

January 7, 2009

ITEM 142-1006-R0109

Authorization to Enter into an Inter-Cap Loan for the Northern Tier Project; The University of Montana-Missoula/Montana State University - Bozeman

THAT:

The Board of Regents of the Montana University System approves both Montana State University-Bozeman and The University of Montana-Missoula to finance the Northern Tier Project utilizing Inter-Cap loans, not to exceed in total \$2.0 million, administered through the Montana Board of Investments.

EXPLANATION:

The Northern Tier project involves The University of Montana and Montana State University, working in collaboration with universities in Washington, North Dakota, Minnesota, and Wisconsin. The project will light optic fiber from Seattle to Chicago to serve as a major communications network pipeline serving the university community in the northern tier area.

All the universities face the need to greatly expand existing bandwidth at an affordable cost. The fiber will be obtained through a program with ATT. The universities will incur major capital expenses for outfitting the fiber for actual use and to purchase equipment to light the fibers. The cost to Montana's universities is roughly \$2.0 million. Though the sum of one-time costs is sizable, the overall cost is lower and the capacity available vastly greater using this approach vs. traditionally acquired commercial service. The loan will be paid back within current operating budgets and/or IT Capital Replacement funds.