

**ITEM 144-1001-R0809 Approval of and Authorization to Execute and Deliver the 2009 Series I and 2009 Series II Facility Improvement Revenue Bonds; The University of Montana-Missoula**

**THAT:** The Board of Regents of Higher Education adopts the Bond Resolution for the 2009 Series I and 2009 Series II Facility Improvement Bonds and authorizes The University of Montana–Missoula to complete the sale and delivery of such bonds in the amount of \$750,000 for the purpose of installing water backflow prevention devices on campus.

**EXPLANATION:** Mountain Water Company (MWC) provides domestic water for use on The University of Montana (UM) campus. MWC has advocated for the installation of reduced pressure zone (RPZ) backflow devices to address public health and liability concerns for the safety of their system relative to exposure from potential cross connections on the UM’s main (north) campus in Missoula. MWC is strongly pressuring UM to install RPZ’s backflow devices at two of the Arthur Avenue campus connections.

The university has analyzed the water safety needs and has developed proposed campus water system improvements which will provide sufficient pressure for fire protection to all buildings at all times and will also satisfy MWC’s backflow device concerns. The university has been working with the Architectural & Engineering Division (Montana Department of Administration), the Montana Department of Natural Resources and Conservation, and the Department of Environmental Quality on the project design and the funding mechanism.

The estimated (\$1.3 - \$1.5million) project budget is structured through the following funding sources:

Series I Water Improvement Bonds	\$416,300
Series II Water Improvement Bonds	333,700
UM Long Range Deferred Maintenance	325,000
UM Long Range Transfer from Steam Tunnel Project	225,000
	<hr/>
	\$1,300,000
University Funds (if required)	200,000
	<hr/>
	\$1,500,000

Upon completion of the project and satisfaction of funding requirements, American Recovery and Reinvestment Act stimulus funds will pay off the Series I bonds. The Series II bonds will be amortized over 10 years at a fixed rate of 1.75% with debt serviced through the UM Utilities/Maintenance Account.

The construction phase of this project will occur beginning this fall (2009) and continue through the 2010 construction season. Expected completion will be in 2010.

**ATTACHMENTS:** Series I & II Water Improvement Bonds Resolution