

Contact: Brad Berg

IOWA STATE UNIVERSITY RECREATION FEE DEFERRAL

Action Requested: Consider authorizing ISU to refund the portion of the mandatory FY 2012 recreation fee previously approved by the Board attributable to the State Gym remodel and addition, delaying its implementation until the semester when the facilities are available for occupancy.

Executive Summary: In April 2011, the Board approved mandatory recreational fees for the University of \$321.60 for the 2011-12 academic year. The recreation fees were part of a multiyear plan to renovate and expand recreational facilities on campus. The 2011-12 recreational fees incorporated additional debt service and operating costs associated with the renovation of State Gym and a 94,000 square foot addition to the facility with an anticipated occupancy in the Fall 2011 semester.

The contractor informed the University in August that they were unable to obtain enough coil zinc needed to manufacture the building's metal wall panels due to limited global sources of the material. These panels are necessary to complete enclosure of the building and allow for installation of the environmental controls, wood floors, and other finish materials. After reviewing alternatives with the contractor, architects, and university staff, it was determined the best option was to proceed with the installation of aluminum panels. This will result in a delay of the scheduled opening of State Gym and the addition, now with an anticipated occupancy in the Spring 2012 semester, and does not change the construction budget.

Based upon the delay in occupancy, the University is recommending refunding to students, the portion of the fee attributable to the opening of the State Gym and addition previously assessed as part of their fall tuition and fees. The portion of the recreation fee attributable to the State Gym remodel and addition for full time students is \$89.95/semester. If approved by the Board, this amount will be credited to the students' U-bills by the end of September. Part time students and summer session students billed the fee will receive a proportional credit.

The university has updated financial projections for the Recreational Enterprise and reviewed them with the Board Office, financial advisors, and bond counsel. The university will meet all of the coverage and bond covenant requirements. Actual enrollment has exceeded the original projections made in 2008 when the project was begun and the delay in the construction improves cash flows since payments to the contractor will be delayed.

During the fall semester, other recreation facilities including the Lied Recreation Athletic Center, Beyer Hall, the Forker Building, and outdoor recreation facilities remain available for use.