

March 1-2, 2012

ITEM 154-1008-R0312

Amendment to Board Item 128-1012-R0905: Construct Executive Education Building, The University of Montana – Missoula

THAT

Consistent with the provisions of MCA 18-2-102 and Board of Regents Policy 1003.7, the Board of Regents for the Montana University System authorizes The University of Montana-Missoula to implement steps necessary to construct the Gilkey Executive Education Center.

EXPLANATION

The Board granted approval for The University of Montana-Missoula to construct the Gilkey Executive Education Center (Gilkey Center) under Board Item 128-1012-R0905 at the September, 2005 Board meeting. The funding plan for the project at that time called for private funds in the amount of \$5.1 million to fund the project in its entirety. Subsequent to approval, the opportunity arose to house The University of Montana Foundation on the second floor of the Gilkey Center. This necessitated a change in both the original funding model and scope of the project. The revised design has produced a project cost estimate of \$9.3 million. Thus, an amendment to original Board approval is required.

The revised funding model for the Gilkey Center has three basic components. First, The University of Montana Foundation will lease from the University the entire second floor and part of the basement of the Gilkey Center and will relocate their offices to that space. Second, the first floor and the rest of the basement of the Gilkey Center will be used to conduct Executive Education programs sponsored by the School of Business. Lastly, classrooms on the ground floor of the Gilkey Center will be used as needed to host special seminars and classes that are part of the Global Leadership Initiative, one of the University's 2020 Strategic Goals.

Funding for the project will come from the following sources:

- \$5,166,522 from private gifts (55.55% of the total)
- \$3,000,000 from internal (\$1.51 million) and InterCap loan (\$1.49 million) proceeds. Lease payments made by the UM Foundation will repay these loans (32.26% of total)
InterCap Loan: 15 years at 4% - estimated annual payment \$133,932
- \$ 730,573 from Student Building Fees (7.86% of the total)
- \$402,905 from institutional fund balances (4.33% of total)

In accordance with BOR Policy 940.9.3 (Use of building fees), the University Administration worked with ASUM Senate and a resolution in support of the project and use of the building fees was passed on February 8, 2012.

The Gilkey Executive Education Center will be operated as a stand-alone, financially self-sufficient auxiliary facility and as such is responsible for all operations and maintenance costs. No State O&M is requested.

ATTACHMENTS

Attachment 1 – Project Overview

Attachment 2 – Letter of Intent to Lease