November 17-18, 2011

ITEM 153-2005-R1111
Request for Authorization to Utilize Short Term Loans for the Continuation of a Multi-Year Information Technology Infrastructure Replacement Plan; Montana State University-Bozeman

THAT

Montana State University-Bozeman requests authorization from the Board of Regents of the Montana University System to utilize short term loans, as detailed in the attachments provided, in order to continue the University's multi-year Information Technology Infrastructure and Telecommunications Replacement Plans ("Capital Plans").

EXPLANATION

1) At its May 29, 2003 meeting the Board of Regents authorized Montana State University to establish mandatory Information Technology Fees at each of its campuses.

2) Because the IT Infrastructure and Telecommunications Replacement Plans are based upon a continual flow of short term loans, the University believes that it is a good business practice to request Regent approval of a package of short term loans for one biennium at a time.

3) At the meetings conducted September 25, 2003 and September 21, 2005, the Board of Regents authorized Montana State University-Bozeman to utilize short term loans in each respective biennium for the implementation and continuation of its Multi-Year Information Technology Infrastructure Replacement Plan.

4) The most likely sources of short term loans for Montana State University are Intercap loans from the Montana Board of Investments and on occasion private financial lending institutions such as GE Finance. It is the policy of the BOI and these financial institutions to require a signed endorsement from the Office of the Commissioner of Higher Education for loans such as these.

5) In the last biennium, due to the financial health of the Capital Plans, it was not necessary to apply for loans with the exception of the Northern Tier project, which was requested under separate authority.

6) For the current biennium, although we project the use of short-term loans as a worst-case scenario, the most likely outcome will again not require the use of loans to maintain the Capital Plans.

7) The primary sources of revenue for infrastructure replacement are:

   a. IT Center revenue contributions from operations related to the IT infrastructure;

   b. Student IT fees that are estimated to increase annually at a maximum rate of 3.5%;

   c. MSU-Bozeman institutional contributions from agencies and departments, which increase commensurate with Student IT fee increases;

   d. Affiliate campus contributions to support the usage of shared infrastructure, primarily the Banner system and associated costs.

8) The primary expenditures of the infrastructure replacement plan are:

   a. Network wiring installation and upgrading throughout the campus;

   b. Network equipment to support and manage internetworking traffic across Bozeman and sister campuses;

   c. Data servers to host and manage large-scale software systems

      d.   Hardware and software associated with the Banner/Oracle administrative information system;

      e.   Other equipment necessary for system support, such as air conditioning and power units;

      f.   Investment in future initiatives for both the Banner system and general infrastructure.

9) Attachment #1 itemizes the individual IT infrastructure and Telecommunications replacement and enhancement projects for the 12-13 biennium, and provides estimated subtotals of likely loan proceeds. Based on past patterns of projections and actuals, it is unlikely that we will need to use these loans but request authority in the event unexpected events occur.

10) Attachments #2 and #3 are schedules which show a summary of the revenues, expenditures and projected fund balance in the Capital Plans, illustrating the financial soundness of the plans, while allowing for the unpredictability of future advancements in technology as well as fluctuations in costs and pricing models.

ATTACHMENTS
Attachment #1 FY12-13 Short Term Loan Program
Attachment #2 IT Infrastructure Replacement Program
Attachment #3 Telecommunications Replacement Program