

**MEMORANDUM**

**To:** Banking Committee  
**From:** Board Office  
**Subject:** Report on Feasibility Study for University of Northern Iowa Proposed Event Complex  
**Date:** October 9, 2003

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**Recommended Actions:**

1. Receive the report of the feasibility study on the proposed business plan, including the assumptions for revenues and expenditures, for the Event Complex conducted by C.H. Johnson Consulting, Inc., of Chicago, Illinois.
  2. Request that the University provide to the Board a recommendation concerning the program enhancements proposed by C.H. Johnson Consulting, proposed sources of funds for any recommended enhancements, and how these enhancements would affect the design and budget for the facility.
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**Executive Summary:**

In July 2003, the Banking Committee was asked to review the University of Northern Iowa's report on the proposed business and financing plans for the Event Complex, including the University's understanding that construction of the Arena would not begin until funding has been secured in the amount of \$19.5 million.

The Banking Committee was also asked to consider providing recommendations to the Board and University regarding the proposed financing plan.

The Banking Committee recommended that a third-party feasibility study be obtained to validate the business plan estimates of operating revenues and expenses.

As a result of a Request for Proposal process, in which Board Office staff participated, the firm of C.H. Johnson Consulting of Chicago, Illinois, was selected to undertake the study.

Matthew Summy and David Stone of C.H. Johnson Consulting will attend the October Banking Committee meeting and provide a report on the feasibility study.

The executive summary of the report is attached to this memorandum.

The study, which includes a market analysis and estimates of demand for the Event Center as well as the projected financial performance, concludes:

- The Arena has the opportunity to become the area's premier mid-sized facility, which will keep it out of direct competition with the larger and smaller venues and will make the University more attractive to a larger universe of events.
- The Event Complex has the ability to be financially self-sufficient and exceed the minimum requirements for debt service coverage.
- The Consultant's Field House Enterprise Financial Projection is included as Table 5-10 of the report. (Section 5, page 23; also attached to this memorandum.) Salaries, wages and employee benefits are projected to increase at an approximate annual rate of 2.8%, while operating supplies and expense would increase by approximately 2.5%.
  - The Board Office notes that historically the salary, wages and benefit increases have been higher and questions whether the projected increases are high enough.
  - The University's pro forma submitted to the Banking Committee in July included a four percent annual increase in most revenues and expenditures.
- The report notes that mid-sized venues can be successful, but "the facility program must contemplate the end-user and the business model must be developed in tandem with the physical program to ensure that revenue producing features are available to support the product types and that calendar management is handled appropriately." (Section 4, page 24)

While the consultants have indicated that the Event Complex has the ability to be financially self-sufficient as currently designed, they are encouraging the consideration of several programming elements that would improve the competitive position of the Complex, improve its appeal to University sponsors and event promoters, and enhance the revenue potential for the Facility.

These elements, which are estimated by Johnson Consulting to cost a total of \$2.4 million with a projected annual gross yield of \$464,500 (\$2,322,500 over a five-year period), include the addition of kitchen and vendor services areas, seating with premium seats, team store / merchandising with box office, and retractable seating for the north end. The consultants did not provide a financial proforma which included these additional costs or additional, projected revenue.

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**Background:**

July 2003  
Banking  
Committee

At its July meeting, the Banking Committee was provided with potential conditions for consideration in its review of the proposed business and financing plans for the Event Complex.

The Banking Committee discussed a number of specific items and agreed to the following:

Student Financial  
Support

1. Student Financial Support – Student Fees
  - a. There will be no increase in the current Field House (UNI-Dome) student (building) fee, which is \$90 per academic year, to support construction or operation of the proposed Arena.
  - b. The student activities fee(s) for athletics can be used to secure the issuance of bonds for the Arena but are not to be used to finance the debt service or operational costs of the Event Complex.

General Fund  
Support

2. Academics - General University Support
  - a. There is to be further discussion between the Board Office and the University regarding the proposed annual two percent inflationary increase in general fund support for the operations of the Event Complex above the FY 2004 budgeted level (\$730,830).

Planning Issues

3. Planning Issues – A revised business and financing plan should be presented to the Banking Committee at a future date and should reflect the following:
  - a. Updated fund-raising information including the status of pledges reported to be in arrears, as well as the status of additional fund raising efforts.
  - b. Review of the proposed loan agreement with the City of Cedar Falls.
  - c. Consultation with bond counsel to determine allowable uses of the Fieldhouse (UNI-Dome) surplus funds.
  - d. Completion of an independent third-party feasibility study to validate the business plan estimates of operating revenues and expenses.

Selection of C.H. Johnson Consulting, Inc. C.H. Johnson Consulting, Inc., was selected to undertake the independent third-party feasibility study as a result of a Request for Proposal (RFP) process.

Responses were received from five consulting firms; three of the firms were interviewed via conference calls; these calls included a representative from the Board Office.

As a result of the interviews, the firm of C.H. Johnson Consulting, Inc., was selected to undertake the study.

Johnson Consulting is a Chicago-based economics, sports, and real estate consulting firm with extensive experience in the planning (including economic and fiscal impact studies, financial analyses, and tax projections) and operation of public assembly facilities such as arenas, stadiums and performing arts centers.

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**Analysis:**

To complete its analysis and projections concerning the Events Complex, Johnson Consulting performed a number of tasks including the preparation of projections of the Event Complex future operating revenues, expenses and demand schedules for both the UNI-Dome and the planned arena, and the preparation of a cost-benefit analysis for elements that could be incorporated into the physical program for the Arena to enhance its long-term operating potential.

The Feasibility Study is broken down into the following sections:

- Report Letter
- Introduction, Methodology, and Executive Summary
- Market Analysis and UNI Facilities Operating Profile
- Arena Industry and Competitive Positioning Analysis
- Event Complex Demand and Operating Projections
- Facility Program Options

Field House System The report assumes that the Field House System, a self-liquidating, revenue-producing entity, will include the Arena when it is completed.

Market Analysis The objective of the market analysis was to identify factors that may affect the level of support that would exist for an additional sports and multipurpose facility at the University.

According to the consultants, characteristics such as population, employment, and income are not strict predictors of performance for university-based facilities. However, they provide insight into the capacity of a market to provide ongoing support for facilities or activities.

Johnson Consulting also assessed various conditions and characteristics of the University including current and projected student enrollment, athletic programs offered, resource support for entertainment programming, and the quality of existing facilities.

The consultants believe that by moving some of the athletic events currently held in the Dome and West Gym to the Arena, the Dome will be able to capitalize on more open days that can attract events such as concerts, family events, and trade shows. The additional open dates will generate higher revenues.

According to the consultants, the Event Complex demand is projected to increase to a maximum of 133 events and 654,000 attendees, as the Arena builds up a base of demand and proves its attractiveness as an events destination. These numbers compare to an average for FY 2001 – FY 2003 of 95 events held in the Dome and West Gym; the average annual attendance was 319,830.

Arena Industry,  
Competitive  
Positioning  
Analysis

The consultants noted that the nationwide trend to build new arenas and stadiums in the last decade has not been limited to large urban areas with major professional sports franchises but also includes suburban and mid-sized metropolitan areas and colleges and universities.

To maximize the impact of its facilities, the University must attract a high volume of visitation from outside the University population. The consultants note that the age, quality, and size of existing arena-oriented facilities in the region, points to a service gap for a high quality facility that is capable of hosting events targeted for mid-sized audiences.

The report analyzed three arenas (Peoria Civic Center Arena, Peoria, IL; Spokane Veterans Memorial Arena, Spokane, WA; US Cellular Center, Cedar Rapids, IA) to highlight important operating criteria.

Both the Peoria Civic Center and the Spokane Veterans Memorial Arena report net operating income. This has been attributed to the ability of these two facilities to offer priority to a range of higher revenue producing entertainment events, including concerts, family shows and other sports, which appeal to a broad cross-section of the marketplace in addition to the sports programming.

In the case of the Spokane Arena, the consultants note that on the design side a cognizant effort was made to address the end user and facility clients to ensure that it was a functional business. The Arena incorporates full functionality through the flexible configuration, revenue producing features, and other amenities.

In contrast, according to the consultants, the US Cellular Center struggles to balance a program schedule that is able to produce a net profit on an annual basis. The Center hosts a majority of consumer shows and conventions and only a smaller number of concert and family show events.

The consultants concluded this section of the feasibility study by stating,

“The success of facilities in mid-sized markets is far from assured given the complexities and challenges of the modern arena industry. Nonetheless, the emergence of a clear circuit of events geared toward mid-sized markets and the proliferation of product options in categories such as family shows, points to the opportunities for mid-sized venues. To be successful, however, the facility program must contemplate the end-user and the business model must be developed in tandem with the physical program to ensure that revenue producing features are available to support the product types and that calendar management is handled appropriately.” (Section 4, page 24)

Operating  
Projections

Johnson Consulting has indicated that implicit in its review is an evaluation of the feasibility of operating the Event Complex as a self-sufficient operation under a single management structure. Self-sufficient has been defined as “without additional annual operating support from the University or an increase in student fees.” (Section 2, page 1)

In July, the Banking Committee asked that there be further discussion between the Board Office and the University regarding the University’s proposed annual 2 percent inflationary increase in general fund support for the operations of the Event Complex. The Board Office had suggested that this amount not increase above the FY 2004 budgeted level of \$730,830.

General Fund  
Support

Table 5-10 (Section 5, page 23) of the report has University support of the Event Complex remaining constant at \$716,000 or the FY 2003 actual amount.

Types of Events

As noted above, the consultants attribute, in large part, the positive operating income for the Peoria Center and the Spokane Arena to the relative proportion of higher revenue generating activities that take place in the facilities.

In 2006, the year in which the Arena is scheduled to open, the consultants have projected a total of 116 events in the Event Complex; this number includes 60 UNI sports games/matches and 56 other events including high school commencements (4), high school football playoffs (7), high school football games (8), entertainment events (6), other sports (20), flat-floor events (6) and concerts (5) (see Table 5-6 of the Feasibility Study).

The projected total attendance (Table 5-8, section 5, page 19) in 2006 shows the following: UNI sports games/matches (176,600) and all other activities (292,100) including: high school commencements (27,200), high school football playoff games (59,500), high school football games (18,400), entertainment events (27,000), other sports (72,000), flat floor events (63,000) and concerts (25,000).

Table 5-10 - Field House Enterprise Financial Projection (Section 5, page 23) of the Feasibility Study is attached to this memorandum.

While the report (Section 5, page 31) indicates that salary levels are assumed to increase by four percent per year, Table 5-10 shows salaries, wages and employee benefits increasing by an approximate annual rate of 2.8%, while operating supplies and expenses would increase by approximately 2.5%.

- If salaries were increased by four percent per year after the Arena is open and no additional staff is added beyond those included in Table 5-15 (Section 5, page 31), the proforma would appear as included in Attachment C included with this memorandum.

Revenue from ticket sales for University athletic events are accounted for as Athletic Department revenue; for UNI-sponsored athletic events, the Athletic Department receives a 45 percent commission on gross revenues (less sales tax).

Table 5-10 shows the projected net concession income increasing from \$606,000 in 2005 (before the Arena opens) to \$1,198,000 with the scheduled opening of the Arena in 2006 and increasing thereafter.

- The consultants noted that the Arena will contain more points of sale than are currently available for existing events and will generally allow for a higher quality of food service in both the Arena and the Dome. In addition, since there is no true concession service in the West Gym, the relocation of volleyball, women's basketball, and wrestling to the new Arena will have a positive impact on sales.
- Table 5-12 (Section 5, page 27) includes the assumptions of gross per capita sales for each type of event. For example, the assumptions include an increase for gross per capita sales for UNI Men's Basketball Games from \$.90 to \$1.75, an increase of 94.4%. The Banking Committee may wish to request a further explanation of the increases included in the Table. (Net concession income is the largest single source of revenue once the Arena opens.)

Program Options While the consultants believe that the Event Complex has the ability to be financially self-sufficient and exceed the minimum requirements of debt service coverage, they are recommending, based on their experience with the development and long-term operations of comparable facilities that the University and Regents contemplate the addition of several programming elements that would improve the competitive position of the Complex, improve its appeal to University sponsors and event promoters, and, perhaps, most importantly, enhance the revenue potential for the Facility.

The consultants note that while these elements would require an additional capital outlay during the development process, their analysis indicates the revenue over the first five years would not only pay for the improvements, but yield additional revenue for the facility in the long term, thereby reducing the potential exposure and mitigate risk for the University and the Board. These items, which are summarized below, are detailed in Table 6-5 (Section 6, page 8):

- Kitchen and vendor services area for food and beverage service (estimated cost of \$1.2 million, estimated annual gross yield of \$196,500);
- Seating with premium services, including alumni area rental (estimated cost of \$750,000, estimated annual gross yield of \$134,400);
- Team store / merchandising with box office (estimated cost of \$175,000, estimated annual gross yield of \$77,400); and
- Retractable seating for north end (estimated cost of \$250,000, estimated annual gross yield of \$56,200).

Projected revenue from these enhancements is not included in the financial proforma, Table 5-10.

Johnson Consulting will provide an update on proposed program enhancements at the Banking Committee meeting.

The Board Office recommends that the University be asked to provide recommendations to the Board concerning proposed enhancements.

## EXECUTIVE SUMMARY

The University of Northern Iowa is a state-supported institution that offers both undergraduate and graduate degrees to approximately 14,000 students. In order to support these students and prospective students, UNI is in the midst of a fundraising effort known as the "Students First Campaign." This campaign, which is designed to address students' needs on many levels - scholarships, program support, and facilities, has a goal of raising \$100 million by 2005. Of the total, \$70 million is geared towards scholarships and academic support mechanisms and \$30 million has been designated for university building and equipment projects. Among these building projects is the \$19.5-million McLeod Center. The McLeod Center will be a 6,100-seat multipurpose arena that will complement the UNI-Dome and will be attached to its south end.

The UNI-Dome is the largest events facility on the campus of UNI. The facility contains more than 16,000 permanent seats and is home to many UNI athletic teams, including football, men's basketball, and track and field. The Dome also hosts concerts, community events such as recreational and consumer shows, and commencement ceremonies. However, the facility cannot host many types of events that would ordinarily use the facility, often because it is too large or there are only a limited number of dates available. The McLeod Center will complement the Dome as the area's main mid-sized, high-quality public-assembly facility. By becoming the new home for various athletic events (such as basketball and volleyball), the McLeod Center will take scheduling pressure off of the UNI-Dome and open many dates that can be used to attract higher-end entertainment events. In addition, it will also provide a smaller venue for events that desire a more intimate facility, and will accommodate UNI sports events that are currently being held in facilities that do not meet the sports' needs.

The McLeod Center will be the new home of the university's intercollegiate men's and women's basketball, volleyball, and wrestling programs. The McLeod Center will house a large main lobby, hospitality and meeting space, equipment rooms, locker rooms, offices, and other support spaces. The project is being funded through private donations and other fundraising efforts. As of September 2003, fundraising for the McLeod Center had reached a total of \$17.4 million through pledges and gifts.

As previously described, the Dome's lack of amenities and proper space, as well as other characteristics, prohibit it from properly and adequately accommodating many types of events. According to facility users and UNI athletic and facility staff, the Dome is deficient in terms of its rigging system, flexibility in its seating configuration for concerts and other entertainment events, lack of storage space, and offerings for NCAA basketball and volleyball.

The McLeod Center has the opportunity to become the area's premier mid-sized facility and keep it out of direct competition with the larger and smaller venues, and will make UNI much more attractive to a larger universe of events. With the development of the McLeod Center, the Dome will have more open dates to host events that will generate higher revenues and have a greater impact on the area. In addition, the two facilities can combine to host events that require larger space, or an exhibit floor and a banquet space.

In fiscal year 2003, the UNI-Dome hosted approximately 61 events, including UNI men's basketball games, football games, wrestling and track meets, high school football games, consumer shows, non-UNI sporting events, and other events. It should be noted that in the last few years, Dome operations have been impacted due to ongoing maintenance and construction on its roof. In addition, other UNI athletic events, such as volleyball games and women's basketball games, were held in the West Gym. In 2003, the Field House Enterprise, which currently consists of the Dome's operations, generated approximately \$2.7 million in revenues, including rent, student fees, and concessions. Operating expenses were approximately \$1.4 million, and as a result, the fund's net operating income was \$1.4 million. Approximately \$1.1 million of the net operating income was used for debt service related to the facility, and the resulting debt coverage ratio was 130 percent, which was greater than the facility's required coverage of 120 percent. In 2001 and 2002, the fund's coverage ratio was 223 percent and 133 percent, respectively. According to bond covenants, coverage must be a minimum of 120 percent of debt service annually.

In fiscal year 2004, a total of 69 events are projected to be held at the Dome, with a total attendance of 297,000. Event and attendee demand in 2004 and 2005 at the Dome is expected to be similar as in previous years, although slightly more event dates will be available due to the completion of roof repairs. In 2006, when the McLeod Center opens, total demand at the Events Complex (the Dome and arena) is projected to be 116 events and 469,000 attendees. Of these events, 45 are projected to be held in the Dome and 71 are projected to be held in the arena. Throughout the course of the projection, total Events Complex demand is

projected to increase to a maximum of 133 events and 654,000 attendees, as the arena in particular builds up a base of demand and proves its attractiveness as an events destination. More detailed projections, by event type, appear later in this report.

Based on the demand projections and other event characteristics that are summarized in the report, total Field House Enterprise revenue is projected to be \$2.9 million in fiscal year 2004, and total operating expenses are projected to be \$1.3 million. Based on net operating income of \$1.6 million and debt service of \$1.3 million, the fund's coverage ratio is projected to be 123 percent in 2004, and in 2005, the coverage ratio is projected to be 121 percent. With the opening of the arena in fiscal year 2006, revenues and expenses are projected to increase to \$4.6 million and \$1.9 million, respectively, and net operating income is projected to be \$2.7 million. With debt service of approximately \$2.0 million in 2006, the coverage ratio is projected to be 136 percent. The fund's net income is projected to increase over time, and as a result, its coverage ratio is expected to exceed 120 percent each year. Between 2006 and 2022, coverage is projected to range from 131 percent to 169 percent, and in 2023, with reduced debt service, coverage is projected to increase to 293 percent.

The projections of debt coverage ratios do not include the balance of the surplus fund, which fluctuates each year based on the difference of net income after debt service and five percent of operating revenues, which is assumed to be expended on repair, renovation, and improvement projects. Including the balance of this fund, the debt coverage ratio is projected to range from 250 percent to 1,850 percent between 2004 and 2023.

While the analysis indicates that the Events Complex has the ability to be financially self-sufficient and exceed the minimum requirements of debt service coverage, based on experience with the development and long-term operations of comparable facilities, Johnson Consulting encourages the University and Regents to contemplate the addition of several programming elements that would improve the competitive position of the complex, improve its appeal to University sponsors and event promoters, and, perhaps most importantly, enhance the revenue potential for the facility. While these elements would require an additional capital outlay during the development process, our analysis indicates the revenue over the first five years will effectively cover the cost of these improvements, and in years thereafter yield generate substantial revenue for the facility, thereby reducing the potential long-term exposure and mitigating risk for the University and Regents.

Table 5-10 Feasibility Study  
Field House Enterprise Financial Projection (thousands of inflated dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenue</b>												
University Support of Events Complex	\$ 706	\$ 711	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716
Rental Income from Public	717	168	176	206	232	307	315	323	364	409	419	493
Student Fees	678	784	1,129	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Net Concessions Income	178	537	545	582	606	1,198	1,226	1,267	1,396	1,528	1,551	1,790
Net Merchandise Income	-	-	-	26	26	77	79	81	97	110	113	143
Enterprise Surcharges	-	-	-	4	107	187	187	187	219	241	241	293
Investment Income	532	253	183	88	94	103	122	141	161	185	215	245
Foundation Pledge Revenue	-	-	-	227	910	910	910	910	910	910	910	910
<b>Total Revenue</b>	\$ 2,811	\$ 2,453	\$ 2,750	\$ 2,925	\$ 3,766	\$ 4,574	\$ 4,630	\$ 4,700	\$ 4,938	\$ 5,175	\$ 5,241	\$ 5,665
<b>Expenditures</b>												
Salaries, Wages and Employee Benefits	\$ 368	\$ 468	\$ 544	\$ 545	\$ 548	\$ 705	\$ 724	\$ 744	\$ 767	\$ 789	\$ 811	\$ 838
Operating Supplies and Expense	718	611	459	504	533	747	766	785	847	886	908	999
Insurance	91	108	107	31	32	46	47	48	50	51	52	53
Utilities	173	198	210	215	227	329	337	346	373	390	400	440
Administrative Overhead	22	25	33	32	34	46	47	48	51	53	54	58
<b>Total Expenses</b>	\$ 1,373	\$ 1,409	\$ 1,354	\$ 1,327	\$ 1,374	\$ 1,873	\$ 1,921	\$ 1,971	\$ 2,088	\$ 2,169	\$ 2,225	\$ 2,389
<b>Net Income (Available for Debt Service)</b>	\$ 1,438	\$ 1,044	\$ 1,396	\$ 1,598	\$ 2,393	\$ 2,700	\$ 2,709	\$ 2,729	\$ 2,850	\$ 3,006	\$ 3,016	\$ 3,276
<b>Debt Service</b>												
Debt Service - Field House Issues	\$ 645	\$ 784	\$ 1,078	\$ 1,075	\$ 1,076	\$ 1,076	\$ 1,075	\$ 1,073	\$ 1,075	\$ 1,080	\$ 1,081	\$ 1,082
Debt Service - McLeod Center	-	-	-	227	910	910	910	910	910	910	910	910
Debt Service - City of Cedar Falls	-	-	-	-	-	-	15	15	15	15	15	15
<b>Total Debt Service</b>	\$ 645	\$ 784	\$ 1,078	\$ 1,302	\$ 1,986	\$ 1,986	\$ 2,000	\$ 1,998	\$ 2,000	\$ 2,005	\$ 2,006	\$ 2,007
<b>Coverage Ratio of Net Income to Debt Service *</b>	223%	133%	130%	123%	121%	136%	135%	137%	143%	150%	150%	163%
<b>Required Coverage Ratio</b>	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%

\* Not including the surplus/capital improvement fund balance.  
Source: UNI, Johnson Consulting

Table 5-10 Feasibility Study  
Field House Enterprise Financial Projection (thousands of inflated dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenue</b>											
University Support of Events Complex	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716
Rental Income from Public	505	522	596	611	598	613	622	638	654	670	687
Student Fees	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Net Concessions Income	1,821	1,922	2,066	2,134	2,119	2,194	2,205	2,279	2,317	2,394	2,434
Net Merchandise Income	146	151	167	172	166	170	169	173	178	182	187
Enterprise Surcharges	293	294	332	332	317	319	314	314	314	314	314
Investment Income	285	325	369	410	427	442	457	471	486	501	516
Foundation Pledge Revenue	910	910	667	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	\$ 5,751	\$ 5,914	\$ 5,988	\$ 5,449	\$ 5,419	\$ 5,529	\$ 5,559	\$ 5,667	\$ 5,740	\$ 5,853	\$ 5,929
<b>Expenditures</b>											
Salaries, Wages and Employee Benefits	\$ 861	\$ 885	\$ 913	\$ 938	\$ 963	\$ 989	\$ 1,016	\$ 1,044	\$ 1,073	\$ 1,103	\$ 1,133
Operating Supplies and Expense	1,024	1,050	1,121	1,149	1,165	1,194	1,216	1,247	1,278	1,310	1,343
Insurance	55	56	57	59	60	62	63	65	67	68	70
Utilities	451	463	495	508	514	527	537	551	564	579	593
Administrative Overhead	60	61	65	66	68	69	71	73	75	76	78
<b>Total Expenses</b>	\$ 2,451	\$ 2,515	\$ 2,651	\$ 2,720	\$ 2,769	\$ 2,841	\$ 2,903	\$ 2,979	\$ 3,056	\$ 3,136	\$ 3,217
<b>Net Income (Available for Debt Service)</b>	\$ 3,300	\$ 3,399	\$ 3,337	\$ 2,729	\$ 2,650	\$ 2,688	\$ 2,656	\$ 2,687	\$ 2,684	\$ 2,716	\$ 2,712
<b>Debt Service</b>											
Debt Service - Field House Issues	\$ 1,083	\$ 1,082	\$ 1,090	\$ 1,090	\$ 1,092	\$ 1,098	\$ 1,101	\$ 1,106	\$ 1,108	\$ 1,113	\$ -
Debt Service - McLeod Center	910	910	910	910	910	910	910	910	910	910	910
Debt Service - City of Cedar Falls	15	15	15	15	15	15	15	15	15	15	15
<b>Total Debt Service</b>	\$ 2,008	\$ 2,007	\$ 2,015	\$ 2,015	\$ 2,017	\$ 2,023	\$ 2,026	\$ 2,031	\$ 2,033	\$ 2,038	\$ 925
<b>Coverage Ratio of Net Income to Debt Service *</b>	164%	169%	166%	135%	131%	133%	131%	132%	132%	133%	293%
<b>Required Coverage Ratio</b>	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%

\* Not including the surplus/capital improvement fund be  
Source: UNI, Johnson Consulting

**Field House Enterprise Financial Projection (thousands of dollars)  
with 4% Annual Salary and Benefit Increase Beginning in FY 2007**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenue</b>												
University Support of Events Complex	\$ 706	\$ 711	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716
Rental Income from Public	717	168	176	206	232	307	315	323	364	409	419	493
Student Fees	678	784	1,129	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Net Concessions Income	178	537	545	582	606	1,198	1,226	1,267	1,396	1,528	1,551	1,790
Net Merchandise Income	-	-	-	26	26	77	79	81	97	110	113	143
Enterprise Surcharges	-	-	-	4	107	187	187	187	219	241	241	293
Investment Income	532	253	183	88	94	103	122	141	161	185	215	245
Foundation Pledge Revenue	-	-	-	227	910	910	910	910	910	910	910	910
<b>Total Revenue</b>	\$ 2,811	\$ 2,453	\$ 2,749	\$ 2,924	\$ 3,766	\$ 4,573	\$ 4,630	\$ 4,700	\$ 4,938	\$ 5,174	\$ 5,240	\$ 5,665

<b>Expenditures</b>												
Salaries, Wages and Employee Benefits	\$ 368	\$ 468	\$ 544	\$ 545	\$ 548	\$ 705	\$ 733	\$ 763	\$ 793	\$ 825	\$ 858	\$ 892
Operating Supplies and Expense	718	611	459	504	533	747	766	785	847	886	908	999
Insurance	91	108	107	31	32	46	47	48	50	51	52	53
Utilities	173	198	210	215	227	329	337	346	373	390	400	440
Administrative Overhead	22	25	33	32	34	46	47	48	51	53	54	58
<b>Total Expenses</b>	\$ 1,372	\$ 1,410	\$ 1,353	\$ 1,327	\$ 1,374	\$ 1,873	\$ 1,930	\$ 1,990	\$ 2,114	\$ 2,205	\$ 2,272	\$ 2,442
<b>Net Income (Available for Debt Service)</b>	\$ 1,439	\$ 1,043	\$ 1,396	\$ 1,597	\$ 2,392	\$ 2,700	\$ 2,700	\$ 2,710	\$ 2,824	\$ 2,969	\$ 2,968	\$ 3,223

<b>Debt Service</b>												
Debt Service - Field House Issues	\$ 645	\$ 784	\$ 1,078	\$ 1,075	\$ 1,076	\$ 1,076	\$ 1,075	\$ 1,073	\$ 1,075	\$ 1,080	\$ 1,081	\$ 1,082
Debt Service - McLeod Center	-	-	-	227	910	910	910	910	910	910	910	910
Debt Service - City of Cedar Falls	-	-	-	-	-	-	15	15	15	15	15	15
<b>Total Debt Service</b>	\$ 645	\$ 784	\$ 1,078	\$ 1,302	\$ 1,986	\$ 1,986	\$ 2,000	\$ 1,998	\$ 2,000	\$ 2,005	\$ 2,006	\$ 2,007
<b>Coverage Ratio of Net Income to Debt Service *</b>	223%	133%	129%	123%	120%	136%	135%	136%	141%	148%	148%	161%
<b>Required Coverage Ratio</b>	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%

\*Not including the surplus/capital improvement fund balance.

**Field House Enterprise Financial Projection (thousands of dollars)  
with 4% Annual Salary and Benefit Increase Beginning in FY 2007**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenue</b>											
University Support of Events Complex	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716	\$ 716
Rental Income from Public	505	522	596	611	598	613	622	638	654	670	687
Student Fees	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Net Concessions Income	1,821	1,922	2,066	2,134	2,119	2,194	2,205	2,279	2,317	2,394	2,434
Net Merchandise Income	146	151	167	172	166	170	169	173	178	182	187
Enterprise Surcharges	293	294	332	332	317	319	314	314	314	314	314
Investment Income	285	325	369	410	427	442	457	471	486	501	516
Foundation Pledge Revenue	910	910	667	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	\$ 5,751	\$ 5,915	\$ 5,988	\$ 5,450	\$ 5,418	\$ 5,529	\$ 5,558	\$ 5,666	\$ 5,740	\$ 5,852	\$ 5,929
<b>Expenditures</b>											
Salaries, Wages and Employee Benefits	\$ 928	\$ 965	\$ 1,003	\$ 1,044	\$ 1,085	\$ 1,129	\$ 1,174	\$ 1,221	\$ 1,270	\$ 1,320	\$ 1,373
Operating Supplies and Expense	1,024	1,050	1,121	1,149	1,165	1,194	1,216	1,247	1,278	1,310	1,343
Insurance	55	56	57	59	60	62	63	65	67	68	70
Utilities	451	463	495	508	514	527	537	551	564	579	593
Administrative Overhead	60	61	65	66	68	69	71	73	75	76	78
<b>Total Expenses</b>	\$ 2,518	\$ 2,595	\$ 2,741	\$ 2,826	\$ 2,892	\$ 2,981	\$ 3,061	\$ 3,157	\$ 3,254	\$ 3,353	\$ 3,457
<b>Net Income (Available for Debt Service)</b>	\$ 3,233	\$ 3,320	\$ 3,247	\$ 2,624	\$ 2,526	\$ 2,548	\$ 2,497	\$ 2,509	\$ 2,486	\$ 2,499	\$ 2,472
<b>Debt Service</b>											
Debt Service - Field House Issues	\$ 1,083	\$ 1,082	\$ 1,090	\$ 1,090	\$ 1,092	\$ 1,098	\$ 1,101	\$ 1,106	\$ 1,108	\$ 1,113	\$ -
Debt Service - McLeod Center	910	910	910	910	910	910	910	910	910	910	910
Debt Service - City of Cedar Falls	15	15	15	15	15	15	15	15	15	15	15
<b>Total Debt Service</b>	\$ 2,008	\$ 2,007	\$ 2,015	\$ 2,015	\$ 2,017	\$ 2,023	\$ 2,026	\$ 2,031	\$ 2,033	\$ 2,038	\$ 925
<b>Coverage Ratio of Net Income to Debt Service *</b>	161%	165%	161%	130%	125%	126%	123%	124%	122%	123%	267%
<b>Required Coverage Ratio</b>	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%

\*Not including the surplus/capital improvement fund balance.