

August 16, 2021

ITEM 195-2001-C0821

Request for Authorization to Increase Student Wellness Center Authority and Related Facilities Revenue Bond Financing; Montana State University

THAT

Consistent with BOR Policy 1003-4-2, the Board of Regents authorizes Montana State University to increase the previously approved authority to design and construct the Student Wellness Center by \$18,245,000 and authorizes a corresponding increase in facilities improvement revenue bonds to be issued under a revised bond resolution, consistent with MCA 20-25-402.

EXPLANATION

1. MSU obtained BOR authority of \$60,000,000 (Item 188-2004-R0520) to design and construct a comprehensive Student Wellness Center which incorporates a new, holistic approach to student wellbeing, including mental and physical health, by combining a traditional fitness facility with a student health facility.
 2. MSU contracted with two professional estimating firms that affirmed the architect's construction budget to build the facility. However, the low bid for construction cost was higher than budget, resulting in a gap of \$18,245,000.
 3. Options for scope reductions to this project are very limited if MSU is to adequately serve its growing student population. As designed, the SWC is 34% below the peer average square-foot-per-student for a combined health and wellness center based on MSU's current enrollment. Additionally, using NIRSA standards which is a national benchmark for measuring recreational facilities, the current facility design is four (4) square-feet per student (9.7 sq.ft vs 14.1 sq.ft) below the NIRSA standards for similar wellness facilities. Given that the facility's construction time will be 2 years, any significant reduction in scope would put the university even further below peer averages.
 4. BOR Item 190-2012-R0920 authorized Montana State University to issue \$22 million in facilities improvement revenue bonds to partially finance the construction of the MSU Student Wellness Center project. MSU now requests authority to increase the revenue bond issuance by the same amount as the project authority request in this board item.
 5. The financing terms remain unchanged to BOR Item 190-2012-R0920, however the all-in interest cost is now expected to be approximately 3.25%, which is lower than our previous estimate of 4%.
 6. Project financing will be paid for with student fees. No new additional student fees, or any increase to existing fees, will be assessed to students as a result of this request.
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ATTACHMENTS

Attachment #1: Bond Resolution (updated Aug 2021)