

Contact: Joan Racki

REGISTER OF UNIVERSITY OF NORTHERN IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Actions Requested: Consider the following approvals for the **Apartment Housing – Phase 2a** 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 (\$26,294,065), 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 \$26,000,000 Dormitory Revenue Bonds, Series U.N.I., and Declaring an Official Intent under Treasury Regulation 1.150-2 to Issue Debt to Reimburse the University of Northern Iowa for Certain Expenditures Paid; and
4. Approve a Resolution Directing the Abandonment of College Courts at the University of Northern Iowa.

(ROLL CALL VOTE)

Executive Summary: The **Apartment Housing – Phase 2a** project would provide for the construction of 78 apartments (246 beds) with single bedrooms in a mix of four, two, and studio apartments, which include a living room, kitchen and bathroom at a rate of one bath per two residents. This building will provide small group study areas and a building lounge. Support areas such as an exercise room and mailboxes are provided in Phase 1, currently under construction. The project budget of \$26,294,065 would be funded by proceeds from the sale of Dormitory Revenue Bonds (\$22,094,065) and Residence System Funds (\$4,200,000).

Phase 2a would be constructed in the area between 30th and 31st streets on the current location of College Courts. (A map showing the proposed location of the apartments is included on page 3 of the schematic design booklet included with the Board's agenda materials.) Since bond resolutions of the University's residence system require specific Board approval prior to the abandonment of any units in the system, the Board is asked to adopt a resolution directing the abandonment of the College Courts apartments. (There are 48 apartment units at College Courts and the fall 2010 occupancy was 55 students.)

The apartment housing would respond to market demand expressed by students for additional on-campus housing options 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.

Financing Plan: The project cost of \$26,294,065 would be financed by proceeds from the sale of Dormitory Revenue Bonds (\$22,094,065) and Residence System Improvement Funds (\$4,200,000). In developing the financing the plan, the University made the following assumptions:

- Apartment and residence hall occupancy: Residence System apartment occupancy was 350 in fall 2010. Apartment housing occupancy is assumed to be 306 in FY 2012 following the demolition of College Courts in May 2011. Occupancy is assumed to be 506 after Phase 1 of the Apartment Housing is occupied in August 2012 and 755 after Phase 2a is occupied in August 2013. Residence hall occupancy is forecast to increase from 4,428 in FY 2011 to 4,439 in FY 2013 and remain at that level through FY 2024.
- Residence hall, meal, and apartment housing rate increases: 3.5 percent annually, with no increases forward from FY 2012 for other income and interest.
- 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 \$2.1 million based upon December 17, 2010 rates.

A proforma through FY 2018 for the Residence System, including the sale of the proposed bonds, is included as Attachment B. The proforma for years FY 2019 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.

Details of the Project:

Apartment Housing – Phase 2a

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Sept. 2010	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Sept. 2010	Received Report
Design Professional Selection InVision Architecture (Waterloo, IA)		Sept. 2010	Approved
Design Professional Agreement InVision Architecture (Waterloo, IA)	\$ 1,750,000	Jan. 2011	Not Required*
Program Statement		Dec. 2010	Not Required*
Schematic Design		Feb. 2011	Requested
Project Description and Total Budget	26,294,065	Feb. 2011	Requested
Financing Plan		Feb. 2011	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		Feb. 2011	Receive Report

*Approved by Executive Director consistent with Board policy

The apartment buildings are designed to provide an identity for the new complex while respecting the context of the adjacent campus buildings. Phase 1 is a four-story facility to complement the scale of the adjacent six story residence halls. Phase 2a is three stories to be in-scale with nearby residential areas.

The primary exterior material will be face brick with stone trim. The roof will 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” to reduce the apparent size of a 246-bed facility, while maintaining the efficiency, convenience, and security of a large building. A separate energy efficient HVAC unit will be provided for each apartment to allow a high level of individual control. Accessibility for the physically disabled is being accommodated throughout the facility, with six bedrooms designed to be fully accessible.

The University envisions bidding the project in August 2011, with substantial completion by May 2013, with occupancy for the 2013-2014 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>Dec. 2010 Program</u>	<u>Feb. 2011 Schematic</u>	<u>Change (NSF)</u>
<u>Residents Units</u>			
Four-Bedroom / Two-Bath Units (48)	50,715	49,584	(1,131)
Two-Bedroom / One-Bath Units (21)	12,445	13,755	1,310
Accessible Two-Bedroom / One-Bath Units (3)	2,355	2,343	(12)
Studios (3)	1,290	1,230	(60)
Accessible Studios (3)	<u>1,290</u>	<u>1,230</u>	<u>(60)</u>
Subtotal - Net Square Footage	68,095	68,142	47
Residential and Building Support Spaces			
Building Lobby (2)	600	785	185
Public Restroom (1)	110	72	(38)
Data Closets (6)	420	411	(9)
Electrical (3)	210	72	(138)
Housekeeping (3)	210	249	39
Laundries (3)	1050	987	(63)
Trash / Recycling Rooms (3)	450	510	60
Studies (6)	2,700	3,394	694
Vending (1)	60	45	(15)
Loading Dock (1)	1,000	1,092	92
Data MDF (1)	120	306	186
Electrical (1)	200	248	48
Mechanical (1)	1,300	1,228	(72)
Break Room (1)	250	340	90
Furniture Storage (1)	<u>3,200</u>	<u>3,159</u>	<u>(41)</u>
Subtotal - Net Square Footage	11,800	12,898	1,018
Total Net Assignable Space	79,975	81,040	1,065
Anticipated Gross Square Feet	114,250	114,500	250
Anticipated Net / Gross Square Feet	70.0%	70.8%	

The outstanding debt of the Residence System is \$43,170,000. The Dormitory Revenue Bond covenants require that revenues minus expenses be at least 1.35 times the annual debt service payment. The University's proforma indicates a projected coverage of 2.05 times in FY 2014 to 5.34 times in FY 2024.

Project Budget

Construction	\$21,345,000
Design, Inspection and Administration	2,849,500
Furniture and Equipment	1,015,000
Artwork	129,136
Contingency	<u>955,429</u>
TOTAL	<u>\$26,294,065</u>
Source of Funds:	
Dormitory Revenue Bond Proceeds	\$22,094,065
Residence System Funds	<u>4,200,000</u>
TOTAL	<u>\$26,294,065</u>

Of the total project budget, it is anticipated that approximately \$467,000 will be needed for asbestos abatement and demolition of College Courts; the estimated cost for the parking is \$547,700.

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.

Bond covenants for the Dormitory System require specific Board action to abandon a facility. and a certification that the 135% coverage test (net revenues of the System must equal or exceed 135% of the annual debt service on the outstanding bonds) will be met after the requested abandonment. Gary Shontz, Treasurer of the University, has determined that the net income of the Residence System, after taking into account the abandonment of the beds in College Courts, with adjustments for increases in the rates and the additional facilities being incorporated into the System, will be equal to or greater than 1.35 times the maximum annual amount (as defined in the bond resolutions) to be due in any succeeding year for the payment

of principal and interest on all Dormitory Revenue Bonds of the University which are outstanding. The necessary certification is included as Attachment C to this memorandum. Copies of the resolution directing the abandonment, which was prepared by the Ahlers law firm, are available from the Board Office.

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**Apartment Housing – Phase 2a
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, fifty 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 (as 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?**
This project is a continuation of the new apartment housing project. As this is a continuation, other alternatives were not explored.
- 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?**
Consistent with previous planning, College Courts would be demolished as part of this phase. College Courts, constructed in 1956 and 1958, are cinder block duplexes used for student housing. They comprise 31,875 square feet. This phase of the new apartments will construct approximately 114,500 square feet.
- 4. What financial resources are available to build/remodel renovate the proposed capital project?**
Funding will be from bonding and 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.**
Primary external forces are from market pressure from students wanting to stay on campus.

UNI DEPARTMENT OF RESIDENCE PRO FORMA

Fiscal Year	actual	revised budget	Phase 1		Phase 2A		2016-17	2016-17	2017-18
			pro forma	Occupancy	pro forma	Occupancy			
Hall Occupancy	4369	4428	4439	4439	4439	4439	4439	4439	4439
Apartment Occupancy	350	350	506	755	755	755	755	755	755
Double Room Rate		\$ 7,120	\$ 7,369	\$ 7,894	\$ 8,170	\$ 8,456	\$ 8,752	\$ 9,059	
Rate Increase Assumptions:									
Room		103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%
Meals		103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%
ROTH Room		103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%
Apartments		103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%
Contract Income	\$ 30,258,661	\$ 31,105,033	\$ 33,570,976	\$ 36,365,521	\$ 37,651,641	\$ 38,982,775	\$ 40,484,760	\$ 41,919,684	
Other Income	\$ 5,747,614	\$ 5,417,761	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	\$ 5,507,093	
Interest Income	\$ 578,282	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	
TOTAL REVENUE	\$ 36,584,557	\$ 36,722,794	\$ 39,278,069	\$ 42,072,614	\$ 43,358,734	\$ 44,689,868	\$ 46,191,853	\$ 47,626,777	
P & S Salaries	\$ 2,429,008	\$ 2,608,926	\$ 2,674,149	\$ 2,769,316	\$ 2,866,242	\$ 2,966,561	\$ 3,070,391	\$ 3,177,854	\$ 3,289,079
Merit Salaries	\$ 2,597,419	\$ 2,690,545	\$ 2,823,641	\$ 3,014,840	\$ 3,135,434	\$ 3,260,851	\$ 3,391,285	\$ 3,526,937	
Merit Hourly Wages	\$ 1,746,279	\$ 1,741,185	\$ 1,810,832	\$ 1,907,743	\$ 2,009,509	\$ 2,173,485	\$ 2,260,425	\$ 2,350,842	
Overtime	\$ 62,499	\$ 67,999	\$ 70,719	\$ 73,342	\$ 76,275	\$ 79,326	\$ 82,499	\$ 85,799	\$ 89,231
Student Wages	\$ 3,615,741	\$ 3,817,122	\$ 3,801,534	\$ 3,880,052	\$ 3,907,682	\$ 3,936,278	\$ 3,965,876	\$ 3,996,509	
Fringe Benefits	\$ 3,055,014	\$ 3,177,271	\$ 3,367,907	\$ 3,565,130	\$ 3,848,127	\$ 4,079,015	\$ 4,323,756	\$ 4,583,181	\$ 4,858,172
Subtotal	\$ 13,505,960	\$ 14,078,048	\$ 14,940,706	\$ 15,695,047	\$ 16,257,908	\$ 16,847,261	\$ 17,464,421	\$ 18,110,770	
Repairs	\$ 1,665,151	\$ 1,882,224	\$ 1,872,338	\$ 1,877,517	\$ 1,896,292	\$ 1,915,255	\$ 1,934,408	\$ 1,953,752	
Utilities	\$ 2,137,907	\$ 2,169,947	\$ 2,217,010	\$ 2,256,729	\$ 2,320,750	\$ 2,421,580	\$ 2,535,501	\$ 2,664,921	
Food	\$ 4,404,999	\$ 4,872,203	\$ 5,015,897	\$ 5,202,836	\$ 5,391,551	\$ 5,553,298	\$ 5,719,897	\$ 5,891,494	\$ 6,068,239
Other	\$ 3,294,163	\$ 2,958,449	\$ 2,971,230	\$ 3,010,405	\$ 3,110,666	\$ 3,141,773	\$ 3,173,190	\$ 3,204,922	\$ 3,236,971
Subtotal	\$ 11,502,220	\$ 11,882,823	\$ 12,076,476	\$ 12,282,500	\$ 13,212,943	\$ 13,534,786	\$ 13,866,325	\$ 14,207,883	
TOTAL EXPENSES	\$ 25,008,180	\$ 25,960,871	\$ 27,223,205	\$ 28,595,532	\$ 29,470,851	\$ 30,382,047	\$ 31,330,746	\$ 32,318,653	
REVENUE OVER EXPENSE	\$ 11,576,377	\$ 10,761,923	\$ 12,054,864	\$ 13,477,083	\$ 13,887,883	\$ 14,307,821	\$ 14,861,107	\$ 15,308,124	
Current Debt	\$ 3,280,803	\$ 4,421,822	\$ 4,439,124	\$ 4,445,935	\$ 4,456,570	\$ 4,464,078	\$ 4,472,640	\$ 4,481,263	
Current + Phase 2A Debt	\$ 3,280,803	\$ 4,421,822	\$ 5,786,224	\$ 6,555,230	\$ 6,559,198	\$ 6,570,833	\$ 6,575,291	\$ 6,576,978	
Maximum Debt	\$ 3,347,122	\$ 4,421,822	\$ 6,576,978	\$ 6,576,978	\$ 6,576,978	\$ 6,576,978	\$ 6,576,978	\$ 6,576,978	
Max. Debt - Coverage Ratio	346%	243%	183%	205%	211%	218%	226%	233%	
Net before Mandatory Transfers	\$ 8,295,574	\$ 6,340,101	\$ 4,999,259	\$ 6,268,640	\$ 6,921,853	\$ 7,328,685	\$ 7,736,988	\$ 8,285,816	\$ 8,731,146
Mandatory Transfers	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	
Net Transfer to System Fund	\$ 9,868,183	\$ 6,010,101	\$ 4,669,259	\$ 5,938,640	\$ 6,591,853	\$ 7,406,988	\$ 7,955,816	\$ 8,401,146	
System Fund Balance-Beginning	\$ 5,029,973	\$ 8,652,286	\$ 7,230,365	\$ 4,252,241	\$ 3,808,301	\$ 6,737,179	\$ 7,834,616	\$ 8,457,164	
Transfer to Improvement Fund	\$ (5,600,000)	\$ (6,783,000)	\$ (6,932,000)	\$ (5,652,000)	\$ (4,551,000)	\$ (5,500,000)	\$ (6,500,000)	\$ (7,000,000)	
Administrative Overhead	\$ (645,870)	\$ (649,022)	\$ (715,383)	\$ (730,580)	\$ (764,888)	\$ (809,551)	\$ (833,269)	\$ (857,966)	
Transfer from Operating Fund	\$ 9,868,183	\$ 6,010,101	\$ 4,669,259	\$ 5,938,640	\$ 6,591,853	\$ 7,406,988	\$ 7,955,816	\$ 8,401,146	
System Fund Balance-Ending	\$ 8,652,286	\$ 7,230,365	\$ 4,252,241	\$ 3,808,301	\$ 5,084,265	\$ 6,737,179	\$ 7,834,616	\$ 8,457,164	\$ 9,000,344

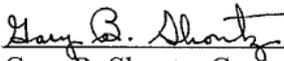
CERTIFICATE OF TREASURER

TO THE BOARD OF REGENTS, STATE OF IOWA:

As the Treasurer of the University of Northern Iowa, I have prepared the following certification of the net revenues of the Residence System, as defined in the resolutions adopted by the Board of Regents, State of Iowa (the "Board").

In order to comply with the requirements and limitations provided in said resolutions applicable to the abandonment of facilities within the Residence System, I make this certification specifically with respect to the abandonment of College Courts.

I further investigated, and it is my opinion, that the net revenues of the Residence System available for payment into the "Dormitory Revenue Bond Sinking Fund" after giving effect to such abandonment as shown by the annual audit, for the fiscal year ending June 30, 2010 (with adjustments to reflect any increases in rates, fees, rentals or charges or additional facilities being incorporated into the System) will be equal to or greater than one and thirty-five one hundredths (1.35) times the maximum annual amount to become due in any succeeding fiscal year for the payment of principal of and interest on outstanding bonds.



Gary B. Shontz, Controller and Secretary/Treasurer