

Contact: Joan Racki

**IOWA STATE UNIVERSITY – JACK TRICE STADIUM SCOREBOARD AND  
SOUND SYSTEM – REVISED PURCHASE**

**Action Requested:** Consider Iowa State University's request to increase from \$4,000,000 to \$5,000,000 the authorized purchase cost of a new video scoreboard and sound system from Daktronics, Inc. for Jack Trice Stadium.

**Executive Summary:** At its October 2010 meeting, the Board authorized Iowa State University to proceed with the purchase of a new video scoreboard and sound system for Jack Trice Stadium from Daktronics, Inc., at a cost of up to \$4,000,000, subject to completion of satisfactory negotiations with the firm. The Board also authorized the University to enter into a financing agreement for the purchase, subject to necessary approvals by the Board Office.

Included in the video scoreboard/sound system package would be the installation of an enhanced video scoreboard and sound system, the required support structure, and necessary infrastructure improvements to support the operation of the new video scoreboard/sound system.

Since Board approvals at the October 2010 meeting, the University has been working with Daktronics to finalize the purchase. The University now requests an increase in the authorized not-to-exceed cost from \$4,000,000 to \$5,000,000. The increased cost is due primarily to an increase in the projected costs to erect the structure which will support the new video and sound system above the Richard O. Jacobson Building.

The University plans to finance the purchase of the video scoreboard and sound system. Based upon an estimated taxable interest rate of 5.9% and a ten-year financing period, the annual payments would be approximately \$675,000. The financing would be taxable since the display of advertising would be considered to be a "private business use." According to federal requirements, no more than 10% of the proceeds of a tax-exempt financing can be used for private activity purposes. Funding for the payments would come from contractually guaranteed funds received from the amended Athletics Department's multi-media marketing rights agreement with Learfield Communications, Inc., dated June 11, 2010. The University reports that the incremental rights fees it will receive are sufficient to pay the debt service and that the firm of Convention, Sports and Leisure (CSL) has independently reviewed the financial performance and indicated that there is sufficient financial coverage to meet the projected debt service obligation. No general university support or increased student fees would be used as a revenue source for financing this project or to fund operating and maintenance costs.