

A PRESENTATION OF THE SCHEMATIC DESIGN FOR THE HUMAN PERFORMANCE COMPLEX WILL TAKE PLACE AT THE JUNE MEETING

P&F 9

COMMITTEE MEMORANDUM

TO: Property and Facilities Committee Members
Board of Regents, State of Iowa

FROM: Joan Racki, Susan Anderson, and Sheila Doyle

DATE: June 1, 2005 *ASN*

SUBJ: University of Northern Iowa – Human Performance Complex

Recommended Action:

Consider and make recommendations to the Board regarding the University of Northern Iowa's following requests for the Human Performance Complex, a major capital project, as defined by Board policy:

- Approval of the business plan, which incorporates a plan of finance (pages 14 through 18) including authorization to borrow not more than \$2.25 million;
 - Approval of an agreement between the University of Northern Iowa and the Northeast Iowa Physical Therapy and Sports Medicine, L.L.C. (NIPTSM);
 - Approval in concept of the lease between the Board and NIPTSM, with the Board being asked to approve the actual lease at a later date;
 - Acknowledgement of receipt of the University's final submission of information to address the Board's capital project evaluation criteria (pages 10 through 13); and
 - Approval of the schematic design and project description and budget (\$6.95 million).
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Executive Summary:

The University of Northern Iowa requests a number of Board actions, as outlined above under the Recommended Action section of this memorandum, for the Human Performance Complex project, which would construct a 38,450 gross square foot facility and renovate 3,100 net square feet in the adjacent Wellness/Recreation Center at an estimated project cost of \$6.95 million.

The Complex would support the academic, research and public service programs of the School of Health, Physical Education and Leisure Services (HPELS). Two major programs would be housed in the Human Performance Complex – The Center for Healthy Youth Development and The Sport and Human Performance Center.

The Complex would provide space for the following programs of the University's Center for Healthy Youth Development: Camp Adventure Youth Services, Global Health Corps, National Program for Playground Safety, and Youth and Human Services Administration.

The Sport and Human Performance Center would provide opportunities to enhance the University's Athletic Training academic program and would effectively integrate the School's academic program and the Department of Intercollegiate Athletics sports medicine program into an Athletic Training Program operated by the School of HPELS.

The Sport and Human Performance Center would be further enhanced with the integration of space for Northeast Iowa Physical Therapy and Sports Medicine L.L.C., (NIPTSM) an Iowa limited liability company, whose members are Cedar Valley Medical Specialists, P. C., and Allen Memorial Hospital. The NIPTSM medical clinic would bring orthopedic surgeons, sports medicine physicians and physical therapists into the Center. NIPTSM would lease 7,500 net square feet from the University for a clinic, hydrotherapy and physical therapy space; rental income would help defray the costs for construction, and operation and maintenance of the space.

The Board is being asked to approve an agreement between the University and NIPTSM which includes a description of the facilities to be leased and details the services to be provided by NIPTSM. (The lease would be presented for Board consideration at a future date.)

The University has provided a business plan, including a plan of finance, for the construction, and operation and maintenance of the facility. The plan would require the borrowing of \$2.25 million for the project. Bond counsel has advised the University and the Board Office that Internal Revenue Service Regulations require the use of taxable, rather than tax exempt borrowing. Options for securing the most cost effective taxable financing are being explored.

A presentation of the schematic design for the Human Performance Complex will occur at the June Property and Facilities Committee meeting. Materials describing the design are included with the Committee's agenda materials.

Background:

The Board previously granted permission to proceed and approved the architectural agreement with Herbert Lewis Kruse Blunck, Des Moines, Iowa, and the program statement, for the Human Performance Center as a component of the McLeod Center and Human Performance Center project.

In April 2003, the Board received a report of the schematic design for both facilities; the designs were not presented for Board approval at that time since the business and financing plans for the projects had yet to be finalized.

Subsequent to the April 2003 meeting, the McLeod Center and Human Performance Center project was split into two separate projects.

The Board gave final approval to the schematic design and business and financing plan for the McLeod Center in November 2003; the project is currently under construction.

The Human Performance Complex would provide offices and laboratories for programs of the School of Health, Physical Education and Leisure Services (HPELS) and the Department of Intercollegiate Athletics, and office and clinic space to be leased by NIPTSM.

Included would be the following programs of the HPELS Center for Healthy Youth Development:

- Camp Adventure Youth Services Program, which provides opportunities for students to plan and implement model school services and youth development programs, while developing leadership and management skills and enhancing global awareness and cultural sensitivity.
- Global Health Corps Program, which trains students in providing public health programs to underserved communities with the goal of improving the well-being of at-risk populations through disease prevention and health promotion.
- National Program for Playground Safety, which provides research and a national clearinghouse for information on playground equipment with the goal of enhancing playground safety.
- Youth and Human Services Administration, which provides an academic leadership program dedicated to the improvement of programs and services for children and youth.

Analysis:

Construction of the proposed \$6.95 million Human Performance Complex (HPC) would, according to the University, enhance the newly established Athletic Training major and support a variety of outreach programs and services operated by the School of Health, Physical Education and Leisure Services (HPELS).

AGREEMENT WITH
NIPTSM

The University believes that the establishment of the public/private partnership between HPELS and the Cedar Valley medical community would provide for the development of a premiere academic program in the area of athletic training, health promotion and physical education.

When first proposed, the relationship sought with the medical community was offered on a competitive basis. A formal bid process was established, outlining the relationship and service desired. The University reports that all providers within the medical community were offered equal access to participate in the project.

Cedar Valley Medical Specialists, P.C. and Allen Memorial Hospital agreed to participate in the partnership.

The University has requested that the Board approve an agreement between it and the Northeast Iowa Physical Therapy and Sports Medicine, L.L.C. (NIPTSM), whose members are Cedar Valley Medical Specialists, P.C. and Allen Memorial Hospital.

The proposed facility includes 7,500 net square feet of space which would be rented by NIPTSM and used as a clinic and support space.

- The lease for the space has been agreed to in principle by NIPTSM and would be presented for Board approval at a later date after construction of the Human Performance Complex begins.

Under the terms of the Agreement, NIPTSM will provide physical therapy and sports medicine/athletic training services. The specific services to be provided are detailed in the Agreement, which is available from the Board Office.

With regard to any activity relating to the University of Northern Iowa, under the terms of the Agreement, the physicians and therapists of NIPTSM will serve as volunteers contributing their knowledge, expertise and time to the academic program of the University.

Under the terms of the Agreement, NIPTSM has agreed to indemnify, defend and hold harmless the State of Iowa; the Board of Regents, State of Iowa; the University of Northern Iowa; and their officers, employees and agents for and from any and all claims, damages or causes of action caused by any of NIPTSM's employees, students, agents, contractors, patients or invitees relating to NIPTSM services or their use of UNI facilities.

The Agreement, which has been reviewed by the Board Office and the Attorney General's Office, is a key element of the business plan for the Human Performance Complex.

BUSINESS PLAN	The University has developed a business plan to provide for the construction, and operation and maintenance of the Human Performance Complex. This plan is included on pages 14 through 18 of this memorandum.
Financing Construction	The University proposes a number of sources of funds for construction: These are summarized on Attachment A, pages 1 – 3, to the Business Plan (see pages 19 – 21 of this memorandum).
Foundation Funds	Foundation funds, including paid costs to date and gift income received as of April 30, 2005, total \$1,377,723; pledges totaling \$50,200 are payable by September 2005. The Foundation has committed \$2,500,000 to the project; at its April 29, 2005 meeting, the Board of Trustees of the UNI Foundation voted to authorize its president and secretary to sign a funding agreement in the amount of \$2,500,000 to guarantee the payment of the HPC gift income to the Board of Regents. Gift income in the amount of \$111,176 remains to be raised.
Federal Grant	The University has secured a federal grant from the Health Resources and Services Administration of the U.S. Department of Health and Human Services in the amount of \$1,772,077. The grant is restricted to constructing the HPELS portion of the Human Performance Complex.
Institutional Funds – Cash on Hand	<p>Currently available institutional funds to be contributed to construction of the project include \$250,000 in HPELS funds and \$1 million from the building (and equipment) use allowance portion of the University's negotiated indirect cost rate on Federal grants and contracts. According to the Federal Office of Management and Budget Circular A-21, use allowances must be used to acquire, repair, renovate, or improve buildings or equipment directly used for organized research.</p> <p>Institutional funds from the general fund building repair budget would be provided in the amount of \$125,000 in both FY 2006 and FY 2007. The University believes that the use of this source of funds is appropriate since the project includes the renovation of 3,100 square feet within the Physical Education Center built in 1970.</p>
Need for Borrowing	<p>Since the projected cash flow from gift revenue and other sources of funds extends beyond the 15-18 month construction period for the project, the University must borrow \$2.25 million to pay construction invoices as they arrive. (The University's calculations of needed borrowing are included on Attachment A, page 3 of the Business Plan.)</p> <p>The Board's bond counsel has advised the University and the Board Office that due to the fact that the square footage to be occupied by NIPTSM exceeds 10% of the square footage to be constructed, and because more than 10% of the debt service would be paid from rental income, taxable financing, as opposed to tax-exempt financing, is required.</p>

NIPTSM Rent	<p>The University has negotiated an agreement with NIPTSM to provide \$173,750 per year for ten years to lease approximately 7,500 square feet of space in the HPC. The annual lease payment, which will be increased annually based on the increase of the Consumer Price Index – All Urban Consumers, would be used for debt service payments on funds to be borrowed and for operating costs of the facility.</p>
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Operating Fund - Revenue	<p>Included as Attachment A, page 4 to the University's Business Plan (page 22 of this memorandum) is a pro forma statement of revenue and expenditures.</p> <p>In addition to its rent, NIPTSM will reimburse the University \$22,500 per year for operating expenses based on \$3.00 per square foot. This sum will increase as the University's costs increase.</p> <p>The School of HPELS will provide a portion of its grant and contract incentive funds revenue in the initial amount of \$52,890 per year.</p> <p>The University has determined that 50% of the HPC will be devoted to academic support space and that the general fund should pay for the operating costs of that portion of the facility.</p>
Operating Fund - Expenses	<p>The University projects operating expenses of \$114,436 per year in the first year based upon a 38,450 gross square foot facility. Of that amount, \$21,073 is the estimated, non-recurring cost, resulting in a recurring cost of \$93,363 for custodial, supplies and services, and utilities; operating costs would increase as the University experiences increases in labor, supplies and services, and utility costs.</p>
Pro Forma – Financial Statement Including Repayment of Borrowed Funds	<p>The pro forma statement of revenue and expenditures projects increases at 4% annually, for a 12 year period ending June 30, 2017. The pro forma also includes pledges from the UNI Foundation as well as estimated debt service payments for the funds to be borrowed.</p>
Non-Operating Items	<p>Non-operating items include the receipt of UNI Foundation pledges, the use of Income from Treasurer's Temporary Investments (interest earnings on unrestricted, non-general fund balances) as working capital, and the debt service payments on the funds to be borrowed.</p>
UNI Foundation Pledges	<p>UNI Foundation pledges to be received from October 2005 through FY 2010 total \$1,070,227.</p>
Treasurer's Temporary Investments	<p>The University reports on footnote 8 of the financial proforma that amounts loaned from Income from Treasurer's Temporary Investments (TTI) would be repaid. The dollar amounts from TTI are not included in the proforma and the operating fund balance, as presented, shows a negative balance of \$68,562 in FY 2006 and a negative balance of \$248,633 in FY 2007. The University reports to the Board Office that this amount will be repaid in FY 2008.</p>

Debt Service

For planning purposes, a taxable interest rate of 5.5 percent was assumed with \$2.25 million to be borrowed. With level debt service payments this would result in debt service payments of \$295,523 annually as shown on the pro forma, for total payments of \$2,955,229.

SCHEMATIC DESIGN

The Human Performance Complex would consist of a two-story facility constructed directly west of and adjacent to the Wellness/Recreation Center. The schematic drawings are included with the Committee's agenda materials.

The following are highlights of the interior design:

The facility would consist of two levels:

- Level 1 would house along the west wall in the northern portion of this level the medical clinic space and hydrotherapy area, both of which would be leased to NIPTSM.
 - The use of the hydrotherapy area would be shared by UNI and NIPTSM.
 - Existing adjacent space in the Wellness/Recreation Center, currently used for physical therapy and hydrotherapy, would be renovated solely for physical therapy use and would be leased to NIPTSM.
- The athletic training education program and athletic training rehabilitation services would be housed in the southern portion of this level along the west wall.
- A mechanical room would be located in the southeast corner.
- The first level corridor would connect with the Wellness/Recreation first floor corridor near the east wall of the mechanical room.
- A multi-purpose room/classroom would be constructed south of the mechanical area, subject to the receipt of favorable bids. (This would be bid as an add alternate.)
- Level 2 would house along the west wall the office areas for the Global Health Corps, National Program for Playground Safety, Youth and Human Services Administration, and Camp Adventure, and a multipurpose room.
 - Restrooms and storage areas would be located in the southeast corner.
 - A seminar/conference area would be constructed south of the restrooms/storage area, subject to the receipt of favorable bids. (This would be bid as an add alternate.)

The following are highlights of the exterior design:

The building would be constructed with flush-seamed metal panels and a combination of both clear and translucent windows. These materials, which are consistent with the existing Wellness/Recreation Center, UNI-Dome and McLeod Center, would serve to aesthetically unify the buildings, while still providing a unique appearance for each building in the complex.

Accessible entrances to the facility would be provided at the north and south.

The roof would feature a low-sloped design constructed of a rubber membrane material.

- The rubber membrane material was selected for its durability and life expectancy (approximately 20 years).

Parking

The existing parking lot located west of the Wellness/Recreation Center would be expanded to the north to provide additional parking areas; this work would be funded by parking funds rather than the project budget.

Schedule

The University plans to bid the project in late summer 2005; the anticipated completion period is 15 to 18 months.

Square Footage
Table

The following table compares the detailed square footages for the schematic design with the square footages in the approved building program.

Detailed Building Program

	<u>Building Program</u>	<u>Schematic Design</u>		
		<u>New Construction</u>	<u>Renovation</u>	
HPELS Center for Healthy Youth Development	11,140	13,600		
<u>HPELS Athletic Training and Intercollegiate Athletics Sports Medicine Programs</u>				
Strength and Conditioning	9,800	0		
Athletic Training/Physical Therapy	7,880			
Athletic Training/Rehabilitation Services		3,150		
Shared Hydrotherapy*		1,250		
Physical Therapy* (renovation of Wellness/Recreation Center)				3,100
Athletic Training Education Program	2,890	4,300		
Medical Clinic*	<u>2,500</u>	<u>3,150</u>		
Total Net Assignable Space	<u>34,210</u>	<u>25,450</u>	<u>3,100</u>	nsf
Total Gross Square Feet		<u>38,450</u>		
Net-to-Gross Ratio (schematic new construction) = 66%				
<u>Add Alternates</u>				
Multi-Purpose Room/Classroom		2,200		nsf
Seminar/Conference Area		2,150		nsf

* Space to be Leased as Identified in Agreement:

Clinic	3,150	
Shared Hydrotherapy	1,250	
Physical Therapy (renovation of Wellness/Recreation Center)	<u>3,100</u>	
TOTAL LEASED SPACE	<u>7,500</u>	nsf

Project Budget

Construction	\$ 5,630,000
Design, Inspection, and Administration	584,000
Furniture and Equipment	348,000
Artwork	34,750
Contingencies	<u>353,250</u>
 TOTAL	 <u>\$ 6,950,000</u>
 Source of Funds:	
Private Funds	\$ 2,500,000
Federal Funds	1,772,077
Rental Income	1,177,923
Institutional Funds	<u>1,500,000</u>
	 <u>\$ 6,950,000</u>

Evaluation
Criteria

Since the project meets the Board's definition of a major capital project, the University has provided the following information in response to the Board's evaluation criteria.

Institutional
Mission/Strategic
Plan

The proposed Human Performance Complex supports the University of Northern Iowa and College of Education's (COE) Strategic Plans in multiple ways. Conceptually, the building is focused on 1) supporting the academic athletic training program; and 2) providing space for programs related to healthy youth development including the academic programs in Leisure, Youth and Human Services, and Health Promotion and Education. The second function combines, in synergistic fashion, office, classroom, and workspace for academic programs in Youth and Human Services and programs such as Camp Adventure Youth Services, Global Health Corps, and the National Program for Playground Safety.

Specifically, the Human Performance Complex supports UNI's 2001 - 2006 Strategic Plan by providing additional space and enhanced office, classroom, and work space for faculty, professional and scientific staff, and students. It will enable several programs to be enhanced and build greater global awareness and citizenship (UNI Goal 1, "Provide intellectually stimulating and challenging experiences for students that broaden and deepen their perspective and awareness"; Objective 1.5, "Build on excellence in graduate programs"; and Objective 1.7, "Enhance global awareness and a sense of global citizenship among all UNI students"). The HPC will provide enhanced space for student scholarship and scholarly efforts, extension of experiential learning opportunities, and improve program excellence. The facilities will support creative and intellectually rigorous teaching and scholarship by generating opportunities for enhanced quality of teaching, research, and creative activity (UNI Goal 2, "Support creative and intellectually rigorous teaching and scholarship"; Objective 2.1, "Generate increased opportunities for faculty to enhance the quality of their teaching"; and

Objective 2.2, “Generate increased opportunities for faculty to enhance the quality and quantity of their research and creative activity”). The HPC will provide a venue to increase collaborative efforts, strengthen faculty research and scholarly efforts, and improve the quality of instruction by creating demonstration sites and laboratories.

The University’s Strategic Plan calls for expanding involvement in critical local, state, national and global needs that enrich educational experiences (UNI Goal 3, “Expand the involvement of the University in addressing critical local, state, national and global needs that also enrich the educational experiences offered by the University”; Objective 3.3, “Serve the state and region through applied research, service and economic development services”). More specifically, the HPC through its various outreach programs in multiple areas will enhance the quality of services, as well as economic development in communities throughout the state, nation and also internationally. Many of the programs result in direct immediate application. Several of the programs are accredited by bodies such as the Commission on Accreditation of Allied Health Education Programs (Athletic Training) and the American Association for Leisure and Recreation/National Recreation and Park Association’s Council on Accreditation (Leisure, Youth and Human Services) and the development will support the provision of high quality facilities for program implementation. Certainly the HPC will enable not only the expansion of existing programs but the establishment of new programs that reflect the changing needs of Iowa and the nation.

The improvement of physical resources is also called for in UNI Goal 7.0, “Continue to improve capital, physical, and informational resources at the University.”

Last, as the programs to be located in the HPC are of extreme high visibility, participant interest, awareness and involvement will be greatly enhanced. The partnership with the Cedar Valley medical community relates directly to UNI Goal 8.0, “Establish strong, mutually beneficial relationships with external constituencies.”

Other
Alternatives
Explored

Initial planning for the complex involved reviewing several options. First, several of the programs related to youth were considered as potential occupants in the renovated East Gym project. This idea was rejected as it would not promote the synergistic goal sought in linking the facility to the current academic, recreation and intercollegiate athletics facilities distilled in the West Campus area. A significant goal of the project was to find ways to integrate all facilities related to the above areas in such a way as to promote greater efficiency and use in operations. The University has also sought access to other University-owned facilities such as houses located adjacent to academic resources. Such facilities have proven to be inadequate and/or too costly to upgrade for use.

The current plan for the development of the Human Performance Complex builds upon previous planning documents that date to the mid-1970s. Construction of the Human Performance Complex continues the vision established as the UNI-Dome was developed. Original plans

called for creation of classroom space, offices, and other areas in support of academic, recreation, and intercollegiate programs. The main value of the development of the facility in addition to providing needed space is that it integrates existing facilities, promotes synergistic collaborative activities among faculty and students, and encourages greater efficiencies in terms of use, upkeep, and control of resources.

Impact on Other Facilities and Square Footage

This facility will provide much needed space for several University programs. The School of Health, Physical Education, and Leisure Service's Center for Youth Development encompasses 13,600 nsf, allowing Camp Adventure, Global Health Corps, National Program for Playground Safety, and the R.J. McElroy professor of youth leadership to consolidate in one location, increasing the efficiency of operating the programs. An athletic training/rehabilitation services space of 3,150 nsf and 4,300 nsf for athletic training education program will be created. A critical component of the facility is the clinic being incorporated at 3,150 nsf, 1,250 nsf for shared hydrotherapy space, along with 3,100 nsf of physical therapy space in the existing Wellness/Recreation Center.

Completion of this project will relieve space pressures currently experienced in the Wellness/Recreation Center and allow Camp Adventure to move from the house they currently occupy to a more appropriate office location on campus.

Financial Resources for Construction Project

The business plan for this facility is being submitted concurrently with the request for Schematic Design and budget approval. The Human Performance Complex is an academic facility. The project budget of \$6.95 million will be funded from a variety of sources including private gifts, borrowed funds, federal grant, and institutional funds (building repairs, building use allowance, and HPELS departmental funds).

Financial Resources for Operations and Maintenance

The source of funds used to support debt service and the cost of operating and maintaining the facility will be space rental income, operating expense reimbursement, HPELS indirect cost incentive funds and general educational fund support. GEF support relates to the academic support space in the facility.

External Forces

Approximately \$1.8 million of Federal funding that has been secured for this project requires construction to begin within 12 months of the grant approval. Fundraising for this project has been very successful.

A key element to the success of this project is a community partnership linking UNI with Allen Memorial Hospital and Cedar Valley Medical Specialists, PC (Northeast Iowa Physical Therapy and Sports Medicine, LLC).

As indicated, the plan calls for the establishment of a public-private partnership between the School of HPELS and the Northeast Iowa Physical Therapy and Sports Medicine, LLC. The University has negotiated an agreement with the Northeast Iowa Physical Therapy and Sports Medicine, LLC to provide \$173,750 per year in rent for 10 years for a total commitment of \$1,737,500, which is available for debt service

and operation and maintenance costs of the facility. The rental income is subject to acceleration with the Consumer Price Index – All Urban Consumers. Assuming 2.5 percent of annual inflation, total revenue is assumed to be \$1,946,588.

The HPC, as an educational program, can be effectively enhanced if students are provided with an uninterrupted view of prevention, triage, diagnosis, coordination of therapy, follow-up, and further preventative efforts. This continuity of care is especially important in the field of athletic training. Establishing a partnership with a private medical group will enable the project in many ways.

The establishment of the public/private partnership will provide for the development of a premiere academic program in the area of athletic training, health promotion, and physical education. It is anticipated that the partnering medical group will play an active part in the accreditation of the program.

Fundraising for this project has been very successful. The University of Northern Iowa Foundation has secured multi-year pledges from supporters across the region, state, and nation in the approximate amount of \$2,385,000.

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University of Northern Iowa
Human Performance Complex
Business Plan
June 10, 2005

THE PROGRAM

A new \$6.95 million Human Performance Complex (HPC) will enhance the newly established Athletic Training major and support a variety of outreach programs and services operated by the School of Health Physical Education and Leisure Services (HPELS). A key element in the facility is a community partnership linking UNI with Northeast Iowa Physical Therapy and Sports Medicine (NIPTSM), an Iowa limited liability company consisting of two members: Allen Memorial Hospital and Cedar Valley Medical Specialists, PC. NIPTSM is a new joint venture between the two medical providers that was created to work with HPELS.

The Human Performance Complex will serve primarily to support the academic, research and public service programs of the School of HPELS. The Complex will effectively integrate the School of HPELS' academic program and the Department of Intercollegiate Athletics sports medicine program into an Athletic Training Program operated by the School of HPELS. The Athletic Training Program will be operated in a partnership with the Cedar Valley medical community. The programs in the facility will complement one another in such a way as to enhance both athletic training and athletic training education. The plan for the facility calls for the development of a 38,450 gross square foot addition to the west side of the Wellness Recreation Center and a 3,100 square foot renovation project in the Wellness Recreation Center (in the Physical Education Center portion constructed in 1970.)

As indicated, the plan calls for the establishment of a public-private partnership between the School of HPELS and the Cedar Valley medical community. The HPC, as an educational program, can be effectively enhanced if students are provided with an uninterrupted view of prevention, triage, diagnosis, coordination of therapy, follow-up, and further preventative efforts. This continuity of care is especially important in the field of athletic training. Establishing a partnership with a private medical group will enable the project in many ways.

To give all major medical providers in the area a chance to partner with the School of HPELS, a request for proposals was distributed. Allen Memorial Hospital and Cedar Valley Medical Specialists agreed to partner with the School of HPELS.

The establishment of the public-private partnership will provide for the development of a premiere academic program in the area of athletic training, health promotion, and physical education. It is anticipated that the partnership will provide opportunities for participating physicians to contribute teaching and mentoring support to the academic program. Further, it is anticipated that the partnering medical group will play an active part in the accreditation of the program.

Two major programs will be housed in the Human Performance Complex--The Sport and Human Performance Center and The Center for Healthy Youth Development.

The Sport and Human Performance Center will provide opportunities to enhance UNI's Athletic Training academic program, which currently offers opportunities at the Bachelors and Masters degree levels and involves nearly 100 students. It will provide opportunities for the Department

of Intercollegiate Athletics to integrate its sports medicine functions within the area. The area will be further enhanced with the integration of a medical clinic that will bring orthopedic surgeons, sports medicine physicians, and physical therapists into the Center.

The Sport and Human Performance Center will include: 1) an athletic training instructional area, 2) an athletic training research laboratory, 3) an athletic training room to support clinical instruction, and 4) clinical space for physical therapy and orthopedic consultation. This portion of the complex will provide students access to clinical experience in the areas of orthopedic surgery and physical therapy.

Offices of The Center for Healthy Youth Development will also be housed in the Complex. The Center will provide space for the following programs: 1) Camp Adventure Youth Services, 2) Global Health Corps, 3) National Program for Playground Safety, and 4) Youth and Human Services Administration.

THE POPULATION SERVED

The program will serve the Waterloo-Cedar Falls metropolitan area and counties in Northeast Iowa. The Human Performance Complex will be located on the campus of the University of Northern Iowa. The Waterloo-Cedar Falls metropolitan area population is 119,959 and is the fourth largest area of population in the State of Iowa. The combined population of all of the counties to be served by the project is 430,411.

THE UNIVERSITY OF NORTHERN IOWA'S EXPANDING ROLE IN IOWA HEALTH

UNI has long been known for preparing outstanding teachers, and it has drawn on its heritage and expertise in education to develop new programs preparing other service professionals. Many of these programs address the needs of children and youth and several of the most successful and fastest growing ones are found in UNI's School of Health, Physical Education and Leisure Services. The School's programs share a commitment to the enhancement of individual well being through promotion of physical, mental, and social development (wellness).

All UNI programs, but especially those in HPELS, stress experiential learning and require their students to gain professional experience through practica and internships. As a result, HPELS programs provide direct, health-related services to many persons in Iowa. Additionally, because about seventy percent of UNI students remain in Iowa following graduation, these programs provide many future health and wellness professionals for our state.

THE FACILITY

The Human Performance Complex (HPC) will be an addition to the Wellness Recreation Center. It will contain 25,450 net assignable square feet. New construction includes a Center for Youth Development, 13,600 square feet; an athletic training/rehabilitation services space, 4,400 square feet; an athletic training education program, 4,300 square feet; and a medical clinic, 3,150 square feet. Thirty-one hundred square feet in the existing Wellness Recreation Center will be renovated for physical therapy.

Approximately 7,500 square feet will be leased to NIPTSM. This includes the medical clinic, 3,150 square feet; physical therapy space, 3,100 square feet; and hydrotherapy space, 1,250 square feet. The hydrotherapy space represents 1,250 square feet of the 4,400 Athletic Training/Rehabilitation Services suite. NIPTSM has agreed to share the hydrotherapy space with the School of HPELS.

Programs in the HPC include the athletic training/physical therapy and medical clinic spaces on the first floor of the building. The Center for Healthy Youth Development offices, which consist of Camp Adventure Youth Services, Global Health Corps, National Program for Playground Safety, and Youth and Human Services Administration, are all located on the second floor of the building.

PLAN OF FINANCE

Construction Fund

The project budget for the Human Performance Complex (HPC) is \$6,950,000.

UNI Foundation, School of HPELS, and Intercollegiate Athletics staffs have been involved in securing gifts and project income for the HPC. The UNI Foundation has committed \$2,500,000 to the project. The Board of Trustees of the UNI Foundation voted on April 29, 2005 to authorize its President and Secretary to sign a funding agreement in the amount of \$2,500,000 to guarantee the payment of HPC gift income to the Board of Regents, State of Iowa. Gift income in the amount of \$111,176 remains to be raised.

The University negotiated an agreement with Northeast Iowa Physical Therapy and Sports Medicine ("the medical community") to provide \$173,750 per year for ten years to lease approximately 7,500 square feet of space in the Human Performance Complex. The annual lease payment will be used for debt service payments and operating costs of the facility. Lease income from Northeast Iowa Physical Therapy and Sports Medicine will begin in July 2007 when the facility is complete. Lease income will be increased annually based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U). The CPI-U increased by approximately 2.5 percent during the past decade.

A Federal grant has been secured from the Health Resources and Services Administration of the US Department of Health and Human Services in the amount of \$1,772,077. The University is able to draw federal grant funds electronically as needed to make progress payments to the construction contractor. The grant must be expended by May 31, 2007.

Institutional funds from the building repairs budget will be provided in the amount of \$125,000 in both fiscal 2006 and fiscal 2007.

While building repair funds are not normally used as a source of funds for construction projects, they are customarily used for renovation projects. The Human Performance Complex project includes the renovation of 3,100 square feet within the Physical Education Center built in 1970. \$250,000 of building repair funds equates to \$80.65 per square foot for the 3,100 square foot renovation.

Institutional funds in the amount of \$1,000,000 will be provided from the building use allowance. HPELS will contribute \$250,000 of departmental grant incentive funds.

Gift income, rental income, a Federal grant, and institutional and departmental funds, then, are available to construct the Human Performance Complex. Because the cash flow from rental income will not begin until the building is complete and because gift income is scheduled through fiscal 2010, the University must borrow \$2,250,000 to pay construction invoices as they arrive.

Bond counsel has advised the Board Office and the University that Internal Revenue Service regulations require the use of taxable, rather than tax exempt, borrowing for the Human Performance Complex since NIPTSM will rent more than ten percent of the net square feet in the Human Performance Complex.

Options for securing the most cost effective taxable financing are being explored. For planning purposes, a taxable interest rate of 5.50 percent was assumed. It is assumed a bank loan or taxable master lease transaction will be arranged. A ten-year amortization schedule with semi-annual payments was assumed. The University will work closely with the Board Office, bond counsel, and financial advisor in arranging the most cost effective taxable financing.

Operating Fund

As noted above, NIPTSM will pay the University \$173,750 per year to rent approximately 7,500 square feet of space in the Human Performance Complex. In addition, NIPTSM will reimburse the University \$22,500 per year for operating expenses based on \$3.00 per square foot. Lease payments will be increased by the CPI-U, while operating costs will be increased as the University experiences increases in labor, supplies and services, and utility costs. The School of HPELS will provide a portion of its grant and contract incentive funds revenue in the initial amount of \$52,890 per year. Because the Human Performance Complex is an academic support facility, the General Educational Fund will pay for the operating costs of the academic support areas of the facility. Academic support space is considered to be 50 percent of the facility.

First year operating expenses for the Human Performance Complex are estimated to be as follows:

Building opening cost	\$ 21,073
Custodial services	28,936
Supplies and services	6,921
Utilities	<u>57,506</u>
Total	<u>\$114,436</u>

Building operating costs were derived from APPA guidelines.

Non-operating items consist of gift income to be transferred to the Board of Regents, State of Iowa by the UNI Foundation in the amount of \$1,070,227 during Fiscal 2006 through Fiscal 2017 and debt service payments. Assuming taxable financing in the amount of \$2,250,000 at 5.50 percent interest, amortizing the loan over 10 years and making semi-annual payments, total debt service would be \$2,955,229. Revenue over expenditures and non-operating items would be \$395,726 for the initial lease of 10 years.

PROFORMA FINANCIAL STATEMENT

A pro forma statement of revenue and expenditures for the Human Performance Complex for the 12 years ended June 30, 2017 for building operations is attached. A combination of NIPTSM lease payments, NIPTSM expense reimbursement, incremental revenue from the School of HPELS, and General Educational Fund support of academic support space will fund operating costs and debt service payments of the Human Performance Complex. As stated above, revenue over expenditures and non-operating items would be \$395,726 for the 10-year term of the lease agreement.

APPROVALS REQUESTED

The University has demonstrated the fact that gift income and project revenue are adequate to construct and operate the Human Performance Complex for the ten-year construction loan.

The University requests the following actions:

1. Approval of this Human Performance Complex business plan, which incorporates a plan of finance and permission to borrow not more than \$2,250,000.
2. Approval of the Agreement between the University of Northern Iowa and Northeast Iowa Physical Therapy and Sports Medicine, L.L.C.
3. Approval of the schematic design and project budget of the Human Performance Complex.
4. Approval in concept of the lease between the Board of Regents, State of Iowa and Northeast Iowa Physical Therapy and Sports Medicine, L.L.C. (The Board will be asked to approve the actual lease after construction begins.)

Updated 05-24-2005

University of Northern Iowa
 Human Performance Complex
 Project Funding--Cash Flow by Year
 June 10, 2005

Date	UNI Foundation	NIPTSM (Medical Community) Rent	US HHS Federal Grant	Institutional Funds Building Repairs	Institutional Funds Building Use Allowance	Departmental Funds HPELS	Total	
04/30/05	\$ 1,106,523	-	-	-	1,000,000	250,000	2,356,523	Cash on Hand
04/30/05	271,200	-	-	-	-	-	271,200	Paid Costs
06/30/05	8,979	-	-	-	-	-	8,979	
06/30/06	122,270	-	633,919	125,000	-	-	881,189	Fall 05 Construction
06/30/07	115,452	-	1,138,158	125,000	-	-	1,378,610	May 07 Completion
06/30/08	356,600	105,140	-	-	-	-	461,740	July 07 Clinic Occupancy
06/30/09	354,350	107,769	-	-	-	-	462,119	
06/30/10	164,626	110,463	-	-	-	-	275,089	
06/30/11	-	113,224	-	-	-	-	113,224	
06/30/12	-	116,055	-	-	-	-	116,055	
06/30/13	-	118,956	-	-	-	-	118,956	
06/30/14	-	121,930	-	-	-	-	121,930	
06/30/15	-	124,978	-	-	-	-	124,978	
06/30/16	-	128,103	-	-	-	-	128,103	
06/30/16	-	131,304	-	-	-	-	131,304	
06/30/17	-	-	-	-	-	-	-	
	\$ 2,500,000	1,177,923	1,772,077	250,000	1,000,000	250,000	6,950,000	

Updated 05-24-2005

**University of Northern Iowa
Human Performance Complex
Project Funding--Cash Flow by Year
June 10, 2005**

**Attachment A
Page 2**

Notes:

1. Foundation gifts include a \$500,000 Challenge Grant awarded by the R. J. McElroy Foundation. The challenge has been met with the addition of more than \$1,000,000 of University Funds to the project. The pledge will be paid in F2007 after the McLeod Center pledge has been fulfilled.
2. The Board of Trustees of the UNI Foundation voted on April 29, 2005 to authorize its President and Secretary to sign a funding agreement in the amount of \$2,500,000 to guarantee the payment of gift income to the Board of Regents, State of Iowa. Gift income in the amount of \$111,176 remains to be raised.
3. A ten-year contract for \$173,750 per year has been negotiated with Northeast Iowa Physical Therapy and Sports Medicine, L.L.C., (NIPTSM). The annual lease payment will be used for debt service payments and operating costs of the facility. NIPTSM lease payments will be increased by the Consumer Price Index-All Urban Consumers on an annual basis. The cash flows reflected above show the lease payments increasing by 2.5 percent per year, which approximates inflation over the past decade.
4. A Federal grant in the amount of \$1,772,077 was awarded by the Health Resources and Services Administration of the US Department of Health and Human Services. According to the grant, "...for construction projects, funds may be drawn down as project costs are incurred, in the same proportion as the grant is to the projected total costs." The grant must be expended by May 31, 2007.
5. Institutional funds include building repair funds from the F2006 and F2007 budget years, funds on deposit from the building use allowance, and departmental funds.
6. While building repair funds are not normally used as the source of funds for construction projects, they are customarily used for renovation projects. The Human Performance Complex project includes the renovation of 3,100 square feet within the Physical Education Center built in 1970. \$250,000 of building repair funds equates to \$80.65 per square feet for the 3,100 square foot renovation.

Updated 05-24-2005

**University of Northern Iowa
Human Performance Complex
Computation of Amount of Borrowing
June 10, 2005**

Total cost of project	\$ 6,950,000
Less:	
Cash on Hand at April 30, 2005-Foundation Gift Income	1,106,523
Costs Paid by Foundation	271,200
Cash on Hand-Institutional Funds-Building Use Allowance	1,000,000
Cash on Hand-Building Repairs	250,000
Cash on Hand-Institutional Funds-Departmental Funds	250,000
Federal Grant-Funds Available via Letter of Credit	1,772,077
Pledges due by June 30, 2005	8,979
Pledges due July-September 2005	<u>41,221</u>
Amount of Borrowing	<u><u>\$ 2,250,000</u></u>
Purpose of Borrowing:	
To cash flow construction funded by UNI Foundation Pledges F2006-F2010	\$ 1,072,077
To cash flow construction funded by Medical Community Rent F2008-F2016	<u>1,177,923</u>
	<u><u>\$ 2,250,000</u></u>

Bond counsel has advised the Board Office and the University that Internal Revenue Service regulations require the use of taxable, rather than tax exempt, financing. Options for securing the most cost effective taxable financing are being explored. A request for proposals will be issued to obtain taxable financing in an amount not to exceed \$2,250,000. It was assumed the interest rate on a 10-year loan with semi-annual amortization will be 5.50 percent. The University will work closely with the Board Office, bond counsel, and financial advisor in obtaining cost-effective taxable financing.

Updated 05-24-2005

UNIVERSITY OF NORTHERN IOWA
Human Performance Complex
Pro Forma Financial Statement--Cost of Building Operation
Twelve Years Ended June 30, 2017

	Fall 2005 Construction F2006 Pro Forma	May-07 Completion F2007 Pro Forma	7/1/2007 Lease Begins F2008 Pro Forma	F2009 Pro Forma	F2010 Pro Forma	F2011 Pro Forma	F2012 Pro Forma	F2013 Pro Forma	F2014 Pro Forma	F2015 Pro Forma	F2016 Pro Forma	6/30/2017 Lease Ends F2017 Pro Forma	Total
Building Operation Revenue:													
Lease Payment--NIPTSM	\$ -	-	173,750	178,094	182,546	187,110	191,787	196,582	201,497	206,534	211,698	216,990	1,946,588
Operating Expense Reimb.--NIPTSM	-	-	22,500	23,400	24,336	25,309	26,322	27,375	28,470	29,608	30,793	32,025	270,137
Indirect Cost Incentive--HPELS	-	-	52,890	55,006	57,206	59,494	61,874	64,349	66,923	69,600	72,384	75,279	635,003
GEF Support of Academic Space	-	-	57,218	48,549	50,491	52,510	54,611	56,795	59,067	61,430	63,887	66,442	571,000
Total Revenue	-	-	306,358	305,048	314,579	324,424	334,594	345,101	355,956	367,172	378,761	390,736	3,422,728
Building Operation Expenditures:													
Building Opening Cost	-	-	21,073	-	-	-	-	-	-	-	-	-	21,073
Custodian Labor	-	-	28,936	30,093	31,297	32,549	33,851	35,205	36,613	38,078	39,601	41,185	347,409
Supplies and Services	-	-	6,921	7,198	7,486	7,785	8,097	8,420	8,757	9,108	9,472	9,851	83,094
Utilities	-	-	57,506	59,806	62,198	64,686	67,274	69,965	72,763	75,674	78,701	81,849	690,423
Total Expenditures	-	-	114,436	97,098	100,981	105,021	109,222	113,590	118,134	122,859	127,774	132,885	1,141,999
Building Operation Revenue Over Expenditures	-	-	191,922	207,951	213,597	219,403	225,372	231,510	237,822	244,313	250,987	257,851	2,280,728
Non-Operating Items:													
Foundation Pledges	79,199	115,452	356,600	354,350	164,626	-	-	-	-	-	-	-	1,070,227
Debt Service	(147,761)	(295,523)	(295,523)	(295,523)	(295,523)	(295,523)	(295,523)	(295,523)	(295,523)	(295,523)	(147,761)	-	(2,955,229)
Net	(68,562)	(180,071)	252,999	266,778	82,700	(76,120)	(70,151)	(64,013)	(57,701)	(51,210)	103,226	257,851	395,726
Operating Fund Balance--Beginning of Year	-	(68,562)	(248,633)	4,366	271,144	353,844	277,724	207,573	143,561	85,860	34,649	137,875	
Operating Fund Balance--End of Year	\$ (68,562)	(248,633)	4,366	271,144	353,844	277,724	207,573	143,561	85,860	34,649	137,875	395,726	

Notes:

- NIPTSM rental income will be increased on an annual basis by the Consumer Price Index-All Urban Consumers.
- NIPTSM will reimburse the University for operating expenses. The reimbursement in the initial year will be \$3.00 per square foot. The operating expense reimbursement will be increased annually when the University experiences increases in labor, supplies, and utility costs.
- The School of HPELS will provide \$52,890 from its indirect cost incentive funds beginning in fiscal year 2008 when the complex opens.
- The General Educational Fund will support the operating costs of academic space in the HPC, which was assumed to be fifty percent of the net square feet.
- Expenditures represent building operating costs of the Human Performance Complex. The operating costs were derived using APPA guidelines.
- The Board's financial advisor will size the debt service payments to take advantage of Foundation gift income as it becomes available.
- A request for proposals will be issued to obtain taxable financing in an amount not to exceed \$2,250,000. It was assumed the interest rate on a 10-year loan will be 5.50 percent. The University will work closely with the Board Office, bond counsel, and financial advisor to obtain cost-effective taxable financing. The financial advisor will be asked to size loan payments to efficiently use the cash flow from gift income.
- Treasurer's Temporary Investment Income balances will be used for working capital. All amounts loaned will be repaid.

Updated 05-24-2005