

Contact: Joan Racki

REGISTER OF UNIVERSITY OF NORTHERN IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Actions Requested: Consider the following approvals for the **Apartment Housing – Phase 1** project, a major capital project as defined by Board policy:

1. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment A);
2. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration;
3. Approve the schematic design, project description and budget (\$19,490,000), financing plan for the project, and adoption of a Resolution authorizing the Executive Director to fix the date(s) for the sale of up to \$17,000,000 Dormitory Revenue Bonds, Series U.N.I.

(ROLL CALL VOTE)

Executive Summary: The **Apartment Housing – Phase I** project would provide additional housing for 204 residents to meet the needs of junior and senior students, while enhancing the housing inventory with the first phase of a new apartment community. The current dormitories are, on average, forty-nine years old. The facility would include a mix of two and four-person apartments with single occupancy bedrooms, in addition to code required single occupant studio apartments for physically disabled students. The apartments will include a living room, kitchen, single bedrooms and one bath per two residents. This complex will also provide a community lounge, exercise room, study areas and mailboxes. These support areas are planned to also serve future phases of apartment housing.

The trend at the University of Northern Iowa shows a higher percentage of students living on campus and higher occupancy rates for the system. The occupancy rate for FY 2009 and FY 2010 was 94.9% and is projected at 94.1% for FY 2011. Two market studies completed by Brailsford & Dunlavey and InVision (2004) and Anderson Strickler, LLC (2007) support the need for additional housing. The latest market study indicated a demand for 650 apartment style beds, with students moving from off-campus to on-campus housing, based upon their responses to the survey questionnaire.

The apartment housing would respond to market demand expressed by students for additional housing options on campus and enhance the academic success of students, while achieving a minimum of LEED silver certification for sustainability and consideration of long-term operational and maintenance costs. The schematic design booklet for the Phase 1 project is included with the Board's agenda materials.

Financing Plan: The project cost of \$19,490,000 would be financed by proceeds from the sale of Dormitory Revenue Bonds (\$13,700,000) and Residence System Improvement Funds (\$5,790,000). In developing the financing plan, the University made the following assumptions:

- Apartment and residence hall occupancy: Apartment occupancy is forecast to increase from 350 in FY 2010 to 550 when the new apartments are available in August 2012. Residence hall occupancy is forecast to decrease from 4,369 in FY 2010 to 4,245 in FY 2013, with occupancy of 4,198 from FY 2014 - FY 2024.
- Residence hall, meal, and apartment housing rate increases: 3.5 percent annually.
- Cost increases: Professional & scientific annual salary increases of 3.5 percent and Regents Merit System annual salary increases of 4.0 percent; utility costs will increase 4.0 percent annually, food costs will increase 3.0 percent annually, and repairs and other items will increase 1.0 percent annually.
- Dormitory Revenue Bonds to be issued would have 20 maturities with an estimated annual debt service of \$1.1 million, based upon a true interest cost of 4.06 percent.

A proforma through FY 2016 for the Residence System, including the sale of the proposed bonds, is included as Attachment B. The proforma for years FY 2017 to FY 2024 is available from the Board Office.

After receipt of the financing plan, the Board is asked to consider adoption of a resolution authorizing the sale of Dormitory Revenue Bonds to partially finance the project.

Apartment Housing – Phase I

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		August 2009	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		August 2009	Received Report
Design Professional Agreement InVision Architecture (Waterloo, IA)	\$ 1,452,000	Dec. 2009	Not Required*
Program Statement		Feb. 2010	Not Required*
Schematic Design		April 2010	Requested
Project Description and Total Budget	19,490,000	April 2010	Requested
Financing Plan		April 2010	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		April 2010	Receive Report

*Approved by Executive Director consistent with Board policy

The Phase 1 building is designed with four stories to compliment the scale of the adjacent six story residence halls. The primary exterior material will be face brick with stone trim. The roof would be sloped to provide a residential appearance. Aluminum windows will be strategically located to provide views for residents and natural light to interior spaces, while maintaining a sense of privacy for residents. The building is segmented into smaller “houses” with bridge-like links to reduce the apparent size of a 204 bed facility, while maintaining the efficiency, convenience and security of a large building. The links would be used for resident study areas and to provide dynamic views of courtyards and the campus.

In addition to the 60 apartment units, Phase 1 includes a community center, with spaces for community wide recreation, entertaining, mail, fitness and meetings. An archway through the center of the Phase 1 building will encourage residents living in future phases to pass by these community spaces on their way to academic buildings and the Redeker Dining Center.

The University envisions bidding the project in October 2010, with substantial completion by May 2012, with occupancy for the 2012-2013 academic year.

The evaluation criteria for the project are included as Attachment A to this agenda item.

The following table compares the square footage of the schematic design with the approved program:

	<u>Mar. 2010 Program</u>	<u>Apr. 2010 Schematic</u>	<u>Change (NSF)</u>
<u>Residents Units</u>			
Four-Bedroom / Two-Bath Units (40)	42,000	41,790	(210)
Accessible Four-Bedroom / Two-Bath Units (4)	4,600	4,500	(100)
Two-Bedroom / One-Bath Units (8)	5,200	5,240	40
Accessible Two-Bedroom / Two-Bath Units (4)	3,000	3,140	140
Studios (4)	<u>1,600</u>	<u>1,720</u>	<u>120</u>
Subtotal - Net Square Footage	56,400	56,390	(10)
<u>Building Support Spaces</u>			
Data Closets (4)	560	530	(30)
Housekeeping (4)	280	240	(40)
Laundries (4)	1,400	1,300	(100)
Trash / Recycling Rooms (5)	750	690	(60)
Studies (3)	1,320	1,290	(30)
Resident Director Apartment (1)	1,110	1,100	(10)
Loading Dock (1)	1,000	930	(70)
Data MDF (1)	120	200	80
Electrical (1)	200	205	5
Mechanical (1)	1,300	1,250	(50)
Break Room (1)	250	220	(30)
Furniture Storage (1)	300	285	(15)
Unprogrammed Basement (1)	<u>0</u>	<u>3,385</u>	<u>3,385</u>
Subtotal - Net Square Footage	8,590	11,625	3,035
<u>Area Community Spaces</u>			
Computer lab (1)	200	200	0
Office	150	165	15
Reception (1)	150	145	(5)
Fitness (1)	500	515	15
Meeting Room (1)	300	350	50
Main Room (1)	600	600	0
Kitchen (1)	200	225	25
Restrooms (2)	220	210	(10)
Lounge / Recreation (1)	<u>1,900</u>	<u>1,880</u>	<u>(20)</u>
Subtotal - Net Square Footage	4,220	4,290	70
Total Net Assignable Space	69,210	72,305	3,095
Anticipated Gross Square Feet	96,712	99,465	2,753
Anticipated Net / Gross Square Feet	71.6%	72.7%	

The outstanding debt of the Residence System is \$28,685,000 with principal payments totaling \$1,920,000 due on July 1, 2010. The Dormitory Revenue Bond covenants require that revenues minus expenses be at least 1.35 times the annual debt service. The University's proforma indicates a projected coverage of 2.35 times in FY 2013 to 11.81 times in FY 2024.

Project Budget

Construction	\$15,219,000
Design, Inspection and Administration	2,376,600
Furniture and Equipment	811,000
Artwork	97,450
Contingency	<u>985,950</u>
TOTAL	<u>\$19,490,000</u>
Source of Funds:	
Dormitory Revenue Bond Proceeds	\$13,700,000
Residence System Funds	<u>5,790,000</u>
TOTAL	<u>\$19,490,000</u>

Additional Information: Under the provisions of Iowa Code §§262.55 to 262.66, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements. Dormitory Revenue Bonds are secured by and payable solely from the net revenues from the operation of the dormitory system of the University.

A copy of the resolution authorizing the Executive Director to fix the date(s) for the sale of the bonds, which was prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. is available from the Board Office.

The resolution includes a provision permitting the Board to receive bids by means of both sealed and electronic communication; the receipt by electronic communication is consistent with the resolution adopted by the Board in November 2001 approving the electronic bidding procedures.

**Apartment Housing – Phase 1
Evaluation Criteria**

- 1. How does this project help fulfill the institution's mission and strategic plan?**
This project supports the institution's mission and strategic plan by providing safe and supportive living environments for students. The current inventory of dormitory rooms is housed in buildings which are, on average, forty-nine years old.

In order to meet the changing needs of students and to begin replenishing housing stock, apartment-style housing on central campus is needed. This is evidenced by two market studies. Apartments on campus will attract additional juniors and seniors to stay on campus.
- 2. What other alternatives were explored to meet the needs identified in number 1 above?**
A consultant was hired in 2004 to evaluate use of residence facilities. The consultant suggested spending \$9.5M to renovate an existing dormitory building and make it suite-style housing. The University decided not to pursue this option as it would end up with students in double rooms when the overwhelming demand is for single bedrooms. In addition, after renovation the project would operate at a loss of \$450,000. Instead the University spent about \$2M on the facility to provide single bedrooms and improved bathrooms meeting student demands. The building contributed over \$374,000 to the system in FY 2009.

A feasibility study was completed in 2008 showing a potential site for a 788 apartment community at a total estimated cost of approximately \$64M. In order to have manageable debt and to insure conservative growth, the project was divided into three phases.
- 3. When this project is completed, what facilities and total square footage will be abandoned, transferred, or demolished and how does this compare to the new or renovated square footage?**
Phase 1 of the project will not result in the immediate abandonment, transfer, or demolition of existing facilities.
- 4. What financial resources are available to build/remodel renovate the proposed capital project?**
Funding for this project will come from Residence System funds and bonding or similar financing backed by Residence System funds.
- 5. What resources are available to operate and maintain the proposed capital project without compromising current programs and operations?**
The source of funds used to support the operations and maintenance of this residential facility will be Residence System revenues.
- 6. Identification of any compelling external forces that justify approval of this capital project.**
None to our knowledge.

UNIVERSITY OF NORTHERN IOWA
Department of Residence
FY 2008 and FY 2009 Actual and FY 2010 - 2024 Pro Forma

Fiscal Year	actual	actual	2008-09	initial budget	revised budget	budget	2010-11	pro forma	occupancy				pro forma	pro forma	pro forma	
									2009-10	2009-10	2010-11	2011-12				2012-13
Hall Occupancy	4177	4372	4369	3830	4331	4305	4198	4198	4198	4198	4198	4198	4198	4198	4198	4198
Apartment Occupancy	351	351	350	350	350	350	350	350	350	350	350	350	350	350	350	350
Double Room Rate	\$6,268	\$6,790	\$6,960	\$6,960	\$7,120	\$7,369	\$7,894	\$7,894	\$7,894	\$7,894	\$7,894	\$8,170	\$8,170	\$8,456	\$8,456	\$8,456
Rate Increase Assumptions:																
Room				102.6%			102.3%		103.5%		103.5%		103.5%		103.5%	103.5%
Meals				102.6%			102.3%		103.5%		103.5%		103.5%		103.5%	103.5%
ROTH Room				102.0%			102.3%		103.5%		103.5%		103.5%		103.5%	103.5%
Apartment				102.0%			100.0%		103.5%		103.5%		103.5%		103.5%	103.5%
Contract Income	\$ 26,517,927	\$ 29,470,054	\$ 30,619,116	\$ 27,458,909	\$ 30,370,348	\$ 31,360,775	\$ 33,307,148	\$ 34,151,167	\$ 35,333,074	\$ 36,556,349	\$ 37,829,093	\$ 39,151,167	\$ 40,522,186	\$ 41,943,215	\$ 43,414,244	\$ 44,935,273
Other Income	\$ 5,523,694	\$ 6,126,360	\$ 5,489,293	\$ 5,319,583	\$ 5,489,293	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093
Interest Income	\$ 607,996	\$ 502,371	\$ 389,000	\$ 100,000	\$ 389,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
TOTAL REVENUE	\$ 32,649,617	\$ 36,098,785	\$ 36,497,409	\$ 32,878,492	\$ 36,497,409	\$ 36,077,441	\$ 37,067,868	\$ 39,014,241	\$ 39,858,260	\$ 41,040,167	\$ 42,263,442	\$ 43,536,717	\$ 44,810,000	\$ 46,083,273	\$ 47,356,546	\$ 48,629,819
P & S Salaries	\$ 2,279,920	\$ 2,472,966	\$ 2,456,082	\$ 2,568,938	\$ 2,456,082	\$ 2,578,649	\$ 2,668,902	\$ 2,797,540	\$ 2,895,454	\$ 2,996,795	\$ 3,101,683	\$ 3,210,571	\$ 3,320,460	\$ 3,430,348	\$ 3,540,237	\$ 3,650,125
Merit Salaries	\$ 2,441,636	\$ 2,547,715	\$ 2,661,326	\$ 2,720,406	\$ 2,661,326	\$ 3,028,571	\$ 3,149,714	\$ 3,350,945	\$ 3,484,983	\$ 3,624,383	\$ 3,769,358	\$ 3,914,333	\$ 4,059,308	\$ 4,204,283	\$ 4,349,258	\$ 4,494,233
Merit Hourly Wages	\$ 1,726,217	\$ 1,869,984	\$ 1,853,372	\$ 1,785,304	\$ 1,824,091	\$ 1,897,055	\$ 1,997,414	\$ 2,077,310	\$ 2,160,403	\$ 2,246,819	\$ 2,333,235	\$ 2,419,651	\$ 2,506,067	\$ 2,592,483	\$ 2,678,899	\$ 2,765,315
Overtime	\$ 68,643	\$ 76,042	\$ 79,068	\$ 79,068	\$ 73,394	\$ 75,412	\$ 78,428	\$ 81,566	\$ 84,828	\$ 88,221	\$ 91,750	\$ 95,279	\$ 98,813	\$ 102,347	\$ 105,881	\$ 109,415
Student Wages	\$ 3,526,896	\$ 3,635,697	\$ 3,767,039	\$ 3,738,695	\$ 3,734,634	\$ 3,759,554	\$ 3,836,754	\$ 3,863,449	\$ 3,891,079	\$ 3,919,675	\$ 3,948,270	\$ 3,976,866	\$ 4,005,462	\$ 4,034,058	\$ 4,062,654	\$ 4,091,250
Fringe Benefits	\$ 2,985,792	\$ 3,364,872	\$ 3,249,935	\$ 3,249,935	\$ 3,189,463	\$ 3,389,371	\$ 3,592,733	\$ 3,892,954	\$ 4,126,532	\$ 4,374,123	\$ 4,636,571	\$ 4,899,019	\$ 5,161,467	\$ 5,423,915	\$ 5,686,363	\$ 5,948,811
Subtotal	\$ 13,029,104	\$ 13,967,276	\$ 14,238,758	\$ 14,238,758	\$ 13,904,264	\$ 14,630,728	\$ 15,146,386	\$ 15,957,173	\$ 16,532,557	\$ 17,135,004	\$ 17,765,856	\$ 18,396,708	\$ 19,027,560	\$ 19,658,412	\$ 20,289,264	\$ 20,920,116
Repairs	\$ 1,296,697	\$ 1,463,412	\$ 1,885,321	\$ 1,725,310	\$ 1,843,125	\$ 1,861,556	\$ 1,926,570	\$ 1,945,836	\$ 1,965,294	\$ 1,984,947	\$ 2,004,700	\$ 2,024,453	\$ 2,044,206	\$ 2,063,959	\$ 2,083,712	\$ 2,103,465
Utilities	\$ 1,902,856	\$ 2,001,213	\$ 2,403,221	\$ 2,204,627	\$ 2,401,031	\$ 2,497,072	\$ 2,743,310	\$ 2,853,043	\$ 2,967,164	\$ 3,085,851	\$ 3,204,538	\$ 3,323,225	\$ 3,441,912	\$ 3,560,600	\$ 3,679,287	\$ 3,797,974
Food	\$ 4,355,093	\$ 4,724,618	\$ 4,547,415	\$ 4,644,560	\$ 4,837,457	\$ 4,966,513	\$ 5,078,428	\$ 5,201,735	\$ 5,357,787	\$ 5,518,521	\$ 5,679,255	\$ 5,839,989	\$ 6,000,723	\$ 6,161,457	\$ 6,322,191	\$ 6,482,925
Other	\$ 3,567,245	\$ 3,402,707	\$ 3,385,583	\$ 3,356,056	\$ 2,914,431	\$ 2,943,575	\$ 2,982,473	\$ 3,012,298	\$ 3,042,421	\$ 3,072,845	\$ 3,103,269	\$ 3,133,693	\$ 3,164,117	\$ 3,194,541	\$ 3,224,965	\$ 3,255,389
Subtotal	\$ 11,121,891	\$ 11,591,950	\$ 12,221,540	\$ 11,930,553	\$ 11,996,044	\$ 12,268,717	\$ 12,628,717	\$ 13,012,911	\$ 13,332,666	\$ 13,662,163	\$ 14,012,157	\$ 14,396,651	\$ 14,811,145	\$ 15,225,639	\$ 15,640,133	\$ 16,054,627
TOTAL EXPENSES	\$ 24,150,995	\$ 25,559,226	\$ 26,460,298	\$ 26,460,298	\$ 25,834,817	\$ 26,626,772	\$ 27,415,103	\$ 28,887,954	\$ 29,545,467	\$ 30,467,670	\$ 31,428,019	\$ 32,429,368	\$ 33,470,717	\$ 34,552,066	\$ 35,673,415	\$ 36,834,764
REVENUE OVER EXPENSE	\$ 8,498,622	\$ 10,539,559	\$ 6,418,194	\$ 10,662,592	\$ 9,450,669	\$ 9,652,765	\$ 10,312,793	\$ 10,572,498	\$ 10,835,423	\$ 11,095,128	\$ 11,354,833	\$ 11,614,538	\$ 11,874,243	\$ 12,133,948	\$ 12,393,653	\$ 12,653,358
Current Debt	\$ 3,290,448	\$ 3,285,136	\$ 3,280,803	\$ 3,280,803	\$ 3,280,803	\$ 3,234,672	\$ 3,229,066	\$ 3,250,316	\$ 3,255,522	\$ 3,259,445	\$ 3,277,795	\$ 3,282,601	\$ 3,287,407	\$ 3,292,213	\$ 3,297,019	\$ 3,301,825
Current + New Debt	\$ 3,347,122	\$ 3,347,122	\$ 3,347,122	\$ 3,347,122	\$ 3,288,050	\$ 4,104,751	\$ 4,328,628	\$ 4,351,254	\$ 4,355,930	\$ 4,356,762	\$ 4,374,685	\$ 4,379,361	\$ 4,384,037	\$ 4,388,713	\$ 4,393,389	\$ 4,398,065
Maximum Debt	\$ 2,54%	\$ 315%	\$ 192%	\$ 324%	\$ 216%	\$ 220%	\$ 235%	\$ 241%	\$ 247%	\$ 253%	\$ 259%	\$ 265%	\$ 271%	\$ 277%	\$ 283%	\$ 289%
Coverage Ratio	\$ 5,208,174	\$ 7,254,423	\$ 3,137,391	\$ 7,381,789	\$ 5,345,918	\$ 5,324,137	\$ 5,975,032	\$ 6,215,736	\$ 6,460,738	\$ 6,705,740	\$ 6,950,742	\$ 7,195,744	\$ 7,440,746	\$ 7,685,748	\$ 7,930,750	\$ 8,175,752
Net before Mandatory Transfers	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000
Mandatory Transfers	\$ 4,878,174	\$ 6,924,423	\$ 2,807,391	\$ 8,954,398	\$ 8,954,398	\$ 5,015,918	\$ 4,994,137	\$ 5,645,032	\$ 5,885,736	\$ 6,126,440	\$ 6,367,144	\$ 6,607,848	\$ 6,848,552	\$ 7,089,256	\$ 7,329,960	\$ 7,570,664
Net Transfer to System Fund	\$ 3,946,500	\$ 4,388,946	\$ 5,029,974	\$ 5,029,974	\$ 7,738,501	\$ 6,305,750	\$ 6,363,250	\$ 6,420,750	\$ 6,478,250	\$ 6,535,750	\$ 6,593,250	\$ 6,650,750	\$ 6,708,250	\$ 6,765,750	\$ 6,823,250	\$ 6,880,750
System Fund Balance-Beginning	\$ (3,200,000)	\$ (5,502,474)	\$ (5,783,000)	\$ (5,600,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)	\$ (5,783,000)
Transfer to Improvement Fund	\$ (651,263)	\$ (678,124)	\$ (711,507)	\$ (665,870)	\$ (665,669)	\$ (735,378)	\$ (767,199)	\$ (788,637)	\$ (811,692)	\$ (835,700)	\$ (859,708)	\$ (883,716)	\$ (907,724)	\$ (931,732)	\$ (955,740)	\$ (979,748)
Administrative Overhead	\$ 4,293,709	\$ 6,821,626	\$ 2,757,390	\$ 8,954,398	\$ 5,015,918	\$ 4,994,137	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032	\$ 5,645,032
Net Transfer from Operations	\$ 4,388,946	\$ 5,029,974	\$ 1,292,857	\$ 7,738,501	\$ 6,305,750	\$ 6,363,250	\$ 6,420,750	\$ 6,478,250	\$ 6,535,750	\$ 6,593,250	\$ 6,650,750	\$ 6,708,250	\$ 6,765,750	\$ 6,823,250	\$ 6,880,750	\$ 6,938,250
System Fund Balance-Ending	\$ 3,946,500	\$ 4,388,946	\$ 5,029,974	\$ 5,029,974	\$ 7,738,501	\$ 6,305,750	\$ 6,363,250	\$ 6,420,750	\$ 6,478,250	\$ 6,535,750	\$ 6,593,250	\$ 6,650,750	\$ 6,708,250	\$ 6,765,750	\$ 6,823,250	\$ 6,880,750