in risk assessment, avoidance, acceptance, and transfer. There have been no significant reductions in commercial property insurance protection from fiscal 2024 to fiscal 2025, and there were no instances in which settlements exceeded insurance coverage for the past three fiscal years.

Buildings and contents are insured for replacement cost value. For each loss covered by the State’s self-insurance program and commercial coverage, MSU elects a \$1,000 per occurrence retention.

General liability and tort claim coverage includes comprehensive liability for personal injury or property damage that may arise from a negligent act or omission of the state. Also included and provided for by the University’s participation in the State’s self-insurance program are automobile liability, UAV (drone) liability, and coverage for watercraft and mobile equipment. If the RMTDD pays damages on a claim, the division has the right to recover costs or damages from any party in connection with the claim. There is no agency deductible applied to tort liability claims. There is a \$250/\$500 deductible for comprehensive/collision claims on state owned, loaned, or leased vehicles.

The Tort Claims Act of the State of Montana, Section 2-9-102, MCA, provides that governmental entities are liable for its torts and of those of its employees acting within the course and scope of their employment or duties, whether arising out of a governmental or proprietary function, except as specifically provided by the Legislature. Accordingly, Section 2-9-305, MCA, requires that the State "provide for the immunization, defense and indemnification of its public officers and employees civilly sued for their actions taken within the course and scope of their employment."

Self-Funded Programs include both health care and workers' compensation. The University's employee health care program is self-funded and is provided through participation in the Montana University System (MUS) Inter-unit Benefits Program. The MUS program is funded on an actuarial basis and the actuarial analysis indicates sufficient reserves to pay run-off claims related to prior years and considers premiums and University contributions sufficient to pay current and future claims.

The MUS provides workers' compensation coverage through the MUS Self-Funded Workers' Compensation Program (WC Program). The WC Program covers all Montana employees of the MUS while they are working within the course & scope of their MUS employment, including while in travel status inside & outside the U.S. The Program is self-insured for workers' compensation claims to a maximum of \$750,000 per occurrence after July 1, 2013. Prior to July 1, 2013, the Program was self-insured for workers' compensation claims to a maximum of \$500,000 per occurrence. Losses more than those limits, or \$1,000,000 for an aircraft-related claim, are covered by reinsurance with a commercial carrier. Employer's liability claims are covered to a maximum of \$1,000,000 above the self-insured amount. The MUS also purchases state-specific workers' compensation insurance policies for its permanent, non-MT employees.

The WC Program is administered by staff at the Office of the Commissioner of Higher Education. The Director reports to a governing Committee comprised of campus and OCHE representatives. Campuses pay work comp premiums to fund the Program based on risk class rates applied to payroll.

The WC Program utilizes a Third-Party Administrator with experienced senior staff to manage claims, and an actuary with experience in workers' compensation to calculate its claim liability and to ensure adequate premium rates and reserving for the liability. The Program and its actuary will continue to incorporate Montana University System claim data, trends, and experience into the estimate of current and non-current

claims liability and adjust accordingly. The Program and its actuary monitor its potential liabilities and work collaboratively with campus safety and risk managers to identify and mitigate risks and with along with internal and external partners to secure the fiscal health of the Program.

Premium rates for all members are established by the WC Program's governing Committee based upon anticipated premiums needed as determined by the actuary. Premium rates are adjusted annually based on inflation, claims experience, and other factors. Premiums are recorded as revenue in the period for which coverage is provided. Members may be subject to supplemental assessments in the event of deficiencies and in the event of increased costs due to changes in law or excessive claims costs. The Program considers anticipated investment income in determining if a premium deficiency exists.

Risk Disclosures

The University is exposed to certain concentration risks associated with the sources of its operating and nonoperating revenues. A concentration exists when a significant portion of total revenues is derived from a single source or from groups of similar sources that, if reduced, could have a material adverse effect on operations.

For the fiscal year ended June 30, 2025, total revenues were approximately \$914.6 million. The largest sources of revenue were Grant and Contract Activity (26.8%), Tuition and Fees (23.3%), and State and Local Appropriations (18.7%). Collectively, these three sources represented approximately 69% of total revenues.

Grant and Contract Activity includes funding from 11 different federal and state granting agencies. The largest granting agencies are the U.S. Department of Defense, the Department of Public Health, and the Department of Agriculture. Although these agencies account for a substantial portion of the University's externally sponsored research activity, the University's grant portfolio is diversified across multiple programs and funding entities. This diversification mitigates dependency on any single sponsor; however, reductions in funding from one or more major agencies could have a material effect on the University's research operations and related revenues.

Tuition and Fees revenue is generated from a large and diverse student population. As such, the University is not exposed to concentration risk related to a single payer or group of payers. Nonetheless, the University is subject to broader systemic risks associated with

changes in enrollment patterns, demographic shifts, and fluctuations in federal and state student aid programs that could influence tuition revenue levels in future periods.

In accordance with GASB Statement No. 102, Certain Risk Disclosures, management has evaluated whether any concentrations of revenue are subject to known constraints or conditions that are reasonably possible to have a severe impact on the University's financial position within twelve months of the financial statement date. As of June 30, 2025, the University is not aware of any such constraints or events that have occurred or are anticipated to occur in the

next twelve months that would materially affect these concentrations of revenue.

Management continually monitors these risks through budget forecasting, strategic enrollment management, diversification of research funding sources, and collaboration with state and federal partners to maintain stable and predictable revenue streams.

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

Encumbrances – As of June 30, 2025, the University had issued purchase orders committing the expenditure of approximately \$40.8 million for equipment, supplies, and services which had not yet been received.

Legal actions – Montana State University is a defendant in legal actions arising in the normal course of business. While outcomes cannot be determined at this time, management is of the opinion that the liability from these actions will not have a material impact on the University's financial position.

Refundable and transferable grants – The University receives grants and other forms of reimbursement from various Federal and State agencies. These funds are subject to review and audit by cognizant agencies. As of June 30, 2025, certain audits were in progress. The University does not expect any material adjustments or repayments to result from such audits. Additionally, in the event that grant activity is moved to another university, as sometimes occurs when researchers leave for a different institution, assets acquired with grant funds may be transferred at the request of the sponsoring agency with or without reimbursement.

Capital projects – As of June 30, 2025, the University had remaining budget authority on significant capital construction and renovation projects underway of approximately \$134.7 million. Select projects are funded wholly or partially by the State's Long Range Building Program, and are administered by the State Architecture and Engineering Division, and do not represent a commitment of funds on the part of the University.

Pledged revenues – Revenue bonds issued by the University to defease and refund outstanding indebtedness and to fund capital improvements as described in Note 11, are secured by a first lien on the combined pledged revenue of the MSU campuses. As defined in the Indenture, the University has pledged all permitted revenues after certain charges for payment of operation and maintenance expense. The total principal and interest remaining on the debt as of June 30, 2025 can be found in Note 11. Annual debt service requirements range from \$25.4 million in FY26 to \$2.9 million in FY48, the final year of repayment.

A schedule of revenues pledged as security for the bonds listed in Note 11 is presented as follows as of June 30, 2025.

	2025
Net Operating and Non-operating Revenues	\$842,207,416
Tuition	(167,483,861)
Fees controlled by student associations	(3,016,594)
Grants and contracts	(217,911,708)
State Appropriations	(171,366,343)
Federal financial aid grants and contracts	(27,705,230)
Restricted gifts	(37,868,724)
Other restricted revenue	(1,776,929)
Interest Expense	8,752,590
Operation and maintenance expenses for Auxiliary operations	(47,133,658)
Net revenues pledged as security for debt	\$176,696,959

NOTE 17 – RELATED PARTIES

Private nonprofit organizations affiliated with the University include the MSU Foundation, the MSU-Billings Foundation, the MSU-Northern Foundation, the MSU Bobcat Club, the MSU-Bozeman Bookstore, Friends of KUSM, Friends of KEMC and the Museum of the Rockies, Inc. As discussed in Note 19, certain parties are considered Component Units of the University.

During the year ended June 30, 2025, the Foundations provided \$74,090,750 in scholarship, in-kind capital donations, and other gift support directly to the University, in addition to significant payments made to others in support of the University. The University paid to its Foundations \$2,407,204 during 2025, which included payments for contracted services, capital campaign support, and leases.

MSU-Bozeman leased certain office space from the MSU Foundation's wholly owned subsidiary, Advanced Technology Inc. (ATI). Rental and other payments to ATI totaled \$754,800 during 2025. Additional payments from the University to the Foundations for other operating items and capital contributions totaled \$681,014.

Friends of Montana Public Television provided \$1,916,536 during 2025 and Friends of KEMC Public Radio provided \$1,200,000 during 2025 in support of the University's television and radio stations.

The Museum of the Rockies, Inc. provided \$1,059,856 in support of the University, primarily as reimbursement for Museum staff salaries and benefits.

The MSU Bobcat Club provided \$636,238 in scholarship and other support during the fiscal year ended June 30, 2025. The University provided \$204,841 in salary support to the MSU Bobcat Club during the year ended June 30, 2025 for services provided.

NOTE 18 – SUBSEQUENT EVENTS

On July 25, 2025, MSU executed a purchase option for the Nopper complex (900, 910, 920), which had been leased by MSU from Advanced Technology, Inc since 2017. The terms of the purchase option was a price of \$6,244,127 if executed before 08/31/2025.

MSU received authority to design and construct an addition to the Visual Communication Building for \$27.5 million from the Board of Regents in September 2025. The funding for this project comes from a variety of donors.

To support long-term programmatic space needs and experiential training opportunities related to MSU's Hospitality Management and Culinary Arts programs within the hotel located on campus, the university has agreed to provide \$5.0 million toward the project via fundraised dollars.

In November 2025, MSU received authority to issue facilities revenue bonds for up to \$28.0 million related to Energy Performance Contracting.

In November 2025, MSU-Billings received authority to issue facilities revenue bonds for up to \$7.0 million related to elevator replacements and upgrades.

In November 2025, MSU-Bozeman received authority to refund Series E 2018 tax-exempt revenue bonds, Series G 2021 tax-exempt facilities revenue bonds, and Series K-1 2024 facilities revenue bond with a 3% present value savings target.

NOTE 19 – COMPONENT UNITS

Entities included as component units of the University are nonprofit, tax exempt organizations operating exclusively for the purposes of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with the University. Although the University may not control the timing or amount of receipts from these entities, the majority of the revenues or incomes thereon that the entities hold and invest are restricted by donors to the activities of the University. The entities included as component units in the financial statements are the Montana State University Foundation (406-994-2053), the MSU-Billings Foundation (406-657-2244), the MSU-Northern Foundation (406-265-3711), the MSU Bobcat Club (406-994-3741), and the Museum of the Rockies, Inc. (406-994-3466).

The Foundations and the Museum of the Rockies, Inc., meet the test for component units based on the materiality of the support provided to the University. The Montana State University Bobcat Club has been included as a component unit because management believes it would be misleading to exclude it. Support received from this entity is significant and critical in relation to the operations of the individual sports it supports; additionally, many financial statement readers do not differentiate between the University and its sports support organizations, and would expect their financial information to be included within the University's audited statements.

Montana State University Condensed Combining Schedule of Component Unit Statements of Financial Position As of June 30, 2025 or December 31, 2024*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Assets:						
Cash and investments	\$425,243,042	\$50,307,318	\$20,141,903	\$32,644,601	\$1,974,414	\$530,311,278
Amounts due from MSU	—	—	—	—	—	—
Other receivables, net	107,324,750	3,198,805	1,216,133	245,000	—	111,984,688
Capital assets, net	10,851,330	760,150	1,990,745	8,393,879	9,231	22,005,335
Other assets	865,213	102,961	33,056	1,052,709	80,067	2,134,006
Total assets	\$544,284,335	\$54,369,234	\$23,381,837	\$42,336,189	\$2,063,712	\$666,435,307
Liabilities:						
Accounts payable and other liabilities	\$2,933,641	\$1,078,401	\$22,504	\$773,214	\$24,496	\$4,832,256
Amounts due to MSU	1,718,896	—	—	79,931	—	1,798,827
Notes, bonds and debt obligations	1,988,156	—	—	—	—	1,988,156
Liabilities to external parties	5,894,727	430,311	623,367	—	—	6,948,405
Custodial funds	11,134,238	2,534,546	100,911	—	—	13,769,695
Total liabilities	\$23,669,658	\$4,043,258	\$746,782	\$853,145	\$24,496	\$29,337,339
Net assets:						
Without donor restrictions - undesignated	\$6,599,912	\$3,373,239	\$2,426,795	\$9,922,272	\$151,641	\$22,473,859
Without donor restrictions - designated	15,741,072	2,958,970	1,066,444	9,916,069	—	29,682,555
With restrictions	498,273,693	43,993,767	19,141,816	21,644,703	1,887,575	584,941,554
Total net assets	\$520,614,677	\$50,325,976	\$22,635,055	\$41,483,044	\$2,039,216	\$637,097,968
Total liabilities and net assets	\$544,284,335	\$54,369,234	\$23,381,837	\$42,336,189	\$2,063,712	\$666,435,307

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

Montana State University
Condensed Combining Schedule of Component Unit Statements of Activities
For the Year Ended June 30, 2025 or December 31, 2024*

	Montana State University-Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Revenues:						
Contributions	\$124,346,809	\$3,254,384	\$3,479,741	\$865,260	\$1,004,137	\$132,950,331
Investment income and unrealized gain on investments	28,667,509	4,337,714	1,834,946	3,977,779	115,332	38,933,280
Support from University	2,100,000	125,000	182,204	—	—	2,407,204
Other income	4,089,824	1,282,782	7,256	6,001,406	526,177	11,907,445
Total revenues	\$159,204,142	\$8,999,880	\$5,504,147	\$10,844,445	\$1,645,646	\$186,198,260
Expenses:						
University support	\$65,587,840	\$865,991	\$150,915	\$2,727,627	\$256,058	\$69,588,431
Scholarships and other program expenses	9,768,424	2,395,809	1,130,909	2,219,155	636,238	16,150,535
Supporting services	12,034,155	1,001,374	420,245	1,303,594	630,423	15,389,791
Total expenses	\$87,390,419	\$4,263,174	\$1,702,069	\$6,250,376	\$1,522,719	\$101,128,757
Change in net assets before nonoperating items	\$71,813,723	\$4,736,706	\$3,802,078	\$4,594,069	\$122,927	\$85,069,503
Nonoperating items	2,669,901	—	—	—	—	2,669,901
Change in net assets	\$74,483,624	\$4,736,706	\$3,802,078	\$4,594,069	\$122,927	\$87,739,404
Net assets, beginning of fiscal year	\$446,131,053	\$43,911,545	\$18,832,977	\$36,888,975	\$1,916,289	\$547,680,839
Restatement of beginning net assets	—	1,677,725	—	—	—	1,677,725
Net assets, beginning of fiscal year, as restated	\$446,131,053	\$45,589,270	\$18,832,977	\$36,888,975	\$1,916,289	\$549,358,564
Net assets, end of fiscal year	\$520,614,677	\$50,325,976	\$22,635,055	\$41,483,044	\$2,039,216	\$637,097,968

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

Restatement of beginning net assets – The Montana State University Billings Foundation identified misstatements within the 2024 financial statements related to beneficial interests in charitable trusts held by others. The correction resulted in an increase to beneficial interests in charitable trusts held by others and an increase of net assets of \$1,677,725.

Component Unit Investment Composition*:

	2025
Pooled investments**:	
Equity securities	\$173,634,493
Debt securities	84,826,900
Alternative investments	148,087,729
Real Estate	40,310,704
Cash equivalents	36,764,138
Other pooled investments	12,912,281
US Treasuries	1,526,711
Other real estate	8,572,748
Other investments	1,908,806
Investments held in trust for others	15,622,230
Total	\$524,166,740

Component Unit Promises Receivable*:

	2025
Receivable in one year	\$22,521,299
Receivable in one to five years	68,932,571
Receivable after five years	0
Less discounts and allowances	(7,112,703)
Total	\$84,341,167

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

**Foundation investment pools are not subject to regulatory oversight.

NOTE 20 – COVID-19 AND FEDERAL CARES LEGISLATION

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. The University responded to the health crisis by moving to remote delivery of its courses and curtailing nonessential operating activities for much of the Spring 2020 semester. The financial impact to the University included a decline in auxiliary revenues due to refunds to students for room and board, costs associated with moving to online delivery of education, and COVID-19 mitigation costs. In the Fall 2020, the University largely shifted back to normal class schedules and student living arrangements with an emphasis on social distancing and mitigation strategies. At the end of fiscal year 2025, the University continues to operate under pre-pandemic conditions.

For fiscal year 2025, the University returned \$4.95 million in CARES Act funds due to inability to expend the funds. These funds were related to HVAC projects which were not completed due to challenges in the contractor market. After fiscal year 2025, there will be no remaining CARES related funding to report.

REQUIRED SUPPLEMENTARY INFORMATION

PENSIONS

TRS Schedule of the University's Proportionate Share of the Net Pension Liability

Reporting Date	As of Measurement Date	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2016	2015	1.14%	\$18,636,406	\$7,277,054	\$25,913,460	\$11,330,707	164.48%	69.30%
2017	2016	0.95%	\$17,469,027	\$6,550,303	\$24,019,330	\$9,738,223	179.38%	66.69%
2018	2017	0.85%	\$14,368,218	\$5,183,426	\$19,551,644	\$8,840,624	162.53%	70.09%
2019	2018	0.75%	\$14,016,684	\$4,927,408	\$18,944,092	\$7,952,741	176.25%	69.09%
2020	2019	0.71%	\$13,638,368	\$4,607,737	\$18,246,105	\$7,587,849	179.74%	68.64%
2021	2020	0.66%	\$14,952,221	\$4,875,285	\$19,827,506	\$7,247,446	206.31%	64.95%
2022	2021	0.57%	\$9,443,846	\$2,911,918	\$12,355,764	\$6,446,990	146.49%	75.54%
2023	2022	0.52%	\$10,146,642	\$2,968,558	\$13,115,200	\$6,026,501	168.38%	70.61%
2024	2023	0.56%	\$10,853,260	\$3,079,416	\$13,932,676	\$6,630,624	163.50%	71.75%
2025	2024	0.53%	\$9,990,191	\$2,764,852	\$12,755,043	\$6,608,921	147.83%	73.33%

TRS Schedule of University Contributions

Reporting Date	As of Measurement Date	Contractually Required Contributions	Contributions Made*	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2015	\$7,824,583	\$7,824,583	\$—	\$9,738,223	80.35%
2017	2016	\$8,246,736	\$8,246,736	\$—	\$8,840,624	93.28%
2018	2017	\$8,126,582	\$8,126,582	\$—	\$7,952,741	102.19%
2019	2018	\$8,233,838	\$8,233,838	\$—	\$7,587,849	108.51%
2020	2019	\$8,569,378	\$8,569,378	\$—	\$7,247,446	118.24%
2021	2020	\$8,648,886	\$8,648,886	\$—	\$6,446,990	134.15%
2022	2021	\$8,526,213	\$8,526,213	\$—	\$6,026,499	141.48%
2023	2022	\$9,068,382	\$9,068,382	\$—	\$6,630,624	136.77%
2024	2023	\$9,521,551	\$9,521,551	\$—	\$6,608,921	144.07%
2025	2024	\$9,958,976	\$9,958,976	\$—	\$7,117,164	91.07%

*Includes contributions made as a percent of MUS-RP covered payroll as well as TRS covered payroll at statutory rates.

PERS Schedule of the University's Proportionate Share of the Net Pension Liability

Reporting Date	As of Measurement Date	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2016	2015	4.12%	\$57,646,590	\$—	\$57,646,590	\$47,548,783	121.24%	78.40%
2017	2016	4.09%	\$69,576,860	\$—	\$69,576,860	\$48,343,193	143.92%	74.71%
2018	2017	4.17%	\$81,386,415	\$—	\$81,386,415	\$51,283,691	158.82%	73.75%
2019	2018	3.22%	\$67,104,384	\$21,580,841	\$88,685,225	\$52,551,576	128.16%	73.47%
2020	2019	3.35%	\$70,034,424	\$21,949,017	\$91,983,441	\$54,692,819	128.12%	73.85%
2021	2020	3.46%	\$90,852,389	\$27,542,683	\$118,395,072	\$57,257,359	158.51%	68.90%
2022	2021	3.44%	\$62,354,720	\$17,651,148	\$80,005,868	\$59,928,678	103.94%	79.91%
2023	2022	3.50%	\$82,984,960	\$23,844,568	\$106,829,528	\$60,508,228	137.38%	73.66%
2024	2023	3.97%	\$96,979,970	\$25,716,776	\$122,696,746	\$72,969,907	133.09%	73.93%
2025	2024	4.22%	\$103,298,611	\$25,709,890	\$129,008,501	\$81,780,268	126.48%	74.77%

PERS Schedule of University Contributions

Reporting Date	As of Measurement Date	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2015	\$4,089,650	\$4,089,650	\$—	\$48,343,193	8.46%
2017	2016	\$4,338,885	\$4,338,885	\$—	\$51,283,691	8.46%
2018	2017	\$4,478,481	\$4,478,481	\$—	\$52,551,576	8.52%
2019	2018	\$4,754,597	\$4,754,597	\$—	\$54,692,819	8.69%
2020	2019	\$5,062,275	\$5,062,275	\$—	\$57,257,359	8.84%
2021	2020	\$5,383,076	\$5,383,076	\$—	\$59,928,678	8.98%
2022	2021	\$5,454,497	\$5,454,497	\$—	\$60,508,228	9.01%
2023	2022	\$6,682,619	\$6,682,619	\$—	\$72,969,907	9.16%
2024	2023	\$7,540,291	\$7,540,291	\$—	\$81,780,268	9.22%
2025	2024	\$8,231,005	\$8,231,005	\$—	\$89,660,653	9.18%

GWPORS Schedule of the University's Proportionate Share of the Net Pension Liability

Reporting Date	As of Measurement Date	University's Proportion of the NPL	University's Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2016	2015	3.45%	\$723,801	\$1,546,185	46.81%	87.60%
2017	2016	3.32%	\$1,089,310	\$1,562,149	69.73%	82.48%
2018	2017	3.73%	\$1,201,302	\$1,582,364	75.92%	82.48%
2019	2018	3.18%	\$1,303,370	\$1,617,730	80.57%	82.54%
2020	2019	3.04%	\$1,234,096	\$1,570,338	78.69%	83.54%
2021	2020	3.30%	\$4,459,503	\$1,773,943	251.39%	61.17%
2022	2021	2.77%	\$900,373	\$1,665,544	54.06%	89.39%
2023	2022	3.25%	\$4,954,557	\$1,763,825	280.78%	63.08%
2024	2023	3.70%	\$2,484,418	\$2,158,151	115.12%	80.70%
2025	2024	3.49%	\$894,791	\$2,317,604	38.61%	93.20%

GWPORS Schedule of University Contributions

Reporting Date	As of Measurement Date	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2015	\$141,875	\$141,875	\$—	\$1,562,149	9.08%
2017	2016	\$142,412	\$142,412	\$—	\$1,582,364	9.00%
2018	2017	\$145,596	\$145,596	\$—	\$1,617,730	9.00%
2019	2018	\$142,216	\$142,216	\$—	\$1,570,338	9.05%
2020	2019	\$160,634	\$160,634	\$—	\$1,773,943	9.06%
2021	2020	\$150,128	\$150,128	\$—	\$1,665,544	9.01%
2022	2021	\$160,568	\$160,568	\$—	\$1,763,825	9.11%
2023	2022	\$195,095	\$195,095	\$—	\$2,158,151	9.04%
2024	2023	\$245,966	\$1,682,710	\$(1,436,744)	\$2,317,604	72.61%
2025	2024	\$245,591	\$245,591	\$—	\$2,525,814	9.73%

Notes to Required Supplementary Information – Pensions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and wage rates. Amounts determined regarding the plans are subject to continual revision as actual results are compared with past expectations. Prior to fiscal year 2023, the valuation date was rolled forward for PERS and GWPORS.

TRS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the TRS schedules:

Reporting Date	Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase for non-University members	Salary increase for University Members	Investment rate of return (shown net of pension plan investment expense, and including inflation)
June 30, 2016	July 1, 2015	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2017	July 1, 2016	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2018	July 1, 2017	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2019	July 1, 2018	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2020	July 1, 2019	Entry age	Level percentage of pay, open	31 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2021	July 1, 2020	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2022	July 1, 2021	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2023	July 1, 2022	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2024	July 1, 2023	Entry age	Level percentage of pay, open	25 years	4-year smoothed market	2.75%	3.50%-9.00%	4.25%	7.30%
June 30, 2025	July 1, 2024	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	2.75%	3.50%-9.00%	4.25%	7.30%

Changes of benefit terms:

There have been no material changes of benefit terms in the past ten years.

Changes in actuarial assumptions and other inputs

The following changes to the actuarial assumptions were adopted in 2022:

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return assumption was increased from 7.06% to 7.30%.
- The inflation rate was increased from 2.40% to 2.75%.
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates.

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

The following changes to the actuarial assumptions were adopted in 2020:

- The discount rate was lowered from 7.50% to 7.34%.
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%.

The following changes to the actuarial assumptions were adopted in 2019:

- The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

The following changes to the actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

The tables include margins for mortality improvement which is expected to occur in the future.

- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to "retain membership in the System" are covered by the \$500 death benefit after termination.



PERS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the PERS schedules:

Reporting Date	Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase	Investment rate of return (shown net of pension plan investment expense, including inflation)	Expenses	Other
June 30, 2016	June 30, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	unavailable	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 7.3%	7.75%	0.27% administrative expenses as a % of payroll	
June 30, 2017	June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	unavailable	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll	
June 30, 2018	June 30, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	unavailable	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 6.3%	7.65%	0.26% administrative expenses as a % of payroll	GABA- 3.0% or 1.5% for hires after July 1, 2007 and before July 1, 2013; for members hired after July 1, 2013:
June 30, 2019	June 30, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 6.3%	7.65%	0.26% administrative expenses as a % of payroll	1.5% for each year PERS is funded at or above 90%; 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, 0% whenever the amortization period for PERS is 40 years or more
June 30, 2020	June 30, 2017 rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.26% administrative expenses as a % of payroll	
June 30, 2021	June 30, 2018 rolled forward to 2019	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.30% administrative expenses as a % of payroll	
June 30, 2022	June 30, 2019 rolled forward to 2020	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.28% administrative expenses as a % of payroll	
June 30, 2023	June 30, 2021	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.29% administrative expenses as a % of payroll	
June 30, 2024	June 30, 2022	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 0% - 4.80%	7.30%	Administrative expenses included in investment rate	
June 30, 2025	June 30, 2023	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 0% - 4.80%	7.30%	Administrative expenses included in investment rate	

Changes That Affect Trend Data

2017 Legislative Changes, General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations for PERS – If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Lump-sum payouts – Effective July 1, 2017, lump-sum payouts in all systems are limited to the member’s accumulated contributions rate rather than the present value of the member’s benefit.

Disabled PERS Defined Contribution (DC) Members – PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

GWORS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the GWORS schedules:

Reporting Date	Actuarial Valuation Date	Actuarial cost method	Amortization method	Asset valuation method	Inflation	Salary increase	Investment rate of return (net of pension plan investment expense, including inflation)	Other
June 30, 2016	June 30, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0%-7.3%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2017	June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0%-7.3%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2018	June 30, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2019	June 30, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2020	June 30, 2017, rolled forward to 2018	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2021	June 30, 2018, rolled forward to 2019	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.16% administrative expenses as a % of payroll
June 30, 2022	June 30, 2019, rolled forward to 2020	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2023	June 30, 2021	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2024	June 30, 2022	Entry Age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 1%-6.4%	7.30%	Administrative expenses included in investment rate
June 30, 2025	June 30, 2023	Entry Age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 0%-6.4%	7.30%	Administrative expenses included in investment rate

Changes That Affect Trend Data

2017 Legislative Changes, General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations for GWPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- 2) Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
- 3) Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
- 4) Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit for GWPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- 2) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- 3) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member; and
 - ii. A second retirement benefit for the period of reemployment based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.

- 4) A member who returns to covered service is not eligible for a disability benefit. Refund are as follows:
 - a. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
 - b. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
 - c. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts – Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts – Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

Employer contribution rate - Beginning July 1, 2024 and after, contribution rates are actuarially determined based on the funding valuation one year prior.

Other Post-Employment Benefits

The MUS OPEB plan has not established a trust to accumulate employer contributions; as such, net assets are not considered irrevocable, legally required to be used to provide OPEB to plan members, or protected from creditors.

Schedule of the University's Proportionate Share of the total OPEB Liability

Measurement Year	University's Proportion of the OPEB Liability	University's Share of the OPEB Liability	University's Covered Employee Payroll	University's share of the OPEB Liability as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
2018	48.92%	\$18,130,942	\$225,842,121	8.03%	0.00%
2019	54.44%	\$20,363,797	\$225,896,948	9.01%	0.00%
2020	53.22%	\$15,052,050	\$239,454,928	6.29%	0.00%
2021	53.68%	\$32,324,640	\$247,082,152	13.08%	0.00%
2022	53.68%	\$26,833,911	\$253,259,209	10.60%	0.00%
2023	53.68%	\$20,319,323	\$266,243,143	7.63%	0.00%
2024	53.26%	\$21,701,010	\$275,561,656	7.88%	0.00%
2025	52.77%	\$23,423,266	\$279,711,695	8.37%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Note to Required Supplementary Information – OPEB

Other Post-Employment Benefits (OPEB) Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Changes to the plan that affect trends will be reported as they occur in the future.



UNAUDITED SUPPLEMENTARY INFORMATION

Montana State University Unaudited Consolidating Statements of Net Position As of June 30, 2025

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	College MSU	Intercampus Eliminations	MSU Consolidated Total
ASSETS									
Current assets:									
Cash and cash equivalents (Note 2)	\$280,885,761	\$16,297,454	\$4,402,823	\$462,224	\$40,651,052	\$7,396,247	\$7,164,626	\$—	\$357,260,187
Securities lending collateral	9,643,726	—	—	—	190,693	—	—	—	\$9,834,419
Accounts and grants receivable, net (Note 3)	16,878,235	84,445	194,249	1,760	943,989	1,157,069	288,802	—	\$19,548,549
Lease receivable	319,581	—	—	—	—	—	—	—	\$319,581
Amounts receivable from Federal government	61,528,613	1,164	95,796	—	126,713	50,075	3,250	—	\$61,805,612
Amounts receivable from primary government	241,429	—	—	—	42,440	30,525	2,310	—	\$316,704
Loans receivable, net (Note 6)	983,171	—	—	—	73,164	24,761	—	—	\$1,081,097
Inventories (Note 4)	1,473,141	814,276	—	—	199,950	209,205	404,585	—	\$3,101,157
Prepaid expenses and other current assets (Note 5)	5,717,245	6,147	15,878	1,780	300,185	112,724	101,163	—	\$6,255,222
Total current assets	\$377,671,002	\$17,203,487	\$4,708,746	\$465,764	\$42,528,187	\$8,980,605	\$7,964,736	\$—	\$459,522,527
Noncurrent assets									
Restricted cash and cash equivalents	\$4,351	\$—	\$—	\$—	\$12,400	\$71,238	\$—	\$—	\$87,989
Restricted investments	8,445,254	—	—	—	—	100,911	—	—	\$8,546,165
Loans receivable, net (Note 6)	3,979,020	—	—	—	909,576	195,848	—	—	\$5,084,444
Investments	56,734,873	—	—	—	2,534,546	—	—	—	\$59,269,419
Capital assets, net (Note 7)	647,732,596	22,175,569	249,247	735,978	49,415,966	28,976,423	19,052,764	—	\$768,338,542
Lease receivable non-current	4,056,674	—	—	—	926,615	—	—	—	\$4,983,489
Other noncurrent assets (Note 7)	531,211	—	—	—	—	—	—	—	\$531,211
Total noncurrent assets	\$721,483,979	\$22,175,569	\$249,247	\$735,978	\$53,799,304	\$29,344,419	\$19,052,764	\$—	\$846,841,259
Total assets	\$1,099,154,981	\$39,379,056	\$4,957,993	\$1,201,742	\$96,327,490	\$38,325,024	\$27,017,500	\$—	\$1,306,363,786
DEFERRED OUTFLOWS									
Deferred loss on debt refunding (Note 11)	\$3,248,374	\$—	\$—	\$—	\$8,339	\$—	\$—	\$—	\$3,256,713
Deferred pension and OPEB outflows (Note 14)	62,536,135	3,769,265	3,057,373	158,579	9,084,118	2,934,711	2,054,931	—	\$83,595,112
Total deferred outflows	\$65,784,509	\$3,769,265	\$3,057,373	\$158,579	\$9,092,456	\$2,934,711	\$2,054,931	\$—	\$86,851,825
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$1,164,939,490	\$43,148,321	\$8,015,366	\$1,360,322	\$105,419,947	\$41,259,736	\$29,072,431	\$—	\$1,393,215,611

Montana State University Unaudited Consolidating Statements of Net Position (continued) As of June 30, 2025

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	College MSU	Intercampus Eliminations	MSU Consolidated Total
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities (Note 8)	\$47,846,939	\$1,122,734	\$718,294	\$44,914	\$4,236,984	\$1,561,347	\$965,699	\$—	\$56,496,912
Advances (current) and other amounts payable to primary government	1,005,046	—	—	—	184,034	68,929	—	—	\$1,258,009
Amounts payable to other State of Montana component units	656,505	—	—	—	—	—	—	—	\$656,505
Securities lending liability	9,643,726	—	—	—	190,693	—	—	—	\$9,834,419
Property held in trust for others	2,553,204	—	—	—	131,619	180,966	38,690	—	\$2,904,480
Unearned revenues (Note 9)	23,138,567	—	15,722	—	1,381,001	171,762	86,872	—	\$24,793,924
Current portion compensated absences	9,899,612	736,093	623,834	44,389	2,335,773	378,915	582,020	—	\$14,600,636
Current portion debt and lease obligations (Note 10)	28,769,358	—	—	18,718	1,001,791	6,525	—	—	\$29,796,392
Total current liabilities	\$123,512,957	\$1,858,826	\$1,357,850	\$108,021	\$9,461,896	\$2,368,445	\$1,673,281	\$—	\$140,341,277
Noncurrent liabilities:									
Advances from primary government	\$3,228,780	\$—	\$—	\$—	\$600,885	\$403,482	\$—	\$—	\$4,233,147
Debt, lease, and other obligations (Note 10)	235,516,195	—	—	—	149,953	128,191	5,135	—	\$235,799,474
Compensated absences	23,961,283	1,781,658	1,509,945	107,441	1,518,771	1,104,462	157,946	—	\$30,141,507
OPEB implicit rate subsidy	16,723,996	859,494	872,158	56,291	3,120,723	1,121,010	669,595	—	\$22,423,267
Net pension liability	84,484,652	5,177,389	2,556,278	140,051	13,703,221	4,717,034	3,404,968	—	\$114,183,593
Due to Federal government (Note 6)	6,212,288	—	—	—	759,568	397,229	—	—	\$7,369,086
Total noncurrent liabilities	\$370,127,194	\$7,818,542	\$4,938,381	\$453,735	\$19,831,359	\$7,748,353	\$4,232,569	\$—	\$415,150,074
Total liabilities	\$493,640,151	\$9,677,368	\$6,296,231	\$561,757	\$29,293,255	\$10,116,798	\$5,905,791	\$—	\$555,491,351
DEFERRED INFLOWS									
Deferred inflows-Pension and OPEB (Note 14)	\$36,760,420	\$1,970,396	\$1,868,500	\$122,459	\$6,631,084	\$2,375,533	\$1,236,161	\$—	\$50,964,553
Deferred inflows-Leases	4,208,774	—	—	—	914,036	—	—	—	\$5,122,811
Total deferred inflows	\$40,969,194	\$1,970,396	\$1,868,500	\$122,459	\$7,545,120	\$2,375,533	\$1,236,161	\$—	\$56,087,364
NET POSITION									
Net investment in capital assets	\$426,543,417	\$22,175,569	\$249,247	\$567,307	\$47,481,070	\$28,484,629	\$19,052,764	\$—	\$544,554,003
Restricted - nonexpendable	9,570,151	—	—	—	289,534	189,254	11,300	—	\$10,060,239
Restricted - expendable	19,035,679	1,028,259	(382,882)	—	3,777,335	1,244,280	32,037	—	\$24,734,708
Unrestricted (Note 12)	175,180,896	8,296,730	(15,730)	108,799	17,033,632	(1,150,759)	2,834,379	—	\$202,287,946
Total net position	\$630,330,143	\$31,500,557	\$(149,365)	\$676,106	\$68,581,571	\$28,767,405	\$21,930,479	\$—	\$781,636,896
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$1,164,939,489	\$43,148,321	\$8,015,366	\$1,360,322	\$105,419,947	\$41,259,736	\$29,072,431	\$—	\$1,393,215,611

Montana State University
Unaudited Consolidating Statement of Revenues, Expenses and Changes in Net Position
As of and for the Year Ended June 30, 2025

	MT		MSU	Fire Services	Great Falls			Intercampus	Total
	MSU - Bozeman	Agricultural Experiment Station			Extension Service	Training School	MSU - Billings		
Operating revenues:									
Tuition and fees	\$198,440,873				\$12,226,955	\$3,211,750	\$2,500,738		\$216,380,316
Federal appropriations		2,653,176	3,507,627						\$6,160,803
Federal grants and contracts	184,656,819	1,164	30,743		4,314,506	1,577,310	651,625	(490,333)	\$190,741,835
State grants and contracts	5,855,212		20,005		179,258	246,406	136,304		\$6,437,186
Non-governmental grants and contracts	12,203,620		244,013		569,111	29,067	460,518		\$13,506,329
Grant and contract facilities and administrative cost recoveries	33,905,042				432,303	86,542	67,227		\$34,491,113
Educational, public service and outreach revenues	22,569,666	4,823,949	5,482,180	75,463	1,646,882	196,031	85,059	(794,509)	\$34,084,722
Auxiliary - housing	30,325,424	2,430			1,898,504	701,625			\$32,527,983
Auxiliary - food service	33,806,034				1,107,177	880,111	101,635		\$35,894,957
Auxiliary - other auxiliary sales and services	10,530,090	1	54		1,666,066	336,645	822,166	(454,922)	\$12,900,099
Interest earned on loans	46,427				—	73			\$46,500
Other operating revenues	3,965,251	83,788			257,387	19,405	84,056		\$4,409,886
Total operating revenues	\$536,304,459	\$7,564,508	\$9,284,621	\$75,463	\$24,298,149	\$7,284,965	\$4,909,328	\$(1,739,764)	\$587,981,729
Operating expenses:									
Compensation and benefits, including pensions	\$375,186,760	\$18,405,945	\$15,481,721	\$952,660	\$40,499,004	\$14,971,723	\$11,221,556		\$476,719,968
OP&B expense	700,134	35,982	36,512	2,357	120,577	52,252	36,515		\$986,329
Operating expenses	215,433,758	5,290,772	2,531,681	310,503	18,037,177	6,065,305	3,787,134	(1,739,764)	\$249,716,567
Scholarships and fellowships	12,247,304	11,095			1,762,922	894,207	1,393,002		\$16,308,530
Depreciation and amortization	44,997,153	1,395,630	49,566	146,343	3,200,421	1,557,505	1,393,461		\$52,740,077
Total operating expenses	\$648,565,109	\$25,139,423	\$18,099,480	\$1,411,862	\$63,620,101	\$23,540,992	\$17,833,669	\$(1,739,764)	\$796,470,871
Operating loss	\$(112,260,650)	\$(17,574,915)	\$(8,814,859)	\$(1,336,399)	\$(39,321,952)	\$(16,256,026)	\$(12,924,340)	\$—	\$(208,489,142)
Nonoperating revenues (expenses):									

Montana State University
Unaudited Consolidating Statement of Revenues, Expenses and Changes in Net Position
As of and for the Year Ended June 30, 2025

	MT		MSU	Fire Services	Great Falls			Intercampus	Total
	MSU - Bozeman	Agricultural Experiment Station			Extension Service	Training School	MSU - Billings		
State and local appropriations	\$94,085,709	\$20,706,034	\$8,209,810	\$1,282,175	\$28,183,491	\$11,183,260	\$8,781,419		\$172,431,898
Pell Grants	16,514,464				6,191,925	2,016,253	2,982,588		\$27,705,230
Land grant and timber sales income	2,836,186				468,619	1,683,764	198,246		\$3,304,805
Gifts	31,748,245		387,163		3,851,305	285,314	306,280		\$37,868,724
Investment Income	18,204,083	779,298	187,804	25,016	1,879,825	285,314	306,280		\$21,667,619
Interest expense	(8,643,445)			(2,948)	(90,029)	(16,168)			\$(8,752,590)
Net nonoperating revenues (expenses)	\$154,745,243	\$21,485,332	\$8,784,777	\$1,304,243	\$40,485,136	\$15,152,422	\$12,268,533	\$—	\$254,225,686
Income before other revenues, expenses, gains and losses	\$42,484,593	\$3,910,417	\$(30,082)	\$(32,156)	\$1,163,184	\$(1,103,604)	\$(655,807)	\$—	\$45,736,544
Transfers in (out)	365,415	\$(542,055)	69,993	106,647	—	—	—		\$—
Gain or loss on disposal of capital assets	(259,545)	(9,037)	(3,764)		24,251	(19,525)	(28,590)		\$(296,209)
Additions to permanent endowments	7,743								\$7,743
Gifts, capital grants and contributions	60,720,204				4,763,042	3,205,293	141,153		\$68,829,692
Change in net position	\$103,318,410	\$3,359,325	\$36,147	\$74,491	\$5,950,478	\$2,082,164	\$(643,244)	\$—	\$114,277,770
Net position, beginning of year restated	\$27,011,733	28,141,232	(185,512)	601,615	62,631,093	26,685,241	22,473,723	—	\$67,359,126
Net position, end of year	\$630,330,143	\$31,500,557	\$(149,365)	\$676,106	\$68,581,571	\$28,767,405	\$21,830,479	\$—	\$781,636,896

Montana State University
 Unaudited Selected Cash Flow Data
 As of And For the Year Ended June 30, 2025

	MT		MSU Extension	Fire Services Training School	MSU		Great Falls		Total
	MSU - Bozeman	Agricultural Experiment Station			MSU - Billings	MSU - Northern	College MSU	Intercampus Eliminations	
Cash flows from operating activities:									
Tuition and fees	\$197,326,984	\$—	\$—	\$—	\$12,270,262	\$3,044,069	\$2,468,912	\$(490,333)	\$214,619,894
Federal appropriations	—	2,652,012	3,512,140	—	—	—	—	—	6,164,153
Federal grants and contracts	164,072,800	1,164	(5,423)	—	4,201,753	1,520,051	651,134	—	170,441,480
State grants and contracts	7,143,876	—	20,005	—	184,321	246,406	144,194	—	7,738,802
Private grants and contracts	11,186,053	—	244,013	—	523,748	29,067	460,518	—	12,423,398
Grant and contract indirect cost recoveries	29,572,729	—	—	—	432,303	86,542	67,227	—	30,158,800
Educational, public service and outreach revenues	12,100,412	4,776,130	5,592,533	74,973	1,659,474	196,011	65,915	(794,509)	23,670,939
Sales and services of auxiliary enterprises	74,678,830	2,431	54	—	4,006,080	1,939,389	945,683	(454,922)	81,117,544
Interest on loans receivable	46,427	—	—	—	—	73	—	—	46,500
Other operating receipts	12,036,217	83,788	—	—	150,898	(24,508)	120,298	—	12,366,695
Compensation and benefits	(371,154,818)	(18,490,607)	(15,442,664)	(929,253)	(41,028,099)	(15,199,048)	(11,174,931)	—	(473,418,820)
Operating expenses	(214,369,054)	(5,675,465)	(2,481,581)	(305,727)	(16,129,328)	(6,133,559)	(3,723,667)	1,739,764	(247,078,817)
Scholarships and fellowships	(12,247,304)	(11,095)	—	—	(1,762,922)	(894,207)	(1,393,002)	—	(16,308,530)
Loans made to students and federal funds repaid	90,669	—	—	—	—	—	—	—	90,669
Loan payments received from students	1,457,899	—	—	—	95,890	49,987	—	—	1,603,776
Intercampus payments	—	—	—	—	—	—	—	—	—
Net cash used in operating activities	\$(88,078,280)	\$(16,661,042)	\$(8,560,923)	\$(1,160,007)	\$(35,395,620)	\$(15,139,727)	\$(11,367,719)	\$—	\$(176,363,317)
Cash flows from noncapital financing activities:									
Receipts (Payments) of funds held in trust for others	\$1,422,625	\$—	\$—	\$—	\$(6,775)	\$14,917	\$27,085	\$—	\$1,457,853
Direct lending proceeds	54,611,614	—	—	—	9,198,335	2,117,556	2,747,272	—	68,674,777
Direct lending disbursements	(54,611,614)	—	—	—	(9,198,335)	(2,117,556)	(2,747,272)	—	(68,674,777)
State and local appropriations	94,085,709	20,706,034	8,209,810	1,282,175	28,183,491	11,183,260	8,781,419	—	172,431,898
Federal CARES Act Grant	(4,955,434)	—	—	—	—	—	—	—	(4,955,434)
Federal Pell grant funds received	16,514,464	—	—	—	6,191,925	2,016,253	2,982,588	—	27,705,230
Gifts and contributions (expendable)	31,748,245	—	387,163	—	3,851,305	1,683,764	198,246	—	37,868,724
Land grant income	2,836,186	—	—	—	468,619	—	—	—	3,304,805
Repayment of long-term advance from primary government	(218,833)	—	—	—	—	—	—	—	(218,833)
Additions to permanent endowments	7,743	—	—	—	—	—	—	—	7,743
Transfers between campuses and agencies	365,415	(542,055)	69,993	106,647	—	—	—	—	—
Net cash flows from noncapital financing activities	\$141,806,120	\$20,163,979	\$8,666,966	\$1,388,822	\$38,688,565	\$14,898,194	\$11,989,338	\$—	\$237,601,986

Montana State University
 Unaudited Selected Cash Flow Data
 As of And For the Year Ended June 30, 2025

	MT		MSU Extension	Fire Services Training School	MSU		Great Falls		Total
	MSU - Bozeman	Agricultural Experiment Station			MSU - Billings	MSU - Northern	College MSU	Intercampus Eliminations	
Cash flows from capital financing activities:									
Purchase of capital assets	\$(89,499,617)	\$(3,954,955)	—	—	—	—	—	—	\$(93,454,572)
Proceeds from sale of capital assets	6,977,695	—	—	—	—	—	—	—	6,977,695
Gifts restricted for capital purchase	—	—	—	—	—	—	—	—	—
Other capital financing activities	33,104	—	—	—	—	—	—	—	33,104
Proceeds from borrowings	43,715,000	—	—	—	—	—	—	—	43,715,000
Debt principal paid	(8,365,000)	—	—	—	—	—	(884,144)	—	(9,249,144)
Payment of capitalized debt issue costs	—	—	—	—	—	—	—	—	—
Advances from primary government	—	—	—	—	—	—	(42,395)	—	(42,395)
Repayment of advances from primary government	(1,907,977)	—	—	—	—	—	(125,002)	(66,389)	(2,099,369)
Interest paid	(9,518,661)	—	—	3,750	(2,948)	—	(17,708)	—	(9,627,828)
Net cash change from capital financing activities	\$(89,565,456)	\$(3,954,955)	—	3,750	—	—	\$(182,454)	\$(82,101)	\$(93,625,214)
Cash flows from investing activities:									
Purchase of investments	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Proceeds from sale of investments	—	—	—	—	—	—	—	—	—
Investment income	17,188,152	779,298	184,054	25,016	1,734,174	297,579	311,391	—	20,519,663
Net cash change from investing activities	\$17,188,152	\$779,298	\$184,054	\$25,016	\$1,734,174	\$297,579	\$311,391	\$—	\$20,519,663
Net change in cash and cash equivalents	\$12,350,536	\$327,280	\$212,601	\$100,697	\$2,563,884	\$(764,708)	\$105,193	\$—	\$14,895,484
Balances at beginning of year	\$268,539,576	\$15,970,174	\$4,190,221	\$361,527	\$38,099,570	\$8,232,191	\$7,059,434	\$—	\$342,452,693
Balances at end of year	\$280,890,112	\$16,297,454	\$4,402,822	\$462,224	\$40,663,454	\$7,467,483	\$7,164,627	\$—	\$357,348,177

Montana State University—All Campuses and Agencies

Overview

The University campuses are accredited by the Northwest Commission on Colleges and Universities and, in addition, by national professional accrediting organizations in teacher education, nursing, environmental health, engineering, engineering technologies, architecture, foods and nutrition, chemistry, art, music and business.

Enrollment

Fall Census Full Time Equivalent Students for Fiscal Years Ended June 30,

	2025	2024	2023
Montana residents			
Undergraduate	10,331	10,214	10,170
Graduate	842	857	908
Nonresidents			
Undergraduate	6,017	5,952	5,638
Graduate	601	589	587
Western Undergraduate Exchange			
	2,082	2,104	2,052
Total	19,873	19,716	19,355

Tuition and Fees

Tuition and fees vary from campus to campus, and on each campus differ for residents and nonresidents and for undergraduate students and graduate students. The ranges of tuition and fees charged for full-time students during the 2024-2025 academic year, on a per-semester basis, were as follows:

	Resident		Nonresident		
	Undergraduate	Graduate	Undergraduate	WUE ⁽²⁾	Graduate
Bozeman Campus	\$4,230	\$4,860	\$16,644	\$5,976	\$17,333
Billings Campus	\$3,640	\$4,479	\$11,449	\$4,962	\$12,734
Northern Campus	\$3,491	\$4,185	\$10,937	\$4,802	\$11,857
Great Falls Campus ⁽¹⁾	\$2,014	N/A	\$6,455	\$2,780	N/A

(1) Undergraduate program only.

(2) Western Undergraduate Exchange

Employees and Graduate Assistants

As of Fall 2024, the University had 7,101 employees and utilized 934 graduate assistants at the following degree-granting locations:

	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College MSU	Total
	Faculty/Professional	2,181	338	159	115
State classified system	1,471	176	58	44	1,749
Temporary hourly	119	67	1	12	199
Students	2,162	131	43	24	2,360
Total employees	5,933	712	261	195	7,101
Graduate assistants	925	9	—	—	934

Non-tenure track faculty and classified employees at the University are members of and represented by various collective bargaining units. Currently, tenure track faculty, part-time employees and administrative professionals are not represented by any of the collective bargaining units.



MSU-Bozeman

Campus Overview

Located in Bozeman, the campus of Montana State University comprises approximately 1,800 acres and more than 40 academic and administrative buildings. The university was founded in 1893 as the Agricultural College of the State of Montana. By the 1920s, the institution's preferred name was Montana State College, and so it remained until July 1, 1965, when, in recognition of the advances in the college's commitment to scientific and humanistic research, the 39th Montana Legislature officially changed MSC's name to Montana State University.

In 1994, the Montana Board of Regents approved a restructuring plan that created a four-campus MSU. The Bozeman campus was given administrative oversight of what became MSU Billings, Great Falls College MSU, and MSU Northern. Statutory authority for Montana State University is contained in Title 20, Chapter 25, Section 201 of Montana Code Annotated.

MSU is organized into seven undergraduate colleges: the College of Agriculture; College of Arts and Architecture; College of Education, Health, and Human Development; Jake Jabs College of Business and Entrepreneurship; College of Letters and Science; Norm Asbjornson College of Engineering; and Mark and Robyn Jones College of Nursing. Post-graduate master's and doctoral degrees are offered through the Graduate School. One-year and two-year degrees and certificates are offered through Gallatin College MSU. The university's Honors College offers curriculum for students to qualify for one of three honors designations on their transcripts in addition to their degrees.

The campus offers more than 250 academic programs, including more than 115 graduate programs — such as master's degrees, doctorates, and many certificate options. In the 2024-25 academic year, MSU awarded 3,438 degrees to 2,602 undergraduates, 411 master's students and 90 doctoral students. It also presented 135 associate degrees and 83 workforce certifications to Gallatin College MSU students.

The university's annual research expenditures — almost entirely federal dollars competitively won — set a record in fiscal year 2025 with total expenditures at \$288.7 million, marking an increase of roughly 12% from FY2024. The total marks seven years in a row of record-setting research growth.

The university is home to 300 laboratories, 44 research centers, and seven agricultural research stations. MSU is classified as having "very high research activity" by the Carnegie Classification of Institutions of Higher Education and is one of just 104 institutions in the country to receive Carnegie's R-1 designation. MSU has also been named

among the top universities in the world for its scientific impact and collaboration, ranking 173rd in the U.S. in terms of contributions to international scientific journals by the CWTS Leiden Ranking Open Edition in 2024.

MSU continues to be one of the top institutions in producing Goldwater scholars. The Goldwater Scholarship is a competitive national award given to math, science, and engineering students. Since the scholarship's inception in 1989, 92 MSU students have become Goldwater scholars, and fiscal year 2025 marks the eighth year in a row in which at least two MSU students have received the honor. MSU's number of scholarships ranks among and above prominent schools like Johns Hopkins, Yale, and Cornell.

In 2018, MSU won the Connections Award by the Association of Public and Land-grant Universities in recognition of its economic engagement efforts, specifically its work with public- and private-sector partners in Montana and the region to support economic development through innovation, entrepreneurship, technology transfer, talent, workforce, and community development.

In addition to its academic mission, MSU is home to numerous entities that help strengthen the state through outreach efforts. First among them is MSU Extension, which has agents serving all 56 Montana counties and seven reservations in the areas of youth development, agriculture, community development, and family and consumer science. MSU is also home to the Montana Manufacturing Extension Center, a statewide manufacturing outreach and assistance center whose professional staff have extensive experience in manufacturing and business in a variety of industries. Other examples of the university's statewide reach include its Center for Mental Health Research and Recovery, Montana PBS, and the Museum of the Rockies.

Enrollment and Degrees Granted

		Fall Census FTE Students for Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Bozeman	Resident Undergraduate	6,264	6,175	6,237	6,632	7,137
	Resident Graduate	660	646	680	748	705
	NR Undergraduate	5,583	5,480	5,185	4,579	4,521
	WUE	1,766	1,782	1,731	1,835	1,224
	NR Graduate	582	561	550	561	465
	Total MSU Bozeman	14,855	14,644	14,383	14,355	14,052
Gallatin College	Resident Undergraduate	438	432	400	406	406
	NR Undergraduate	268	310	296	228	191
	WUE	25	25	29	24	7
	Total Gallatin College	731	767	725	658	604
Grand Total	15,586	15,411	15,108	15,013	14,656	

		Degrees Granted - Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Bozeman	Certificates	8	3	7	8	3
	Associate	6	18	13	11	6
	Bachelor	2,810	2,665	2,569	2,552	2,669
	Graduate	635	604	646	639	497
	Total MSU Bozeman	3,459	3,290	3,235	3,210	3,175
Gallatin College	Certificates	79	92	89	77	62
	Associate	159	188	117	104	114
	Bachelor	0	0	1	1	0
	Total Gallatin College	238	280	207	182	176
Grand Total	3,697	3,570	3,442	3,392	3,351	

Campus Outlook

The university's current strategic plan, "Choosing Promise," was adopted in January 2019. The plan's three areas of focus — teaching, research, and outreach — align with university's historic mission as articulated by the Morrill Land Grant College Act of 1862 and the subsequent Hatch and Smith-Lever acts passed by the U.S. Congress. Central to all parts of the plan is an emphasis to improve Montana's people, environment, and economy.

Few programs better epitomize the university's new strategic plan than its Hilleman Scholars Program, named after Maurice Hilleman — an MSU alumnus now widely recognized as the most prolific vaccinologist in history. Now in its 10th year, the Hilleman Scholars Program seeks Montana high school students who may not have performed well on traditional academic measures but who have shown grit and promise. Each year, MSU selects at least 50 Hilleman Scholars from across Montana. They are eligible for financial support for four years of college, provided they make satisfactory academic progress and demonstrate commitment to the program, including participating in a summer success academy, tutoring and advising services, and, later, mentoring younger scholars. The Hilleman story is one of how nurturing the promise in hard-working Montanans of ordinary or humble means can transform them, their families, the state, and even the world.

In August 2021, the university announced a historic \$101 million investment from Mark and Robyn Jones, founders of Goosehead Insurance, aimed at addressing one of the most defining challenges of our time: access to health care, particularly for rural and frontier communities. The gift was the largest ever given to a college of nursing at the time and the largest private gift in Montana history, and it is funding five new nursing education buildings at each of the MSU nursing college's campuses in Bozeman, Billings, Great Falls, Kalispell, and Missoula. The first of the new nursing education buildings to be constructed, in Great Falls, opened earlier this year, and others are under construction. The investment also created five endowed professorships and established Montana's only certified nurse midwifery program, launched in 2024, which prepares doctoral-level nurses to benefit maternal health care statewide.

In early 2022, MSU announced that the Gianforte Family Foundation pledged \$50 million to construct a new building to house MSU's school of computing and related fields such as cybersecurity, optics and photonics, electrical and computer engineering, and creative industries. The gift ties for the second largest in MSU history and is another of the largest philanthropic gifts in Montana history. Construction is underway for the future Gianforte Hall with completion expected in the fall of 2026.

During the 2023 state legislative session, \$23.5 million from House Bill 5 was appropriated to cover a portion of the cost to build the first on-campus facility to house Gallatin College MSU, the university's fastest growing college. MSU was required to raise the rest of the \$46 million needed, and in March 2025, the university reached its fundraising goal thanks to major donations of \$4.8 million gift from the Dennis and Phyllis Washington Foundation and \$11.25 million from the Arthur M. Blank Family Foundation.

Gallatin College MSU collaborates extensively with Montana industries and employers to develop responsive educational and training options that meet state workforce needs. Existing programs at Gallatin College MSU fill quickly. Several popular programs regularly have waiting lists, and a new building provides further opportunities to expand existing programs or to add new programs.

Change is occurring rapidly at MSU to accommodate the tremendous growth the university has experienced over the last decade. In fall 2021, the university opened its American Indian Hall, a \$20 million facility that serves as a home away from home for MSU's growing Native American/Alaska Native student population, a home for the Department of Native American Studies, and valuable classroom space shared by all of MSU.

The university saw the grand reopening of Romney Hall in November 2021. This \$32 million renovation, funded in part by \$25 million from the 2019 Montana Legislature, repurposed MSU's original, century-old physical education building — which had fallen into disrepair — into a classroom building that now seats more than 1,000 students per hour in the heart of campus. It provides a home for high-impact student services such as the MSU Writing Center, Disability Services, the Travis W. Atkins Veterans Support Center, and the Christopher B. Lofgren Center for Excellence in Mathematics and Statistics.

In late 2021, MSU opened its Bobcat Athletic Complex, a 40,000-square-foot facility at Bobcat Stadium that supports student-athletes with study spaces, locker rooms, team meeting rooms, and health and rehabilitation facilities. It also houses MSU's football program, including offices for coaches and staff. The building was funded with \$18 million in private donations raised in just two years. Then, in August 2025, MSU opened its new indoor athletic facility, the Kennedy-Stark Athletic Center. The \$26.5 million, donor-funded building serves as the primary practice and competition space for indoor track and field programs, in addition to being an additional practice space for the Bobcat football team.

These are in addition to the campus' previous notable building openings, including the classroom and laboratory building Norm Asbjornson Hall in spring 2019 and the 510-bed residence Hyalite Hall in fall 2020.

MSU's new Student Wellness Center opened in fall 2024. In March 2019, MSU lost two of its recreational gymnasiums due to a roof collapse caused by a 100-year snow event. The Montana Board of Regents subsequently approved a \$60 million project for MSU to replace the lost gymnasium space and to create a new home for student health services. The facility co-locates all student health, counseling, recreation, fitness, and other wellness services in a single facility.

The university is also seeing development moving forward on its Innovation Campus, located just west of the main MSU campus, where in September 2025 an 87,000-square-foot office space called EngineWorks celebrated its grand opening. EngineWorks is home to QCORE — short for Quantum Collaborative Research and Education. QCORE is MSU's high-tech facility dedicated to the study of quantum computing, and it was funded in part by \$44.7 million from the U.S. Air Force Research Laboratory. It has one of only five quantum network test beds in the world and is one of only seven organizations in the world to house two different types of quantum computers: photonic and superconducting. In addition, in December 2024, the self-driving vehicle technology company Aurora opened its 78,000-square-foot office and testing facility at the MSU Innovation Campus.

All of MSU's physical growth is an attestation of its increased student population. The enrollment in the fall semester 2025 is the highest in MSU's 132-year history at 17,165. MSU's fall 2025 retention rate — the percentage of first-year students returning for their second year — hit a modern record of 81.8%. In all, MSU enrolled 15,142 undergraduate students, a record, and 2,023 graduate students.

In fall 2025, MSU also attracted 160 recipients of the prestigious Montana University System Honors Scholarship — accounting for 65% of all recipients statewide. The scholarship grants four years of tuition at an eligible state campus.

Other highlights from MSU's fall 2025 enrollment included:

- MSU's incoming class of first-time students is the third largest in history at 3,743. Of those, 1,572 were Montana residents, marking a 5% increase from the previous fall.
- MSU's four-year graduation rate rose to a record 41.4%, with its five-year rate growing to a record 56.4% and six-year rate rising to 59%.
- MSU welcomed 421 dual-enrollment students, an increase over last fall. Dual enrollment allows Montana high school students to earn college credit and get a jump start on their degrees. Dual-enrollment credits at MSU are housed in Gallatin College MSU, which had strong enrollment overall with 1,078 incoming students.
- The number of students taking advantage of veteran benefits at MSU was up 21% this fall to 700. MSU has been named a top university in the nation for its support of student veterans.

Montana Agricultural Experiment Station (MAES)

Agency Overview

The Hatch Act of 1887 created the Montana State Agricultural Experiment Station system. This unique federal/state partnership, supporting agricultural and natural resource research and outreach, is a contract for maintaining viable agricultural and natural resource communities and an affordable supply of food and fiber for America.

In 1893, Montana endorsed the terms of the Morrill Act, creating the land-grant university and the designation of the Montana Agricultural Experiment Station (MAES). The MAES operates under these enabling Acts and subsequent federal and state legislation and amendments through the authority of the MAES Director as approved by USDA. MAES houses people and programs at its research centers throughout Montana and the main station at the Bozeman campus.

The research center system consists of: Northern Agricultural Research Center (ARC) at Havre, Northwestern ARC at Creston, Western ARC at Corvallis, Central ARC at Moccasin, Southern ARC at Huntley, Western Triangle ARC at Conrad, and Eastern ARC at Sidney. The research centers are located so they address the diverse climatological, ecological and environmental challenges of Montana's largest economic sector. Individual research center priorities reflect challenges faced by producers in that region. The oldest research centers, Central and Western, were established in 1907 with the most recent, Western Triangle, established in 1978. MAES also cooperates with the federal USDA ARS Fort Keogh Livestock and Range Research Laboratory at Miles City, a partnership that has been in place since 1924, and the USDA ARS research programs at the Northern Plains Agricultural Research Center in Sidney.

The Bozeman MAES component includes research in the academic departments of Agricultural Economics and Economics, Agricultural and Technological Education, Animal and Range Sciences, Land Resources and Environmental Sciences, Plant Sciences and Plant Pathology, and Microbiology and Cell Biology. The majority of MAES faculty are located on the main station at MSU Bozeman, with split appointments between research, teaching and extension service, which provides unique and high-quality educational opportunities on- and off-campus that are appropriate for the region and also appeal to students and clientele from around the world.

MAES cooperates with state, regional, and federal agencies on research to generate and disseminate superior knowledge and produce advances in technology that increase the competitiveness, profitability, and sustainability of agricultural and natural resource systems. MAES aids agricultural stakeholders in competing and succeeding in a global environment, preserving environmental quality, improving the quality of life, and adding value to state, regional, and national resources within the global economy, as well as developing cutting-edge outreach and education programs.

MSU Extension

Agency Overview

The mission of MSU Extension is to improve the lives of Montana citizens by providing unbiased, research-based education and information that integrates learning, discovery, and engagement to strengthen the social, economic, and environmental well-being of individuals, families, and communities.

To meet the educational needs of Montanans, Extension coordinates educational and research resources in the region through campus-based specialists and 54 local Extension offices, that serve all 56 Montana counties and seven reservations. Because Montana's communities are as diverse as its landscape, the structure of Extension — MSU faculty living in Montana's small towns and cities — ensures that programs are in tune with local issues and can adapt quickly to changing needs.

The unique funding structure of Extension combines state general fund, federal Smith-Lever, and county resources. The state Legislature appropriates general funds on a biennial basis. Extension agents' salaries are paid from both federal Smith-Lever and county funding sources, while Extension specialists are paid from state general funds. Extension funds the payroll benefit costs for all employees hired on state funding, while county agents' benefits are paid from a blend of Federal Smith-Lever and state general fund dollars. Operational allocations are made to specialists based on a pre-established formula, and other operating dollars are allocated to support staff development, program development, personnel recruitment, and general operating purposes.

To deliver the practical advice and information needed by Montana's agricultural community, Extension taps into the resources of the entire university system. Research results from the Agricultural Research Centers and funding through USDA assist in developing programmatic responses. Primary concerns related to sustainability and profitability, natural resources and the environment, drought and wildfire education and mitigation, and technology transfer/value-added opportunities are addressed through outreach efforts across the state.

Extension's Family and Consumer Sciences program area serves a wide variety of people and families and provides specialized programs, including those targeted toward families, the elderly, children, single parents, and stepfamilies. Topics include food and nutrition, mental health, physical activity, managing stress, parenting, personal and family finance, estate planning, and many other subjects useful to Montanans. One of the largest programs provides nutrition education for families with limited resources.

Extension agents also work with Montana 4-H programs to serve youth throughout the state. In 2024-2025, Montana 4-H reached more than 17,000 Montana youth ages 5-18. Approximately 64% of these youth are involved in yearlong community clubs, while the rest are active through a variety of short-term and special interest education programs. The many school collaborations engaged in by 4-H programs were rebuilt after the COVID-19 pandemic and continue to grow. Enrollment numbers are expected to rise as these partnerships gain strength. Montana 4-H youth are supported by 3,000 trained adult and youth volunteers who lead local programs and activities.

Local community and economic viability efforts continue to be an area of major emphasis for Extension's Community Vitality program. Extension continues to collaborate with state and federal agencies to provide local governance, strategic planning, rural community vitality programming, and leadership development education for communities and individuals. The MSU Extension Local Government Center provides the only extensive education and training for Montana's elected and government officials at the local and county level.

Extension's focus to improve lives and communities complements the university's strategic plan by focusing on engaging Montanans and integrating learning, discovery, and engagement. Extension is successful throughout the state in meeting and excelling at this tripartite land-grant mission. Within MSU's strategic plan, Extension has a clear leadership role in increasing the university's capacity as a statewide resource to collaborate, respond to local needs, and address the state's greatest challenges.

Fire Services Training School (FSTS)

Agency Overview

The Fire Services Training School (FSTS) is state-level agency and is attached to MSU Extension. The FSTS is authorized in 20-31-102 of the Montana Code Annotated. Its purpose is to provide fire service personnel with professional training; identify new methods of fire prevention and suppression, and disseminate information; provide a resource center for use by local fire services; provide testing and certification for personnel and apparatus; and coordinate fire services training in the state. FSTS certifications are internationally accredited by two different accrediting agencies.

These goals are accomplished by building capacity in local governments for protecting citizens' lives and property and safeguarding the community tax base and infrastructure from harm caused by fires, accidents, injuries, hazardous materials incidents, and other emergencies. FSTS trainers provide instruction and resources to local fire and rescue services and are strategically located in Cascade, Custer, Valley, Flathead, Missoula, Lewis and Clark, and Jefferson counties.

The FSTS audience consists of about 11,000 fire fighters in 467 organizations, 96% of whom are volunteers. The FSTS provides 74% of its services to all-volunteer fire companies, 18% to combination fire companies (with both paid and volunteer firefighters), and 8% to all-paid fire companies.

The FSTS curriculum includes entry level recruit academies, hazardous materials and technical rescue courses, and leadership and management, as well as tactical- and strategic-level incident operations courses. The FSTS continues to introduce new methods and technology into local fire service organizations, resulting in enhanced firefighter safety, a higher level of citizen protection, and significantly reduced costs for fire insurance premiums in many communities.

MSU-Billings

Campus Overview

Montana State University Billings is a regional comprehensive public four-year higher education institution located in Montana's largest city, whose faculty is actively engaged in teaching, research, creative endeavors, and public service. MSU Billings is unique in that it is one of a select few higher education institutions that also boasts an embedded two-year community college. MSU Billings is the third-largest public university in Montana. Alumni and workforce data show that graduates from MSU Billings stay in Montana and contribute to the state's economy and the betterment of its communities.

The institution, founded in 1927, was initially called Eastern Montana Normal School and was established to prepare teachers for elementary schools in eastern Montana. It was again renamed in 1965 as Eastern Montana College (EMC). It merged into the Montana University System in 1994 under its present name. MSU Billings has grown, with the city of Billings and Yellowstone County, into the major comprehensive higher education center of south central and eastern Montana. The University offers 115 academic programs across five colleges, including the College of Liberal Arts & Social Sciences (CLASS), the College of Business (COB), the College of Education (COE), the College of Health Professions and Science (CHPS), and City College. City College serves the comprehensive two-year mission of the University and offers career-ready certificates and associate degrees. MSU Billings is widely recognized for high-quality academic programs that include certificate, associate, bachelor's, and master's degrees, as well as preprofessional academic offerings in many academic areas, featuring 25 online degree programs. Several academic programs are unique to the Montana University System. In addition, MSU Billings offers graduate degrees from the CLASS, COE, and CHPS.

MSU Billings is accredited by the Northwest Commission on Colleges & Universities. The MSU Billings College of Business is accredited by the Association to Advance Collegiate Schools of Business, whose standards are used as the basis to evaluate a business school's mission, operations, faculty qualifications and contributions, programs, and other critical areas. The MSU Billings College of Education is accredited by the Council for the Accreditation of Educator Preparation for preparing elementary and secondary teachers and school counselors through the Bachelor of Science and Master of Education degrees, and the Master of Science in Special Education degree. Disciplinary

departments that have received national accreditation include the Music Department (National Association of Schools of Music), the Art Department (National Association of Schools of Art and Design), the Department of Health and Human Performance (Commission on Accreditation of Athletic Training Education), the Department of Rehabilitation and Human Services (Council for Accreditation of Counseling and Related Educational Programs), and Department of Health Care Services (Commission on Collegiate Nursing Education).

City College programs are accredited and approved by the Montana Board of Nursing, the National League for Nursing Commission for Nursing Education Accreditation, the Committee on Accreditation of Allied Health Education Programs, the Committee on Accreditation of Educational Programs for the EMS Professions, the Joint Review Committee on Education in Radiologic Technology, and the International Fire Service Accreditation Congress.

Public service is integral to the University's mission. Its two primary public service entities are Yellowstone Public Radio (KEMC), serving Montana and Northern Wyoming with local, regional, and nationally acclaimed educational programming, including National Public Radio (NPR), and the Montana Center for Inclusive Education (MCIE), which serves the diverse population of Montana and provides continuing professional development opportunities for educators and direct service providers.

Enrollment and Degrees Granted

		Fall Census FTE Students for Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Billings	Resident Undergraduate	1,604	1,605	1,606	1,649	1,686
	Resident Graduate	139	170	188	191	193
	NR Undergraduate	117	116	101	104	80
	WUE	167	167	180	188	190
	NR Graduate	18	28	36	34	35
	Total MSU Billings	2,045	2,086	2,111	2,166	2,184
City College	Resident Undergraduate	560	566	544	549	540
	NR Undergraduate	20	18	15	13	15
	WUE	22	22	23	31	29
	Total City College	602	606	582	593	584
Grand Total	2,647	2,692	2,693	2,759	2,768	

		Degrees Granted - Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Billings	Associate	13	11	16	17	33
	Bachelor	340	353	398	415	409
	Graduate	101	136	118	110	104
	Total MSU Billings	454	500	532	542	546
City College	Certificates	27	41	50	48	44
	Associate	205	173	172	185	188
	Total City College	232	214	222	233	232
Grand Total	686	714	754	775	778	

Campus Outlook

MSU Billings is an institution committed to delivering a transformative education that empowers students from diverse backgrounds to succeed. It is an institution committed to educating students to impact an evolving global community and positioning them for successful and meaningful lives in the global economy. MSU Billings embraces four core themes in the accomplishment of its mission: building educational programs to support student needs, progressively growing the University, strengthening relationships with the community to enhance partnership opportunities, and unifying, invigorating, and engaging MSUB's structure and culture.

MSU Billings and Billings Public Schools are collaborating on a new program that puts graduating high schoolers on an automatic and direct path to college admission at MSUB. Called Direct Admit, and used in other states, the program is the first of its kind in Montana. Through the program, graduates from Billings Senior, Billings West, and Billings Skyview high schools, along with graduates of the Billings Early College School, Billings Opportunity School, and Billings Multilingual Academy, will receive an offer of admission to study at MSUB's University campus or City College campus.

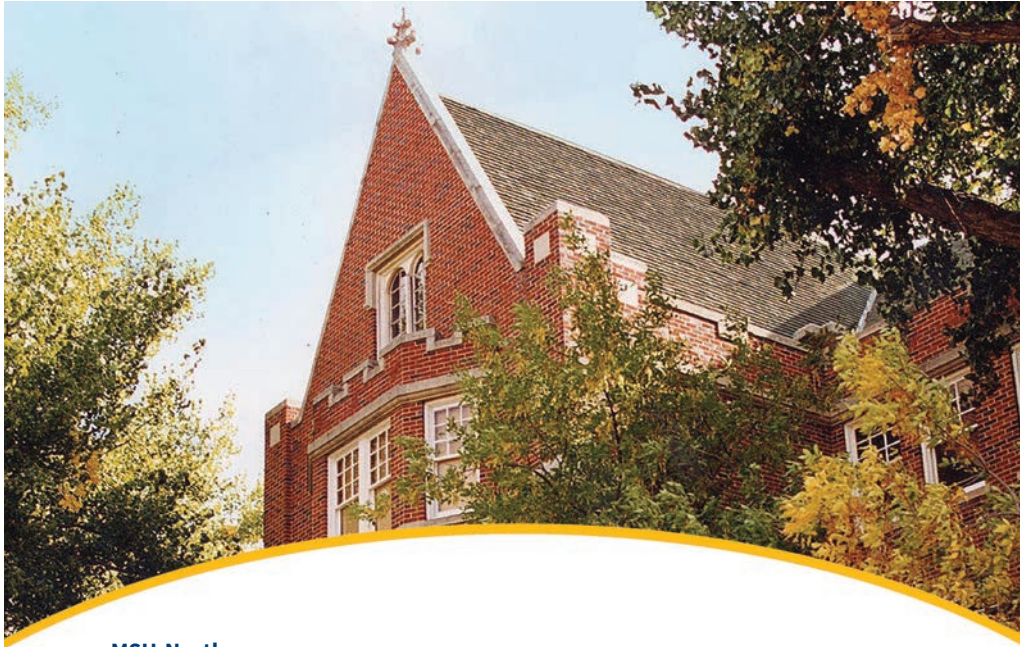
The Direct Admit program from MSUB features:

- Guaranteed admission to MSUB for School District 2 high school and Billings homeschool graduates who have earned a high school diploma or GED/HiSET and hold a 2.0 GPA or higher.
- Automatic scholarship consideration, including the Yellowjacket Excellence Scholarship (YES), which awards up to \$3,000 annually to eligible students based on GPA.
- Streamlined enrollment process that replaces test score requirements with an online form/application to confirm their acceptance.
- Connection to an admissions counselor to provide 1:1 support, guiding students step by step to their first day of classes.

MSU Billings continues to serve our students and community with superior levels of excellence and efficiency. MSU Billings has been at the forefront of online learning in the state and was one of the first institutions in the nation to adopt the HyFlex teaching modality, in which students can participate in a class in-person, remotely synchronously, or remotely asynchronously.

Grant and research production continue at MSU Billings. The University recently received notification of renewal of the Department of Education SSS TRIO University Campus grant for \$1,886,250 over five years. Also, the University received notification of renewal of the Department of Education SSS TRIO City College Campus grant for \$1,361,820 over five years. These programs aim to enhance academic development, improve college retention and graduation rates, and help students navigate financial aid and college requirements. Continuing major grants include TRIO – Upward Bound, Talent Search, Social Security, OPI, Corporation for Public Broadcasting, four NIH-INBRE Biomedical Research and Research Training grants, DOL Nursing Expansion grant, NIH-Authentic Community Engagement in Science, and DOE-Equal Opportunity Center.

In the fall of 2025, MSUB began offering a new Crow language class through the University's Department of English, Philosophy & Modern Languages. As part of the Montana University System's program One-Two-Free, this class is intended primarily to reach Billings high school juniors and seniors enrolled in SD2's dual-credit program. MSUB's new college class could help change the historical descending trend of speaking the endangered Crow language and ensure it is preserved and practiced for generations to come.



MSU-Northern Campus Overview

Founded by the Legislative Assembly of the State of Montana in 1913, "The Northern Montana Agricultural and Manual Training School" opened in 1929 under the name "The Northern Montana School." In 1931, the common use of "Northern Montana College" came into existence. In 1994, Northern Montana College became Montana State University-Northern (MSU-Northern) as part of the restructuring of the Montana University System.

The university is known for its supportive, student-centered environment in which a unique mix of academic programs are responsive to local, regional, and state workforce needs. MSU-Northern provides liberal arts, professional and technical programs that serve a diverse student population; promotes a student-centered and culturally enriched environment which fosters student success; and partners with external entities to enhance and expand learning experiences.

MSU-Northern programs are in the disciplines of business, nursing, engineering and mechanical technology, teacher education, natural sciences, and humanities. Applied research and service functions are aligned with many of the University's disciplines and respond directly to the region's economic and societal needs.

MSU-Northern is accredited by the Northwest Commission on Colleges and Universities. MSU-Northern's programmatic accreditations also include the Accreditation Commission for Education in Nursing (ACEN), the Montana State Board of Nursing, the Engineering Technology Accreditation Commission/Accreditation Board of Engineering Technology (ETAC/ABET), the Automotive Service Excellence Education Foundation (ASE), the Associated Equipment Distributors Foundation (AEDF), and the Montana Office of Public Instruction.

MSU-Northern values individualized attention to its students, experiential learning, and creating a culturally rich and intellectually stimulating environment. From its main campus on the Montana Hi-Line, the University serves as a regional cultural center and maintains strong partnerships with communities, education, business and industry.

Enrollment and Degrees Granted

Fall Census FTE Students for Fiscal Years Ended June 30,

		2025	2024	2023	2022	2021
MSU Northern	Resident Undergraduate	621	654	694	672	686
	Resident Graduate	24	22	19	23	23
	NR Undergraduate	29	28	41	39	43
	WUE	92	102	84	87	99
	NR Graduate	1	0	1	1	0
	Total MSU Northern	767	806	839	822	851

Degrees Granted - Fiscal Years Ended June 30,

		2025	2024	2023	2022	2021
MSU Northern	Certificates	28	27	24	22	20
	Associate	96	104	108	105	114
	Bachelor	127	108	122	135	121
	Graduate	13	7	15	16	15
	Total MSU Northern	264	246	269	278	270

Campus Outlook

Located in Havre, Montana, MSU-Northern is north central Montana's comprehensive university offering programs and services at the associate, baccalaureate, and master's levels. Degree programs range from teacher education to engineering technology, emphasizing both technical and liberal arts education.

Specializing in serving a large geographic region, MSU-Northern serves an area that includes four Native American reservations along with Montana's smallest and largest towns. The University functions as an important cultural resource and continuing education center.

MSU-Northern is deeply committed to providing a supportive, student-centered environment. Northern utilizes innovative teaching, alternate delivery methods and partnerships with tribal colleges across Montana and a number of two-year colleges throughout the Northwest helping these institutions expand their program offerings in the realm of 4-year Baccalaureate degrees. Together, we ensure that Northern students can attain an Education that Works.

Great Falls College MSU

Campus Overview

Great Falls College Montana State University, an affiliated campus of Montana State University, is an independently accredited, comprehensive two-year college primarily serving north-central Montana. Great Falls College prides itself on being a student-centered two-year college providing quality educational opportunities responsive to community needs. Great Falls College is a progressive public institution offering two-year transfer degrees as well as degrees and certificates preparing students to enter high-skill, high-wage, high-demand careers. Transfer degrees include general education (Associate of Arts, Associate of Science, and the Montana University System Core) offerings. The Certificate and Associate of Applied Science degrees include one- and two-year applied programs in Health Sciences, Accounting and Business, Substance Abuse and Addictions Counseling, Trades, and Technology disciplines.

The college works closely with employers to ensure students are learning the skills they need to be successful in employment. Additional offerings related to workforce development and customized and contracted training are provided as part of economic and community development through the Continuing Education and Training department. Popular short-term training programs include Commercial Driver's Licensing, Certified Nurse Assistant, Structural Welding and Basic Flooring Installation.

In partnership with the Great Falls Public Schools, the Career and College Readiness (CCRC) program also is housed on the Great Falls College campus. The CCRC served 512 students in the 2024-2025 school year totaling 25,401 attendance hours. In partnership with the CCRC, 33 students went through the award-winning Connections 101 with many then matriculating at Great Falls College. From the CCRC, 115 sought health care certificates, including 17 high schoolers at C.M. Russell High and Great Falls High.

Montana State University at Bozeman, Montana State University Billings, Montana State University-Northern and Great Falls College are related through common management; however, they are separate and distinct entities.

Great Falls College is regionally accredited by the Northwest Commission on Colleges and Universities, which conducted its Year 3 site visit in the spring of 2025. Various academic programs are accredited individually as well, primarily those within medical fields.

Enrollment and Degrees Granted

		Fall Census FTE Students for Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
Great Falls College	Resident Undergraduate	844	782	689	689	705
	Resident Graduate	19	19	21	17	14
	NR Undergraduate	10	6	5	4	10
	Total	873	807	715	710	729
		Degrees Granted - Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021*
Great Falls College	Certificates	79	98	80	80	92
	Associate	159	203	163	205	222
	Total	238	301	243	285	314

*Several programs delayed graduation due to COVID-19 interruptions.

Campus Outlook

Great Falls College is three years into implementation of its strategic plan, Forging Futures, looking at programming mix, aligning resources and personnel to the three areas of emphasis. The first area of emphasis is increasing opportunities by expanding enrollment and engaging the community through branding, marketing and alumni relations. Another area of concentration is becoming more inclusive by removing barriers and providing support in academics, non-instructional support and forging a stronger campus community. The final pillar is pursuing excellence through learning, assessing and innovating processes and aligning resources. As part of this effort, the Strategic Analysis and Research Committee is helping the college develop and track metrics to monitor the effectiveness of the plan and then communicate that progress to campus.

The college also is going through a comprehensive facilities plan to both modernize campus and to better align student resources. For instance, the college has rejuvenated the Weaver Library into more of a learning hub by including Accessibility Services and the Academic Success Center into its spaces while also incorporating more study nooks and gathering spots for students. It also completed brand-new spaces for the Military Family Center and the newly renamed Native and Indigenous Cultural Center after extensive feedback from the student populations using those facilities. Their new homes are more at the heart of campus.

Great Falls College's health programs also received a significant boost in Bozeman in 2025 through its partnership with the OneMSU Network when Dental Hygiene and Physical Therapist Assistant students were able to join Great Falls College students in Respiratory Care and Surgical Technology in Bozeman. Respiratory Care and Surgical Technology also have strong cohorts in Billings with the OneMSU Network. Great Falls College's Practical Nursing program has students in both the full-time and part-time tracks from throughout the state using a similar model, but the students make occasional trips to the Great Falls College campus for the hands-on portion rather than learning from adjunct instructors in their communities.

The Dental Hygiene program found a way to increase its capacity from 25 students every year by adding 10 students to its cohort every other year by maximizing the state-of-the-art dental clinic that opened in 2021 thanks to wide bipartisan support of the 2019 Legislature. The 12,000-square-foot addition also features 6,600 square feet of renovated space, which increased capacity from 18 to 25 students a year.

In tandem with the facilities master plan, Great Falls College has undergone a massive rebranding effort after beating out hundreds of colleges to be a finalist in the Lumina Foundation Million Dollar Community Challenge. The college received \$250,000 to be used toward branding and marketing. The college created a mascot, the River Otters, with the Lumina money and engaged the campus and public in its creation and then named it, Mo, through a similar process. The college created an advertising campaign using local celebrities to help the community learn: "It's simple. Great Falls College. Home of the River Otters." Great Falls College also updated its interior and exterior signage to better brand its campus and overhauled its website to be more prospective student centered.

The college started the first public veterinary technician program in the state in 2024 with a full cohort of 30 students from all corners of Montana, and it has another full cohort in 2025. The innovative program allows students to take the classroom portion online and pairs them with industry partners in or near their hometowns for the hands-on portion of the program.

Great Falls College graduated its first students from the Substance Abuse and Addictions Counseling program in 2024. The program, which started in 2022, has been among the most popular programs at the college since its inception and fills a critical need in the community. Early Childhood Education also graduated its first students in 2024.

The trades division will continue to strengthen its dual credit program with the Great Falls Public Schools, develop new ties to industry for internships and expand concurrent enrollment opportunities with local school districts.



MONTANA
STATE UNIVERSITY

Mountains & Minds

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APPENDIX C

FORM OF BOND COUNSEL OPINION

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[to be dated the date of issuance of the Bonds]

The Board of Regents of Higher Education
for the State of Montana
Helena, Montana

Wells Fargo Bank, National Association
San Francisco, California

Re: \$[PAR] State of Montana, The Board of Regents of Higher Education, Montana State
University, General Revenue Bonds, Series L 2026

Ladies and Gentlemen:

We have acted as Bond Counsel to The Board of Regents of Higher Education for the State of Montana (the “Board”) in connection with the issuance by the Board of its State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series L 2026, in the aggregate principal amount of \$[PAR] (the “Series L 2026 Bonds”). The Series L 2026 Bonds are issued pursuant to an Amended and Restated Indenture of Trust, dated as of October 1, 2021, as previously amended and supplemented (the “Indenture”), between the Board and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as trustee (the “Trustee”), and as further amended and supplemented by the Series L 2026 Supplemental Indenture of Trust, dated as of May 1, 2026, between the Board and the Trustee (the “Supplemental Indenture”). The Series L 2026 Bonds are being purchased pursuant to a Bond Purchase Agreement dated [BPA Date], 2026, between the Board and Wells Fargo Bank, National Association, and approved by Montana State University.

For the purposes of rendering this opinion, we have examined: (1) the Indenture, including the Supplemental Indenture, (2) certified copies of the resolution of the Board authorizing the issuance of the Series L 2026 Bonds and the execution and delivery of the Supplemental Indenture and other documents and (3) other documents we consider necessary in order to render this opinion. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon certified proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation.

From such examination and on the basis of existing law, it is our opinion that:

(1) The Board is a public body corporate and instrumentality duly existing under the Constitution of the State of Montana (the “State”). The Board is authorized thereby to issue the Series L 2026 Bonds.

(2) The Board has full power and authority to execute and deliver the Series L 2026 Bonds and the Supplemental Indenture.

(3) The Supplemental Indenture has been duly and validly authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by the other parties thereto, is in full force and effect and is a valid and binding obligation of the Board, enforceable against the Board in accordance with its terms.

(4) The Series L 2026 Bonds have been duly and validly authorized, executed and delivered by the Board, and are valid and binding special, limited obligations of the Board and are not secured by a legal or equitable pledge of, or a lien, charge or encumbrance upon, any funds or property of the Board except to the extent of the pledge of the Pledged Revenues (as defined in the Indenture) and the moneys and securities held by the Trustee as part of the Trust Estate (as defined in the Indenture), subject to the application thereof to the purposes and on the conditions permitted by the Indenture; provided, however, we express no opinion as to the priority of such pledge, lien, charge or encumbrance or its effect against third parties. Neither the faith and credit nor the taxing power of the Board, the State or of any agency, instrumentality or political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on, or with respect to, the Series L 2026 Bonds, and the Series L 2026 Bonds do not constitute a debt of the Board within the meaning of any constitutional or statutory limitation, nor constitute nor shall be deemed to constitute obligations of the State or of any State agency, instrumentality or political subdivision thereof (other than the Board).

(5) Interest on the Series L 2026 Bonds: (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"); and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

(6) Interest on the Series L 2026 Bonds is excluded from Montana taxable income for State of Montana individual income tax purposes.

We do not express any opinion as to any laws other than the law of the State of Montana and federal laws of the United States of America as in effect on the date hereof. The opinions expressed in paragraphs 3 and 4 above are subject, as to enforceability, to the effect of any applicable state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and principles of equity, whether considered at law or in equity.

The opinions expressed in paragraphs 5 and 6 above are subject to compliance by the Board with certain requirements of the Code that must be satisfied subsequent to the issuance of the Series L 2026 Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Series L 2026 Bonds in gross income for federal income tax purposes and in Montana taxable income for Montana individual income tax purposes, which may be retroactive to the date of issuance of the Series L 2026 Bonds. Except as stated in this opinion, we express no opinion regarding federal, state or other tax consequences to the owners of the Series L 2026 Bonds. We note, however, that interest on the Series L 2026 Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in gross income for purposes of the Montana corporate income tax and alternative corporate income tax.

This opinion is given as of the date hereof. We assume no obligation to revise, supplement, or update this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the laws of the State of Montana or of the United States of America that may occur after the date hereof, including, but not limited to, laws which may have retroactive effect.

The Board of Regents of Higher Education
for the State of Montana
Wells Fargo Bank, National Association
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We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Series L 2026 Bonds.

Dated: [____], 2026.

Very truly yours,

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APPENDIX D

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. The summary does not purport to be and is not a complete description of the terms of the Indenture, and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Indenture may be obtained from the Trustee or the Underwriter. The terms of the Series L 2026 Bonds are separately provided in the Supplemental Indenture, and this summary should be interpreted accordingly.

DEFINITIONS

“Accounts” shall mean the trust Accounts created, established or ordered by the Indenture.

“Auxiliary Facilities” shall mean all housing, dining and other facilities now or hereafter owned by the University from which the University derives income from rents, board or both. Except as expressly provided in a Supplemental Indenture, Auxiliary Facilities do not include any facilities that are built with moneys appropriated by the State.

“Auxiliary Facilities Gross Pledged Revenues” shall mean all income from rents, board or both derived from Auxiliary Facilities.

“Average Debt Service Requirement” the average Debt Service Requirement for any Series of Bonds.

“Board” shall mean The Board of Regents of Higher Education for the State of Montana or, if said Board shall be abolished, the board or body succeeding to the principal functions thereof.

“Board Representative” shall mean the Chair, the Commissioner/Secretary or such other Person or Persons at the time designated to act on behalf of the Board by written certificate of the Board furnished to the University and the Trustee containing the specimen signatures of such Person or Persons and signed on behalf of the Board by its duly authorized agent. A Board Representative appointed under the Indenture may include such University Representative or University Representatives to act on behalf of the Board as the Board may determine or designate by certificate or other writing of the Board.

“Bond Counsel” shall mean an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions and familiar with and having expertise in connection with the transactions contemplated under and by the Indenture and the Bonds, which counsel shall be selected by the Board, shall be acceptable to the University and shall be duly admitted to the practice of law before the highest court of any state of the United States or the District of Columbia.

“Bonds” shall mean the Prior Bonds and any bonds, notes, certificates, debentures or other evidences of indebtedness issued by the Board pursuant to the Indenture.

“Book-Entry System” shall mean the system established for the registration of Bonds of any Series in the name of the Depository or its nominee as the Holder thereof pursuant to the terms and provisions of the Indenture.

“Business Day” shall mean a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in the city in which the Trustee has its Corporate Trust Office.

“*Chair*” shall mean the duly appointed or elected Chair of the Board, any successor to the principal functions thereof, or in the event of absence, incapacity or inability, the person authorized by law or designated by the Board to perform the functions of the Chair.

“*Chief Financial Officer*” shall mean the Vice President for Administration and Finance of the University, any successor to the principal functions thereof, or in the event of absence, incapacity or inability, the person authorized by law or designated by the Board or the University to perform the functions of the Vice President for Administration and Finance of the University.

“*Code*” shall mean the United States Internal Revenue Code of 1986, as from time to time amended.

“*Commissioner/Secretary*” shall mean the duly appointed or elected Commissioner of Higher Education and Secretary to the Board of Regents, any successor to the principal functions thereof, or in the event of absence, incapacity or inability, the person authorized by law or designated by the Board to perform the functions of the Commissioner of Higher Education and Secretary to the Board of Regents.

“*Construction Fund*” shall mean the Construction Fund created in the Indenture.

“*Corporate Trust Office*” shall mean (i) when used with respect to the Trustee, the principal corporate trust office of the Trustee, which is currently located at 170 South Main Street, Suite 200, Salt Lake City, Utah 84101, or, with respect to payments on the Bonds and any exchange, transfer, or surrender of the Bonds, 111 Fillmore Ave East, St. Paul, Minnesota 55107, or such other location designated in writing by the Trustee; and (ii) with respect to any Paying Agent other than the Trustee, such office as is designated in writing to the Trustee.

“*Cost of Issuance Account*” shall mean the Cost of Issuance Account of the Construction Fund created pursuant to the Indenture.

“*Counsel*” shall mean an attorney at law or a firm of attorneys (who may be an employee of or counsel to the Board, the University or the Trustee) duly admitted to the practice of law before the highest court of any state of the United States of America or of the District of Columbia.

“*Counterparty*” shall mean any entity which is a party to an Interest Rate Agreement entered into by the Board and the University with respect to any Outstanding Bonds.

“*Counterparty Swap Payments*” shall mean all amounts becoming due and payable to the Counterparty under and pursuant to an Interest Rate Agreement entered into by the Board and the University with respect to Outstanding Bonds and secured under the Indenture as Parity Counterparty Swap Payments or Subordinate Counterparty Swap Payments.

“*Debt Service Account*” shall mean the Debt Service Account of the Debt Service Fund created in the Indenture.

“*Debt Service Fund*” shall mean the Debt Service Fund created in the Indenture.

“*Debt Service Requirements*” shall mean, with respect to any Fiscal Year, the aggregate of the payments required to be made during such Fiscal Year in respect of principal of, premium, if any, and interest on Outstanding Bonds (including mandatory sinking fund payments of principal of Bonds) and any

Counterparty Swap Payments; *provided* that in calculating Debt Service Requirements, (i) the interest to become due on variable rate Bonds for any period shall be deemed to be an assumed fixed rate equal to 120% of the average interest rate on such Bonds for the most recent 12-month period; *provided, however*, that if the Bonds have not been outstanding for a 12-month period, the assumed rate shall be 120% of *The Bond Buyer* 25 Revenue Bond Index for tax-exempt debt, and for taxable debt, the average prime rate of the Trustee for the most recent 12-month period; and (ii) the amount payable to the Counterparty under an Interest Rate Agreement for any current or succeeding Fiscal Year shall be deemed to be the amount paid to such Counterparty during the twelve months immediately preceding the month in which such calculation is made.

“Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund created in the Indenture.

“Debt Service Reserve Requirement” shall mean, with respect to each specific Series of Bonds secured by the Debt Service Reserve Fund as provided in a Supplemental Indenture, an amount not to exceed the least of (i) 10% of the original principal amount of the applicable Series of Bonds, (ii) 125% of the Average Debt Service Requirement for the applicable Series of Bonds, (iii) the Maximum Annual Debt Service for the applicable Series of Bonds, or (iv) an amount which, when added to the existing Debt Service Reserve Requirement for Outstanding Bonds secured by the Debt Service Reserve Fund will not cause the total Debt Service Reserve Requirement to exceed the Maximum Annual Debt Service on all Outstanding Bonds secured by the Debt Service Reserve Fund and the Series of Bonds proposed to be issued.

“Default” and *“Event of Default”* shall mean any event specified in the Indenture as such.

“Depository” shall mean, with respect to any Series of Bonds for which the Book-Entry System is in effect, the Person specified in the Indenture as the Depository with respect to such Series of Bonds and any and all successors thereto appointed as Depository under the Indenture and having become such pursuant to the applicable provision of the Indenture.

“Earnings Account” shall mean the Earnings Account of the Rebate Fund created pursuant to the Indenture.

“Effective Date” shall mean the date the Indenture is executed and delivered by the parties thereto, to wit: October 19, 2021.

“Fiscal Year” shall mean the twelve-month period commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

“Fitch” shall mean Fitch, Inc. and its successors and assigns and, if such entity shall for any reason no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized rating agency selected and designated by the Board by notice to and as approved and accepted by the Trustee.

“Funds” shall mean the trust Funds created, established or ordered by the Indenture.

“General Allocated Administrative Expenses” shall mean all reasonable and necessary current expenses and assessments paid or accrued, consisting of indirect legal, administrative and other indirect and incidental expenses and assessments of various University departments and operations which are allocated on a pro rata or other basis to and as an expense of the Auxiliary Facilities and of any other facilities designated by the Board and the University from time to time, respectively, but shall not include direct legal or overhead expenses or direct administrative assessments.

“*Global Bonds*” shall mean the Bonds as initially delivered as separate, single fully-registered Bonds for each maturity in global form.

“*Governmental Obligations*” shall mean non-callable direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“*Holder*” shall mean the Person or Persons in whose name or names a Bond shall be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

“*Indenture*” shall mean the Amended and Restated Indenture of Trust, dated as of October 1, 2021, between the Board and the Trustee, as it may be amended, restated and supplemented from time to time, including pursuant to any Supplemental Indenture.

“*Independent Accountant*” shall mean any certified public accountant, or any firm of certified public accountants, as from time to time determined by the University and the Board, duly licensed to practice and practicing as such under the laws of the State, appointed and compensated by the University or the Board on behalf and in the name of the Board:

(a) who is, in fact, independent and not under the domination of the University or the Board,

(b) who does not have any substantial interest, direct or indirect, with the University or the Board, and

(c) who is not connected with the University or the Board as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the University or the Board;

provided that the Office of Montana State Auditor (or any successor agency to State audit service function) shall constitute an Independent Accountant under the Indenture.

“*Indirect Cost Recovery Payments*” shall mean those amounts, currently known as “facilities and administrative costs,” payable under a Research Contract for indirect costs to which the University is party, and as currently defined and provided for in OMB Circular No. A-21, “Cost Principles for Education Institutions,” (Revised Edition incorporating the 1979, 1982, 1986, 1991 and 1996 Regulations) (the “*Circular*”), plus any amounts payable under any such Research Contract for indirect costs as defined and provided for in any future supplement to, revisions of, or amendment to the Circular or any successor rules, regulations or circulars established by the United States of America in connection with grants, contracts and other agreements with education institutions.

“*Interest Rate Agreement*” shall mean each ISDA Master Agreement (or equivalent agreement) as entered into by the Board and the Counterparty designated in the Indenture with respect to one or more Series of Bonds and as accepted and approved by the University.

“*Land Grant Income*” shall mean (i) all income, royalty and interest derived from the lease and use of the lands granted by Section 17 of the Enabling Act of Congress of the United States of America approved February 22, 1889 (25 Stat. 676), as amended, to the State for the benefit of the University for the establishment and maintenance of an agricultural college and from interest on deferred payments on the sale of said lands and from interest on the permanent funds arising from the sale of said lands and otherwise

in relation to said lands, and (ii) all income, royalty and interest from the lease and use of lands granted by an Act of Congress of the United States of America designated as the Morrill Act of 1862, as amended, to the State for the benefit of the University for the establishment and maintenance of an agricultural experiment station, from the interest on deferred payments on the sale of said lands and from interest on the permanent funds arising from the sale of said lands and otherwise in relation to said lands.

“*Maximum Annual Debt Service*” shall mean the highest Debt Service Requirement for any current or succeeding Fiscal Year.

“*Moody’s*” shall mean Moody’s Investors Service, Inc. and its successors and assigns and, if such entity shall for any reason no longer perform the functions of a securities rating agency, Moody’s shall be deemed to refer to any other nationally recognized rating agency designated by the Board by notice to the Trustee.

“*Operation and Maintenance Accounts*” shall mean the Operation and Maintenance Accounts created in the Indenture.

“*Operation and Maintenance Expenses*” shall mean with respect to the Auxiliary Facilities and with respect to any Fiscal Year, the reasonable and necessary current expenses of the Board and the University, paid or accrued, of maintenance, repair, replacement and operation, and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair, replacement and operation, which may include expenses not annually recurring, of or pertaining to the Auxiliary Facilities.

“*Opinion of Counsel*” shall mean an opinion in writing of Counsel, who may but need not be Counsel to the Board, the University or the Trustee.

“*Outstanding*” shall mean, when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;

(b) Bonds for whose payment or redemption money or Governmental Obligations in the necessary amount has been irrevocably deposited with the Trustee or any escrow agent in trust for the owners of such Bonds as provided in the Indenture; *provided* that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and

(d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Parity Counterparty Swap Payments*” shall mean all Counterparty Swap Payments which pursuant to the terms and conditions of the applicable Interest Rate Agreement are payable on a parity basis with the Debt Service Requirements for Outstanding Bonds as set forth in Section 5.01(b). Termination Payments shall not constitute Parity Counterparty Swap Payments.

“*Paying Agent*” shall mean U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor at the time serving as successor trustee under the Indenture.

“*Permitted Investments*” shall mean any of the following investments that are lawful at the time of investment of any monies in any such investment:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): U.S. Export-Import Bank (Eximbank), as to direct obligations or fully guaranteed certificates of beneficial ownership; Farmers Home Administration (FmHA), as to certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration, as to participation certificates; Government National Mortgage Association (GNMA or “*Ginnie Mae*”), as to GNMA-guaranteed mortgage-backed bonds and GNMA-guaranteed pass-through obligations; U.S. Maritime Administration, as to Guaranteed Title XI financing; and U.S. Department of Housing and Urban Development (HUD), as to project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, and U.S. public housing notes and bonds (as to U.S. government guaranteed public housing notes and bonds);

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies of the United States of America (non-full faith and credit agencies, and, in the case of stripped securities, only those stripped securities stripped by the federal government agency itself): Federal Home Loan Bank System, as to senior debt obligations; Federal Home Loan Mortgage Corporation (FHLMC or “*Freddie Mac*”), as to participation certificates and senior debt obligations; Federal National Mortgage Association (FNMA or “*Fannie Mae*”), as to mortgage-backed securities and senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System, as to consolidated system-wide bonds and notes;

(d) direct and general obligation bonds or notes issued by any state of the United States of America or any municipality or political subdivision of any such state, which obligations are rated in one of the two highest rating categories of either S&P, Moody’s or Fitch;

(e) commercial paper rated, at the time of purchase, “A-1” or better by S&P or “Prime-1” or better by Moody’s;

(f) U.S. dollar denominated deposit accounts, demand or time deposits in, certificates of deposit of, or bankers’ acceptances issued by any depository institution or trust company organized under the laws of the United States or any State thereof (including any federal or state branch or agency of a foreign depository institution or trust company) and subject to supervision and examination by federal and/or state banking authorities (including, if applicable, the Trustee or any agent thereof acting in its commercial capacity); *provided* that the long-term unsecured debt obligations of such depository institution or trust company at the time of such investment, or

contractual commitment providing for such investment, are at all times assigned at least “Aa1” by Moody’s and “AA” by S&P;

(g) Investment agreements, including guaranteed investment contracts, *provided* that the long-term unsecured debt obligations of the provider of such agreement is assigned a rating at least equal to the rating on the applicable Bonds or, if the Bonds are not rated, at least “Aa1” by Moody’s and “AA” by S&P;

(h) obligations of any state of the United States, any political subdivision thereof or any agency or instrumentality thereof, if such obligations are secured by direct obligations of, or obligations the principal and interest on which are fully or unconditionally guaranteed by, the United States of America, and the principal of and interest on which will be sufficient to pay when due the principal and interest on such obligations;

(i) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P;

(j) investments in a money market fund rated AAAM or AAAM-G or better by S&P, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services and for which they may assess a fee;

(k) corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S., and having a long-term rating of at least “A” or the equivalent from two nationally recognized rating agencies; and

(l) a State investment fund with respect to which the Board and the University have determined that investments therein are authorized or permitted by State law, which determination shall be at the discretion of the Board and the University, if permitted by law to be held by a third-party fiduciary.

“*Person*” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“*Pledged Revenues*” shall mean:

(a) Auxiliary Facilities Gross Pledged Revenues remaining after related charges for payment of Operation and Maintenance Expenses as set forth in the Indenture (exclusive of General Allocated Administrative Expenses, it being the intent of the Indenture, as expressly provided in the Indenture that General Allocated Administrative Expenses shall be accounted for and paid as an Operation and Maintenance Expense subject to the deposit of Pledged Revenues in the manner required by and provided for in the Indenture;

(b) all unrestricted revenues of the University not constituting Auxiliary Facilities Gross Pledged Revenues; and

(c) Land Grant Income and Indirect Cost Recovery Payments relating to Research Contracts.

Notwithstanding the foregoing, Pledged Revenues shall exclude revenues from (i) tuition charges; (ii) associated student activities fees which are under the direct control of student associations; (iii) proceeds of the levy of any general (ad valorem) property taxes; and (iv) grants or appropriations from the State Legislature.

Upon the addition or deletion of any revenues, fees or income from Pledged Revenues pursuant to the Indenture, this definition of Pledged Revenues shall be deemed to be amended accordingly without further action by the Board, the University or any Holder.

“Prior Bonds” shall mean each Series of Bonds issued under the Prior Indenture and that is and remains Outstanding under the Indenture as of the Effective Date, as set forth on Appendix A to the Indenture, as such is modified and amended by the Indenture.

“Prior Supplemental Indenture” shall mean each Supplemental Indenture entered into under the Prior Indenture with respect to a Series of Prior Bonds as set forth on Appendix A to the Indenture, as such is modified and amended by the Indenture.

“Project” or *“Projects”* shall mean the design, construction, acquisition, renovation, improvement, repair, replacement, furnishing and equipping of Auxiliary Facilities or other facilities financed or refinanced with proceeds of Bonds.

“Rebate Amount” shall mean, with respect to Tax-Exempt Bonds, the amount certified by the University to be the required rebate to the United States of America as calculated under Section 148(f)(2) of the Code.

“Rebate Fund” shall mean the Rebate Fund created pursuant to the Indenture.

“Record Date” shall mean (unless otherwise provided in the applicable Supplemental Indenture) the close of business on the fifteenth day of the calendar month next preceding any interest payment date for Bonds, whether or not such fifteenth day is a Business Day.

“Redemption Account” shall mean the Redemption Account of the Debt Service Fund created in the Indenture.

“Redemption Price” shall mean, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof), plus the applicable premium and accrued and unpaid interest to the redemption date, payable upon redemption pursuant to the provisions of such Bond and the Indenture.

“Registrar” shall mean U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor at the time serving as successor trustee under the Indenture.

“Regulations” shall mean the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Repair and Replacement Fund” shall mean the Repair and Replacement Fund created pursuant to the Indenture.

“Repair and Replacement Reserve Requirement” shall mean the amount required to be deposited and maintained in the Repair and Replacement Fund as described below under the heading “Creation and Use of Funds—Repair and Replacement Fund;” the Repair and Replacement Reserve Requirement for all Bonds Outstanding at any time under the Indenture is and shall not be less than \$1,500,000, or such other amount (either higher or lower) as shall be established by the Board and the University from time to time.

“Research Contract” shall mean an agreement between the University and the United States of America or any agency or department thereof, pursuant to which the University is to receive payments in the form of grants or otherwise on account of the costs and expenses, including Indirect Cost Recovery Payments, incurred or to be incurred in connection with the performance of scientific, cultural or other research or study or instruction or public service projects identified in such agreement.

“Reserve Fund Credit Facility” shall mean a letter or line of credit, surety bond, insurance policy, or similar instrument which may be utilized in the Debt Service Reserve Fund.

“Responsible Officer” when used with respect to the Trustee shall mean any officer within the Corporate Trust Department (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the Persons who at the time shall be such officer respectively and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred by the Trustee because of such Person’s knowledge of and familiarity with the particular subject.

“Revenue Fund” shall mean the Revenue Fund created in the Indenture.

“S&P” shall mean S&P Global Ratings and its successors and assigns and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized rating agency selected and designated by the Board by notice to and as approved and accepted by the Trustee.

“Series” shall mean all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to a Supplemental Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the Indenture.

“Series D 2017 Bonds” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University Facilities Refunding Revenue Bonds, Series D 2017, dated July 25, 2017.

“Series E 2018 Bonds” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series E 2018, dated February 8, 2018.

“Series G 2021 Bonds” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series G 2021, dated October 19, 2021.

“Series H 2021 Bonds” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series H 2021 (Taxable), dated October 19, 2021.

“*Series I 2022 Bonds*” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bond, Series I 2022 (Taxable), dated March 25, 2022.

“*Series J 2023 Bonds*” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Refunding Bonds, Series J 2023, dated June 22, 2023.

“*Series K-1 2024 Bonds*” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bond, Series K-1 2024 Bonds, dated June 25, 2024.

“*Series K-2 2024 Bonds*” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series K-2 2024, dated July 25, 2024.

“*Series K-3 2024 Bonds*” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series K-3 2024, dated July 25, 2024.

“*Series L 2026 Bonds*” shall mean the State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series L 2026, dated [____], 2026.

“*State*” shall mean the State of Montana, in the United States.

“*Supplemental Indenture*” shall mean the Prior Supplemental Indentures and any agreement hereafter authorized and entered into between the Board and the Trustee which amends, modifies or supplements and forms a part of the Indenture.

“*Subordinate Counterparty Swap Payments*” shall mean all Counterparty Swap Payments which pursuant to the terms and conditions of the applicable Interest Rate Agreement are payable on a subordinate basis to the Debt Service Requirements for Outstanding Bonds as described under the heading “Application of Pledged Revenues.” Termination Payments shall constitute Subordinate Counterparty Swap Payments.

“*Tax-Exempt Bonds*” shall mean, with respect to interest on any Bonds, that such interest is excluded from gross income for federal income tax purposes; *provided, however*, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Tax Certificate*” shall mean any agreement or certificate of the Board executed in connection with the exclusion from federal income taxes of interest received on Tax-Exempt Bonds by the Holders thereof.

“*Termination Account*” shall mean the Termination Account of the Debt Service Fund created in the Indenture.

“*Termination Payment*” shall mean the payment obligation, if any, which may be payable by the Board and the University upon early termination of an Interest Rate Agreement by the Board and the University, which payments shall at all times constitute Subordinate Counterparty Swap Payments.

“*Trustee*” shall mean U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, and its successors and any Person resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor at the time serving as successor Trustee under the Indenture.

“Trust Estate” shall mean the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

“University” or “Montana State University” or “Campuses” shall mean, collectively, the multi-campus institution of higher learning commonly known as Montana State University, a unit of the Montana University System, known by the names of and having campuses located as follows: (i) Montana State University Bozeman, which is located in the City of Bozeman, in the County of Gallatin and the State of Montana, (ii) Montana State University Billings, which is located in the City of Billings, in the County of Yellowstone and the State of Montana, (iii) Montana State University Northern which is located in the City of Havre, in the County of Hill and the State of Montana, (iv) Great Falls College MSU, which is located in the City of Great Falls, in the County of Cascade and the State of Montana, (v) any other college, university, institution or other educational entity (including any vocational and technical or similar institution) which may hereafter be added to and which shall be deemed and designated to constitute, by action and the exercise of the authority vested in the Board, an integral part and a college or division of Montana State University, and (vi) any successor educational institution to the University.

“University Representative” shall mean the President of the University, the Chief Financial Officer, or such other Person or Persons at the time designated to act on behalf of the University by written certificate of the Board or the University furnished to the Trustee.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Bonds

Issuable in Series; Form of Bonds. The aggregate principal amount of Bonds that may be authenticated and delivered under the Indenture is unlimited; provided, however, that the principal amounts of each Series of Prior Bonds shall not exceed the respective principal amount thereof as set forth on Appendix A to the Indenture. Bonds may be issued in one or more Series. Bonds of a Series shall be issued pursuant to a Supplemental Indenture in accordance with “The Bonds—Issuance of Bonds” detailing the terms thereof pursuant to the authority granted by the Board; provided, however, that each Series of Prior Bonds are issued pursuant to the respective Supplemental Indenture as set forth on Appendix A to the Indenture. All Bonds of a Series shall be identical except as may be set forth in a Supplemental Indenture. Bonds may differ between Series in respect of any matters.

Sources of Security; Limited Obligations. The Bonds and the Counterparty Swap Payments are special, limited obligations of the Board payable, equally and ratably (exclusive of any Subordinate Counterparty Swap Payments), as to the Debt Service Requirements thereof, from Pledged Revenues and from the Funds and Accounts created under the Indenture as expressly set forth in the Indenture (except to the extent paid out of moneys attributable to Bond proceeds of a particular Series of Bonds or any other amounts deposited to any Funds or Accounts created under the Indenture, together with the income from the temporary investment thereof, which are specifically designated for payment of a particular Series of Bonds) and nothing in the Bonds or in the Indenture shall be considered as pledging any other funds or assets of the Board or University for the payment thereof.

The Bonds and the Counterparty Swap Payments are not obligations, general, special or otherwise, of the State of Montana, do not constitute a debt, legal, moral or otherwise, of the State of Montana, and are not enforceable against the State of Montana, nor shall payment therefor be enforceable out of any funds of the Board or University other than the Pledged Revenues pledged thereto by the Indenture. The Indenture does not pledge or mortgage any property constituting part of the University other than the Pledged Revenues. The issuance of the Bonds and the execution of any Interest Rate Agreement shall not, directly, indirectly or contingently, obligate the State or any agency, instrumentality or political subdivision thereof

to levy any form of taxation therefor or to make any appropriation, legislative or otherwise, for their payment. The Board has no taxing power.

Issuance of Bonds. One or more Series of Bonds may be issued, authenticated and delivered under the Indenture from time to time for one or more of the following purposes: (i) refunding, in whole or in part, any one or more Series of Outstanding Bonds, (ii) financing or refinancing costs of any Projects, or (iii) any lawful purpose as the Board or the University may direct, and in the case of (i), (ii), or (iii), paying costs and expenses incidental thereto, establishing reserves and paying capitalized interest with respect thereto, as determined by the Board and the University. As a condition to the issuance of a Series of Bonds secured by the Debt Service Reserve Fund, the balance in the Debt Service Reserve Fund shall be increased from proceeds of such Bonds or from other available funds of the Board and the University, to an amount equal to the Debt Service Reserve Requirement with respect to all Bonds secured by the Debt Service Reserve Fund.

Specifically, the issuance of any Series of Bonds shall have been authorized under and pursuant to and shall be in compliance with the Constitution and applicable laws of the State and under and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

- (i) The purpose for which such Series of Bonds is to be issued and the Funds or Accounts in to which the proceeds thereof are to be deposited;
- (ii) The authorized principal amount and designation of each Series of Bonds and the denomination or denominations thereof;
- (iii) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund payments are due, if any, for such Series of Bonds; *provided* that (A) the serial Bonds of such Series, if any, which bear interest at a fixed rate of interest shall be payable as to principal either semiannually on May 15 and November 15 of each year in which principal falls due or annually on May 15 or November 15 of each year in which principal falls due, and the term bonds of such Series, if any, which bear interest at a fixed rate of interest shall either have semiannual mandatory redemption on May 15 and November 15 or annual mandatory redemption on May 15 or November 15, (B) the Bonds of such Series which bear interest at a fixed rate of interest shall be payable as to interest semiannually on May 15 and November 15 of each year, except that the first installment of interest may be payable on either May 15 or November 15 and shall be for a period of not longer than twelve (12) months and the interest shall be payable thereafter semiannually on May 15 and November 15, and (C) the Bonds of such Series which bear interest at a variable rate of interest shall be payable as to interest and principal as shall be designated in the Supplemental Indenture providing for their issuance;
- (iv) The redemption premiums and redemption terms, if any, for such Series of Bonds;
- (v) The form of the Bonds of such Series;
- (vi) If the Bonds of such Series are to be secured by the Debt Service Reserve Fund, the amount, if any, to be deposited in the Debt Service Reserve Fund;
- (vii) The description of the Bonds and the place of payment thereof;

(viii) The amount and due date of each mandatory sinking fund payment, if any, for such Bonds; and

(ix) Such other provisions that are appropriate or necessary with respect to such Series of Bonds.

The Trustee shall have received the following documents or money or securities, as applicable, all of such documents dated or certified, as the case may be, as of the closing date for such Series of Bonds (unless the Trustee shall accept any of such documents bearing a prior date):

(i) A certified copy of the Supplemental Indenture authorizing the issuance of such Bonds;

(ii) A copy, duly certified by the Commissioner/Secretary, of the resolution theretofore adopted by the Board authorizing the execution and delivery of such Supplemental Indenture and the issuance of such Bonds;

(iii) A certificate of the Board to the effect that no Event of Default has occurred and is continuing and which is not cured by the issuance of such Series of Bonds;

(iv) A certificate of the Board stating and confirming that the annual Pledged Revenues for the Fiscal Year preceding the issuance of the Bonds have been equal to at least 1.15 times the Maximum Annual Debt Service for all Bonds then Outstanding; such certificate shall be prepared by the Chief Financial Officer and shall be approved by the President of the University;

(v) A certificate of the Board stating that the estimated Pledged Revenues to be received in each of the three Fiscal Years following the completion of construction of the Projects to be financed with the proceeds of the Bonds (and if no Projects are to be financed, the three Fiscal Years following the date of issuance of the Bonds), including any other Projects then under construction at the University, shall equal at least 1.15 times the Maximum Annual Debt Service for all Bonds then Outstanding and the Bonds proposed to be issued. Computation of the future Pledged Revenues shall be based on actual Pledged Revenues for the Fiscal Year preceding the issuance of such Bonds, as such Pledged Revenues may be adjusted to reflect the schedule of rates, fees and charges in effect or to become effective when any Projects become revenue-producing and after giving recognition and effect to anticipated changes in Operation and Maintenance Expenses. The computation of estimates shall be made by the Chief Financial Officer and be approved by the President of the University, and such computation and certificate shall be conclusively presumed to be accurate in determining the right of the Board to authorize, issue and sell Bonds on a parity with the Bonds then Outstanding;

(vi) A written request of the Board and of the University to the Trustee to authenticate and deliver such Bonds;

(vii) An opinion of Bond Counsel to the effect that all requirements for the issuance of such Bonds have been met and the issuance of such Bonds will not result in the interest on any Tax-Exempt Bonds Outstanding becoming includable in the gross income of the Holders thereof for purposes of federal income taxation;

(viii) A certificate of the Board containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture and any Supplemental Indenture; and

(ix) Such further documents, moneys and securities as are required by the provisions of the Indenture and any Supplemental Indenture providing for the issuance of such Series of Bonds.

(d) Nothing in the Indenture shall be construed so as to permit the issuance of bonds or other obligations, payable from the Pledged Revenues and having a lien on the Pledged Revenues superior to the first lien thereon of the Bonds. Nothing in the Indenture shall prevent the Board from issuing bonds or other obligations payable from such Pledged Revenues and having a lien thereon junior and inferior to the lien thereon securing payment of the Bonds.

Registration of Bonds; Persons Treated as Owners. The Board shall cause the books for the registration and for the transfer of the Bonds as provided in the Indenture to be kept by the Trustee which is constituted and appointed the Registrar with respect to the Bonds. The Board and the Trustee will treat and deem the Person in whose name any Bond is registered on the books of the Trustee, as Registrar, as the absolute owner thereof for all purposes whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary. The sole registered holder of a Global Bond shall be the Depository or its nominee. Payment of or on account of principal of, premium, if any, or interest on any Bond shall be made only to or upon the order of the Holder or his legal representative, but such registration may be changed as provided in the Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No Person other than a Holder shall receive a Bond evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to the Indenture.

All Bonds presented for registration for transfer or exchange (if so required by the Board or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, substantially in the form and with guaranty of signature substantially in the form set forth in such Bond or as may be satisfactory to the Board and the Trustee, duly executed by the Holder or by his or her duly authorized attorney. The cost of preparing each new Bond upon each exchange or transfer and other expenses of the Board or the Trustee incurred in connection therewith (except any applicable tax or other governmental charge, as provided in the Indenture) shall be paid by the Board.

Upon surrender for transfer of any Bond at the Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Trustee and duly executed by the Holder or his attorney duly authorized in writing, the Board shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond surrendered for transfer. Bonds, upon surrender thereof at the Corporate Trust Office of the Trustee, together with an assignment duly executed by the Holder or his or her attorney or legal representative in such form and with guarantee of signature substantially in the form set forth in such Bond or as may be satisfactory to the Board and the Trustee, may, at the option of the Holder thereof, be exchanged at the Corporate Trust Office of the Trustee for an equal aggregate principal amount of Bonds of any authorized denomination of the same Series and the same maturity as the Bonds surrendered for exchange. The execution by the Board of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. The Trustee shall not be required to transfer or exchange any Bond during the period from the Record Date (regardless of whether such day is a Business Day) next preceding any payment date for the Bonds or during the 15-day period prior to the date of selection of Bonds for redemption or prepayment,

nor to transfer or exchange any Bond after the mailing of notice calling such Bond for redemption has been made, *provided, however*, that such transfer or exchange shall be made by the Trustee with respect to the unredeemed principal of any Outstanding Bond or with respect to any Bond or portion thereof remaining unpaid after any payment date or after any date established for redemption of Bonds.

Bonds delivered upon any registration of transfer as provided in the Indenture, or in the event any Bond is mutilated, lost, stolen or destroyed, shall be valid obligations of the Board, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits thereof to the same extent as the Bonds surrendered.

The Trustee shall require the payment by the Holder requesting exchange or transfer of Bonds of any tax or other governmental charge and such charges shall be paid before such new Bonds shall be delivered. Any service charge or fee for services rendered by the Trustee as Registrar which are required to be paid with respect to such exchange or transfer shall be paid by the Board under the annual accounting it receives from the Trustee for the fees, service charges and expenses of the Trustee.

Creation and Use of Funds and Accounts

Construction Fund. The Indenture creates, orders and establishes with the Trustee, a special trust Fund in the name of the Board designated “Construction Fund—Montana State University Facilities” (the “Construction Fund”). The Indenture creates, orders and establishes within the Construction Fund, a special trust Account in the name of the Board designated “Cost of Issuance Account.” The Trustee shall create and establish such additional Accounts and/or subaccounts within the Construction Fund as the Board and the University shall hereafter direct from time to time.

So long as an Event of Default shall not have occurred and be continuing, proceeds of Bonds and funds and monies (if any) of the Board and the University deposited and held in the Construction Fund shall be paid out by the Trustee in order to pay the cost of the Projects financed from the proceeds of the Bonds and such funds and monies (if any), including capitalized interest. Each disbursement made by the Trustee from the Construction Fund shall be made within three Business Days (or within such longer period as is reasonably required to liquidate and sell investments in the Construction Fund if required to make such payment) after the receipt by the Trustee of the written certificate and request of the University Representative, substantially in the form set forth in the Indenture and stating that the Trustee shall disburse sums from the Construction Fund as directed by and in the manner specified by and at the direction of the University Representative to the Person designated in such written request, and that the amount set forth therein is justly due and owing and constitutes a cost of a Project and identifying the Account or subaccount within the Construction Fund from which each such disbursement is to be made. Upon completion of any Project for which moneys have been deposited to the Construction Fund and payment of all costs and expenses incident thereto (as evidenced by a written certificate of a University Representative), any balance remaining in the Construction Fund with respect to such Project shall be deposited in the Debt Service Fund (and the applicable Account or subaccount therein).

So long as an Event of Default shall not have occurred and be continuing, proceeds of the Bonds and funds and monies (if any) of the Board and the University deposited and held in the Cost of Issuance Account shall be paid out by the Trustee in order to pay the costs of issuance of the Bonds. Each disbursement made by the Trustee from the Cost of Issuance Account shall be made within three Business Days (or within such longer period as is reasonably required to liquidate and sell investments in the Construction Fund if required to make such payment) after receipt by the Trustee of the written certificate and request of the University Representative, substantially in the form set forth in the Indenture and stating that the Trustee shall disburse sums from the Cost of Issuance Account as directed by and in the manner specified by and at the direction of the University Representative to the Person designated in such written

request, and that the amount set forth therein is justly due and owing and constitutes a cost of issuance of a Series of Bonds and identifying the subaccount within the Cost of Issuance Account from which each such disbursement is to be made. Amounts, if any, remaining in the Cost of Issuance Account after payment of all costs of issuance of such Series of Bonds (as evidenced by a written certificate of a University Representative) shall be transferred to the Construction Fund (and the applicable Account or subaccount therein) or as otherwise directed by the University.

The Trustee and the University shall keep and maintain adequate records pertaining to the Construction Fund (and each Account and subaccount therein) and all disbursements therefrom.

Revenue Fund. The Indenture creates, orders and establishes with the State Treasurer, a special Account in the name of the University designated “Revenue Fund—Montana State University” (the “Revenue Fund”). For accounting purposes, the Revenue Fund may be redesignated by a different name or names, and such Accounts and/or subaccounts may be created and established within the Revenue Fund, in each instance by and as the Board, the University and the State Treasurer shall deem appropriate from time to time. All Pledged Revenues shall be accounted for and maintained by the University, at the direction of the Board and the University, with the State Treasurer, in the Revenue Fund and shall be expended and used only in the manner and order of priority specified below under “Application of Pledged Revenues”.

Operation and Maintenance Accounts. The Indenture creates, orders and establishes with the State Treasurer, special Accounts in the name of the University designated “Operation and Maintenance Accounts—Montana State University” (the “Operation and Maintenance Accounts”). For accounting purposes, the Operation and Maintenance Accounts may be redesignated by a different name or names, and such Accounts and/or subaccounts may be created and established within the Operation and Maintenance Accounts, in each instance by and as the Board, the University and the State Treasurer shall deem appropriate from time to time.

The Board and the University shall make such transfers and deposits to the Operation and Maintenance Accounts, from the Auxiliary Facilities Gross Pledged Revenues, as and when received, to pay the Operation and Maintenance Expenses as the same become due and payable, and whereupon they shall be promptly paid. Any surplus remaining at the end of the Fiscal Year and not needed for payment of such Operation and Maintenance Expenses shall be transferred to the Revenue Fund.

Debt Service Fund. The Indenture creates, orders and establishes with the Trustee, a special trust Fund in the name of the Board designated “Debt Service Fund—Montana State University” (the “Debt Service Fund”), which shall consist of the Debt Service Account, the Redemption Account and the Termination Account. The Trustee shall create and establish such additional Accounts and/or subaccounts within the Debt Service Fund as the Board and the University shall designate and direct from time to time.

The Trustee shall make deposits, as and when received, as follows: (i) if authorized by a Supplemental Indenture authorizing the issuance of Bonds, an additional amount from the proceeds of such Bonds shall be deposited in the Debt Service Fund (and the applicable Account or subaccount therein); (ii) all moneys payable by the Board as described in subparagraph (b) under “Application of Pledged Revenues” shall be deposited in the Debt Service Fund (and the applicable Account or subaccount therein); (iii) any amount in the Construction Fund (and the applicable Account or subaccount therein) which shall be transferred to the Debt Service Fund (and the applicable Account or subaccount therein) to the extent required as described under “—Construction Fund” upon completion of the applicable Project; and (iv) all other moneys received by the Trustee under the Indenture when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Debt Service Fund (and the applicable Account or subaccount therein), shall be deposited into the Debt Service Fund.

In the event the balance of moneys in the Debt Service Fund is insufficient to pay the Debt Service Requirements (as to principal of, premium, if any, and interest on the Bonds) when due and payable, moneys shall be transferred into the Debt Service Fund from the Debt Service Reserve Fund, but only to the extent provided under “—Debt Service Reserve Funds”.

Except as otherwise provided under “Application of Moneys” and “—Debt Service Fund”, moneys in the Debt Service Fund shall be expended solely as follows: (i) moneys in the Debt Service Account shall be used to pay principal of (including mandatory sinking fund payments) and interest on the Bonds as the same mature or become due pursuant to the terms of the Indenture and shall be used to pay Parity Counterparty Swap Payments as the same become due pursuant to the terms of the applicable Interest Rate Agreement; (ii) moneys in the Redemption Account shall be used to pay the Redemption Price on the Bonds as the same become due upon redemption in advance of maturity pursuant to the terms of the Indenture and such redemption of Bonds in advance of maturity shall be accounted for separately by the Trustee from the payments made by the Trustee pursuant to clause (i) of this paragraph; and (iii) moneys in the Termination Account shall be used to pay Subordinate Counterparty Swap Payments as the same become due pursuant to the terms of the applicable Interest Rate Agreement.

The Board has authorized and directed the Trustee by the Indenture to withdraw sufficient funds from the Debt Service Fund to pay the payments described in the immediately preceding paragraph and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose thereof.

After payment in full of the Debt Service Requirements on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture so that such Bonds are no longer Outstanding), and the fees, charges and expenses of the Trustee and any amounts then due and payable to any Paying Agent and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Fund (exclusive of any amounts held in the Debt Service Fund with respect to Parity Counterparty Swap Payments and Subordinate Counterparty Swap Payments) shall be paid to the Board for the account of the University upon the expiration or sooner termination of the Indenture.

Debt Service Reserve Fund. The Indenture creates, orders and establishes with the Trustee, a special trust Fund in the name of the Board designated “Debt Service Reserve Fund—Montana State University” (the “Debt Service Reserve Fund”). The Trustee shall create and establish such Accounts and/or subaccounts within the Debt Service Reserve Fund as the Board and the University shall designate and direct from time to time.

Moneys in the Debt Service Reserve Fund shall be maintained in an amount not less than the Debt Service Reserve Requirement. Amounts in the Debt Service Reserve Fund shall be used to make up any deficiencies in the Debt Service Fund as required by the Indenture, but only with respect to each specific Series of Bonds secured by the Debt Service Reserve Fund as set forth in a Supplemental Indenture. In the event of the redemption in whole of a Series of Bonds secured by the Debt Service Reserve Fund, any moneys in the Debt Service Reserve Fund with respect to such Series of Bonds shall be transferred to the Redemption Account and applied to the payment of the principal of and redemption premium, if any, on such Series of Bonds. None of the Outstanding Bonds are secured by the Debt Service Reserve Fund.

If at any time the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, the Board and the University are required, as described under subsection (c) under “Application of Pledged Revenues”, to make payment, within one year (or as otherwise stated therein) from the date such deficiency arises, directly to the Trustee for deposit in the Debt Service Reserve Fund, the amount of any such deficiency.

The Supplemental Indenture creating a Series of Bonds shall provide for the deposit of such amounts (if any) as may be necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement, if such Bonds are to be secured by the Debt Service Reserve Fund.

Funds at any time on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Debt Service Fund (and the applicable Account or subaccount therein) or as otherwise directed by the University.

Nothing in the Indenture shall be construed as limiting the right of the Board to substitute in whole or in part for any deposit required to be established and maintained by the Indenture in the Debt Service Reserve Fund, cash or investments or any Reserve Fund Credit Facility.

The Repair and Replacement Fund. The Indenture creates, orders and establishes with the Trustee, a special trust Fund in the name of the Board designated “Repair and Replacement Fund—Montana State University” (the “Repair and Replacement Fund”). The Trustee shall create and establish such Accounts and/or subaccounts within the Repair and Replacement Fund as the Board and University shall designate and direct from time to time.

All moneys in the Repair and Replacement Fund may be drawn on and used by the Board or the University for the purpose of paying, with respect to any Auxiliary Facilities, the cost of unusual or extraordinary maintenance or repairs, or the cost of any renewals, renovation, improvements, expansion or replacements, or the cost of operation of, the Auxiliary Facilities, or the cost of planning, development, construction and operation of Auxiliary Facilities the revenues and income of which shall constitute and be pledged as part of the Auxiliary Facilities Gross Pledged Revenues, or the cost of any replacement of furniture and equipment, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the Auxiliary Facilities. However, in the event the funds in the Debt Service Fund or the Debt Service Reserve Fund shall be reduced below their requirements, funds on deposit in the Repair and Replacement Fund shall be transferred immediately to the Debt Service Fund or the Debt Service Reserve Fund, respectively, to the extent required to eliminate the deficiency in such Funds. Monies on deposit in the Repair and Replacement Fund from time to time and to be applied in accordance with the provisions of this paragraph (other than for required transfers to the Debt Service Fund or the Debt Service Reserve Fund as provided in this paragraph), shall also be subject to immediate withdrawal for application as described in subsections (e) or (g) under “Application of Pledged Revenues” upon written demand and instruction of a University Representative.

Rebate Fund. The Indenture creates, orders and establishes with the Trustee, a special trust Fund in the name of the Board designated “Rebate Fund—Montana State University” (the “Rebate Fund”). The Indenture creates, orders and establishes within the Rebate Fund, a special trust Account in the name of the Board designated “Earnings Account.” The Trustee shall create and establish such additional Accounts and/or subaccounts within the Rebate Fund as the Board and the University shall hereafter direct from time to time.

The Trustee shall establish and maintain with respect to each Series of Tax-Exempt Bonds, a Fund separate from any other Fund established and maintained under the Indenture as the Rebate Fund (with such Series designation as may be appropriate). The provisions of the Indenture shall apply separately to the Rebate Fund established for each Series of Tax-Exempt Bonds. Subject to the transfer provisions described in this section, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount payable to the United States of America. Neither the Board, the University, the Trustee nor the Holders shall have any rights in or claim to such money. All amounts on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Certificate of the

Board. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Board and University with respect thereto, and shall have no liability or responsibility to enforce compliance by the Board or the University with the terms of the Tax Certificate.

Upon the University's written direction and subject to the express provisions of the Indenture relating to the application of the express provisions described below under "Application of Pledged Revenues", an amount equal to the Rebate Amount, as calculated and computed by such expert as shall be appointed by the Board, shall be deposited into the Rebate Fund by the Trustee from balances in the following Funds and Accounts and in the following order of priority: (i) from the Revenue Fund, (ii) from the Construction Fund, (iii) from the Repair and Replacement Fund, (iv) from the Debt Service Fund, and (v) from the Debt Service Reserve Fund, so that the balance in the Rebate Fund after such deposit shall equal the Rebate Amount. Unless the University and the Trustee shall make provision for the Trustee to perform, or for the Trustee to contract with a third party to perform, the calculations and computations with respect to the Rebate Amounts described in this section (not less than annually), the Trustee shall have no responsibility to make any such computations or calculations or to independently verify or review any such calculation or computation referred to in this paragraph.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this section, other than from moneys held in the Funds and Accounts created under the Indenture or from other moneys provided to it by the University.

The Trustee shall invest all amounts held in the Rebate Fund at the written direction of the University in accordance with this section. The Trustee shall retain all earnings (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively) on investments held in the Rebate Fund in the Earnings Account therein. Money shall not be transferred from the Rebate Fund except as provided in the next paragraph.

Upon receipt of the University's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. Such directions shall be given by the University to the Trustee at least two Business Days prior to each date such amounts are to be remitted to the United States. In addition, if the amount credited to the Rebate Fund exceeds the Rebate Amount as determined by the University, and if the University so directs in writing, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such Accounts or Funds as provided in the University's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any Rebate Amount as determined and directed by the University shall be withdrawn and remitted to the University.

Notwithstanding any other provision of the Indenture, the obligation of the University to remit the Rebate Amounts to the United States and to comply with all other requirements of this section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Pending payment of each Rebate Amount to the United States, moneys held in the Rebate Fund are pledged by the Board and the University to secure such payments to the United States as provided in the Indenture and in the Tax Certificate, and neither the Board, the University, the Trustee, the Holders nor any other Person shall have any rights in or claim to such moneys.

Investment of Funds. Each of the special Accounts and Funds shall be maintained as a book account and kept separate from all other Accounts and Funds as a trust account solely for the purposes in the Indenture designated therefor. The monies accounted for in such special book accounts (except for any monies accounted for in the Revenue Fund and the Operation and Maintenance Accounts held by the State

Treasurer, from time to time, for the benefit of the University and the Board) shall be in one or more bank accounts as determined and designated by the University (except as otherwise expressly stated in the Indenture). Nothing in the Indenture prevents the commingling of monies accounted for in any two or more book accounts pertaining to the Auxiliary Facilities, the Auxiliary Facilities Gross Pledged Revenues or the proceeds of securities or other monies in any bank account or investment in federal securities. Each bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes thereof. Each periodic payment shall be credited to the proper book Account or Fund not later than the date therefor in the Indenture designated, except that when any such date shall be a Saturday, a Sunday, or a legal holiday, then such payment shall be made on or before the next preceding Business Day. Notwithstanding any other provision in the Indenture to the contrary, monies shall be deposited in the Debt Service Fund with the Trustee at least ten (10) days prior to each interest payment date and each principal payment date designated in the Indenture sufficient in amount to pay the principal of, premium, if any, and interest then becoming due on the Bonds Outstanding in the manner and from the sources expressly provided in the Indenture. Moneys held in the Construction Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Repair and Replacement Fund shall, pursuant to direction of a University Representative, be invested and reinvested by the Trustee in Permitted Investments which mature or are subject to redemption by the holder thereof prior to the date such funds are expected to be needed. Such Permitted Investments shall be acquired by the Trustee in such manner as directed by the University Representative and such Permitted Investments shall be held by or under the control of the Trustee and shall be accounted for and deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments shall be deemed under the Indenture to constitute part of the Pledged Revenues, shall be delivered when received to the Revenue Fund (unless provided to the contrary with respect to any Fund or Account pursuant to the provisions of the Indenture) and shall be applied as described under “Application of Pledged Revenues.”

Application of Pledged Revenues

All Pledged Revenues shall be accounted for and maintained by the University, at the direction of the Board and the University, with the State Treasurer, in the Revenue Fund, and shall be expended and used only in the manner and order of priority specified below:

(a) As a first charge and lien on the Auxiliary Facilities Gross Pledged Revenues, the Board and the University shall cause to be transferred to and paid from the Operation and Maintenance Accounts from time to time, as the Board and the University shall determine, moneys sufficient, together with other moneys lawfully available therefor and accounted for in the Operation and Maintenance Accounts, to pay Operation and Maintenance Expenses (exclusive of General Allocated Administrative Expenses) as the same become due and payable, and thereupon such expenses shall be promptly paid, and, subject to and upon the making of the payments and deposits to the Debt Service Fund required by subsection (b) of this section, then to the payment of General Allocated Administrative Expenses, as the same become due and payable, whereupon such General Allocated Administrative Expenses shall be promptly paid.

(b) As a first charge and lien on the Pledged Revenues, the Board and the University shall, not later than ten (10) Business Days prior to each principal and interest payment date for the Bonds, transfer and deposit into the Debt Service Fund, from the Revenue Fund and from the other accounts (if any) in which Pledged Revenues are deposited and accounted for, sums which shall be sufficient, when added to the existing balance in the Debt Service Fund and to additional monies which may have theretofore been or shall then be deposited therein by the Board and the University,

to pay the Debt Service Requirements on the Bonds and any Parity Counterparty Swap Payments on each such payment date.

(c) As a second charge and lien on the Pledged Revenues and subject to and after the making of the deposits required by subsections (a) and (b) of this section, the Board and the University shall deposit to the Debt Service Reserve Fund any amounts necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement (and/or to pay or reimburse any amounts which may then be required by and under the terms of a Reserve Fund Credit Facility, as the case may be). Subject to the express provisions described under “Creation and Use of Funds and Accounts—Debt Service Reserve Fund”, monies in the Debt Service Reserve Fund shall be used only to prevent deficiencies in the payment of the principal of, or interest on, each Series of Bonds secured by the Debt Service Reserve Fund (whether in the form of cash, investment or a Reserve Fund Credit Facility as expressly provided by the Indenture) and to which such monies pertain and which results from a failure to deposit into the Debt Service Fund sufficient funds to pay debt service and/or mandatory sinking fund requirements on each such Series of Bonds secured by the Debt Service Reserve Fund. If funds shall have been withdrawn from the Debt Service Reserve Fund to pay debt service and/or mandatory sinking fund payments for any Series of Bonds secured by amounts then deposited to or held in the Debt Service Reserve Fund, the Board shall deposit Pledged Revenues in the Debt Service Reserve Fund sufficient in amount to restore such moneys so withdrawn within one year, or as to each Reserve Fund Credit Facility, within the time period required by the terms of each such Reserve Fund Credit Facility with respect to reimbursement of any amounts drawn thereon.

(d) As a third charge and lien on the Pledged Revenues, and subject to and after the making of the deposits required by subsection (c) of this section, the Board and the University shall deposit to the Termination Account any amounts necessary and required to pay any Subordinate Counterparty Swap Payments which become due and payable by the Board and the University pursuant to the provisions of any such Interest Rate Agreement and for no other purpose whatsoever.

(e) As a fourth charge and lien on the Pledged Revenues, in the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement, the Board and the University shall deposit to the Repair and Replacement Fund annually, by June 30 commencing in the year such deficiency arises and in each year thereafter, from the Revenue Fund and from other available revenues, if any, and after the payments required by subsections (a), (b), (c) and (d) of this section have been made, monies equal to not less than one-fifth of the difference between the balance then on deposit in the Repair and Replacement Fund and the Repair and Replacement Reserve Requirement until there is on deposit in the Repair and Replacement Fund an amount equal to or greater than the Repair and Replacement Reserve Requirement. Subject to the provisions of the following subsection (h), this provision is not intended to limit, and shall not limit, the right of the Board and the University to deposit such additional monies in the Repair and Replacement Fund from time to time as the Board and the University may determine and approve from time to time, or to increase or decrease the amount of the Repair and Replacement Reserve Requirement from time to time; provided, however, that if the amount of the Repair and Replacement Reserve Requirement shall be decreased, adequate provision shall be made or shall have been made for maintaining the Auxiliary Facilities in good repair and operating condition.

(f) As a fifth charge and lien on the Pledged Revenues, the Board and the University shall deposit to the Rebate Fund, not less than annually, the amounts required to be deposited

thereto (*i.e.*, the Rebate Amount) by the provisions described under the heading “Creation and Use of Funds and Accounts—Rebate Account” and the amounts required to be deposited to the Rebate Fund shall be rebated to the United States of America in the manner described under the heading “Creation and Use of Funds and Accounts—Rebate Account.”

(g) Subject to making the foregoing required payments and deposits, the Board and the University may use the balance of the Pledged Revenues accounted for in the Revenue Fund and/or deposited to and held in the Repair and Replacement Fund for (i) redemption or open market purchase of Outstanding Bonds for cancellation prior to maturity, (ii) refinancing, refunding or advance refunding of any Outstanding Bonds, (iii) maintenance, renovation, improvement, expansion, furnishing, equipping and Operation and Maintenance Expenses of, and lawful capital repair or replacement expenditures to or for, any Auxiliary Facilities or any other University properties or facilities, (iv) planning, development, purchase, construction or operation of Auxiliary Facilities or any other University properties or facilities, or (v) for any lawful purpose as the Board or the University may direct.

Redemption and Payment

Redemption of Bonds. Bonds may not be called for redemption by the Board except as provided in the Supplemental Indenture providing for their issuance and as set forth in the following paragraph.

Mandatory Redemption Upon Sale of Auxiliary Facilities. Upon the sale of any or all of the Auxiliary Facilities, the Board and the University shall furnish a certificate to the Trustee stating the average annual Auxiliary Facilities Gross Pledged Revenues received by the Board and the University from such Auxiliary Facilities, based upon the last three Fiscal Years preceding the sale of such Auxiliary Facilities, as reported in the University’s annual financial statements which have been certified by an Independent Accountant. Upon the sale of any or all of the Auxiliary Facilities, the proceeds of such sale shall, pursuant to the provisions of this section and at the written direction of the Board and the University, be applied to the redemption of Bonds Outstanding or directed to the acquisition of other revenue producing Auxiliary Facilities or other facilities or improvements, or to the modernization or renovation of other revenue producing facilities, the income of which is pledged by the Indenture, but the proceeds of such sale need not be so applied (i) if, after giving effect to such sale, the Board and the University shall be in compliance with the rate maintenance covenant described under “General Covenants—Rate Maintenance Covenant; Rules and Adequacy of Charges for Use of Auxiliary Facilities” during the Fiscal Year of such sale and in the Fiscal Year immediately thereafter, or (ii) if the Auxiliary Facilities that are sold are determined by the Board and the University to be obsolete or have become economically obsolete to operate, or (iii) if the total value of any Auxiliary Facilities which are sold or otherwise disposed of shall be five percent (5%) or less of the total value of all Auxiliary Facilities at the time of such sale or disposition. If any redemption of Bonds shall be made pursuant to this section, the portion of the proceeds from the sale of such Auxiliary Facilities equal to the ratio of the Auxiliary Facilities Gross Pledged Revenues from such Auxiliary Facilities during the Fiscal Year in which such sale occurs to the average Auxiliary Facilities Gross Pledged Revenues from such Auxiliary Facilities during the last three Fiscal Years shall be applied for the purpose of redeeming Outstanding Bonds on a succeeding interest payment date following this calculation and for which notice of redemption may be given in accordance with the requirements of the Indenture. The Redemption Price for Bonds redeemed pursuant to this section shall equal the principal amount of the Bonds redeemed and accrued and unpaid interest to the redemption date, but without premium. If less than all Bonds Outstanding are to be redeemed pursuant to this section, the Bonds redeemed shall be selected by lot or such other method as the Trustee in its sole discretion shall deem fair and appropriate or in accordance with the procedures of the Depository, and redeemed on a reasonably proportionate basis from among all then Outstanding maturities of the Bonds, such basis to be determined and effectuated as nearly as practicable by the Trustee by multiplying the total amount of moneys available to redeem Bonds on the

date fixed for redemption by the ratio which the principal amount of all Bonds Outstanding in each maturity bears to the principal amount of all Bonds then Outstanding; *provided, however*, that the Bonds shall be redeemed only in integral multiples of \$5,000. The Board may decrease such mandatory redemption upon the sale of any Auxiliary Facilities by the principal amount of any Bonds acquired by the Board or the University and delivered to the Trustee for cancellation, or if the same shall have been previously canceled by the Trustee, and if such delivery or cancellation shall have occurred not less than 45 days prior to the date fixed for redemption and if such principal amount has not theretofore been applied as a credit against any Bonds subject to mandatory redemption upon the sale of any Auxiliary Facilities.

Notices of Redemption; Provisions Relating to Redemption. In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the Board, of redemption to the respective Holders of the Bonds designated for redemption at their addresses as shown on the registration books of the Trustee. Each notice of redemption shall state (A) the Bonds to be redeemed, including the Series designation, CUSIP numbers and certificate numbers of Bonds to be redeemed, the original issue date or dates for the Bonds (as applicable), and the interest rates and maturity dates for the Bonds to be redeemed, (B) the redemption date, (C) the Redemption Price or Redemption Prices (as applicable), (D) the place or places where amounts due upon such redemption will be payable (which shall be the address of the Corporate Trust Office of the Trustee), and (E) if such notice of redemption is conditional, the conditions that must be satisfied in order for the redemption to occur. Each such notice given pursuant to this section shall also state that on the redemption date designated in the notice, and upon the satisfaction of any condition stated therein, there will become due and payable on each of the Bonds, the Redemption Price or Redemption Prices thereof, and that from and after such redemption date interest thereon shall cease to accrue and shall require that each Bond being redeemed, in whole or in part, be surrendered at the Corporate Trust Office of the Trustee. Each notice of redemption shall be given by the Trustee, at the expense of the Board, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Holders of the Bonds to be redeemed. With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of Article XI, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of the Bonds to be redeemed or upon the satisfaction of any other condition stated therein, and that if such money shall not have been so received or such condition shall not have been so satisfied, such notice shall be of no force and effect, and the Board shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such money is not so received or such condition is not so satisfied, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received or such condition shall not have been so satisfied and that such redemption was not made. If a notice of redemption shall not be conditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then upon presentation and surrender of the Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Any Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Article XI shall cease to bear interest on the specified redemption date.

Neither the failure of any Holder to receive any notice of redemption nor any defect in any such notice shall affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the applicable redemption date as provided in the Indenture.

Bonds to be redeemed which are not delivered by the Holder thereof to the Trustee on the date on which such Bonds are to be redeemed shall nonetheless be deemed to have been delivered by the Holder thereof for redemption and to have been redeemed from funds prescribed therefor. If a Bond is redeemed

on or after a Record Date but on or prior to the related interest payment date, then any accrued and unpaid interest to the redemption date shall be paid to the Person in whose name such Bond was registered at the close of business on such Record Date, and no additional interest shall be payable to Holders whose Bonds shall be subject to redemption by the Board.

Any moneys which shall not be used to pay the Redemption Price of Bonds shall be held and disposed of by the Trustee in the manner prescribed in the Indenture. The Trustee shall promptly return to the Board any money deposited with the Trustee by the Board in excess of the amounts necessary to pay the redemption or price of, and accrued and unpaid interest on, all Bonds to be redeemed.

Payment of Redemption Price. For the redemption of any of the Bonds, the Board and the University shall cause to be deposited in the Redemption Account, an amount sufficient to pay the principal of, premium, if any, and interest due on the Bonds called for redemption on the date fixed for such redemption. The obligation of the Board to cause any such deposit to be made under the Indenture shall be reduced by the amount of moneys in the Redemption Account or any Account created pursuant to the provisions of Article XI and available for and used on such redemption date for payment of the principal of and interest (and premium, if any) on the Bonds to be redeemed.

Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Trustee shall authenticate and deliver to the Holder, at the expense of the Board, a new Bond or Bond of authorized denominations equal in aggregate principal amount to the unredeemed portion of principal of the Bond surrendered, with the same interest rate and the same maturity.

Selection of Bonds to be Redeemed. Except as otherwise provided under “—Mandatory Redemption Upon Sale of Auxiliary Facilities,” if less than all of the Outstanding Bonds are to be redeemed, the Trustee shall redeem such Bonds as shall be directed in writing by the Board and the University. Except as otherwise provided under “—Mandatory Redemption Upon Sale of Auxiliary Facilities,” if less than all Bonds of a single maturity are to be redeemed, Bonds of that maturity shall be selected by lot or such other method as the Trustee in its sole discretion shall deem fair and appropriate or in accordance with the procedures of the Depository; provided, however, that the Bonds shall be redeemed only in authorized denominations as set forth in the Supplemental Indenture authorizing such Bonds.

General Covenants

Rate Maintenance Covenant; Rules and Adequacy of Charges for Use of Auxiliary Facilities. The Board covenants in the Indenture that it will establish and maintain, so long as any of the Bonds remain Outstanding, such rental rates, fees and charges for the use of the Auxiliary Facilities and such rules as are required with respect thereto as shall be necessary to provide and generate sufficient Auxiliary Facilities Gross Pledged Revenues for payment of annual Operation and Maintenance Expenses and, together with the other Pledged Revenues, as shall provide and generate sufficient Pledged Revenues for payment of the Debt Service Requirements on the Bonds Outstanding and the Counterparty Swap Payments, to maintain the Debt Service Reserve Fund and the Repair and Replacement Fund in the minimum amounts required by the Indenture, and to make all other payments and charges as are required or permitted under the Indenture. The Board further covenants that, so long as any of Bonds remain Outstanding, there shall be charged against users of services pertaining to the Auxiliary Facilities, such fees, rates and other charges so that the Auxiliary Facilities Gross Pledged Revenues shall be at least sufficient, together with all other Pledged Revenues (after giving effect to the sale of any Auxiliary Facilities in any Fiscal Year), to pay in each Fiscal Year:

(a) *Operation and Maintenance Expenses.* An amount of Auxiliary Facilities Gross Pledged Revenues equal to the annual Operation and Maintenance Expenses for such Fiscal Year and which are payable from the Auxiliary Facilities Gross Pledged Revenues;

(b) *Principal and Interest on Bonds and Interest on Counterparty Swap Payments.* An amount equal to not less than one hundred percent (100%) of the Debt Service Requirements due and payable on the Bonds and interest payments payable to each Counterparty with respect to Parity Counterparty Swap Payments which are payable from the Pledged Revenues in such Fiscal Year (excluding any reserves therefor); and

(c) *Deficiencies.* Any amounts required to meet then existing deficiencies or requirements pertaining to any Fund or Account (including the Termination Account and including provision for making Subordinate Counterparty Swap Payments) created under the Indenture relating to the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues or any part thereof, and the application thereof or any securities payable therefrom; but the foregoing rate maintenance covenant is subject to compliance by the Board with any legislation of the United States or the State (exclusive of any legislation the subject matter of which is the appropriation of any of the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues) or any regulation or other action taken by the federal government or any State agency or political subdivision of the State pursuant to such legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues), in the exercise of the police power thereof for the public welfare, which legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues), regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the Board and the University for the use of or otherwise pertaining to all services rendered by the Auxiliary Facilities or to the Auxiliary Facilities Gross Pledged Revenues or to the Pledged Revenues, including, without limitation, increases in the amounts of such charges.

(d) *Carry Over of Pledged Revenues.* In computing the amount required to meet and comply with the rate maintenance covenant required by the foregoing paragraph (b) of this section, and in determining the sufficiency of fees, rates and charges of the Board and the University, there shall be included the amount, if any, of Pledged Revenues, carried over by the Board and the University from the previous Fiscal Year which are required to be deposited and which are actually deposited with the Trustee by the Board and the University, to the Debt Service Fund and which are unconditionally and irrevocably required to be applied by the Trustee to payment of principal and interest on and other amounts, if any, becoming due and payable with respect to, any Bonds payable from Pledged Revenues in the comparable Fiscal Year during which such deposit of excess Pledged Revenues is made by the Board and the University.

First Lien; Equality of Lien. The Bonds and the Interest Rate Agreements (with respect to Parity Counterparty Swap Payments only) constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues, and the Board covenants that the Bonds and the Parity Counterparty Swap Payments as to their Debt Service Requirements are equally and ratably secured by the first lien created on such Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of Bonds or execution of such Interest Rate Agreements.

Additions and Deletions from Pledged Revenues. The Board reserves the right in the Indenture to include in Pledged Revenues, at its sole option, in the future, other sources of revenue or income excluded from the definition of Pledged Revenues. The Board reserves the right in the Indenture to remove, at its

sole option, in the future, any revenues from Pledged Revenues, so long as no more than 10% of the Pledged Revenues (based on the University's most recent audited financial statements) are removed in any Fiscal Year. The addition or removal of Pledged Revenues shall be evidenced by a certificate executed by a University Representative identifying the items to be added or deleted.

Insurance. The Board covenants that the Auxiliary Facilities will, to the extent lawfully and reasonably obtainable, be insured and at all times kept insured to the full insurable value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof, against physical loss or damage however caused until the Bonds secured by the Indenture and the interest thereon shall have been paid or provision for such payment shall have been made. The proceeds of such insurance shall be available for, and shall to the extent necessary be applied to, the repair, replacement or reconstruction of the damaged or destroyed property, and such proceeds not required for such repair, replacement or reconstruction shall be deposited with the Trustee to the credit of the Debt Service Fund. If the proceeds of such insurance shall not be sufficient, together with other available funds, to provide for the repair, replacement or reconstruction of the damaged or destroyed property to the extent that such property shall be returned substantially to its usefulness prior to such damage or destruction, such proceeds shall be deposited with the Trustee to the credit of the Redemption Account and shall be applied to redemption of all or part of the Bonds then Outstanding in the manner as described under "Redemption and Payment—Mandatory Redemption Upon Sale of Auxiliary Facilities" as though such proceeds were sale proceeds.

The Board further covenants in the Indenture that it will carry or cause to be carried insurance required to be carried by the State for construction contracts, and that any proceeds of such insurance shall be applied to the construction of each Project financed under the provisions of the Indenture.

The Board further covenants in the Indenture that it will carry in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof, to the extent lawfully and reasonably obtainable, use and occupancy insurance on the Auxiliary Facilities. Such insurance shall be in an amount determined by the Board to be sufficient to provide a normal income therefrom, covering loss of income from any part of such housing facilities and dining facilities by reason of necessary interruption, total or partial, in the use or occupancy thereof resulting from damage to or destruction of any part thereof however caused, with such exceptions as are ordinarily required by insurers carrying similar insurance; *provided, however*, that such insurance shall cover a period of suspension of not less than 12 months and that such insurance may exclude loss during the first seven days of any total or partial interruption of use or occupancy; and *provided, further*, that if at any time the Board shall be unable to obtain such use and occupancy insurance to the extent required by this paragraph, either as to the amount of such insurance or as to the risks covered thereby, it will not constitute an Event of Default under the provisions of the Indenture if the Board shall carry such insurance to the extent reasonably and lawfully obtainable. All policies providing use and occupancy insurance of the Auxiliary Facilities shall be made payable to the University. Any proceeds of use and occupancy insurance of the Auxiliary Facilities shall be deposited by the University in the Revenue Fund and applied as described under "Application of Pledged Revenues."

The insurance required by this section may be effected under overall blanket umbrella policies of the State or the Board, but all such policies evidencing the insurance coverage required by this section shall be made payable to the University.

Sale of Facilities. So long as any Bonds remain Outstanding, none of the Auxiliary Facilities shall be sold or otherwise disposed of by the Board or the University unless the proceeds of such sale or disposition shall be applied by the Board for the redemption of Bonds in accordance with and to the extent required by under "Redemption and Payment—Mandatory Redemption Upon Sale of Auxiliary Facilities".

The proceeds of any such sale or other disposition if required to be applied to redemption of Bonds, shall be deposited to the Redemption Account and accounted for and applied by the Trustee as required in the Indenture.

Events of Default and Remedies

Events of Default. Each of the following events is an “*Event of Default*” under the Indenture:

(a) if payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(b) if payment of the principal of or the premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any Fund under the Indenture or otherwise; or

(c) if an order or decree shall be entered, with the consent or acquiescence of the Board or the University, appointing a receiver or custodian for any of the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues, or approving a petition filed against the Board or the University seeking reorganization of the Board or the University under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Board or the University, shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(d) if any proceeding shall be instituted, with the consent or acquiescence of the Board or the University, for the purpose of effecting a composition between the Board or the University and its or their creditors or for the purpose of adjusting the claims of such creditors pursuant to any Federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Pledged Revenues; or

(e) if (i) the Board or the University is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Board or the University, a receiver, trustee or custodian of the Board or the University or of the whole or any part of its or their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 30 days from the date of entry thereof; or

(f) if the Board or the University shall file a petition or answer seeking reorganization, relief or any arrangement under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof; or

(g) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Board or the University or of the whole or any substantial part of the property of either the Board or the University, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control; or

(h) if the Board or the University shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the

Indenture on the part of the Board or the University to be performed, other than as set forth above in this section, and such Default shall continue for 30 days after written notice specifying such Default and requiring the same to be remedied shall have been given to the Board or the University by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 10% in aggregate principal amount of the Bonds then Outstanding under the Indenture.

Remedies; Rights of Holders. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Board under the Indenture. If an Event of Default shall have occurred, and if requested so to do by the Holders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as described under paragraph (m) under “Concerning the Trustee—Acceptance of the Trusts”, the Trustee shall exercise such one or more of the rights and powers as described in this section as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Holders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders under the Indenture or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence in the Indenture; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Right of Holders to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken as described under “Events of Default; Remedies” shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and the Board, be deposited in the Debt Service Fund and all moneys so deposited in the Debt Service Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST—To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds and any Parity Counterparty Swap Payments then due, in the order of their due dates and, if the amount available shall not be sufficient to pay in full any particular installment and any particular Parity Counterparty Swap Payments then due, then to the payment ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or privilege; and

SECOND—To the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) and any Parity Counterparty Swap Payments then due, in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, and any particular Parity Counterparty Swap Payments then due, then to the payment ratably, according to the amounts due on such date, to the Persons entitled thereto without any discrimination or privilege.

THIRD—To the payment to the Persons entitled thereto of any Subordinate Counterparty Swap Payments then due, in the order of their due dates and, if the amount available shall not be sufficient to pay in full any particular Subordinate Counterparty Swap Payments then due, then to the payment ratably, according to the amounts due on such dates, to the Persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST—To the payment of the principal and interest then due and unpaid upon the Bonds and any Parity Counterparty Swap Payment then due, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

SECOND—To the payment to the Persons entitled thereto of any Subordinate Counterparty Swap Payments then due, in the order of their due dates and, if the amount available shall not be sufficient to pay in full any particular Subordinate Counterparty Swap Payments then due, then to the payment ratably, according to the amounts due on such dates, to the Persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Rights and Remedies of Holders. Except as provided in the last sentence of this paragraph, no Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver

or any other remedy under the Indenture, unless a Default has occurred of which the Trustee has been notified as described under paragraph (h) under “Concerning the Trustee—Acceptance of the Trusts”, or of which by said subsection it is deemed to have notice, nor unless also such Default shall have become an Event of Default and the Holders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as described under “Concerning the Trustee—Acceptance of the Trusts” in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers in the Indenture before granted, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of the Holders of all Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Holder to enforce the covenants of the Board to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture held by such Holder at the time, place, from the source and in the manner in said Bonds expressed.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and shall do so upon the written request of the Holders of (a) a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which Default in the payment of principal of, premium, if any, or interest exist, or (b) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other Default, *provided, however,* that there shall not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified in the Indenture, or (ii) any Default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Board, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Default, or impair any right consequent thereon.

Concerning the Trustee

Acceptance of the Trusts. By the Indenture the Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts and duties thereby created as a corporate trustee ordinarily would perform said trusts, but only upon and subject to the following express terms and conditions, to all of which the Board agrees and the respective Holders agree by their acceptance of the delivery of the Bonds:

- (a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants, fiduciary or otherwise, or obligations shall be read into the Indenture against the Trustee. In case an Event of Default has occurred of which the Trustee is deemed to have knowledge as described in paragraph (h) of this

section (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture (provided that the Trustee shall be required, in case of such Event of Default, to exercise such rights or powers as are mandatorily required to be exercised by the Trustee pursuant to any provisions of the Indenture), and use the same degree of care and skill in their exercise, as a prudent and reasonable Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(i) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(A) this subsection shall not be construed to limit the effect of subsection (a) of this section;

(B) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(C) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of the required percentage (as expressly set forth in the Indenture) in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(b) The Trustee may execute any of the trusts or powers thereof and perform any of its duties by or through attorneys, agents, accountants or receivers and shall not be answerable for the conduct of the same if such appointment is made in accordance with the standard specified in the Indenture, and shall be entitled to advice of Counsel concerning all matters of trusts created by the Indenture and the duties under the Indenture, and may in all cases pay and be reimbursed for such reasonable compensation to all such attorneys, agents, accountants and receivers as may reasonably be retained in connection with the trusts created by the Indenture. The Trustee may act upon the opinion or advice of Counsel. The Trustee shall not be responsible for the conduct of Counsel appointed by the Trustee if such appointment is made in good faith and without negligence, and the advice of any such Counsel shall be full and complete authorization in respect of any action taken, suffered or omitted under the Indenture in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible or liable for the correctness of any recital in the Indenture, or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the property conveyed in the Indenture or collecting any insurance moneys, or for the validity of the execution by the Board of the Indenture or of any additional supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture, or for the value or title of property conveyed by the Indenture, or otherwise as to the maintenance of the security of the Indenture except with respect to the Trustee's obligations expressly set forth in the Indenture; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Board or the University; but the Trustee may (but shall have no duty to) require of the Board or the University full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of any property conveyed

by the Indenture. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the provisions of the Indenture.

(d) The Trustee may become the Holder of Bonds secured by the Indenture with the same rights which it would have if not Trustee. The Trustee may buy, sell, own, hold and deal in any of the Bonds authorized to be issued pursuant to the Indenture, and may join in any action which any Holder may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Board or the University or any successor Trustee, and may act as depository, trustee, or agent for any committee or body of Holders of Bonds or of other obligations of the Board as freely as if it were not the Trustee under the Indenture.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and of any Bond or Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Board, by the Chair and attested by the Commissioner/Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in paragraph (h) of this section, or of which by such paragraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Chair to the effect that a resolution in the form therein set forth has been adopted by the Board as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable for the exercise of any discretion or power under the Indenture or for anything whatsoever in connection with the trust created by the Indenture, except only for its own negligence or willful misconduct. The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The immunities and exceptions from liability and rights to indemnity of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture other than an Event of Default described in clause (a) or (b) above under “Events of Default and Remedies—Events of Default”, unless the Trustee shall be specifically notified in writing addressed to the Corporate Trust Office of the Trustee, of such Event of Default by the Board, the University or by the Holders of at least fifty percent (50%) in the aggregate principal amount of all Bonds then Outstanding and all such notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Corporate Trust Office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee may

(but shall have no duty to), however, at any time, in its discretion, require of the Board and the University full information and advice as to the performance of any of the covenants, conditions and agreements contained in the Indenture. Such inquiry shall not, however, for the purposes of this section constitute notice of any Event of Default.

(i) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right (but shall have no duty) to fully inspect all books, papers and records of the Board and the University pertaining to the Bonds, the Auxiliary Facilities Gross Pledged Revenues and the Pledged Revenues and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in the Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, any showing, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms thereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as in the Indenture provided, be held in trust for the purposes for which they were received, shall be deposited to the Fund or Account designated for deposit thereof and need not be segregated from moneys in any other Fund or Account unless otherwise expressly required by law or by the provisions of the Indenture, including, without limitation, the provisions thereof with respect to segregation of amounts deposited to and held in the Rebate Fund. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except such as may be agreed upon.

(m) Before taking any discretionary action referred to in this section or at the request of the Holders, the Trustee may require that a satisfactory indemnity bond (or equivalent security) be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is determined (based on an admission thereof by the Trustee) or adjudicated to have resulted from its negligence or willful misconduct in connection with any such action. No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(n) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(o) The Trustee shall not be bound to recognize any Person as Holder of any Bond or to take any action at its request unless such Person is shown as the Holder on the registration books for the Bonds. Any request or direction of the Board or the University mentioned in the Indenture shall be sufficiently evidenced by a request or order executed by a Board Representative or a University Representative, as the case may be.

(p) The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure material prepared or distributed in connection with any offer or sale of the Bonds.

(q) The Trustee makes no representations as to the validity or sufficiency of the Bonds and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall not be responsible for the validity or sufficiency of the Indenture. The Trustee shall not be liable for the sufficiency of collection of any revenues or other moneys required to be paid to it under the Indenture (except as otherwise expressly provided in the Indenture), or its right to receive moneys pursuant to the Indenture.

(r) In accepting the trusts hereby created, the Trustee acts solely as Trustee for the Holders and not in its individual capacity and all Persons, including, without limitation, the Holders, the Board and the University, having claim against the Trustee arising from the Indenture shall look only to the Funds and Accounts held by the Trustee under the Indenture for such payment except as otherwise provided in the Indenture (including within such exception the provisions thereof relating to the Rebate Fund). Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee shall not be accountable for the use or application by the Board or the University or any other party of any funds which the Trustee has released in accordance with the terms of the Indenture.

Action by Trustee. Except as otherwise expressly provided in the Indenture, the Trustee shall be under no obligation to take any action in respect of any Event of Default thereunder or toward the execution or enforcement of any of the trusts thereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the Holder of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding and, if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it as described in paragraph (m) under “Concerning the Trustee—Acceptance of the Trusts”.

Successor Trustee by Merger or Consolidation. Any corporation or association into which a Trustee under the Indenture may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which such Trustee is a party, *ipso facto*, shall be and become successor Trustee under the Indenture, and shall be vested with all of the title to the whole property or trust estate and all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or instrument or any further act, deed or conveyance or agreement on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Resignation by the Trustee. The Trustee and any successor Trustee under the Indenture from time to time may at any time resign and be discharged from the trusts created by the Indenture by executing any instrument in writing resigning such trust and specifying the proposed date when such resignation shall take effect, and filing the same with the Board and the University not less than 30 days before the date specified

in such instrument when such resignation shall take effect, and by giving notice of such resignation by mail, not less than three weeks prior to such resignation date, to all Holders of Bonds. Any resignation by the Trustee or any successor Trustee under the Indenture shall only take effect upon the appointment of, and acceptance of the trusts hereby created by a successor Trustee.

Removal of the Trustee. Provided that no Event of Default shall have occurred and be continuing, the Trustee may be removed upon 30 days written notice by the filing of an instrument or instruments in writing, with the Trustee so removed, executed by the Board, which instrument or instruments shall appoint a successor, or an instrument or instruments in writing executed by the Board, consenting to the appointment by the Board of a successor and accompanied by an instrument of appointment by the Board of such successor. The removal of the Trustee or a successor Trustee pursuant to the provisions of this paragraph shall only take effect upon the appointment of, and acceptance of the trusts hereby created by, a successor Trustee.

Judicial Appointment of Successor Trustee. In case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case its property or affairs shall be taken under the control of any state or federal court or administrative body, or of a receiver appointed by a court, and a successor thereto shall not have been appointed by the Board in the manner provided by the preceding paragraph within thirty (30) days after the creation of such vacancy, the resigning Trustee or any Holder (on behalf of himself and all other Holders) may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem necessary and proper, appoint a successor Trustee.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Holders. The Board and the Trustee may, without the consent of, or notice to, any of the Holders or any Counterparty, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) To provide for the issuance of Bonds as described above under “The Bonds—Issuance of Bonds”;
- (b) To cure any ambiguity or formal defect omission, defective provision or inconsistency in the Indenture or to clarify any questions arising under the Indenture which the Board or the Trustee may deem necessary or desirable and not inconsistent with the provisions of the Indenture, so long as such amendments are not prejudicial or materially adverse to the interests of the Holders or the Trustee;
- (c) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or any of them;
- (d) To confirm, as further assurance, any pledge of or lien on the Auxiliary Facilities Gross Pledged Revenues or the Pledged Revenues or any other moneys, securities or funds subject to the lien of the Indenture or to subject to the Indenture additional Auxiliary Facilities Gross Pledged Revenues, Pledged Revenues or other revenues, properties, collateral or security;

(e) To make any other change to or to modify, alter, amend or supplement the Indenture in any other respect which is not prejudicial or materially adverse to the interests of the Holders or of the Trustee;

(g) To evidence the appointment of a new Trustee and in connection therewith to change any times of day specified in the Indenture by which any action must be taken; and

(h) To modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or the registration of the Bonds under the Securities Act of 1933, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures Requiring Consent of Holders, Waivers and Consents of Holders. Exclusive of Supplemental Indentures covered in the immediately preceding paragraph and subject to the terms and provisions contained in this section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Board and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, restating, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Board of any action prohibited, or the omission by the Board of the taking of any action required, by any of the provisions of the Indenture or of any indenture supplemental to the Indenture; *provided, however,* that nothing in this section shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest of, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any Fund established under the Indenture applicable to any Bonds without the consent of the Holders of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Holders of which are required to consent to any such waiver or Supplemental Indenture, or (d) any change in the funding or operation of the Debt Service Reserve Fund or the Repair and Replacement Fund, without the consent of the Holders of all the Bonds at the time Outstanding that would be affected by the action to be taken. In addition, no supplement to the Indenture shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the Board shall request the Trustee to enter into any Supplemental Indenture for any of the purposes described below under “Consents, Etc., of Holders”, the Trustee shall, subject to the last sentence of this paragraph, cause notice of the proposed Supplemental Indenture to be given by mail to all Holders of Outstanding Bonds. Such notice shall briefly set forth the nature of and shall contain a summary of the provisions of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Corporate Trust Office of the Trustee for inspection by all Holders. The Board and the Trustee may enter into such Supplemental Indenture in substantially the same form described in such notice, but only if there shall have first been delivered to the Trustee certificate of a Board Representative and an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and the Constitution and applicable laws of the State, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the Board in accordance with its terms and will not adversely affect the exemption of the Bonds from registration under the Securities Act of 1933, as amended, or the Indenture from qualification under the Trust Indenture Act of 1939, as amended.

If Holders of not less than the percentage of Bonds required by this section shall have consented to and approved the execution and delivery of a Supplemental Indenture as in the Indenture provided, no Holder shall have any right to object to the execution and delivery of such Supplemental Indenture, or to object to any of the terms and provisions contained in the Indenture or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Board or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Consents, Etc., of Holders

Any consent, request, direction, approval, objection, waiver or other instrument required by the Indenture to be executed by Holders may be in any number of concurrent writings of similar tenor and may be executed by the Holders in Person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection, waiver or other instrument in writing appointing any such agent and of the ownership of the Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely, the fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution. Consents, approvals and waivers of Holders as described above under “Supplemental Indentures—Supplemental Indentures Requiring Consent of Holders, Waivers and Consents of Holders” may also be evidenced by (i) the Bonds being sold to such Holders under an official statement or other disclosure document which describes the proposed amendment or waiver and states that the purchase of the Bonds shall be treated as each such Holder’s consent to such amendment or waiver; or (ii) in any other manner acceptable to the Trustee. If the Supplemental Indenture will not take effect so long as any particular Series of Bonds remain Outstanding, the consent of the Holders of such Series of Bonds shall not be required and such Series of Bonds shall not be deemed to be Outstanding for the purpose of determining the required consents.

Discharge of Indenture

If the Board shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Holders of the Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated in such Bonds, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions of the Indenture, then these presents and the estate and rights granted by the Indenture shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Board any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds. Any Bond shall be deemed to be paid within the meaning of this paragraph when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) Governmental Obligations, maturing as to principal and interest in such amount and at such times (at not subject to early redemption prior to the respective maturities of such Governmental Obligations) as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and the Paying Agent with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no

longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys and/or Governmental Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Board shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (i) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by the Indenture);
- (ii) to instruct the Trustee to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to subparagraph (i) above; and
- (iii) to instruct the Trustee to publish and/or mail, as soon as practicable, a notice to the Holders of such Bonds that the deposit required in this section has been made (or, in the case of a conditional notice of redemption, the date on which such deposit is expected to be made) with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds as specified in subparagraph (i) above.

Any moneys so deposited with the Trustee as provided in this section may at the direction of Board also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as described in this section, and all income from all Governmental Obligations in the hands of the Trustee pursuant to this section which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Debt Service Fund as and when realized and collected for use and application as are other moneys deposited in the Debt Service Fund.

With respect to any deposit under this section for the purpose of discharging Tax-Exempt Bonds, no such deposit shall be made or accepted and no use made of any such deposit unless Trustee shall have received an opinion of Bond Counsel to the effect that such deposit and use would not cause such Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code or in any manner cause the interest on such Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for purposes of federal income taxation.

Notwithstanding any provision of any other article of the Indenture which may be contrary to the provisions of this section, all moneys and/or Governmental Obligations set aside and held in trust pursuant to the provisions of this section for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Governmental Obligations have been so set aside in trust.

Notwithstanding anything in this section to the contrary, if moneys and/or Governmental Obligations have been deposited or set aside with the Trustee pursuant to this section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this section shall be made without the consent of the Holder of each Bond affected thereby.

Immunity of Regents and Officers

No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained against any past, present or future Regent officer, or other public official, employee, or agent of the Board or the University, or any incorporator, officer, or other public official, employee or agent of any successor body, agency or instrumentality of the State, as such, either directly or through the Board, the University or any such successor body, agency or instrumentality of the State, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, or other public official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and issuance of such Bonds.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

among

**THE BOARD OF REGENTS OF HIGHER EDUCATION
FOR THE STATE OF MONTANA,
as Issuer**

and

**MONTANA STATE UNIVERSITY,
the University**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Dissemination Agent**

Dated as of May 1, 2026

Relating to:

**[\$[PAR]]
State of Montana
The Board of Regents of Higher Education
Montana State University
General Revenue Bonds
Series L 2026**

This instrument drafted by:
Barnes & Thornburg LLP (BWJ)
225 South 6th Street Suite 2800
Minneapolis, Minnesota 55402

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of the 1st day of May, 2026 (this “Agreement”), by and among THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA (the “Issuer”); MONTANA STATE UNIVERSITY (the “University”); and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association acting as dissemination agent under this Agreement (the “Dissemination Agent”).

WITNESSETH:

WHEREAS simultaneously with the execution and delivery of this Agreement, the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) will enter into a Series L 2026 Supplemental Indenture of Trust, dated as of May 1, 2026, amending and supplementing the Amended and Restated Indenture of Trust, dated as of October 1, 2021, as previously amended and supplemented (collectively, the “Indenture”), pursuant to which the Issuer will issue its State of Montana, The Board of Regents of Higher Education, Montana State University, General Revenue Bonds, Series L 2026 (the “Series L 2026 Bonds”), in the original aggregate principal amount of \$[PAR]; and

WHEREAS, to provide for the public availability of certain information relating to the Series L 2026 Bonds and the security therefor and to permit Wells Fargo Bank, National Association (the “Underwriter”) to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), as amended (the “Rule”), which will enhance the marketability of the Series L 2026 Bonds, the parties desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Definitions and Exhibit. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Indenture, unless the context hereof clearly requires otherwise.

In addition, the following terms, when used herein, have the following respective meanings:

Annual Financial Information means the University’s audited consolidated financial statements prepared in accordance with generally accepted accounting principles as in effect from time to time (“GAAP”), and an update of certain operating information contained in the Official Statement and identified in Exhibit A hereto. In each case, the Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided, however, that the University’s audited consolidated financial statements may be submitted separately from the balance of the Annual Financial Information and later than the date required in Section 4 of this Agreement for the filing of the Annual Financial Information if the audited consolidated financial statements are not available by that date, however, the unaudited financial information available on such date shall be submitted.

Beneficial Owner: any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, a Series L 2026 Bond (including persons or entities holding Series L 2026 Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of such Series L 2026 Bond for federal income tax purposes.

Dissemination Agent: means U.S. Bank Trust Company, National Association, as dissemination agent under this Agreement, its successors and assigns.

EMMA: means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Issuer: means The Board of Regents of Higher Education for the State of Montana, its successors and assigns.

Listed Event: means any of the following events with respect to the Series L 2026 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of bondowners, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer or the University;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

Listed Event Notice: means written or electronic notice of a Listed Event.

MSRB: means the Municipal Securities Rulemaking Board or any other successor entity designated or authorized by the SEC to receive reports pursuant to the Rule.

Official Statement: the Official Statement, dated May __, 2026, relating to the Series L 2026 Bonds.

Person: any individual, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Report Date means the same as defined in Section 4 below.

Repository: means EMMA, and any successor to EMMA designated as a repository by the SEC.

Rule: means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

SEC: means the Securities and Exchange Commission, its successors and assigns.

Series L 2026 Bonds: means the Issuer's Montana State University General Revenue Bonds, Series L 2026, in the original aggregate principal amount of \$[PAR].

State: means the State of Montana.

Submission Date: means the same as defined in Section 4 below.

Underwriter: means Wells Fargo Bank, National Association, using the trade name Wells Fargo Securities, its successors and assigns.

University: means Montana State University, its successors and assigns.

Section 2. Representations. Each of the parties hereto represents and warrants to each other party that (i) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (ii) it has duly authorized the execution and delivery of this Agreement, (iii) the execution and delivery of this Agreement and performance of the terms hereof by such party do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument to which it is a party or by which it is bound, and (iv) to its best knowledge, no litigation, proceeding or administrative matter is pending to which it is a party, or overtly threatened, contesting or questioning the legal existence of such party, its power and authority to enter into and perform this Agreement or its due authorization, execution and delivery of this Agreement.

The Issuer and the University represent and warrant that they are the only “obligated persons” in respect of the Series L 2026 Bonds within the meaning of the Rule.

Section 3. Appointment of Dissemination Agent; Resignation; Removal. The Issuer hereby appoints U.S. Bank Trust Company, National Association as its Dissemination Agent with respect to the Series L 2026 Bonds for the purpose of disclosing the information described in this Agreement in the manner set forth herein.

The Dissemination Agent hereby accepts such appointment, subject to the terms and conditions of this Agreement. In the event that the Dissemination Agent, in its reasonable opinion, determines that during the continuation of an Event of Default under the Indenture the activities of the Dissemination Agent hereunder conflict with any of its duties and responsibilities under the Indenture, the Dissemination Agent need not undertake such activities hereunder. The Dissemination Agent will promptly inform the Issuer, the University, and the Underwriter in writing of any such determination.

The inability of the Dissemination Agent to undertake certain activities under this Agreement as provided in the immediately preceding paragraph shall not relieve or otherwise affect the responsibilities of the Issuer and the University to furnish the information required to be provided by it pursuant to this Agreement directly to the Repository without the agency of the Dissemination Agent.

The rights and immunities granted the Trustee in the Indenture shall apply as well to the activities of the Dissemination Agent hereunder.

Section 4. Continuing Disclosure Undertaking.

(a) *Financial Information.* The Issuer and the University undertake to provide the following information:

- (1) Annual Financial Information, and
- (2) Listed Event Notices.

(b) *Submission Date and Report Dates.* The Issuer and the University shall while any Series L 2026 Bonds are outstanding provide Annual Financial Information to the Dissemination Agent within 270 days after the end of the University’s fiscal year (the “Submission Date”), beginning with respect to the University’s fiscal year ended June 30, 2026. The Dissemination Agent shall while any Series L 2026 Bonds are outstanding provide to the Repository such Annual Financial Information on or before the fifth (5th) day after the Dissemination Agent receives such Annual Financial Information (the “Report Date”) and in any case not later than the Submission Date. Each submission of Annual Financial Information to the Dissemination Agent shall be clearly identified as such. As to the Annual Financial Information required by this Agreement, it shall be sufficient if the Issuer or the University provides to the Dissemination Agent, and the Dissemination Agent provides to the Repository, such Annual Financial Information by specific reference to documents available to the public on the Repository. If the document incorporated by reference is a final official statement, it must also be available from the Repository.

(c) *Events Filing Timing.* If a Listed Event occurs while any Series L 2026 Bonds are outstanding, the Issuer and the University shall provide a Listed Event Notice to the Dissemination Agent in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, and the Dissemination Agent shall promptly provide such Listed Event Notice to the Repository and in any case not later than ten (10) business days after the occurrence of the Listed Event. Each Listed Event Notice

shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Series L 2026 Bonds.

(d) *Formatting Requirements.* With respect to information provided to the Repository, the Dissemination Agent shall comply with all applicable MSRB requirements as to information format, methods of information transmission and identifying information.

(e) *Dissemination Agent Notification to Issuer and University.* The Dissemination Agent shall promptly advise the University and the Issuer whenever, in the course of performing its duties as Dissemination Agent, it identifies an occurrence which would require the Issuer and the University to provide a Listed Event Notice pursuant to subsection (c) above; provided that the failure of the Dissemination Agent to so advise the Issuer and the University of such occurrence shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities hereunder.

(f) *Notice of Failure to File.* The Dissemination Agent shall, while any Series L 2026 Bonds are outstanding, without further direction or instruction from the Issuer or the University, provide to the Repository in a timely manner notice of any failure by the Dissemination Agent to provide Annual Financial Information to the Repository on or before the Report Date (whether caused by failure of the University to provide information to the Dissemination Agent by the Submission Date or for any other reason) in a form substantially similar to that set forth in Exhibit B hereto. For the purposes of determining whether information received from the University is Annual Financial Information, the Dissemination Agent shall be entitled to conclusively rely on the University's identification of such information pursuant to subsection (b) hereof.

(g) *Other Events.* If the Issuer or the University provides to the Dissemination Agent information relating to the Issuer, the University or the Series L 2026 Bonds, which information is not designated as Annual Financial Information or as a Listed Event Notice, and directs the Dissemination Agent to provide such information to the Repository, the Dissemination Agent shall provide such information in a timely manner to the Repository. The Issuer and the University further agree to notify the Dissemination Agent promptly of the occurrence of any change in the fiscal year of the University.

(h) *Transmission of Filings.* Unless otherwise required by law and subject to technical and economic feasibility, the Issuer, the University or the Dissemination Agent shall electronically file such information on EMMA or any other Repository designated by the MSRB.

(i) *Continuing Obligation.* The continuing obligation hereunder of the Issuer and the University to provide the Annual Financial Information and Listed Event Notices and the Dissemination Agent's obligations under this Agreement shall terminate immediately once the Series L 2026 Bonds have been legally defeased, redeemed or are paid in full. The Issuer's and the University's obligations under this Agreement shall also terminate once the Issuer is no longer an "obligated person" within the meaning of the Rule. This Agreement, or any provision hereof, shall be null and void in the event that the Issuer and the University deliver to the Dissemination Agent an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the undertaking contained in this Agreement, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Series L 2026 Bonds; provided that the Dissemination Agent shall have provided notice of such delivery and the cancellation of the undertaking contained in this Agreement to the Repository.

(j) *Amendments.* This Agreement may be amended and any provision may be waived, without the consent of the bondowners, but only upon the delivery by the Issuer and the University to the Dissemination Agent of the proposed amendment or waiver and an opinion of nationally recognized bond counsel to the effect that such amendment or waiver, after giving effect thereto, will not adversely affect

the compliance of the undertaking contained in this Agreement with the Rule; provided that the Dissemination Agent shall have provided notice of such delivery and of the amendment or waiver to the Repository. If the Annual Financial Information is amended pursuant to this Section 4, the University agrees to provide to the Dissemination Agent, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(k) *Failure to File Not an Event of Default.* Any failure by the Issuer, the University or the Dissemination Agent to perform in accordance with this Agreement shall not constitute an “Event of Default” with respect to the Series L 2026 Bonds. The bondowners and the Beneficial Owners of the Series L 2026 Bonds may enforce specific performance of the obligations contained in this Agreement by any judicial proceedings available, and such action to compel performance shall be the sole remedy under this Agreement in the event of any failure of the Issuer, the University, or the Dissemination Agent to comply with this Agreement.

(k) *Benefit.* This Agreement shall inure solely to the benefit of the parties hereto, their respective successors and assigns, and the Beneficial Owners from time to time of the Series L 2026 Bonds, and shall create no rights in any other person or entity.

(l) *No Obligation of Dissemination Agent to Verify Accuracy.* The Dissemination Agent shall not have any obligation to examine or review the Annual Financial Information and neither shall it have a duty to verify the accuracy or completeness of the Annual Financial Information.

Section 5. Termination Provisions. Either the Dissemination Agent, the Issuer, or the University may terminate this Agreement upon 30 days’ notice to the other parties; provided, however, that upon such termination the Issuer and the University shall either (i) enter into a new continuing disclosure agreement (with substantially similar terms to this Agreement except to the extent that such changes which would be permitted pursuant to the amendment provisions hereof) with a different dissemination agent (which may be but is not required to be a successor trustee under the Indenture), or (ii) undertake to provide continuing disclosure themselves, in accordance with the Rule, without the assistance of a dissemination agent. Any such undertaking that the Issuer and the University shall provide continuing disclosure themselves shall be evidenced by a Continuing Disclosure Certificate which shall replace this Agreement and which shall comply with the Rule. The removal or resignation of the Dissemination Agent hereunder shall not affect the covenants and agreements of the Issuer and the University contained in this Agreement.

Section 6. Fees of Dissemination Agent. As compensation for its services under this Agreement, the Dissemination Agent shall be compensated or reimbursed by the Issuer or the University for its reasonable fees and expenses in performing the services specified under this Agreement.

Section 7. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 8. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9. Governing Law; Construction. This Agreement shall be construed in accordance with the laws of the State without giving effect to the conflicts-of-law principles thereof. This Agreement is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of the Rule.

Section 10. Notices. Notices to be given to the Issuer, the University or the Dissemination Agent hereunder shall be given to them at the addresses and in the manner specified in or pursuant to the Indenture.

Section 11. Indemnification of Dissemination Agent. To the extent permitted by applicable law, the University shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance of its powers and duties hereunder; provided that the University shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent caused by the Dissemination Agent's negligence or willful misconduct. The obligations of the University under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series L 2026 Bonds.

Section 12. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

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IN WITNESS WHEREOF, the BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA, MONTANA STATE UNIVERSITY and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION have caused this CONTINUING DISCLOSURE AGREEMENT to be executed in their respective names, all as of the date first written above.

**THE BOARD OF REGENTS OF HIGHER
EDUCATION FOR THE STATE OF MONTANA**

By _____
Chair

MONTANA STATE UNIVERSITY

By _____
Vice President for Administration and Finance

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Dissemination Agent**

By _____
Its Vice President

EXHIBIT A

To the extent not included in the audited consolidated financial statements referred to in Section 4 with respect to the Annual Financial Information, the Annual Financial Information for such fiscal year or the period most recently available (but not requiring the restatement of prior fiscal year information) of the type identified below, which information may be unaudited, in the following general categories:

A. Information regarding the Pledged Revenues, actual debt service and debt service coverage for that fiscal year of the type contained in the table set forth under the heading “SECURITY FOR THE SERIES L 2026 BONDS – Pledged Revenues” in the Official Statement.

B. Information regarding enrollment at each of the campuses of the type contained under “APPENDIX A – MONTANA STATE UNIVERSITY – Student Enrollment and Matriculation” in the Official Statement.

C. If not included in the audited consolidated financial statements, information regarding State appropriations of the type contained under “APPENDIX A – MONTANA STATE UNIVERSITY – University Revenues – *State Appropriations*” in the Official Statement.

D. Information regarding occupancy and capacity of the residence halls on the campuses of the type contained under “APPENDIX A – MONTANA STATE UNIVERSITY – University Revenues – *Housing and Food Services*” in the Official Statement.

E. Information regarding total Land Grant Income received by each of the campuses of the type contained under “APPENDIX A – MONTANA STATE UNIVERSITY – University Revenues – *Land Grant Income*” in the Official Statement.

EXHIBIT B

Notice of Failure to File Annual Report

Names of Obligated Persons: The Board of Regents of Higher Education for the State of Montana (the “Issuer”) and Montana State University (the “University”)

Name of Bond Issue: State of Montana, The Board of Regents of Higher Education
Montana State University
General Revenue Bonds
Series L 2026

Date of Issuance: May __, 2026

NOTICE IS HEREBY GIVEN that Annual Financial Information with respect to the above-named Series L 2026 Bonds as required by the Continuing Disclosure Agreement, dated as of May 1, 2026, between the Issuer, the University and U.S. Bank Trust Company, National Association, as dissemination agent, has not been filed. The Issuer and the University anticipate that the Annual Financial Information will be filed by _____, 20__.

Dated: _____, 20__

U. S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Dissemination Agent

By: _____
Authorized Officer

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Series L 2026 Bonds. The Series L 2026 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate in typewritten form will be issued for each stated maturity of the Series L 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series L 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series L 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series L 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series L 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series L 2026 Bonds, except in the event that use of the book-entry system for the Series L 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series L 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series L 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series L 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series L 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series L 2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series L 2026 Bonds, such as redemptions, defaults, and proposed amendments to the Series L 2026 Bond documents. For example, Beneficial Owners of Series L 2026 Bonds may wish to ascertain that the nominee holding the Series L 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Series L 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series L 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series L 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series L 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series L 2026 Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates will be printed and delivered to Beneficial Owners. The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.



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APPENDIX B

SOLICITATION FEE PAYMENT REQUEST FORM

**with respect to the
Offer to Tender Bonds dated April 13, 2026
by
THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF
MONTANA
regarding its**

**STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
Facilities Improvement Revenue Bonds, Series E 2018
General Revenue Bonds, Series H 2021 (Taxable)**

The Board of Regents of Higher Education for the State of Montana (the “*Issuer*”) have agreed to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (an “*Eligible Institution*”), a solicitation fee of \$1.50 per \$1,000 on the principal amount of Bonds purchased from each of its Retail Customers by the Issuer pursuant to the Tender Offer described in the Offer to Tender Bonds dated April 13, 2026 (the “*Offer*”). A “*Retail Customer*” is an individual who owns no more than \$250,000 principal amount of Bonds and manages his or her own investments or an individual who owns no more than \$250,000 principal amount of Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

Eligible Institutions must submit to the Information Agent requests for payment of solicitation fees on a Solicitation Fee Payment Request Form no later than 5:00 p.m. on the next business day following the Expiration Date (the Expiration Date is presently set for April 24, 2026), unless earlier terminated or extended. No solicitation fee will be paid on requests received after this time.

No solicitation fee will be paid on requests submitted on an improperly completed Solicitation Fee Payment Request Form. Electronic copies of the completed Solicitation Fee Payment Request Forms may be submitted via email to the Information Agent and Tender Agent at rstevens@globic.com. **FAILURE TO COMPLETE ALL SECTIONS WILL RESULT IN NONPAYMENT. EACH SOLICITATION FEE PAYMENT REQUEST FORM MUST BE ELECTRONICALLY SIGNED BY A REGISTERED REPRESENTATIVE.**

Each completed Solicitation Fee Payment Request Form constitutes a representation by the registered representative completing such form that such representative is a registered employee of their firm, which is a financial institution described in the first paragraph, that such representative personally solicited the offer from their firm’s retail customer and, with respect to

any tender offer, such representative has reviewed this transaction with their customer, and on behalf of their firm, such representative requests payment of the resulting solicitation fee.

Each completed Solicitation Fee Payment Request Form constitutes a representation that (i) in making solicitations, I and my firm did not use any materials other than the Offer, (ii) my firm is entitled to this solicitation fee under the terms and conditions described above, and (iii) if my firm is a foreign broker or dealer not eligible for membership in The Financial Industry Regulatory Authority (FINRA), it has agreed to conform to FINRA's Rules of Fair Practice in making a solicitation outside the United States to the same extent as though it was a FINRA member.

All questions as to the validity, form and eligibility (including the time of receipt) of the Solicitation Fee Payment Request Form will be determined by the Issuer, in their sole discretion, which determination will be final, conclusive and binding. None of the Issuer, the Dealer Manager, the Information Agent or any other person is under any duty to give notification of any defects or irregularities in any Solicitation Fee Payment Request Form or incur any liability for failure to give this notification.

SOLICITATION FEE PAYMENT REQUEST FORM

As described in the Offer, the Issuer will pay a soliciting dealer fee of \$1.50 per \$1,000 of up to the first \$250,000 par amount of Bonds that is validly tendered and accepted for payment to soliciting dealers that are appropriately designated by their clients to receive this fee. *The soliciting dealer fee will only be paid to each designated soliciting dealer for each Bondowner that owns and submits Bonds with an aggregate principal amount of no more than \$250,000.* In order to be eligible to receive the soliciting dealer fee, this form, properly completed, must be received by the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on the next business day following the Expiration Date of the Tender Offer. The Issuer reserves the right to audit any soliciting dealer to confirm bona fide submission of this form. The Issuer shall, in their sole discretion, determine whether a soliciting dealer has satisfied the criteria for receiving a soliciting dealer fee (including, without limitation, the submission of the appropriate documentation without defects or irregularities and in respect of bona fide tenders). Such soliciting dealer fee will be paid within a reasonable amount of time after the Settlement Date. The Issuer will not reimburse a soliciting dealer for any expenses it incurs in connection with the Tender Offer. No brokerage commissions are payable by Bondowners to the Dealer Manager, the Information Agent and Tender Agent or the Issuer. *Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Offer.*

Name of Firm: _____

DTC Participant Number: _____

Authorized Contact: _____

Telephone Number of Broker: _____

Address of Broker: _____

E-Mail: _____

Signature: _____ Date: _____

MEDALLION STAMP BELOW

Deliver this executed Solicitation Fee Payment Request Form to the Information Agent and Tender Agent prior to the next business day following the Expiration Date.

SOLICITATION FEE PAYMENT INSTRUCTIONS

Please choose payment delivery method.

Delivery Via Check

Issue Check to: _____

Name of Firm: _____

Attention: _____

Address: _____

Phone Number: _____

Taxpayer Identification: _____

Delivery Via Wire

Bank Name: _____

City, State: _____

ABA or Bank Number: _____

Swift Code: _____

Account Name: _____

Account Number: _____

Re: _____

Taxpayer ID Number: _____

The acceptance of compensation by such soliciting dealer will constitute a representation by it that: (1) it has complied with applicable requirements of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder, in connection with such solicitation; (2) it is entitled to such compensation for such solicitation under the terms and conditions of the Invitation; (3) in soliciting a tender of Bonds, it has used no solicitation materials other than the Invitation furnished by

The Board of Regents of Higher Education for the State of Montana; (4) it has complied with all instructions from the Dealer Manager in connection with the Invitation; and (5) if it is a foreign broker or dealer not eligible for membership in the Financial Industry Regulatory Authority (“FINRA”), it has agreed to conform to FINRA’s Rules of Fair Practice in making solicitations.

APPENDIX C

FORM OF PRICING NOTICE

RELATING TO THE
OFFER TO TENDER BONDS DATED APRIL 13, 2026
made by
THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF
MONTANA

to the Holders described herein of all or a portion of certain maturities as set forth on
pages (i) through (ii) of Offer to Tender Bonds dated April 13, 2026 of

STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
Facilities Improvement Revenue Bonds, Series E 2018
General Revenue Bonds, Series H 2021 (Taxable)

[Insert Bonds]

The purpose of this Pricing Notice, dated April 17, 2026, or as amended on _____, 2026 (the “*Pricing Notice*”) is to either confirm or amend the Fixed Spreads for the Bonds. All other terms relating to the Tender Offer (hereinafter defined) remain unchanged.

Pursuant to the Offer to Tender Bonds, dated April 13, 2026 (as may be amended or supplemented, the “*Tender Offer*”), the Preliminary Official Statement relating to The Board of Regents of Higher Education for the State of Montana, Montana State University General Revenue Bonds, Series L 2026 (the “*Series L 2026*”), dated April 13, 2026 (the “*Preliminary Official Statement*”), and this Pricing Notice, dated as of April 17, 2026, The Board of Regents of Higher Education for the State of Montana (the “*Board*”) offered to purchase all or a portion of certain maturities of Bonds tendered by Bondholders for cash, (a) with respect to Taxable Bonds, at the applicable purchase prices based on a fixed spread to be added to the yields on certain benchmark United States Treasury Securities set forth in this Pricing Notice and (b) with respect to Tax-Exempt Bonds, at the applicable purchase prices based on a fixed spread to be added to the yields on the relevant BVAL Index set forth in this Pricing Notice, plus Accrued Interest on the Bonds tendered for purchase to but not including the Settlement Date. All terms used herein and not otherwise defined are used as defined in the Tender Offer.

As set forth in the Tender Offer, the Board has the right, through and including an Expiration Date, to extend the Tender Offer, provided that a notice of any extension of an Expiration Date is given to the Information Services, including by posting such notice to the EMMA Website on or about 9:00 a.m., New York City time, on the first business day after the Expiration Date.

As set forth in the Tender Offer, except with respect to extensions of the Tender Offer, the Board has the right to amend the terms of the Tender Offer to change the purchase price of the Bonds by providing a notice of such purchase price amendment to the Information Services,

including by posting such notice to the EMMA Website no later than on or about 9:00 a.m., New York City time, five (5) business days prior to the Expiration Date. Further, the Board has the right to amend or waive any term of the Tender Offer in any respect, other than an extension or Purchase Price amendment, by providing notice of such amendment or waiver to the Information Services, including by posting such notice to the EMMA Website no later than on or about 9:00 a.m., New York City time, three (3) business days prior to the Expiration Date.

In such event, any offers submitted with respect to the affected Bonds prior to the Board providing notice of an extension, purchase price amendment or any other amendment or waiver of the Tender Offer, shall remain in full force and effect and any Bondholder of such affected Bonds wishing to revoke their offer to tender such Bonds must affirmatively withdraw such offer prior to the Expiration Date.

The Tender Offer and the Preliminary Official Statement are available: (i) at the MSRB through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Bonds, and (ii) on the website of the Information Agent at <https://www.globic.com/msu>.

Any questions are to be directed to the Information Agent at (212) 227-9622.

**TENDER OFFER – TAXABLE BONDS
FIXED SPREADS AND INDICATIVE PURCHASE PRICES BASED ON FIXED
SPREADS**

Pursuant to the Tender Offer, the Fixed Spreads for the Taxable Bonds are listed below. The Taxable Purchase Price to be paid on the Settlement Date excludes Accrued Interest on the Taxable Bonds tendered for purchase, which interest will be paid to but not including the Settlement Date in addition to the Taxable Purchase Price.

[Bondholders should note that, as indicated herein, the Fixed Spreads have changed from those referenced in the Tender Offer.] [There have been no changes to the Fixed Spreads for the Taxable Bonds from those listed in the Tender Offer.]

The yields on the Benchmark Treasury Securities will be determined at 10:00 AM on April 28, 2026.

[INSERT TABLE]

The tables below provide an example of the Taxable Bond Purchase Price realized by Bondowners that submit an offer based on the following closing yields for the Benchmark Treasury Securities as of [_____], 2026 and the Fixed Spreads. This example is being provided for convenience only and is not to be relied upon by a Bondowner as an indication of the Taxable Purchase Yield or Taxable Bond Purchase Price that may be accepted by the Board. Based on the Benchmark Treasury Security yields, the following indicative Taxable Bond Purchase Prices would be derived:

[INSERT TABLE]

**TENDER OFFER –TAX-EXEMPT BONDS
FIXED SPREADS AND INDICATIVE PURCHASE PRICES BASED ON FIXED
SPREADS**

Pursuant to the Tender Offer, the Fixed Spreads for the Tax-Exempt Bonds are listed below. The Tax-Exempt Purchase Price to be paid on the Settlement Date excludes Accrued Interest on the Tax-Exempt Bonds tendered for purchase, which interest will be paid to but not including the Settlement Date in addition to the Tax-Exempt Purchase Price.

[Bondholders should note that, as indicated herein, the Fixed Spreads have changed from those referenced in the Tender Offer.] [There have been no changes to the Fixed Spreads for the Tax-Exempt Bonds from those listed in the Tender Offer.]

The BVAL Index will be determined at 10:00 AM on April 28, 2026.

[INSERT TABLE]

The tables below provide an example of the Tax-Exempt Bond Purchase Price realized by Bondowners that submit an offer based on the BVAL Index as of [_____], 2026 and the Fixed Spreads. This example is being provided for convenience only and is not to be relied upon by a Bondowner as an indication of the Tax-Exempt Purchase Yield or Tax-Exempt Bond Purchase Price that may be accepted by the Board.

Based on the BVAL Index Yields, the following indicative Tax-Exempt Bond Purchase Prices would be derived:

[INSERT TABLE]