

September 14-15, 2016

ITEM 172-2006-R0916

**Request for authorization to proceed with an energy performance contract for the replacement of the Strand Union Building chiller system**

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**THAT**

Consistent with provisions of MCA 90-4-1114(1) and BOR Policy 1003.7, the Board of Regents authorizes Montana State University to proceed with an Energy Performance Contract for the replacement of the chiller system at the Strand Union Building on the MSU Bozeman Campus. This authorization is for up to \$1,250,000.

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**EXPLANATION**

1. The programs, services and amenities provided to student and the university community by MSU's Stand Union Building (SUB) contributes to student success and retention. Existing cooling systems serving the facility have exceeded their useful life expectancy and require update and modernization to meet current student, university, and community demands.
2. Montana State University looks to replace the existing chiller unit and associated system components with a new energy efficient chiller system to improve energy performance, reduce maintenance support costs, and enhance cooling system performance for the Strand Union Building.
3. The existing chiller and associated systems are outdated, have exceeded their life expectancy and are subject to extensive maintenance and repair due to failing system components. The replacement will improve services and functionality for the building occupants and visitors.
4. The Chiller system replacement will improve system performance levels and reduce energy consumptions resulting in cost savings for the Auxiliaries operations budgets.
5. This project will be performed under an Energy Performance Contract (EPC) in accordance with State protocols for EPC delivery methods.
6. The project will be financed with a combination of non-state funds from:
  - Auxiliary Operations Revenues (Renewal and Replacement Budget) in excess of debt service obligations and
  - Student facility fees in excess of debt service obligations; the use of such fees for this project is supported by student government.

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**ATTACHMENTS:**

Attachment #1 - BOR Policy: Physical Plant B Section 1003.7