

MEMORANDUM

To: Board of Regents

From: Board Office

Subject: Register of University of Northern Iowa Capital Improvement Business Transactions for Period of May 24, 2003, Through June 24, 2003

Date: July 7, 2003

Recommended Actions:

1. Acknowledge receipt of the University's submission of information to address the Board's capital project evaluation criteria for the **McLeod Center** project and carefully review and consider the information submitted to determine whether the desired standards for the criteria are being met;
 2. Consider any recommendations from the Banking Committee regarding the business and financing plans for the **McLeod Center** project; and
 3. Acknowledge Board Office receipt of the University's submission of information to address the Board's capital project evaluation criteria for the **Human Performance Center** project; this information will be presented to the Board at a later date.
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Executive Summary:

Requested
Actions

The Board is being asked at this time to:

- Acknowledge receipt of the University's submission of information to address the Board's capital project evaluation criteria for the **McLeod Center** project (pages 2 through 4);
 - Carefully review and consider the information submitted to determine whether the desired standards for the criteria are being met; and
 - Consider any Banking Committee recommendations regarding the financing plans for the project.
 - Further approvals for the **McLeod Center** project would be considered at a later date.
 - Acknowledge Board Office receipt of the University's submission of information to address the Board's capital project evaluation criteria for the **Human Performance Center** project; this information will be presented to the Board at a later time.
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Background and Analysis:

McLeod Center

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed Architectural Agreement* (Herbert Lewis Kruse Blunck, Des Moines, IA)	\$ 1,903,200	Nov. 2001	Approved
Program Statement		May 2002	Approved
Schematic Design		Oct. 2002	Approved
		April 2003	Report Received
Review and Consideration of Capital Project Evaluation Criteria		July 2003	Receive Report

* Fee also includes costs for design of Human Performance Center.

Background

The McLeod Center (82,190 net square feet) would provide a performance venue for men's and women's basketball and volleyball.

- The Center would include a regulation-size NCAA basketball court with seating for approximately 6,100 spectators, locker rooms, offices, concessions, restrooms, and other support areas.
- The Center would also have the capability to house wrestling events and other University programs and community events.
- The facility would be constructed immediately to the south of the UNI-Dome.

Anticipated Cost
and Source of
Funds

The current anticipated project cost is \$19.5 million, excluding costs for additional parking for the facility.

The FY 2004 capital plan presented to the Board in June 2003 included \$760,000 for Phase 1 of the West Campus Parking Lot to replace existing parking that would be lost with construction of the Arena, and to accommodate increased demand due to additional events and the opening of the Arena; the source of funds was listed as Parking Operations.

A business and financing plan for the facility will be presented to the Banking Committee at its July meeting (see B.C. 10).

July Meeting

The only Board action anticipated at the July meeting is the review and consideration of the capital project evaluation criteria.

Evaluation
Criteria – McLeod
Center

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 UNI's Strategic Plan, the vision of the university is to be the nation's finest public comprehensive university, known for high quality learning environments and a genuine sense of community. This vision is very much about Iowa and as UNI President Koob states in a message accompanying the Strategic Plan, "UNI's priorities reflect and support many of the initiatives in Governor Tom Vilsack's Iowa 2010 Plan – educational excellence at every level, the power of a growing cultural diversity, a healthy environment, lifelong learning, personal wellness, caring communities, social and individual responsibility, and a world-class reputation and identity." The McLeod Center will help us continue to attract the finest Iowa student-athlete, as well as enhance student recruitment in general.

The McLeod Center project provides a "laboratory" that intertwines UNI's Strategic Plan Goal 1, "Provide intellectually stimulating and challenging experiences for students that broaden and deepen their perspective and awareness" and Goal 2, "support creative and intellectually rigorous teaching and scholarship." Students enrolled in the HPELS' curriculum and faculty from a number of disciplines will use the facility as a learning laboratory. Student-athletes will benefit from the students enrolled in the athletic training program as well as the partnership being formed with UNI faculty and the Cedar Valley medical community.

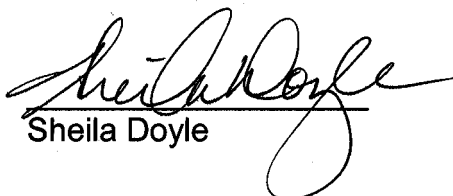
The McLeod Center will fulfill the University's Strategic Plan Goal 3, "Expand the involvement of the university in addressing critical local, state, national and global needs that also enrich the educational experiences offered by the university, especially Objective 3.3, "Serve the state and region through applied research, service, and economic development services."

State budgets and the overall economy require us to look for new and inventive ways to increase revenue opportunities and enhance the economic well being of the city, region and state. UNI, a public university, has an obligation to assist its local communities and state economically. UNI receives tax relief and a large portion of its budget from the state, and it has an obligation to give back. The McLeod Center will create visitor traffic, increase revenue and attract businesses to invest and create new jobs. New research by the Institute for Decision Making indicates that by adding the McLeod Center to the UNI campus, an additional 370,000 visitors will enjoy a variety of event programming and will generate more than \$23 million in additional revenue to the City and the Cedar Valley.

This project is also consistent with UNI's Strategic Plan, Goal 7, "Continue to improve capital, physical and informational resources at the University." McLeod Center is designed to meet the needs of today's athletics and large-scale entertainment programs. With basketball moving to McLeod Center, the UNI-Dome will be available for more opportunities to program events and shows.

Other Alternatives Explored	A facility of this size does not exist in the Cedar Valley. The McLeod Center will provide a state-of-the-art venue for University events and uses. With the UNI-Dome and the Performing Arts Center, these three facilities will offer a variety of opportunities to attract the shows the public wants.
Impact on Other Facilities and Square Footage	This project will provide needed offices and locker rooms for UNI's Division I athletic programs. Current offices are inadequate and several teams must use the existing locker facilities in the West Gym and the Wellness Recreation Center. Relocation of these offices will alleviate space needs in the University's other athletic facilities.
Financial Resources for Construction Project	The business plan for this facility is being submitted concurrently with the request for Schematic Design and budget approval. The McLeod Center will be operated as part of a self-supporting auxiliary enterprise known as the Event Complex. The project budget of \$19.5 million is expected to be fully funded by non-state sources, including gifts and event revenue. Because cash flow cannot be predicted precisely from such sources, the University will assure that the cash flow assumptions are met at such time as bonds shall be issued. Any University funds that might be used will be fully reimbursed by the UNI Foundation.
Financial Resources for Operations and Maintenance	The source of funds used to support the cost of operating and maintaining the facility will be event revenue. The operating costs and fund sources are identified in the business plan.
External Forces	Fundraising for this project has been very successful. UNI alumni and supporters across the region, state, and nation have contributed to the project. Promoters for entertainment such as Disney on Ice, Sesame Street Live, Billy Joel, Elton John, and others will now be interested in coming to UNI because a facility that accommodates their set-up is available. The City Council of Cedar Falls recognizes the importance of the project and how it will benefit the economic vitality of the region. The Council will vote on July 14 to provide a no-interest loan of \$300,000 and a forgivable loan of \$200,000.

Also presented for Board ratification are an amended project budget and construction contract award approved by the Executive Director for the **Electrical Distribution Loop System/Load-Break Switches—Phase 2** project, the acceptance of one completed construction contract, and three final reports. The register prepared by the University is included in the Regent Exhibit Book.


Sheila Doyle

Approved: 
Gregory S. Nichols