

November 20-21, 2014

ITEM 165-1001-R1114

Construction of the Washington-Grizzly Champions Center - University of Montana - Missoula

THAT

The Board of Regents authorizes UM: 1) to construct the Washington-Grizzly Champions Center with a total value of up to \$14 million and to finance up to \$5.0 million of the cost of the project; 2) to lease land to the UM Foundation in accordance with MCA 20-25-309; and 3) to name the facility the Washington-Grizzly Champions Center in accordance with BOR Policy 1004.1.

EXPLANATION

1. This ITEM authorizes UM to construct the Washington-Grizzly Champions Center with a value of up to \$14.0 million, of which a minimum of \$8,520,165 has been received through donations to the UM Foundation. Additionally, \$400,000 of fund balance derived from athletic ticket revenue is committed to the project.
2. This ITEM authorizes UM to finance the remaining \$5.0 million of the project through the issuance of an InterCap or Revenue Bond (Private Placement) loan. Given the cash available up-front, financing will occur in late FY16 or early FY17. The University of Montana/UM Foundation will continue to raise private funding for the project which will reduce the financed amount. Therefore, the loan amount will not exceed \$5.0 million.

The Project will be funded as follows:

Fiscal Year 2015 Private Funds	\$ 7,926,565
Fiscal Year 2016 Private Funds	\$ 593,600
Fiscal Year 2015 Ticket Revenue (Designated Funds)	\$ 150,000
Fiscal Year 2016 Ticket Revenue (Designated Funds)	\$ <u>250,000</u>
	\$ 8,920,165
Minimum additional fund raising	79,835
Maximum balance to be financed	\$ <u>5,000,000</u>
TOTAL	\$ 14,000,000

Projected maximum debt service:

Loan:	\$5.0 million
Term:	15 years
Interest rate	3.0%
Estimated annual debt service	\$420,000

Any secured financing will be supported by existing donor pledges, existing Washington Grizzly

Stadium suite and Canyon Club memberships, and a portion of ticket revenues. The annual average cash flow from these sources is estimated at \$685,000 which is a 1.63 coverage ratio of the estimated annual debt service.

3. The 2007 Legislature promulgated MCA 20-25-309 which permits leasing land and facilities to a private non-profit foundation for the purpose of constructing or renovating athletic facilities. UM proposes to have the UM Foundation engage an architect and contractor for the purpose of providing the planning and complete design for the anticipated Washington-Grizzly Champions Center.
4. This ITEM authorizes UM to name the facility the Washington-Grizzly Champions Center in accordance with BOR Policy 1004.1 –Naming of buildings

ATTACHMENTS

Attachment 1 – Project Overview

Attachment 2 – Washington-Grizzly Champions Center renderings

Attachment 3 – Memorandum of Understanding UM/UM Foundation

Attachment 1
Project Overview

This authority request is for an amount greater than \$350,000, which requires the following additional information:

(a) Project Description:

The work performed under this authority encompasses the construction of the Washington-Grizzly Champions Center on the east side of the UM-Missoula campus.

(b) Cost estimate and Funding Sources:

Construction	\$12,000,000.00
Consultant Fees	1,200,000.00
Materials Testing	25,000.00
Permits and Administrative Costs	250,000.00
Contingency	525,000.00

PROJECT TOTAL	\$14,000,000
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This project will be financed as explained in item #2 of BOR Item 165-1001-R114

(c) Programs served, enrollment data, projected enrollments:

On a yearly basis, this facility will serve 280-300 student-athletes.

(d) Space Utilization Data:

The work completed under this authority will provide approximately 46,000 gross square feet of new space used by student athletes.

(e) Projected use for available residual space:

The existing obsolete locker rooms and strength and conditioning facilities will be renovated in the future to house the equipment center and visiting team locker facilities.

(f) Projected O&M Costs and proposed funding sources:

O&M costs for this completed space are projected to be \$210,000 annually. All costs for the operation and maintenance of the improvements constructed under this appropriation will be paid by Athletic Revenues (non-state sources).