

A PRESENTATION OF THE SCHEMATIC DESIGN FOR THE HUMAN PERFORMANCE COMPLEX WILL TAKE PLACE AT THE MARCH MEETING

AGENDA ITEM 21

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: University of Northern Iowa – Human Performance Complex
Date: March 2, 2005

Recommended Action:

Consider the University of Northern Iowa's following requests for the Human Performance Complex, a major capital project, as defined by Board policy:

- Approval of the business plan, which incorporates a plan of finance (pages 14 through 18) including authorization to borrow not more than \$2.5 million;
 - Approval of an agreement between the University of Northern Iowa and the Northeast Iowa Physical Therapy and Sports Medicine, L.L.C. (NIPTSM);
 - Approval in concept of the lease between the Board and NIPTSM, with the Board being asked to approve the actual lease at a later date;
 - Acknowledgement of receipt of the University's final submission of information to address the Board's capital project evaluation criteria (pages 10 through 13); and
 - Approval of the schematic design and project description and budget (\$6.95 million).
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Executive Summary:

The University of Northern Iowa requests a number of Board actions, as outlined above under the Recommended Action section of this memorandum, for the Human Performance Complex project, which would construct a 38,450 gross square foot facility and renovate 3,100 net square feet in the adjacent Wellness/Recreation Center at an estimated project cost of \$6.95 million.

The Complex would support the academic, research and public service programs of the School of Health, Physical Education and Leisure Services (HPELS). Two major programs would be housed in the Human Performance Complex – The Center for Healthy Youth Development and The Sport and Human Performance Center.

The Center would provide space for the following programs of the University's Center for Healthy Youth Development: Camp Adventure Youth Services, Global Health Corps, National Program for Playground Safety, and Youth and Human Services Administration.

The Sport and Human Performance Center would provide opportunities to enhance the University's Athletic Training academic program and would effectively integrate the School's academic program and the Department of Intercollegiate Athletics sports medicine program into an Athletic Training Program operated by the School of HPELS.

The Sport and Human Performance Center would be further enhanced with the integration of space for Northeast Iowa Physical Therapy and Sports Medicine L.L.C., (NIPTSM) an Iowa limited liability company, whose members are Cedar Valley Medical Specialists, P. C., and Allen Memorial Hospital. The NIPTSM medical clinic would bring orthopedic surgeons, sports medicine physicians and physical therapists into the Center. NIPTSM would lease 7,500 net square feet from the University for a clinic, hydrotherapy and physical therapy space; rental income would help defray the costs for construction, and operation and maintenance of the space.

The Board is being asked to approve an agreement between the University and NIPTSM which includes a description of the facilities to be leased and details the services to be provided by NIPTSM.

The University has provided a business plan, including a plan of finance, for the construction, and operation and maintenance of the facility. The plan would require the borrowing of \$2.5 million for the project. Bond counsel has advised the University and the Board Office that Internal Revenue Service Regulations require the use of taxable, rather than tax exempt borrowing. Options for securing the most cost effective taxable financing are being explored.

A presentation of the schematic design for the Human Performance Complex will occur at the March Board meeting. Materials describing the design are included with the Board's agenda materials.

Background:

The Board previously granted permission to proceed and approved the architectural agreement with Herbert Lewis Kruse Blunck, Des Moines, Iowa, and the program statement, for the Human Performance Center as a component of the McLeod Center and Human Performance Center project.

In April 2003, the Board received a report of the schematic design for both facilities; the designs were not presented for Board approval at that time since the business and financing plans for the projects had yet to be finalized.

Subsequent to the April 2003 meeting, the McLeod Center and Human Performance Center project was split into two separate projects.

The Board gave final approval to the schematic design and business and financing plan for the McLeod Center in November 2003; the project is currently under construction.

The Human Performance Complex would provide offices and laboratories for programs of the School of Health, Physical Education and Leisure Services (HPELS) and the Department of Intercollegiate Athletics, and office and clinic space to be leased by NIPTSM.

Included would be the following programs of the HPELS Center for Healthy Youth Development:

- Camp Adventure Youth Services Program, which provides opportunities for students to plan and implement model school services and youth development programs, while developing leadership and management skills and enhancing global awareness and cultural sensitivity.
- Global Health Corps Program, which trains students in providing public health programs to underserved communities with the goal of improving the well-being of at-risk populations through disease prevention and health promotion.
- National Program for Playground Safety, which provides research and a national clearinghouse for information on playground equipment with the goal of enhancing playground safety.
- Youth and Human Services Administration, which provides an academic leadership program dedicated to the improvement of programs and services for children and youth.

Analysis:

Construction of the proposed \$6.95 million Human Performance Complex (HPC) would, according to the University, enhance the newly established Athletic Training major and support a variety of outreach programs and services operated by the School of Health, Physical Education and Leisure Services (HPELS).

AGREEMENT WITH
NIPTSM

The University believes that the establishment of the public/private partnership between HPELS and the Cedar Valley medical community would provide for the development of a premiere academic program in the area of athletic training, health promotion and physical education.

When first proposed, the relationship sought with the medical community was offered on a competitive basis. A formal bid process was established, outlining the relationship and service desired. The University reports that all providers within the medical community were offered equal access to participate in the project.

Cedar Valley Medical Specialists, P.C. and Allen Memorial Hospital agreed to participate in the partnership.

The University has requested that the Board approve an agreement between it and the Northeast Iowa Physical Therapy and Sports Medicine, L.L.C., whose members are Cedar Valley Medical Specialists, P.C. and Allen Memorial Hospital.

The proposed facility includes 7,500 net square feet of space which would be rented by NIPTSM and used as a clinic and support space.

The lease for the space has been agreed to in principle by NIPTSM and would be presented for Board approval at a later date after construction of the Human Performance Complex begins.

Under the terms of the Agreement, NIPTSM will provide physical therapy and sports medicine/athletic training services. The specific services to be provided are detailed in the Agreement, which is available from the Board Office.

With regard to any activity relating to the University of Northern Iowa, under the terms of the Agreement, the physicians and therapists of NIPTSM will serve as volunteers contributing their knowledge, expertise and time to the academic program of the University.

Under the terms of the Agreement, NIPTSM has agreed to indemnify, defend and hold harmless the State of Iowa; the Board of Regents, State of Iowa; the University of Northern Iowa; and their officers, employees and agents for and from any and all claims, damages or causes of action caused by any of NIPTSM's employees, students, agents, contractors, patients or invitees relating to NIPTSM services or their use of UNI facilities.

The Agreement, which has been reviewed by the Board Office and the Attorney General's Office, is a key element of the business plan for the Human Performance Complex.

BUSINESS PLAN

The University has developed a business plan to provide for the construction, and operation and maintenance of the Human Performance Complex. This plan is included on pages 14 through 18 of this memorandum.

Financing Construction	The University proposes a number of sources of funds for construction: These are summarized on Attachment A, pages 1 – 3, to the Business Plan (see pages 19 – 21 of this memorandum).
Foundation Funds	Foundation funds, including paid costs to date and gift income received as of January 31, 2005, total \$1,368,631. Pledges to the Foundation for the project, which would be paid through June 30, 2010, total \$1,018,343. The Foundation is committed to raise an additional \$113,026 and is willing to execute a funding agreement in the amount of \$2.5 million to guarantee gift income for the project.
NIPTSM Rent	The portion of the NIPTSM rent to be used for the project totals \$740,000; this amount would be paid over ten years.
Federal Grant	The University has secured a federal grant from the Health Resources and Services Administration of the U.S. Department of Health and Human Services in the amount of \$1,772,077. The grant is restricted to constructing the HPELS portion of the Human Performance Complex.
Institutional Funds – Cash on Hand	Currently available institutional funds to be contributed to construction of the project include \$250,000 in HPELS funds and \$1 million from the President’s indirect cost incentive account. The funds in the account were derived from indirect costs received on direct congressional appropriations to the University.
Institutional Funds – Future Revenue	Future institutional funds from indirect costs on grants and contracts will be in the amount of \$687,923 and are included in the project funding cash flow analysis (Attachment A, page 1 of the Business Plan).
Need for Borrowing	<p>Since the projected cash flow from gift revenue and other sources of funds extends beyond the 15-18 month construction period for the project, the University must borrow \$2.5 million to have all funds in hand when the construction contract is signed. (The University’s calculations of needed borrowing are included on Attachment A, page 3 of the Business Plan.)</p> <p>The Board’s bond counsel has advised the University and the Board Office that due to the fact that the square footage to be occupied by NIPTSM exceeds 10% of the square footage to be constructed, and because more than 10% of the debt service would be paid from rental income, taxable financing, as opposed to tax-exempt financing, is required.</p>
Operating Expenses	The University projects operating expenses of \$125,917 per year in the first year based upon a 38,450 gross square foot facility. Of that amount \$21,073 is the estimated, non-recurring cost, resulting in a recurring cost of \$104,844; this amount would increase by 4% annually through the last year on the pro forma (2017).

Operating Pro Forma – Including Repayment of Borrowed Funds	Included as Attachment A, page 4 to the University’s Business Plan (page 22 of this memorandum) is a pro forma statement of revenue and expenditures for a 12 year period ending June 30, 2017. The pro forma also includes pledges from the UNI Foundation as well as estimated debt service payments for the funds to be borrowed.
Revenue	Rental income from NIPTSM begins in FY 2007 at \$173,750 per year and increases each year by 3%; the Agreement with NIPTSM provides for an annual increase in the rent of not less than 1% or more than 4% per year based on the increase in the Consumer Price Index-All Urban Consumers.
Indirect Cost Recovery	<p>The pro forma includes a total incremental increase in indirect cost recovery funds of \$190,000 per year from FY 2008 through FY 2017 for a total of \$1.9 million.</p> <ul style="list-style-type: none"> • The University reports HPELS was responsible for the generation of \$1,747,673 in indirect cost recovery funds between FY 2000 and FY 2004 and that it has not been possible for HPELS to undertake additional grants and contracts due to limited research space; the incremental space in the new facility will permit more research activity.
Additional Tuition Income	<p>The University has also included in the revenue estimates tuition income from 10 additional students who it believes will be attracted to the athletic training and sports medicine programs.</p> <ul style="list-style-type: none"> • Indirect cost recovery funds and tuition revenue are part of the University’s general fund. • The University currently deposits into the general educational fund the full indirect cost recovery that it receives; this includes the “Building Use Allowance” portion which could be deposited into the Plant Fund and utilized as a source of funds for construction projects.
XL Sports Acceleration Program	<p>The pro forma also includes revenue from the XL Sports Acceleration Program (beginning at \$4,867 in FY 2008 and increasing by 4% annually).</p> <p>The Sports Acceleration Program provides opportunities to enhance strength, speed, conditioning and agility of participants while supporting graduate students and providing data for scholarly endeavors.</p> <p>Under the terms of the agreement referenced above, NIPTSM will operate the XL Sports Acceleration Program on-site. The net income from the program will be divided equally between NIPTSM and the University; however, UNI will not be at risk for any financial loss relating to the program.</p>
Expenses	Operating expenses include custodial, building maintenance, supplies and services and utilities. Each of these is projected to increase by 4% each year through FY 2017.

Non-Operating Items	Non-operating items include the receipt of UNI Foundation pledges, the use of income from Treasurer's Temporary Investments and the debt service payments on the funds to be borrowed. Revenue from pledges and income from Treasurer's Temporary Investments totals \$1,369,964.
UNI Foundation Pledges	UNI Foundation pledges to be received total \$1,072,077 from FY 2005 through FY 2011.
Treasurer's Temporary Investments	Prior to completion of the facility and the commencement of the lease with NIPTSM, the University's pro forma shows the use of \$297,887 in income from Treasurer's Temporary Investments (\$84,980 in FY 2006 and \$212,907 in FY 2007) as a partial source of revenue for debt service payments on the borrowed funds.
Debt Service	For planning purposes, a taxable interest rate of 5.5 percent was assumed with \$2.5 million to be borrowed. With level debt service payments this would result in debt service payments of \$328,359 annually as shown on the pro forma, for total payments of \$3,283,589.
Revenue Shortfall / Greater Expenses	In response to a Board Office question, the University replied that it is confident the School of HPELS will attract additional students to its athletic training and sports medicine program and incremental indirect cost recovery funds will materialize. In the unlikely event these plans do not materialize, the University may have to use General Education Fund dollars to pay debt service payments and operating costs.

SCHEMATIC DESIGN The Human Performance Complex would consist of a two-story facility constructed directly west of and adjacent to the Wellness/Recreation Center. The schematic drawings are included with the Board's agenda materials.

The following are highlights of the interior design:

The facility would consist of two levels:

- Level 1 would house along the west wall in the northern portion of this level the medical clinic space and hydrotherapy area, both of which would be leased to NIPTSM.
 - The use of the hydrotherapy area would be shared by UNI and NIPTSM.
 - Existing adjacent space in the Wellness/Recreation Center, currently used for physical therapy and hydrotherapy, would be renovated solely for physical therapy use and would be leased to NIPTSM.
- The athletic training education program and athletic training rehabilitation services would be housed in the southern portion of this level along the west wall.

- A mechanical room would be located in the southeast corner.
- The first level corridor would connect with the Wellness/Recreation first floor corridor near the east wall of the mechanical room.
- A multi-purpose room/classroom would be constructed south of the mechanical area, subject to the receipt of favorable bids. (This would be bid as an add alternate.)
- Level 2 would house along the west wall the office areas for the Global Health Corps, National Program for Playground Safety, Youth and Human Services Administration, and Camp Adventure, and a multipurpose room.
 - Restrooms and storage areas would be located in the southeast corner.
 - A seminar/conference area would be constructed south of the restrooms/storage area, subject to the receipt of favorable bids. (This would be bid as an add alternate.)

The following are highlights of the exterior design:

The building would be constructed with flush-seamed metal panels and a combination of both clear and translucent windows. These materials, which are consistent with the existing Wellness/Recreation Center, UNI-Dome and McLeod Center, would serve to aesthetically unify the buildings, while still providing a unique appearance for each building in the complex.

Accessible entrances to the facility would be provided at the north and south.

The roof would feature a low-sloped design constructed of a rubber membrane material.

- The rubber membrane material was selected for its durability and life expectancy (approximately 20 years).

Parking

The existing parking lot located west of the Wellness/Recreation Center would be expanded to the north to provide additional parking areas; this work would be funded by parking funds rather than the project budget.

Schedule

The University plans to bid the project in late summer 2005; the anticipated completion period is 15 to 18 months.

Square Footage
Table

The following table compares the detailed square footages for the schematic design with the square footages in the approved building program.

Detailed Building Program

	<u>Building Program</u>	<u>Schematic Design</u>		
		<u>New Construction</u>	<u>Renovation</u>	
HPELS Center for Healthy Youth Development	11,140	13,600		
<u>HPELS Athletic Training and Intercollegiate Athletics Sports Medicine Programs</u>				
Strength and Conditioning	9,800	0		
Athletic Training/Physical Therapy	7,880			
Athletic Training/Rehabilitation Services		3,150		
Shared Hydrotherapy*		1,250		
Physical Therapy* (renovation of Wellness/Recreation Center)				3,100
Athletic Training Education Program	2,890	4,300		
Medical Clinic*	<u>2,500</u>	<u>3,150</u>		
Total Net Assignable Space	<u>34,210</u>	<u>25,450</u>	<u>3,100</u>	nsf
Total Gross Square Feet		<u>38,450</u>		
Net-to-Gross Ratio (schematic new construction) = 66%				
<u>Add Alternates</u>				
Multi-Purpose Room/Classroom		2,200		nsf
Seminar/Conference Area		2,150		nsf

* Space to be Leased as Identified in Agreement:

Clinic	3,150	
Shared Hydrotherapy	1,250	
Physical Therapy (renovation of Wellness/Recreation Center)	<u>3,100</u>	
TOTAL LEASED SPACE	<u>7,500</u>	nsf

Project Budget

Construction	\$ 5,630,000
Design, Inspection, and Administration	584,000
Furniture and Equipment	348,000
Artwork	34,750
Contingencies	<u>353,250</u>
TOTAL	<u>\$ 6,950,000</u>
Source of Funds:	
Private Funds	\$ 2,500,000
Institutional Funds from Federal Grant	
Indirect Cost Recovery	1,938,000
Federal Funds	1,772,000
Rental Income	<u>740,000</u>
	<u>\$ 6,950,000</u>

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 proposed Human Performance Complex supports the University of Northern Iowa and College of Education's (COE) Strategic Plans in multiple ways. Conceptually, the building is focused on 1) supporting the academic athletic training program; and 2) providing space for programs related to healthy youth development including the academic programs in Leisure, Youth and Human Services, and Health Promotion and Education. The second function combines, in synergistic fashion, office, classroom, and workspace for academic programs in Youth and Human Services and programs such as Camp Adventure Youth Services, Global Health Corps, and the National Program for Playground Safety.

Specifically, the Human Performance Complex supports UNI's Strategic Plan by providing additional space and enhanced office, classroom, and work space for faculty, professional and scientific staff, and students. It will enable several programs to be enhanced and build greater global awareness and citizenship (UNI Goal 1, "Provide intellectually stimulating and challenging experiences for students that broaden and deepen their perspective and awareness"; Objective 1.5, "Build on excellence in graduate programs"; and Objective 1.7, "Enhance global awareness and a sense of global citizenship among all UNI students"). The HPC will provide enhanced space for student scholarship and scholarly efforts, extension of experiential learning opportunities, and improve program excellence. The facilities will support creative and intellectually rigorous teaching and scholarship by generating opportunities for enhanced quality of teaching, research, and creative activity (UNI Goal 2, "Support creative and intellectually rigorous teaching and scholarship"; Objective 2.1, "Generate increased opportunities for faculty to enhance the quality

of their teaching”; and Objective 2.2, “Generate increased opportunities for faculty to enhance the quality and quantity of their research and creative activity”). The HPC will provide a venue to increase collaborative efforts, strengthen faculty research and scholarly efforts, and improve the quality of instruction by creating demonstration sites and laboratories.

The University’s Strategic Plan calls for expanding involvement in critical local, state, national and global needs that enrich educational experiences (UNI 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”; Objective 3.3, “Serve the state and region through applied research, service and economic development services”). More specifically, the HPC through its various outreach programs in multiple areas will enhance the quality of services, as well as economic development in communities throughout the state, nation and also internationally. Many of the programs result in direct immediate application. Several of the programs are accredited by bodies such as the Commission on Accreditation of Allied Health Education Programs (Athletic Training) and the American Association for Leisure and Recreation/National Recreation and Park Association’s Council on Accreditation (Leisure, Youth and Human Services) and the development will support the provision of high quality facilities for program implementation. Certainly the HPC will enable not only the expansion of existing programs but the establishment of new programs that reflect the changing needs of Iowa and the nation.

The improvement of physical resources is also called for in UNI Goal 7.0, “Continue to improve capital, physical, and informational resources at the University.”

Last, as the programs to be located in the HPC are of extreme high visibility, participant interest, awareness and involvement will be greatly enhanced. The partnership with the Cedar Valley medical community relates directly to UNI Goal 8.0, “Establish strong, mutually beneficial relationships with external constituencies.”

Other
Alternatives
Explored

Initial planning for the complex involved reviewing several options. First, several of the programs related to youth were considered as potential occupants in the renovated East Gym project. This idea was rejected as it would not promote the synergistic goal sought in linking the facility to the current academic, recreation and intercollegiate athletics facilities distilled in the West Campus area. A significant goal of the project was to find ways to integrate all facilities related to the above areas in such a way as to promote greater efficiency and use in operations. The University has also sought access to other University-owned facilities such as houses located adjacent to academic resources. Such facilities have proven to be inadequate and/or too costly to upgrade for use.

The current plan for the development of the Human Performance Complex builds upon previous planning documents that date to the mid-1970s. Construction of the Human Performance Complex continues the vision established as the UNI-Dome was developed. Original plans called for creation of classroom space, offices, and other areas in support of academic, recreation, and intercollegiate programs. The main value of the development of the facility in addition to providing needed space is that it integrates existing facilities, promotes synergistic collaborative activities among faculty and students, and encourages greater efficiencies in terms of use, upkeep, and control of resources.

Impact on Other Facilities and Square Footage

This facility will provide much needed space for several University programs. The School of Health, Physical Education, and Leisure Service's Center for Youth Development encompasses 13,600 nsf, allowing Camp Adventure, Global Health Corps, National Program for Playground Safety, and the R.J. McElroy professor of youth leadership to consolidate in one location, increasing the efficiency of operating the programs. An athletic training/rehabilitation services space of 3,150 nsf and 4,300 nsf for athletic training education program will be created. A critical component of the facility is the clinic being incorporated at 3,150 nsf, 1,250 nsf for shared hydrotherapy space, along with 3,100 nsf of physical therapy space in the existing Wellness/Recreation Center.

Completion of this project will relieve space pressures currently experienced in the Wellness/Recreation Center and allow Camp Adventure to move from the house they currently occupy to a more appropriate office location on campus.

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 Human Performance Complex is an academic facility. The project budget of \$6.95 million will be funded from a variety of sources including gifts, rental income, federal grant, and institutional funds. Institutional funds include indirect cost revenue.

Financial Resources for Operations and Maintenance

The source of funds used to support the cost of operating and maintaining the facility will be space rental income and grants and contracts indirect cost recovery.

External Forces

Approximately \$1.8 million of Federal funding that has been secured for this project requires construction to begin within 12 months of the grant approval. Fundraising for this project has been very successful.

A key element to the success of this project is a community partnership linking UNI with Allen Memorial Hospital and Cedar Valley Medical Specialists, PC (Northeast Iowa Physical Therapy and Sports Medicine, LLC).

As indicated, the plan calls for the establishment of a public-private partnership between the School of HPELS and the Northeast Iowa Physical Therapy and Sports Medicine, LLC. The University has negotiated an agreement with the Northeast Iowa Physical Therapy and Sports Medicine, LLC to provide \$173,750 per year in rent for 10 years for a total commitment of \$1,737,500, of which \$740,000 is available for construction with the balance committed to operation expenses.

The HPC, as an educational program, can be effectively enhanced if students are provided with an uninterrupted view of prevention, triage, diagnosis, coordination of therapy, follow-up, and further preventative efforts. This continuity of care is especially important in the field of athletic training. Establishing a partnership with a private medical group will enable the project in many ways.

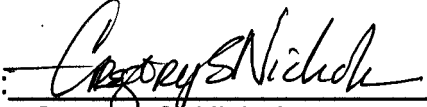
The establishment of the public/private partnership will provide for the development of a premiere academic program in the area of athletic training, health promotion, and physical education. It is anticipated that the partnering medical group will play an active part in the accreditation of the program.

Fundraising for this project has been very successful. The University of Northern Iowa Foundation has secured multi-year pledges from supporters across the region, state, and nation in the approximate amount of \$2,385,000.

Board Office work on this agenda item and this memorandum was a collaborative effort among Susan Anderson, Sheila Doyle and Joan Racki.



Joan Racki

Approved: 

Gregory S. Nichols

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University of Northern Iowa
Human Performance Complex
Business Plan
February 24, 2005

THE PROGRAM

A new \$6.95 million Human Performance Complex (HPC) will enhance the newly established Athletic Training major and support a variety of outreach programs and services operated by the School of Health Physical Education and Leisure Services (HPELS). A key element in the facility is a community partnership linking UNI with Northeast Iowa Physical Therapy and Sports Medicine (NIPTSM), an Iowa limited liability company consisting of two members: Allen Memorial Hospital and Cedar Valley Medical Specialists, PC. NIPTSM is a new joint venture between the two medical providers that was created to work with HPELS.

The Human Performance Complex will serve primarily to support the academic, research and public service programs of the School of HPELS. The Complex will effectively integrate the School of HPELS' academic program and the Department of Intercollegiate Athletics sports medicine program into an Athletic Training Program operated by the School of HPELS. The Athletic Training Program will be operated in a partnership with the Cedar Valley medical community. The programs in the facility will complement one another in such a way as to enhance both athletic training and athletic training education. The plan for the facility calls for the development of a 38,450 gross square foot addition to the west side of the Wellness Recreation Center and a 3,100 square foot renovation project in the Wellness Recreation Center (in the Physical Education Center portion constructed in 1970.)

As indicated, the plan calls for the establishment of a public-private partnership between the School of HPELS and the Cedar Valley medical community. The HPC, as an educational program, can be effectively enhanced if students are provided with an uninterrupted view of prevention, triage, diagnosis, coordination of therapy, follow-up, and further preventative efforts. This continuity of care is especially important in the field of athletic training. Establishing a partnership with a private medical group will enable the project in many ways.

To give all major medical providers in the area a chance to partner with the School of HPELS, a request for proposals was distributed. Allen Memorial Hospital and Cedar Valley Medical Specialists agreed to partner with the School of HPELS.

The establishment of the public/private partnership will provide for the development of a premiere academic program in the area of athletic training, health promotion, and physical education. It is anticipated that the partnership will provide opportunities for participating physicians to contribute teaching and mentoring support to the academic program. Further, it is anticipated that the partnering medical group will play an active part in the accreditation of the program.

Two major programs will be housed in the Human Performance Complex--The Sport and Human Performance Center and The Center for Healthy Youth Development.

The Sport and Human Performance Center will provide opportunities to enhance UNI's Athletic Training academic program, which currently offers opportunities at the Bachelors and Masters degree levels and involves nearly 100 students. It will provide opportunities for the Department of Intercollegiate Athletics to integrate its sports medicine functions within the area. The area will be further enhanced with the integration of a medical clinic that will bring orthopedic surgeons, sports medicine physicians, and physical therapists into the Center.

The Sport and Human Performance Center will include: 1) an athletic training instructional area, 2) an athletic training research laboratory, 3) an athletic training room to support clinical instruction, and 4) clinical space for physical therapy and orthopedic consultation. This portion of the complex will provide students access to clinical experience in the areas of orthopedic surgery and physical therapy.

Offices of the Center for Healthy Youth Development will also be housed in the Complex. The Center will provide space for the following programs: 1) Camp Adventure Youth Services, 2) Global Health Corps, 3) National Program for Playground Safety, and 4) Youth and Human Services Administration.

THE POPULATION SERVED

The program will serve the Waterloo-Cedar Falls metropolitan area and counties in Northeast Iowa. The Human Performance Complex will be located on the campus of the University of Northern Iowa. The Waterloo-Cedar Falls metropolitan area population is 119,959 and is the fourth largest area of population in the State of Iowa. The combined population of all of the counties to be served by the project is 430,411.

THE UNIVERSITY OF NORTHERN IOWA'S EXPANDING ROLE IN IOWA HEALTH

UNI has long been known for preparing outstanding teachers, and it has drawn on its heritage and expertise in education to develop new programs preparing other service professionals. Many of these programs address the needs of children and youth and several of the most successful and fastest growing ones are found in UNI's School of Health, Physical Education and Leisure Services. The School's programs share a commitment to the enhancement of individual well being through promotion of physical, mental, and social development (wellness).

All UNI programs, but especially those in HPELS, stress experiential learning and require their students to gain professional experience through practica and internships. As a result, HPELS programs provide direct, health-related services to many persons in Iowa. Additionally, because about seventy percent of UNI students remain in Iowa following graduation, these programs provide many future health and wellness professionals for our state.

THE FACILITY

The Human Performance Complex (HPC) will be an addition to the Wellness/Recreation Center. It will contain 25,450 net assignable square feet. New construction includes a Center for Youth Development, 13,600 square feet; an athletic training/rehabilitation services space, 4,400 square feet; an athletic training education program, 4,300 square feet; and a medical clinic, 3,150 square feet. Thirty-one hundred square feet in the existing Wellness Recreation Center will be renovated for physical therapy.

Approximately 7,500 square feet will be rented to NIPTSM. This includes the medical clinic, 3,150 square feet; physical therapy space, 3,100 square feet; and hydrotherapy space, 1,250 square feet. The hydrotherapy space represents 1,250 square feet of the 4,400 Athletic Training/Rehabilitation Services suite. NIPTSM has agreed to share the hydrotherapy space with the School of HPELS.

Programs in the HPC include the athletic training/physical therapy and medical clinic spaces on the first floor of the building. The Center for Healthy Youth Development offices, which consist of Camp Adventure Youth Services, Global Health Corps, National Program for Playground Safety, and Youth and Human Services Administration, are all located on the second floor of the building.

PLAN OF FINANCE

Construction Fund

The project budget for the Human Performance Complex (HPC) is \$6,950,000. UNI Foundation, School of HPELS, and Intercollegiate Athletics staffs have been involved in securing gifts and project income for the HPC.

The UNI Foundation has committed \$2,500,000 to the project. Multi-year pledges have been secured for the project in the approximate amount of \$2,387,000 as of January 31st.

The University negotiated an agreement with Northeast Iowa Physical Therapy and Sports Medicine (“the medical community”) to provide \$173,750 per year for ten years to rent approximately 7,500 square feet of space. Rental income will increase annually based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U). Of the \$1,737,500 of rental income, the University is allocating \$740,000 for construction of the facility (and \$997,500 to rental income for NIPTSM facilities to be housed in the building.) Rental income from Northeast Iowa Physical Therapy and Sports Medicine will begin when the facility is complete.

A Federal grant has been secured from the Health Resources and Services Administration of the US Department of Health and Human Services in the amount of \$1,772,077. The grant is restricted to the HPELS portion of the HPC. The grant must be expended by May 2007.

Institutional funds from indirect costs on grants and contracts will be provided in the amount of \$1,687,923. HPELS will contribute \$250,000 of Departmental Funds. Approximately \$113,000 remains to be raised.

Gifts, grants, revenue, and institutional funds are adequate to finance the Human Performance Complex. Because the cash flow from gift revenue and project income extends beyond the 15-18 month construction period for the Human Performance Complex, the University must borrow up to \$2,500,000.

Bond counsel has advised the Board Office and the University that Internal Revenue Service regulations require the use of taxable, rather than tax exempt, borrowing for the Human Performance Complex. Options for securing the most cost effective taxable financing are being explored. For planning purposes, a taxable interest rate of 5.50 percent was assumed. It is assumed the loan will be amortized over 10 years with semi-annual payments. The University will work closely with the Board Office, financial advisor and bond counsel in arranging the most cost effective taxable financing.

Operating Fund

Based on 38,450 gross square feet, first year operating expenses are estimated to be as follows:

Opening cost	\$ 21,073
Recurring costs of custodial	28,936
Recurring building maintenance	8,391
Supplies and services	6,921
Utilities	83,096
Utilities and supplies credit (NIPTSM)	<u>(22,500)</u>
Total	\$125,917

Project income in the form of space rental fees, indirect cost recovery from grants and contracts, incremental tuition income, and XL Sports Acceleration net income will be used to fund the operating costs of the Human Performance Complex.

As noted above, \$99,750 of annual revenue from NIPTSM will be allocated to rental income for the 7,500 net square feet rented to NIPTSM. Rental income will be increased annually based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U). Rental income will begin when the medical clinic is occupied by NIPTSM in approximately July 2007.

Incremental indirect cost recovery on HPELS grants and contracts will be used to assist with operating costs. University officials believe HPELS has the capability to generate incremental indirect costs recovery from additional research grants. It is appropriate to allocate indirect cost recovery to pay for research program space and utility costs. Indirect cost recovery is presently earned on Camp Adventure Youth Services, National Program for Playground Safety, the Youth Fitness and Obesity Institute, and other grants and contracts.

Incremental tuition income generated by students enrolled in athletic training and sports medicine courses will be available to assist with operating costs. It is assumed ten FTE incremental students will be enrolled in athletic training and sports medicine courses. Ten incremental students will generate \$50,857 of income per year once the Human Performance Complex opens.

One-half of the income from the on-site XL Sports Acceleration Program conducted by NIPTSM will be paid to the University. The University share of XL Sports Acceleration Program net income is projected to be \$4,867 per year. XL Sports Acceleration program income will be used to assist with HPC operating costs.

Gift income and program income exceed the cost of operating expenses and debt service by approximately \$1,070,000 during the 10-year initial term of the rental agreement.

PROFORMA FINANCIAL STATEMENT

A pro forma statement of revenue and expenditures for the Human Performance Complex for the 12 years ended June 30, 2017 is attached. A combination of gift revenue and project income consisting of rental income, incremental income from indirect cost recovery on HPELS grants and contracts, incremental tuition income from HPELS athletic training and sports medicine classes, and income from the XL Sports Acceleration Program will fully fund the cost of operating costs and debt service payments.

APPROVALS REQUESTED

The University has demonstrated the fact that gift income and project revenue is adequate to construct the Human Performance Complex.

The University requests the following:

1. Approval of this Human Performance Complex business plan, which incorporates a plan of finance and permission to borrow not more than \$2,500,000.
2. Approval of the Agreement between the University of Northern Iowa and Northeast Iowa Physical Therapy and Sports Medicine, L.L.C.
3. Approval of the schematic design and project budget of the Human Performance Complex.
4. Approval in concept of the lease between the Board of Regents, State of Iowa and Northeast Iowa Physical and Sports Medicine, L.L.C. (The Board will be asked to approve the actual lease after construction begins.)

TGS 02-24-2005

University of Northern Iowa
Human Performance Complex
Project Funding Cash Flow
As of January 31, 2005

Date	UNI Foundation HPC Gifts	UNI Foundation Additional Fundraising	Medical Community Rent	US HHS Federal Grant	Institutional Funds Pres Ind Cost Incentives	Institutional Funds Indirect Cost Recovery	HPELS Departmental Funds	Total	
01/31/05	\$ 1,097,431	-	-	1,772,077	1,000,000	-	250,000	4,119,508	Cash on Hand
01/31/05	271,200	-	-	-	-	-	-	271,200	Paid Costs
06/30/05	16,221	-	-	-	-	-	-	16,221	
06/30/06	122,270	-	-	-	-	-	-	122,270	Fall 05 Construction
06/30/07	115,452	-	-	-	-	-	-	115,452	May 07 Completion
06/30/08	356,600	-	74,000	-	-	68,792	-	499,392	July 07 Clinic Occupancy
06/30/09	354,350	-	74,000	-	-	68,792	-	497,142	
06/30/10	53,450	-	74,000	-	-	68,792	-	196,242	
06/30/11	-	113,026	74,000	-	-	68,792	-	255,818	
06/30/12	-	-	74,000	-	-	68,792	-	142,792	
06/30/13	-	-	74,000	-	-	68,792	-	142,792	
06/30/14	-	-	74,000	-	-	68,792	-	142,792	
06/30/15	-	-	74,000	-	-	68,792	-	142,792	
06/30/16	-	-	74,000	-	-	68,792	-	142,792	
06/30/16	-	-	74,000	-	-	68,795	-	142,795	
06/30/17	-	-	-	-	-	-	-	-	
	\$ 2,386,974	113,026	740,000	1,772,077	1,000,000	687,923	250,000	6,950,000	

Updated 2-24-2005

**University of Northern Iowa
Human Performance Complex
Project Funding Cash Flow
As of January 31, 2005**

**Attachment A
Page 2**

Notes:

1. Foundation gifts include a \$500,000 Challenge Grant awarded by the R. J. McElroy Foundation. The challenge has been met with the addition of \$1,000,000 of University Funds to the project. The funds will be paid after the McLeod Center pledge has been paid. Payments will begin in F2007.
2. A ten-year contract for \$173,750 per year has been negotiated with Northeast Iowa Physical Therapy and Sports Medicine, L.L.C., (NIPTSM). The University will allocate \$74,000 per year to rental income and \$99,750 to operation and maintenance costs. NIPTSM rent will be increased by the Consumer Price Index-All Urban Consumers on an annual basis.
3. A Federal grant from the US Department of Health and Human Services (Health Resources and Services Administration) in the amount of \$1,772,077 was awarded. According to the RFP, "...for construction projects, funds may be drawn down as project costs are incurred, in the same proportion as the grant is to the projected total costs." The grant must be expended by May 2007.
4. Institutional funds include indirect cost incentive funds, incremental indirect cost recovery, and departmental funds. The incremental indirect cost recovery is roughly equivalent to the portion of indirect costs attributed to "building use allowance."
5. The UNI Foundation will execute a funding agreement in the amount of \$2,500,000 to guarantee gift income.

Updated 2-24-2005

University of Northern Iowa
Human Performance Complex
Computation of Amount of Borrowing
As of February 24, 2005

Attachment A
Page 3

Total cost of project	\$ 6,950,000
Less:	
Cash on Hand at January 31, 2005-Foundation Gift Income	1,097,431
Costs Paid by Foundation	271,200
Cash on Hand-Institutional Funds-President	1,000,000
Cash on Hand-Institutional Funds-Departmental funds	250,000
Federal Grant	1,772,077
Pledges due by June 30, 2005	16,221
Pledges due July-September 2005	<u>43,071</u>
Amount of Borrowing	<u><u>\$ 2,500,000</u></u>

Bond counsel has advised the Board Office and the University that Internal Revenue Service regulations require the use of taxable, rather than tax exempt, financing. Options for securing the most cost effective taxable financing are being explored. A request for proposals will be issued to obtain taxable financing in the amount of \$2,500,000. It was assumed the interest rate on a 10-year loan with semi-annual amortization will be 5.50 percent. The University will work closely with the Board Office, bond counsel, and financial advisor in obtaining cost-effective taxable financing.

UNIVERSITY OF NORTHERN IOWA
Human Performance Complex
Pro Forma Statement of Revenue and Expenditures
Twelve Years Ended June 30, 2017

	Fall 2005 Construction 2006 Pro Forma	May-07 Completion 2007 Pro Forma	7/1/2007 Lease Begins 2008 Pro Forma	2009 Pro Forma	2010 Pro Forma	2011 Pro Forma	2012 Pro Forma	2013 Pro Forma	2014 Pro Forma	2015 Pro Forma	2016 Pro Forma	6/30/2017 Lease Ends 2017 Pro Forma	Total
Revenue:													
Rental Income, NIPTSM	\$ -	-	173,750	178,963	184,331	189,861	195,557	201,424	207,467	213,691	220,101	226,704	1,991,849
Indirect Cost Recovery, Incremental	-	-	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	1,900,000
Tuition Income, 10 Students	-	-	50,857	52,891	55,007	57,207	59,495	61,875	64,350	66,924	69,601	72,385	610,595
XL Sports Acceleration Program	-	-	4,867	5,062	5,264	5,475	5,694	5,921	6,158	6,405	6,661	6,927	58,434
Total Revenue	-	-	419,474	426,915	434,602	442,543	450,746	459,221	467,975	477,020	486,363	496,017	4,560,877
Expenditures:													
Building Opening Cost	-	-	21,073	-	-	-	-	-	-	-	-	-	21,073
Custodian Labor	-	-	28,936	30,094	31,297	32,549	33,851	35,205	36,614	38,078	39,601	41,185	347,411
Other Labor	-	-	8,391	8,727	9,076	9,439	9,816	10,209	10,617	11,042	11,484	11,943	100,743
Supplies and Services	-	-	6,921	7,198	7,486	7,785	8,097	8,420	8,757	9,108	9,472	9,851	83,094
Utilities	-	-	83,096	86,419	89,876	93,471	97,210	101,098	105,142	109,348	113,722	118,271	997,654
Utility and Supplies Credit-Lease	-	-	(22,500)	(23,400)	(24,336)	(25,309)	(26,322)	(27,375)	(28,470)	(29,608)	(30,793)	(32,025)	(270,137)
Total Expenditures	-	-	125,917	109,038	113,399	117,935	122,652	127,558	132,661	137,967	143,486	149,225	1,279,838
Operating Revenue Over Expenditures	-	-	293,557	317,878	321,203	324,608	328,094	331,662	335,314	339,052	342,878	346,792	3,281,039
Non-Operating Items:													
UNI Foundation-Pledges	79,199	115,452	356,600	354,350	53,450	113,026	-	-	-	-	-	-	1,072,077
Treasurer's Temporary Investment Inc.	84,980	212,907	-	-	-	-	-	-	-	-	-	-	297,887
Debt Service on Loan	(164,179)	(328,359)	(328,359)	(328,359)	(328,359)	(328,359)	(328,359)	(328,359)	(328,359)	(328,359)	(164,179)	-	(3,283,589)
Net	\$ -	-	321,798	343,869	46,294	109,275	(265)	3,303	6,955	10,693	178,699	346,792	1,367,414

- Notes:
- Treasurer's Temporary Investment Income will be used as a partial source of funds during the construction phase. The University will arrange financing prior to the awarding of the construction contract. It will draw funds as needed during construction. This technique will minimize the need to use Treasurer's Temporary Investment Income.
 - NIPTSM rent will be increased annually by the increase of the Consumer Price Index-All Urban Consumers.
 - Ten incremental students will be enrolled in the athletic training program.
 - HPELS will secure at least \$735,000 of additional research grants permitting an indirect cost recovery rate of 35 percent of modified total direct costs.
 - NIPTSM and HPELS will share the net income from the XL Sports Acceleration Program equally. UNI is not at risk for any loss on the program.
 - Building operating costs were derived using APPA Guidelines.
 - NIPTSM will reimburse the University for utilities and supplies and services at the rate of \$3.00 per square feet rented.
 - The University will issue a request for proposals (rfp) to secure cost-effective taxable financing. The loan will be amortized over ten years with semiannual payments. A taxable interest rate of 5.50 percent is assumed.
 - Springsted, Inc. will size loan payments to efficiently use the cash flow from gift income.