

Contact: Joan Racki

**REGISTER OF IOWA STATE UNIVERSITY**  
**CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS**

**Action Requested:** Consider recommending to the Board approval of the following actions for the **Jack Trice Stadium Improvements, Phase 3 – South End Zone** project:

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 and budget (\$46,000,000), with the understanding that approval will constitute final Board approval and authorization to proceed with construction; and
4. Approve the financing plan and A Resolution Declaring an Official Intent Under Treasury Regulation 1.150-2 to Issue Debt of up to \$39,000,000 Athletic Facilities Revenue Bonds, Series I.S.U. and to Reimburse Iowa State University of Science and Technology for Certain Original Expenditures Paid in Connection with the Improvements and Renovations of Jack Trice Stadium and surrounding areas.

**Executive Summary:** In February 2014, the Board granted the University permission to proceed with project planning for the **Jack Trice Stadium Improvements, Phase 3 - South End Zone and Green Space** project, which will include multiple phases. The University requests approval of the schematic design, and project description and budget (\$46,000,000) for the **South End Zone** phase, which would replace and renovate the existing south end zone seating, upgrade south end zone concourse infrastructure, upgrade the south video board and sound system components, and construct 3,000 premium club seats. The project would connect the existing east and west seating on the concourse level and provide additional concession and restroom facilities. The project would increase the seating capacity in Jack Trice Stadium to more than 61,000 fans. The location of the project is shown in the schematic design booklet, which is included with the Board's agenda materials.

A future phase, to begin when the stadium improvements are completed, would develop the space between the stadium and Reiman Gardens as green space to improve the entry to Reiman Gardens, the areas around the stadium, and the south entry into the University.

**Financing Plan**

The University plans to finance the project through gifts and the issuance of approximately \$39 million in Athletics Facilities Revenue Bonds (netting approximately \$35 million in project proceeds), the debt service for which would be paid with revenue of the Athletics Facilities System, including incremental revenues from the stadium renovation. [The Athletics Facilities System (Bonded Enterprise) includes Jack Trice Stadium and the Bergstrom Football Complex.] Included as Attachment B is a table showing the multi-year financial forecast (through FY 2022) of the Bonded Enterprise. (The Enterprise is only one component of the Athletic Department budget, projections for which are shown in Attachment C.) The projected annual debt service for the bonds, which would be sold, is based upon a 4.2% interest rate, with a 25 year term. Revenue and expense assumptions upon which the multi-year forecast is

based are included in Attachment B. The revenue from the South End Zone seats is anticipated to exceed the debt service payments on the bonds. The South End Zone game day and facility expenses will slightly exceed the incremental football concessions revenue. In addition, Athletics has approximately \$10 million in unrestricted reserves with the ISU Foundation.

After approval of the financing plan, the Board is asked to consider adoption of a resolution authorizing the sale of bonds for the project. Included is a provision for reimbursement, which would permit the University's athletic department to be reimbursed from the bond issue proceeds for expenditures associated with the facility prior to the issuance of the bonds. The reimbursement component is included at this time to ensure maximum reimbursement capability under regulations of the federal Internal Revenue Code. Pursuant to these regulations, project payments made not more than 60 days prior to adoption of the resolution are eligible for reimbursement from future bond issues.

**Details of the Project:**

**Jack Trice Stadium Improvements Phase 3 – South End Zone**

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Feb. 2014	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Feb. 2014	Received Report
Selection of The Weitz Company as Construction Manager - Agent		Feb. 2014	Approved
Design Professional Agreement (Neumann Monson Architects, Des Moines)	\$ 3,611,448	May 2014	Not Required*
Program Statement		May 2014	Not Required*
Schematic Design		June 2014	Requested
Project Description and Budget	46,000,000	June 2014	Requested
Financing Plan		June 2014	Requested
Reimbursement Resolution		June 2014	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		June 2014	Receive Report

The Jack Trice Improvements includes replacement of the existing south end zone bleachers with permanent upper and lower seating bowl (upper bowl seating capacity of 5,800 and lower bowl capacity of 7,500 including 3,000 club seats), construction of a new south end zone video board, and a new two-story premium club space with support kitchen. The club would have the ability to be used year round as an event space. The east and west concourses would be connected at the concourse level and new ramps from the south entry to the concourse will be constructed.

The design will respond to and compliment the context of the Iowa State Center, surrounding athletic facilities, and the existing stadium components. Materials used will include cast-in-place and precast concrete, concrete masonry units, fritted glass, and flush metal panels. The design of the new upper deck seating structure will be designed to appear as natural continuations of the existing upper decks. The south end zone concourse elements will functionally and aesthetically tie the east and west concourses together. The north and south glass facades of the new club section will provide views to the stadium field from the concourse level and Reiman Gardens to the south from both levels. Sun shading strategies will be employed to mitigate heat and glare within the club space, while providing an abundance of daylight.

The following table compares the square footage in the approved building program with the square footage in the schematic design.

	Approved Program Square Feet	Schematic Design Square Feet
<b>End Zone Seating</b>		
Club Seating	16,500	18,551
Lower Bowl Seating	21,970	21,750
Upper Bowl Seating	34,815	27,979
<b>Circulation</b>		
South Concourse	45,000	37,100
Wheel Chair Platforms		2,505
New Ramps	8,000	7,800
<b>Sub Total - Unconditioned Space</b>	<b>126,285</b>	<b>115,685</b>
<b>Plaza Level</b>		
Kitchen/Support	9,870	10,985
Club Lounge	12,400	11,760
Club Support	2,770	2,235
Tunnels		1,100
Restrooms	1,470	1,500
<b>Sub Total - Plaza Level</b>	<b>26,510</b>	<b>27,580</b>
<b>Mezzanine Level</b>		
Mechanical		4,800
Elevator		200
Telecom/Electrical Rooms		220
DAS Room		110
<b>Sub Total - Mezzanine Level</b>		<b>5,330</b>
<b>Concourse Level</b>		
Club Lounge	12,400	11,760
Club Support	1,640	4,215
Club Restrooms	1,470	1,500
Public Restrooms Women	4,500	4,900
Public Restrooms Men	2,500	2,280
Concessions	5,400	2,155
<b>Sub Total - Concourse Level</b>	<b>27,910</b>	<b>26,810</b>
<b>Conditioned Net Square Feet</b>	<b>54,420</b>	<b>59,720</b>
<b>TOTAL GROSS SQUARE FEET</b>	<b>194,310</b>	<b>190,335</b>

The size of the project was reduced between the programming and schematic design phases as seating options and concourse space were examined. As a result, the square footage of the upper bowl seating and overall concourse area was reduced.

It is anticipated that the project will be bid in three phases, with construction beginning in July 2014, with an expected completion date of August 2015, in time for the first home football game of the 2015 season.

Project Budget

Construction	\$38,747,000	*
Planning, Design and Management	5,463,780	*
Furniture & Equipment	250,000	*
Contingency	<u>1,539,220</u>	*
<b>South End Zone Project Costs*</b>	<u>\$46,000,000</u>	*
<b>Green Space Estimated Project Costs**</b>	<u>14,000,000</u>	**
<b>TOTAL</b>	<u><u>\$60,000,000</u></u>	
Source of Funds:		
Private Giving	25,000,000	
Athletic Department and Bond Proceeds	<u>35,000,000</u>	
<b>TOTAL</b>	<u><u>\$60,000,000</u></u>	

\*Includes South End Zone budget only

\*\*The schematic design, project description and budget for the future Green space phase will be submitted for approval at a later date. The estimated budget for this phase is \$14,000,000

Jack Trice Stadium Improvements, Phase 3 – South End Zone  
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: Jack Trice Stadium has reached a functional crossroad due to changing demographics, increased demand for amenities by guests, and ticket demand that has outpaced the stadium's current capacity. For the past two seasons average attendance has exceeded 55,000. Stadium capacity is 56,800 including 12,000 general admission grass hillside seats. Over 43,000 season tickets were sold to the general public and students in 2013, resulting in sell-outs to both constituents.

Alternatives Explored and Rationale for Proposed Project: Several alternatives were explored for the club section, upper deck seating and concourse. The club was reviewed as either a one or two story area. After this analysis, the desired option was a two-story internally connected club. Options were investigated for the size and number of seats in the upper deck. The selected design was based on spectator views. The concourse square footage was reduced as the final seating count was established and the final size of restroom and concession buildings determined.

Project Size and Impact on Other Facilities: The existing south end zone seating will be removed after the 2014 season and replaced with 190,335 sq. ft. of new seating, concourse circulation space, and a club section.

Financial Resources for Construction Project: Athletic Department, Private Giving, and Bond Proceeds.

Financial Resources for Operations and Maintenance: All ongoing operation and maintenance funding will come from Athletic Department.

Date Prepared 5/19/2014

Iowa State Athletics  
Bonded Enterprise - Forecast

REVENUES:

	FY14 Forecast	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast	FY21 Forecast	FY22 Forecast
FB Season Tickets	\$ 8,162,076	\$ 7,515,984	\$ 7,741,464	\$ 7,973,708	\$ 8,212,919	\$ 8,459,306	\$ 8,713,086	\$ 8,974,478	\$ 9,243,712
SEZ ticket revenue-85% capacity	-	-	2,535,125	2,611,179	2,689,514	2,770,200	2,853,306	2,938,905	3,027,072
FB Single Games	1,558,083	1,876,295	1,604,825	1,932,584	1,652,970	1,990,561	1,702,559	2,050,278	1,753,636
FB Suites	1,627,632	1,748,016	1,800,456	1,854,470	1,910,104	1,967,407	2,026,430	2,087,223	2,149,839
FB Club	706,754	630,000	648,900	668,367	688,418	709,071	730,343	752,253	774,821
FB Auxiliary	1,053,158	1,001,667	934,629	990,629	986,589	1,044,987	1,041,564	1,102,476	1,099,735
Incremental FB concessions revenue	-	-	109,010	112,281	115,649	119,119	122,692	126,373	130,164
	13,107,703	12,771,962	15,374,410	16,143,217	16,256,163	17,060,651	17,189,979	18,031,985	18,178,979

OPERATING EXPENSES:

Salaries - 1/2 BME, 1/2 cust., 1/2 Turf	110,000	110,000	110,000	114,400	118,976	123,735	128,684	133,832	139,185
Event - FB Gameday	872,000	995,744	897,244	951,004	947,125	1,003,187	999,902	1,058,377	1,055,745
Incremental SEZ Gameday Expenses	-	-	26,880	27,686	28,517	29,373	30,254	31,161	32,096
Incremental SEZ Facility Expenses	-	-	125,000	128,750	132,613	136,591	140,689	144,909	149,257
Jack Trice & BFC Utilities	450,000	463,500	477,405	491,727	506,479	521,673	537,324	553,443	570,047
Operating expense & deferred maintenance	280,000	290,000	300,000	309,000	318,270	327,818	337,653	347,782	358,216
	1,712,000	1,859,244	1,936,529	2,022,568	2,051,980	2,142,377	2,174,505	2,269,504	2,304,545

NET SURPLUS BEFORE DEBT SERVICE 11,395,703 10,912,718 13,437,881 14,120,650 14,204,184 14,918,273 15,015,475 15,762,481 15,874,434

DEBT SERVICE

Stadium Suites & Club Bond/West Side:	1,487,846	1,491,916	1,489,476	1,490,634	1,490,271	1,488,389	1,494,986	1,498,532	1,495,012
Jack Trice NEZ Scoreboard:	647,674	647,674	647,674	647,674	647,674	647,674	647,674	647,674	0
Jack Trice East Concourse:	367,999	348,600	548,599	499,317	867,715	863,316	858,920	854,515	843,516
FB Training Facility/Bergstrom Indoor:	1,514,550	1,498,550	1,497,550	1,486,250	1,474,850	1,473,350	1,476,550	1,474,350	1,476,850
Debt Service - prior to SEZ	4,018,069	3,986,740	4,183,299	4,123,874	4,480,510	4,472,728	4,478,130	4,475,071	3,815,378
SEZ Projected Debt Service	-	584,230	2,457,153	2,457,658	2,454,878	2,458,753	2,458,495	2,458,408	2,458,198
Debt Service - including SEZ	4,018,069	4,570,970	6,640,451	6,581,532	6,935,387	6,931,481	6,936,625	6,933,478	6,273,576

Coverage Ratio - including SEZ

2.84

2.39

2.00

2.15

2.05

2.15

2.16

2.27

2.53

**Revenue and Expense Assumptions on which Financial Proforma for Athletics Facilities  
System is Based**

**Revenues**

Incremental South End Zone ticket revenue is based upon 85% capacity. The ticket prices have not yet been finalized although assumptions were made in the proforma including the end zone club seating at \$750 / seat. Adjustments in seating capacity have been made to reflect the removal of the South End Zone bleachers and the South Hillside seating.

Other ticket sales were estimated based on actual results for FY 2014 and budgeted amounts for FY 2015, with annual 3% inflationary increases estimated in future years. Season ticket sales for the 2014 season (FY 2015) were ahead of last year's record pace as of April 30, 2014.

Football auxiliary revenues are based upon the historical average of 10% of ticket revenues; inflationary increases of 3% are included.

**Expenses**

Game day, facility and utility expenses are forecasted with annual inflationary increases of 3% or in ratios equivalent to their trailing historical averages as compared to ticket revenues. Incremental facility and game ay expenses were estimated based on expected costs to operate the facility based on comparisons to current operations.

Debt service expenditures were included based on maturity schedules of various components of Athletics' outstanding debt. New debt service for the South End Zone expansion was estimated based on a 25 year term and 4.2% interest rate.

IOWA STATE ATHLETICS  
FORECAST

Date Prepared 5/19/14

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
	Forecast								
<b>REVENUES:</b>									
Ticket Sales:									
FB Season Tickets	\$ 8,162,076	\$ 7,515,984	\$ 7,741,464	\$ 7,973,708	\$ 8,212,919	\$ 8,459,306	\$ 8,713,086	\$ 8,974,478	\$ 9,243,712
Incremental SEZ ticket revenue		2,535,125	2,611,179	2,689,514	2,770,200	2,853,306	2,938,905	3,027,072	3,115,239
FB Single Games	1,558,083	1,876,295	1,604,825	1,932,584	1,652,970	1,990,561	1,702,559	2,050,278	1,753,636
Other ticket revenue	4,325,309	4,125,000	4,248,750	4,376,213	4,507,499	4,642,724	4,782,006	4,925,466	5,073,230
	14,045,468	13,517,279	16,130,164	16,893,683	17,062,902	17,862,791	18,050,956	18,889,127	19,097,650
Conference/NCAA	23,515,595	26,596,478	29,931,415	30,904,107	30,744,660	34,367,100	35,420,453	36,872,692	38,384,472
Fundraising:	12,248,472	11,639,031	10,890,056	11,098,823	11,267,688	11,615,537	11,957,394	11,954,854	12,313,500
Athletic Marketing Rights	3,608,951	3,553,000	3,653,000	3,753,000	3,853,000	3,953,000	4,053,000	4,153,000	4,253,000
Student Activity Fees	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Auxiliary Revenue:									
FB Auxiliary	1,053,158	1,001,667	934,629	990,629	986,589	1,044,987	1,041,564	1,102,476	1,099,735
Incremental FB concessions revenue		109,010	112,281	112,281	115,649	119,119	122,692	126,373	130,164
Other auxiliary	439,299	340,000	350,200	360,706	371,527	382,673	394,153	405,978	418,157
	1,492,457	1,341,667	1,393,839	1,463,616	1,473,765	1,546,778	1,558,410	1,634,826	1,648,056
Other Revenue:	3,383,299	4,081,000	4,008,000	4,035,810	4,064,454	4,093,958	4,124,347	4,155,647	4,187,886
<b>TOTAL REVENUES</b>	<b>\$ 60,194,241</b>	<b>\$ 62,628,455</b>	<b>\$ 67,906,474</b>	<b>\$ 70,049,039</b>	<b>\$ 70,366,470</b>	<b>\$ 75,339,164</b>	<b>\$ 77,064,560</b>	<b>\$ 79,560,146</b>	<b>\$ 81,784,564</b>
<b>EXPENSES:</b>									
Salaries	\$20,494,616	\$22,092,269	\$23,196,882	\$24,356,726	\$25,574,563	\$26,853,291	\$28,195,955	\$29,605,753	\$31,086,041
Scholarships	5,780,742	6,135,771	6,319,844	6,572,638	6,835,544	7,108,965	7,393,324	7,689,057	7,996,619
Sports Programs Operations	9,526,933	11,165,903	11,702,902	12,039,214	12,386,376	12,744,753	13,114,721	13,496,668	13,891,000
Administrative Operations	7,406,165	7,360,167	7,583,872	7,812,788	8,047,072	8,286,884	8,532,390	8,788,362	9,052,013
Event - FB Gameday	872,000	995,744	897,244	951,004	947,125	1,003,187	999,902	1,058,377	1,055,745
Incremental SEZ Gameday Expenses		26,880	27,686	27,686	28,517	29,373	30,254	31,161	32,096
Other Athletic event costs	1,605,097	1,696,350	1,747,241	1,799,658	1,853,647	1,909,257	1,966,535	2,025,531	2,086,297
Facilities Operations	3,705,883	3,911,735	4,029,087	4,149,960	4,274,459	4,402,692	4,534,773	4,670,816	4,810,941
Incremental SEZ Facility Expenses		125,000	128,750	128,750	132,613	136,591	140,689	144,909	149,257
Total - Facilities & Events	6,182,980	6,603,829	6,825,452	7,057,058	7,236,361	7,481,100	7,672,152	7,930,794	8,134,336
Total Operating Expenses	49,391,436	53,357,939	55,628,952	57,838,425	60,079,916	62,474,994	64,908,543	67,510,635	70,160,009
Debt Service	6,322,511	6,296,182	6,077,741	6,018,316	6,374,952	6,367,170	6,372,572	5,631,877	4,972,184
SEZ Projected Debt Service		584,230	2,457,153	2,457,658	2,454,878	2,458,753	2,458,495	2,458,408	2,458,198
Cap. Projects & Def. Maintenance	4,434,808	2,336,700	1,000,000	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274	1,194,052
<b>TOTAL EXPENSES</b>	<b>\$ 60,148,755</b>	<b>\$ 62,575,051</b>	<b>\$ 65,163,845</b>	<b>\$ 67,344,398</b>	<b>\$ 69,970,645</b>	<b>\$ 72,393,643</b>	<b>\$ 74,865,118</b>	<b>\$ 76,760,193</b>	<b>\$ 78,784,442</b>

**IOWA STATE UNIVERSITY – ATHLETICS – MULTI-YEAR FORECAST  
PRO-FORMA FINANCIAL FORECAST – KEY ASSUMPTIONS**

**Revenues**

- Ticket sales – Estimated based on actual results for FY 2014 and budgeted amounts for FY 2015 with annual 3% inflationary increases estimated in future years.
- Conference / NCAA Revenue – Amounts are based on forecasts provided by the Big 12 Conference. Key revenue components include television revenue and bowl revenue. This contracted revenue is based on long-term contracts with fixed / known amounts. There is a significant increase in bowl revenue beginning in FY 2015.
- Fundraising – Estimated based on actual results for FY 2014 and budgeted amounts for FY 2015 with an annual 3% inflationary increase estimated in future years. No additional amounts of capital gift contributions other than current pledges have been forecasted.
- Athletic Marketing Rights – Eight years remain on a contract with Learfield (Cyclone Sports Properties) so amounts forecasted are fixed due to contractual commitments. While there is the potential for a substantial increase in the fees from these rights upon expiration of the current contract, no increase is forecasted beyond standard annual inflation.
- Student fees have been estimated with no growth in future years.
- Auxiliary revenues are forecasted with annual inflationary increases of 3% or in ratios equivalent to their trailing historical averages as compared to total ticket revenues.
- Other revenue categories have been estimated to grow between 0% and 3% in future years.

**Expenses**

- Salary expenses have been forecasted to increase annually at 5%, ahead of the estimated revenue inflation rate.
- Scholarship expenses have been forecasted to increase at 4% annually, ahead of the estimated revenue inflation rate.
- All other operating expenses are forecasted with annual inflationary increases of 3% or in ratios equivalent to their trailing historical averages as compared to ticket revenues. Incremental facility and game day expenses are estimated based on expected costs to operate the facility based on comparisons to current operations.
- Debt service expenditures are based on maturity schedules of various components of Athletics' outstanding debt. New debt service for the SEZ expansion was estimated based on a 25 year term and a 4.0% interest rate.
- Annual capital projects / deferred maintenance were based on an estimate of \$1 million needed per year for standard deferred maintenance and equipment replacement. In recent years this number has exceeded this amount as additional capital projects and deferred maintenance projects were initiated as operating surpluses were realized.