

Attachment #1 – Additional Justification

Additional information is attached as this project request is for an amount greater than \$150,000.

(a) Project description:

The work performed under this authority repairs the original 1960's mechanical/electrical systems for the SUB and portions of Rimrock Hall.

(b) Cost Estimate and Funding Sources:

The project costs will be approximately \$2,000,000 to replace the 50 year old equipment with modern, code compliant and energy efficient equipment. MSU Billings will seek an INTERCAP loan for \$1,500,000 to fund the costs of the equipment. Auxiliary operations revenues in excess of debt service obligations will be used to fund the additional \$500,000. Auxiliary building fees for the East campus will be pledged as repayment source for the loan.

INTERCAP loan payments financed at 4.67% for 15 years would equate to annual payments of \$141,308. The loan will be repaid with net pledged auxiliary revenues in excess of debt service obligations, which include the East campus auxiliary building fees.

Projected annual auxiliary building fee net revenues available to pay debt service for FY12 through FY15 are as follows:

FY12: \$185,000
FY13: \$204,000
FY14: \$203,000
FY15: \$200,000

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

(Not applicable to this request)

(d) Space Utilization Data:

(Not applicable to this request)

(e) Projected use for available residual space:

(Not applicable to this request)

(f) Projected O&M Costs and proposed funding sources:

Historic O&M costs will be substantially reduced by not having to make frequent repairs to obsolete equipment. All O&M costs to support these systems are funded by fee revenues from non-state accounts.