ITEM 162-2005-R0314
Increase Authorization to Renovate Strand Union Ballrooms

THAT
Consistent with the provision of MCA 18-2-102(b), the Board of Regents of Higher Education authorizes MSU to renovate the ballrooms of the Strand Union Building at MSU Bozeman and obtain related financing for the project. This ITEM increases the existing authority to a total of $3,000,000

EXPLANATION
1. Board of Regents ITEM 158-2004-R0313 authorized MSU to spend up to $1,600,000 for the renovation of the Strand Union Ballrooms. This request increases the amount authorized by the Regents to a total amount of $3,000,000.
2. The programs, services and amenities provided to students and the university community by MSU’s Strand Union Building contributes to student success and retention; however, ballroom facilities within the facility need to be upgraded to meet current student, university and community demands. Renovations will improve services, functionality and aesthetics.
3. The Strand Union Building continues to be one of the most heavily utilized buildings on the MSU campus with constituents ranging from students and their various groups to faculty and staff functions to outside patrons needing large gathering spaces within the Bozeman community.
4. With the exception of general maintenance, the ballrooms have not been upgraded since originally built/renovated in 1981.
5. This project will be funded by the following, which the University has determined will be available in excess of current commitments:
   a. $450,000 Auxiliary Operations Revenue (Renewal and Replacement Budget) in excess of debt service obligations.
   b. $550,000 in Student Facilities Enhancement Project Fees in excess of debt service obligations
   c. Up to $1,800,000 INTERCAP loan funds.
   d. Additional funding if necessary up to $200,000, derived from University sources, which may include excess net pledged revenues and/or income generated from use of the SUB facilities.
   e. The INTERCAP loan will be paid from excess net pledged revenues from the Student Facilities Enhancement Project or other excess net pledged revenues.
6. This increased spending authorization is necessary to accommodate additional scope of work items including mechanical and electrical upgrades, temperature and lighting controls as well as structural deficiencies associated with relocating movable walls and enlarging a storage room.
7. Regents Policy 940.9.3 requires student endorsement for construction projects funded with student building fees in excess of $200,000. The Associated Students of MSU passed Resolution 2013-R-7 in support of this project.
8. All operations & maintenance costs will be paid from Auxiliary Operation Revenue.

9. This Item authorizes MSU to negotiate the financial agreements, with a term of no more than 15 years, as necessary to finance up to $1.8 million. The borrowed funds are intended to be secured through the Board of Investments (BOI) INTERCAP Loan Program and repaid with Net Pledged Revenues, in excess of current debt requirements, in accordance with the INTERCAP Program Agreement dated January 2, 2007 by and between BOI and the Board of Regents.

ATTACHMENTS:
  1. BOR Policy 1003.7
  2. ASMSU Resolution 2013-R-7