

**ITEM 153-1001-C1211**

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

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**THAT**

Consistent with the provisions of MCA 18-2-102, 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.

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**EXPLANATION**

The Board granted approval for The University of Montana-Missoula to construct the Gilkey Executive Education 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, a classroom 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:

- \$4,976,522 from private gifts (53.51% of the total)
- \$3,000,000 from internal and Intercap loan proceeds. Lease payments made by the UM Foundation will repay these loans (32.26% of total)
- \$ 920,573 from Student Building Fees (9.9% of the total)
- \$402,905 from institutional fund balances (4.33% of total)

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.

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**ATTACHMENTS**

Board Item 128-1012-R0905  
Letter of Intent to Lease

This authority request is for an amount greater than \$150,000, which requires the following additional information:

(a) Project Description:

The work performed under this authority encompasses the construction of Executive Education Center which will also house the UM Foundation offices.

(b) Cost Estimate and Funding Sources:

Construction	\$7,503,345.00
Architectural Fees and Project Administration	\$ 962,350.00
Contingency	\$ 380,000.00
Equipment	\$ 275,000.00
Other Project Related Expenses	<u>\$ 179,305.00</u>
PROJECT TOTAL	\$9,300,000.00

(c) Programs Served, Enrollment Data, Projected Enrollments:

This Executive Education Center will allow the school to narrow the gap between theory and practice by supplementing classroom education with firsthand experiences from top business executives. UM's business school already is taking an active role in incorporating executive education into its curriculum.

(d) Space Utilization Data:

The work completed under this authority will provide approximately 31,548 square feet of new space that is not currently available on campus.

(e) Projected Use for Available Residual Space:

(Not applicable to this request)

(f) Projected O&M Costs and Proposed Funding Sources:

O&M costs for this facility are projected to be \$311,694 for the first full year of operation in FY 2014.

No state funds will be used in supporting the O&M costs.