

March 5-7, 2008

ITEM 138-2007-R0308

Increase Authorization for Cooley Lab Renovations, and Approve Plan of Financing, Including Intercap Loan; Montana State University

THAT:

The Board of Regents of Higher Education increases MSU's authority with respect to the renovation of Cooley Lab from \$5,000,000 to \$8,125,000, and authorizes MSU to secure an Intercap Loan of \$4,000,000 to finance such construction.

EXPLANATION:

1. Regents Item 129-2005-R1105 (November, 2005) authorized MSU to renovate portions of Cooley Lab to provide modern laboratory facilities supporting research grant functions. At the time, the estimated project cost was \$5,000,000. In the interval since the original authority was approved, the scope of the project and construction costs have changed such that increased authority is required to accomplish the project.
2. MSU has received a \$4 million grant from the National Institutes of Health (NIH) to be used to renovate existing laboratories in the Cooley Lab building. Upgrading the laboratories will allow the faculty to conduct productive research at the highest level and also increase the ability to attract and retain the highest quality faculty and students.
3. The integration of the instructional and research environments greatly enhances the academic experience for all students.
4. Original project funding included \$4,000,000 in grant funding and \$1,000,000 in non-state Facilities and Administrative (F&A) funds recovered from externally funded grants and contracts.
5. The revised project funding plan is as follows:
 - a. \$4,000,000 of NIH grant funds, as was originally contemplated
 - b. \$125,000 University funds (Major Maintenance funds for additional deferred maintenance window replacement)
 - c. \$4,000,000 borrowed through the state's Intercap program, to be repaid over a 10-year period from F&A cost recoveries, generated from externally funded grants and contracts. Payments will be approximately \$500,000 per year.

The Vice President for Research and Creative Activities directs the use of F&A funding. Anticipated F&A revenues, when compared with existing commitments, are sufficient to service the debt.

6. This project requires the authorization of the Board of Regents and the consent of the Governor.

ATTACHMENTS:

- A. Item 129-2005-R1105
- B. Intercap Loan Application
- C. Historical and Projected F&A Revenues and Expenses