

Contact: John Nash

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

**Actions Requested:** Consider recommending to the Board approval of the:

1. Following actions for the **Riverside Recital Hall – Remodel Space** and the **Roy J. Carver Pavilion – Inpatient Psychiatry Expansion and Renovation** projects; both major capital projects as defined by Board policy:
  - a. Acknowledge receipt of the University's initial submission of information to address the Board's capital project evaluation criteria (see Attachments A and B);
  - b. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration; and
  - c. Authorize permission to proceed with project planning, including the design professional selection process for the Recital Hall project and the selection of Heery International as the design professional for the Inpatient Psychiatry project.
2. Following actions for the **Kinnick Stadium and Paul W. Brechler Press Box – Renovate North Stands** project; a major capital projects as defined by Board policy:
  - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment C);
  - b. Accept the Board Office recommendation that the project meet the necessary criteria for Board consideration; and
  - c. Approve the schematic design, financing plan, project description and budget (\$89,900,000), and the use of the Construction Manager at Risk delivery method in lieu of the Construction Manager - Agent delivery method approved by the Board in August 2015 with the understanding that approval would constitute final Board approval and authorization to proceed with construction.
  - d. Approve the financing plan, as outlined in this memorandum, and A Resolution Declaring an Official Intent Under Treasury Regulation 1.150-2 to Issue Debt of up to \$100,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. and to Reimburse the State University of Iowa for Certain Original Expenditures Paid in Connection with the Improvements and Renovations of Kinnick Stadium and surrounding areas.
3. Project description and budget (\$5,871,000) for the **Water Plant – Install Reverse Osmosis System** project.

**Executive Summary:**

The University requests permission to proceed with project planning for two projects: **Riverside Recital Hall – Remodel Space** and the **Roy J. Carver Pavilion – Inpatient Psychiatry Expansion and Renovation**.

The **Riverside Recital Hall – Remodel Space** project would renovate 14,060 square feet on two floors of the Riverside Recital Hall (RRH), transforming it into a highly functional and attractive office environment for the University of Iowa Foundation (see Attachment D for location). The interior would require a full renovation of walls, ceilings, lights, HVAC and electrical systems as well as all interior finishes. The exterior scope of work would include a new roof, windows and exterior cladding. The University will provide the capital funding for the estimated project cost of \$4,500,000 to \$5,200,000 from Treasurer's Temporary Investment Income; it will recoup its investment by leasing the facility to the Foundation.

The **Roy J. Carver Pavilion – Inpatient Psychiatry Expansion and Renovation** project would renovate the north half of level seven of the Roy J. Carver Pavilion (RCP) to create 12 to 15 adult psychiatry single inpatient bedrooms. (This space currently houses Neonatal Intensive Care Unit Bay 5, which will relocate to the new Children's Hospital. Upon completion of this renovation, adult inpatient psychiatry patients on levels one and two of the John Pappajohn Pavilion (JPP) would move into the newly remodeled level seven of RCP. The estimated project cost of \$8,000,000 would be funded by Hospitals Building Usage Funds.

The University requests approval of the schematic design, financing plan, project description and budget including the use of the Construction Manager at Risk delivery method in lieu of the Construction Manager – Agent delivery method which the Board approved in August of 2015 for the **Kinnick Stadium and Paul W. Brechler Press Box – Renovate North Stands** project. In conjunction with the Athletics Department Facilities Master Plan, the north stands of Kinnick Stadium have been identified as an area in need of renovation. The 30-year-old structure was not included in the 2006 Kinnick Stadium Renovation project and has received no major renovations other than the video/scoreboard added in 2013. With recent advancements in stadium facilities, the north stands structure is becoming obsolete by modern-day standards. The project location can be found on the map in the schematic design booklet included in the Board's agenda materials.

The University plans to finance the project through gifts and the issuance of approximately \$100,000,000 in Athletics Facilities Revenue Bonds (netting approximately \$89,900,000 in project proceeds), the debt service for which would be paid with Athletics Facilities System revenue, including capital gifts, additional athletic conference distributions related to television contracts, and incremental revenues from the stadium renovation. A table showing the multi-year financial forecast (through FY 2025) is included in Attachment E. The projected annual debt service for the bonds, which would be sold, is based upon a 4.25% interest rate, with a 25-year term.

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. Treasury regulations require that project costs must be

reimbursed not later than 18 months after the capital expenditures are paid or 18 months after the property is placed in service, whichever is later.

During programming the project team reviewed several construction schedule scenarios and delivery options. As a result, the University requests permission to utilize the Construction Management at Risk delivery method in lieu of the Construction Management - Agent method approved by the Board in August 2015 to advance this complex and tight construction schedule.

The design team of Neumann Monson and HNTB will continue development of detailed design and construction documents and a formal search for a Construction Management at Risk contractor would be conducted pending approval by the Board.

The University requests approval of the schematic design and project description and budget for the **Water Plant – Install Reverse Osmosis System** consisting of the installation of reverse osmosis (RO) water filtration equipment in the Water Plant facility (see Attachment E for location) to help lower nitrate levels. The new RO system would ensure continued compliance with water quality regulations and would improve the overall quality of the water supply to campus. The project budget of \$5,871,000 would be funded by Utility System Renewal and Improvement Funds.

**Details of the Projects:**

**Riverside Recital Hall – Remodel Space**

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Oct. 2016	Requested
Initial Review and Consideration of Capital		Oct. 2016	Receive
Project Evaluation Criteria			Report

The University of Iowa Foundation is in need of additional office space. The project would result in a mix of private offices, workstations, and benching work environments. Additional needs consist of large and small conference rooms, a printing area, a training room, and huddle offices for breakout collaboration. The Riverside Recital Hall is in close proximity to and across the street (North Riverside Drive) from the Foundation’s principal place of business, the Levitt Center for University Advancement.

**Roy J. Carver Pavilion – Inpatient Psychiatry Expansion and Renovation**

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Oct. 2016	Requested
Initial Review and Consideration of Capital		Oct. 2016	Receive
Project Evaluation Criteria			Report

Design Professional Selection  
(Heery International, Iowa City)

Oct. 2016 Requested

Current psychiatric facilities on levels one and two of the John Pappajohn Pavilion (JPP) were developed in the early 1980s and no longer meet contemporary standards. Over 45 percent of those psychiatric inpatient rooms are semi-private. Contemporary design standards require that the maximum number of beds per room be one, unless the program demonstrates the need for two beds. Single bed inpatient rooms provide a number of evidenced-based benefits to both patients and the organizations caring for them including reducing the risk of hospital-acquired infections, improving patient privacy, reducing patient falls, and increasing patient and family satisfaction.

The cumulative area on level seven of RCP to be renovated is approximately 15,000 gross square feet. The scope of work includes developing single patient rooms, creating additional patient activity and collaborative care space, and upgrading finishes, building systems, and infrastructure. Also, this project would ultimately make it possible to develop more single inpatient rooms on levels one and two of JPP. The renovation of those levels would be completed as separate projects.

**Kinnick Stadium and Paul W. Brechler Press Box – Renovate North Stands**

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Feasibility Study Agreement (Neumann-Monson and HNTB, Iowa City)	\$ 129,900	July 2015	Not Required*
Permission to Proceed with Project Planning		Aug. 2015	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Aug. 2015	Received Report
Design Professional Selection (Neumann-Monson and HNTB, Iowa City)		Aug. 2015	Approved
Construction Manager – Agent Selection (M.A. Mortenson Company, Iowa City)		Aug. 2015	Approved
Design Professional Agreement (Pre-Construction – Schematic Design)	1,280,000	Nov. 2015	Not Required*
Design Professional Amendment	25,000	Nov. 2015	Not Required*
Construction Manager – Agent Agreement (Pre-Construction – Schematic Design)	224,126	Aug. 2016	Not Required*
Program Statement		Sept. 2016	Not Required*
Schematic Design		Oct. 2016	Requested
Project Description and Budget	89,900,000	Oct. 2016	Requested
Financing Plan		Oct. 2016	Requested
Reimbursement Resolution		Oct. 2016	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		Oct. 2016	Receive Report
Use of Construction Manager At Risk		Oct. 2016	Requested

\* Approved by Executive Director, consistent with Board policies.

With the evolution of collegiate peer institution stadium facilities, the renovation of the north stands is a critical next-step towards modernizing historic Kinnick Stadium. It is fundamental to the mission of the football program, athletics department, and the University of Iowa to ensure the continued patronage by fans, supporters, and prospective student-athletes for years to come.

This project would replace the existing general admission seating bowl with upper and lower general admission seating bowls, two general admission concourses, and a premium club level. Both general admission concourses would have appropriately sized concession and restroom facilities. The main general admission concourse on street level would be constructed with an open view toward the playing field. The upper general admission concourse would have open decks at the east and west ends with views to the field and places where fans can congregate. Between the two concourse levels, a premium club level (club) would be constructed. Access to the club would be through a new skywalk, built as part of this project, to the existing West Campus Transportation Center to the north. The club would also be accessed from grade level by elevators and stairs. The club would have its own concessions and restroom facilities, independent of the two general admission concourses. Although the primary goal is to enhance the game-day experience, the club also has potential for non-game-day uses.

Seating                      8,516 General Admission seating in lower and upper seating bowls  
                                      1,570 Outdoor club seats at the club level with premium amenities  
                                      148 Loge and premium patio space  
 10,234 total seats provided

Building Program

Main Concourse

Elevators / Elevator Lobby	860 sf	
Restrooms	3,880 sf	
Concession	1,200 sf	
Ticketing	350 sf	
Guest Services	260 sf	
Mechanical / Janitor's Closet	260 sf	
Standing Room Only Club	1,200 sf	
Open Concourse Space	26,000 sf	
Stair Tower	800 sf	
Seating Bowl	15,500 sf	
Total		50,310 nsf

Mechanical Mezzanine

Elevators	160 sf	
Mechanical / Electrical / Equipment	2,590 sf	
Food / General Storage	4,400 sf	
Total		7,150 nsf

Club Level

Elevator / Elevator Lobby	760 sf
Club Lounge	17,000 sf
Restrooms	2,150 sf
Telecommunication	200 sf

Storage / Pantry / Janitor's Closet	1,850 sf
Concessions	1,800 sf
Open Patio Space	4,000 sf
Seating Bowl	11,000 sf

Total 38,760 nsf

Upper Concourse Level

Elevator / Elevator Lobby	760 sf
Restrooms	4,250 sf
Storage / Janitor's Closet	1,710 sf
Electrical / Telecommunications	275 sf
Concessions	1,800 sf
Seating Bowl	29,700 sf
Scoreboard Enclosure	1,400 sf
Open Concourse	17,000 sf

Total 56,895 nsf

Construction will be completed over several years starting with some work taking place prior to the 2017 football season; the razing of the north end zone would not commence until after the 2017 season. The lower and upper bowl general admission seating is planned to be completed prior to the 2018 football season. All construction is to be complete prior to the 2019 football season.

Project Budget

Planning, Design & Management	\$ 10,513,500
Construction	72,521,100
Furniture & Equipment, Occupancy	1,345,400
Contingency	5,520,000
<b>Total</b>	<b>\$ 89,900,000</b>

Source of Funds: Athletic Facilities Revenue Bonds repaid with Athletic Department gifts and earnings

**Water Plant – Install Reverse Osmosis System**

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Oct. 2015	Approved
Design Professional Selection (HDR Engineering, Des Moines)		Dec. 2015	Not Required*
Design Professional Agreement (Schematic Design – Construction)	\$ 647,600	Mar. 2016	Not Required*



Riverside Recital Hall - Remodel Space  
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 University of Iowa Foundation's sole purpose is to provide private support to the University of Iowa in order to assist it in meeting institutional goals. The Foundation shares the Levitt Center for University Advancement with the University of Iowa Alumni Association. At this time, the Foundation is out of office space and would be unable to hire additional development officers in order to meet the increasing needs of the University.

Other Alternatives Explored: After working with University leadership, the first option explored was to occupy space within the UIHC Health Care Support Services Building (HSSB) located near the Oakdale campus. However, UIHC realized it had greater space needs than originally planned and the Foundation agreed to continue looking at other options. The Foundation was then approached by University leadership to consider the Riverside Recital Hall that would become available after the School of Music moves into the new Voxman Music Building in the Fall of 2016. The Riverside Recital Hall is straight across the street from the Foundation's primary place of business, the Levitt Center for University Advancement.

Impact on Other Facilities and Square Footage: This project would not result in the abandonment, transfer, or demolition of existing facilities.

Financial Resources for Construction Project: The University would fund the capital cost of the renovation through Treasurer's Temporary Investment Income and the Foundation would lease the property back from the University.

Financial Resources for Operations and Maintenance: The University would fund the capital cost of the renovation through Treasurer's Temporary Investment Income and the Foundation would lease the property back from the University.

External Forces Justifying Approval: As private support continues to be an important revenue source for the University of Iowa, the Foundation knows it can continue to raise more funds in a cost effective way if it can hire and house the necessary staff.

Inpatient Psychiatry Expansion and Renovation  
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: Completion of this project would contribute to the UI Hospitals and Clinics' efforts in meeting all elements of its tripartite mission. It would greatly enhance the UI Hospitals' capabilities for fulfilling its patient care mission by providing greatly improved patient accommodations for psychiatric inpatients through conversion of semi-private and small single patient rooms into contemporary, adequately sized single occupancy, private inpatient rooms as well as increased ancillary patient care amenities. The educational and research missions would also be enhanced through development of contemporary inpatient nursing units so that students, residents and fellows receive their clinical experience in modern, state of the art and efficiently operated facilities and in accord with accrediting body standards. The project also is supportive of each of the six major goals that have been established in UI Health Care's Strategic Plan by developing facilities that would 1) provide world class healthcare services to optimize health for everyone, 2) advance world class discovery through excellence and innovation in biomedical and health services research, 3) develop world class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage, 4) foster a culture of excellence that values, engages and enables our workforce, 5) create an environment of inclusion where individual differences are respected and all feel welcome, and 6) to optimize a performance-driven business model that assures financial success.

Other Alternatives Explored: After careful evaluation of space available on the UIHC main campus it was determined that there are no other alternatives that would provide adequate space for the required clinical workflows and technology directly adjacent to the existing Magnetic Resonance Imaging (MRI) Suite.

Impact on Other Facilities and Square Footage: The space proposed for development of single inpatient psychiatry rooms on level seven of the Roy J. Carver Pavilion is currently occupied by Neonatal Intensive Care Unit (NICU Bay 5) which would be relocated when the new Children's Hospital opens in December of 2016. The vacated space would then be converted into a nursing unit with single psychiatry patient rooms and thus, no facilities would be abandoned in undertaking this project.

Financial Resources for Construction Project: The project would be financed with University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients. No state capital appropriated dollars would be involved.

Financial Resources for Operations and Maintenance: The source of funds to cover the associated operating and maintenance costs of the new facilities would be University Hospital operating revenues derived from providing patient care services.

External Forces Justifying Approval: Acute care hospitals must meet the standards of the Facility Guidelines Institute (FGI) and standards, as presented in the 2014 Edition, Guidelines for Design and Construction of Hospital and Healthcare Facilities. These guidelines have been adopted by the State of Iowa and most other states to regulate hospital construction and are used by Medicare and the Joint Commission to develop new regulations and standards. The FGI 2014 Guidelines

state that, in major construction projects: “the maximum number of beds per rooms shall be one unless the functional program demonstrates the necessity of a two bed arrangement.” The design would also meet Health Insurance Portability and Accountability Act (HIPAA) requirements for patient privacy and confidentiality.

The development of private patient rooms on the psychiatry inpatient units is necessary to meet patient care best practices while enabling continued operational inpatient bed capacity during phased construction and redevelopment of existing units. The UIHC’s psychiatric inpatient bed census has been at or above capacity consistently for more than a year with little projected change. Any construction project that would reduce inpatient bed capacity for a long period of time would significantly hinder the UIHC’s ability to meet its high inpatient demand.

Finally, single bed inpatient rooms have increasingly become a patient and family expectation. The lack of private inpatient rooms has been shown to dissatisfy patients. Single bed inpatient rooms also help reduce the risk of hospital-acquired infections, reduce patient disruption, reduce fall rates and expedite healing.

In summary, the conversion of the units vacated by the move of pediatric patients to the new UI Children’s Hospital would make it possible for the UIHC to begin development of single bed inpatient facilities for both the adult and pediatric psychiatry units which would allow the UIHC to improve patient safety, meet patient expectations, and increase patient satisfaction without major operational disruption to the inpatient units.

Kinnick Stadium and Paul W. Brechler Press Box – Renovate North Stands  
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: In conjunction with the Athletics Department Facilities Master Plan, the north stands area of Kinnick Stadium has been identified as a structure in need of renovation. The 30-year-old structure was not included in the 2006 Kinnick Stadium Renovation project and has received no major renovations other than the video/score-board that was added in 2013. With recent advancements in stadium facilities, the north stands structure is becoming obsolete by modern-day standards.

Kinnick Stadium is a public venue that welcomes thousands of fans and millions of viewers to experience the excellence of the University of Iowa. The game-day experience at Kinnick Stadium adds to the cultural vitality of the community, attracts and retains new Iowans, inspires students, faculty and potential contributors, and maintains a University brand/identity at the state, national, and international levels.

With the evolution of collegiate peer institution stadium facilities, the renovation of the north stands is a critical next-step towards modernizing historic Kinnick Stadium. It is fundamental to the mission of the football program, athletics department, and the University of Iowa that Kinnick Stadium remains a shining example of a modern collegiate sports venue, to ensure the continued patronage by fans, supporters, and prospective student-athletes for years to come.

Other Alternatives Explored: The planning team (consultants and university staff) studied options for improving the aged facilities. Alternatives explored included renovating existing space or constructing a new structure to support the needed program improvements.

Impact on Other Facilities and Square Footage: This project would result in the razing of the existing north end zone as a new structure is constructed in its place.

Financial Resources for Construction Project: Project funding would be provided by athletics department gifts and earnings.

Financial Resources for Operations and Maintenance: Operations and maintenance budgets should not be impacted in any major way. If they are, a funding plan to support those costs would be identified in the upcoming planning phase and presented to the Board at a later date. Cash revenues from events would continue to support the operations and maintenance.

External Forces Justifying Approval: Intercollegiate athletics is influenced by the actions of peer institutions competing for the best student-athletes from across Iowa and the nation. Changing market forces including the recent growth in collegiate sports television networks and revenue, are significantly impacting viewership and changing how stadium facilities are designed and operated. Modern stadiums are going beyond offering seats, to offering more amenities and options for entertainment to enhance the game-day experience for fans. Improvements would also enhance the ability to increase use of Kinnick Stadium.

UNIVERSITY OF IOWA  
Riverside Recital Hall – Remodel Space Map



 <p><b>THE UNIVERSITY OF IOWA</b></p> <p><small>Wednesday, September 14, 2016 Document Name: 20160914_BOR_FTP_RRH_Remodel</small></p>	 <p><b>1" = 100'</b></p>	<p><b>Location Map: Riverside Recital Hall Remodel Space</b></p>
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UNIVERSITY OF IOWA  
Kinnick Stadium and Paul W. Brechler Press Box – Renovate North Stands  
Athletics Proforma

As of 9-30-2016

	Budget	Forecast								
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Total Sports Income	\$ 29,000,525	\$ 27,295,671	\$ 29,708,449	\$ 28,278,036	\$ 30,738,896	\$ 29,293,655	\$ 31,774,186	\$ 30,286,183	\$ 32,814,584	
Athletic Conference Distribution	34,336,000	43,647,000	45,154,000	46,494,000	47,889,000	49,326,000	50,806,000	52,330,180	53,900,085	
All Other Income	38,788,890	37,534,034	41,153,578	42,922,527	42,849,992	42,143,577	42,891,513	44,137,546	44,176,185	
<b>Total Income</b>	<b>\$ 102,125,415</b>	<b>\$ 108,476,704</b>	<b>\$ 116,016,027</b>	<b>\$ 117,694,563</b>	<b>\$ 121,477,888</b>	<b>\$ 120,763,232</b>	<b>\$ 125,471,699</b>	<b>\$ 126,753,908</b>	<b>\$ 130,890,855</b>	
Total Sports Expense	\$ 53,934,316	\$ 57,138,563	\$ 59,313,925	\$ 61,448,290	\$ 64,128,910	\$ 66,080,700	\$ 68,940,062	\$ 71,136,208	\$ 74,253,481	
Total Other Expense	31,264,314	30,772,716	31,698,216	33,162,616	34,171,216	35,211,516	36,283,716	37,388,416	38,526,516	
Total Existing Debt Service	16,926,785	16,956,335	15,355,819	15,426,569	15,467,205	13,981,225	13,987,474	10,717,936	10,615,563	
Kinnick North End Zone										
Debt Service	0	0	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	
<b>Total Expense</b>	<b>\$ 102,125,415</b>	<b>\$ 104,867,614</b>	<b>\$ 112,667,960</b>	<b>\$ 116,337,476</b>	<b>\$ 120,067,331</b>	<b>\$ 121,573,441</b>	<b>\$ 125,511,253</b>	<b>\$ 125,542,560</b>	<b>\$ 129,695,560</b>	
<b>Total Net Operations</b>										
after Debt Service	\$ (0)	\$ 3,609,090	\$ 3,348,067	\$ 1,357,087	\$ 1,410,557	\$ (810,209)	\$ (39,554)	\$ 1,211,348	\$ 1,195,295	

**Notes:**

Beginning in 2017-18 through 2022-23, Athletic Conference Distributions reflect conservative estimated increases related to television contract negotiations by the Big Ten, which have been agreed to, but have not been committed to final contract form. The initial estimates provided by the Big Ten may increase once the contract is finalized. The contract has been negotiated for six years, so an estimated escalator of 3% has been included for years 2023-24 and beyond.

Any future operating income the Athletic Department realizes may be used for:

- 1) Building up capital replacement reserve funds
- 2) Assisting with funding academic initiatives
- 3) Funding future facility master plan projects

UNIVERSITY OF IOWA  
Water Plant – Install Reverse Osmosis System Map



 <p><b>THE UNIVERSITY OF IOWA</b></p> <p><small>October, 2016 Document Name: 0544401_LocationMap</small></p>	 <p>1" = 275'</p>	<p><b>Location Map:</b></p> <p><b>Water Plant- Install Reverse Osmosis System Project #0544401</b></p>
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