

ITEM 149-2011-R1110

Authorization of \$10,000,000 MSU Bobcat Stadium End Zone Project and \$4,000,000 Financing

THAT

The Board of Regents authorizes MSU to construct new end zone seating and other improvements to Bobcat Stadium with a total value of up to \$10 million; and, to contribute financing toward the project through a State of Montana Board of Investments InterCap Loan in the amount of \$4 million.

EXPLANATION

1. BOR ITEM 149-2001-C1010 authorized MSU to lease a portion of Bobcat Stadium to the MSU Foundation to construct new end zone seating and other improvements in accordance with MCA §20-25-309, with the understanding that construction would not proceed until the Regents authorized the final project and a related financing agreement.
 2. A lease has been consummated with the MSU Foundation and project design is underway.
 3. This ITEM authorizes MSU to construct new end zone seating and other improvements to Bobcat Stadium with a value of up to \$10 million, of which \$6 million is to be received through donations to the MSU Foundation.
 4. This ITEM authorizes MSU to finance the remaining \$4 million of the project through the issuance of a State of Montana Board of Investments InterCap Loan. The debt service for the loan will be funded from non-state revenues from athletics events in accordance with the attached Plan of Finance.
 5. In the event that MSU has the opportunity to combine this financing with that for another project, and determines that doing so would be financially prudent; MSU may submit a new request for the authority to secure funding through a multi-project bond issue.
 6. Construction is expected to begin in early 2011 with final completion in August 2011.
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ATTACHMENTS

Project Description
Plan of Finance

ITEM 149-2011-R1110 (continued)
Board of Regents Policy: Physical Plant B Section 1003.7

This Authority request is for an amount greater than \$150,000, which requires the following additional information:

(a) **Project Description:**

This project constructs new end zone seating, as well as related elements which might include a new concessions area, enhanced toilet facilities, new locker rooms, a scoreboard and video system, and field lighting.

(b) **Cost Estimate and funding sources**

- Estimated Cost

| | |
|---------------------------|------------------|
| Design/Construction Admin | \$500,000 |
| Construction | \$8,600,000 |
| <u>Contingency</u> | <u>\$900,000</u> |
| Total Project | \$10,000,000 |

- Funding Sources: this project will be financed with a combination of private gifts and donations and an Intercap loan.

(c) **Program served, enrollment data, projected enrollment:**

This Project will remove old deteriorated, non-compliant bleachers (~2000 existing seats) in the south end zone and construct 7200 new code/ADA-compliant seats in Bobcat Stadium, enhance concessions and restroom areas, and create a new locker room for the visiting team and referees.

(d) **Space Utilization Data:**

Approximately 2500 sf of deteriorated restroom space will be demolished and the new restrooms, concessions, storage, locker rooms and referees areas are expected to comprise ~6000-9000 sf of new space.

(e) **Projected use for available residual space:**

(Not applicable to this project)

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

O&M costs will be paid from non-state funds – revenue from Athletic events.

ITEM 149-2011-R1110 (continued)
Plan of Finance for \$4,000,000 Intercap Loan

1. It is proposed that Athletics' \$4 Million contribution to this Project will be secured through an Intercap Loan from the Board of Investments, which will be repaid over a 15-year period, with increased ticket sale revenues and other Football game day earnings.
2. At the current Intercap rate of 1.95% the annual debt service for this loan will be \$317,000. However, our 15-Year Business Plan for this will provide for the possibility that this rate could inflate over time to 3.00%.
3. To fully cover this debt service obligation, satisfy all related O&M costs, and establish a R&R reserve, MSU intends to enhance its annual ticket sales revenues by no less than \$500,000. The Business Plan will be based on an End Zone capacity of 7,200 seats, which is the complete enclosure of the stadium's south end.
4. This will be accomplished by establishing all Student Seating in the new End Zone Section, and then selling the sideline seats in the former student seating as additional season and game day tickets. The details of this are as follows:
 - (a) Currently Athletics distributes 3,200 student tickets for each game. Beginning next year, Athletics will distribute 4,100 student tickets for each game.
 - (b) Currently Athletics sells sideline season tickets for an average price of \$140. Beginning next year, the average price for a sideline season ticket will be increased to \$146.
 - (c) Currently, Athletics sells about 3,885 sideline season tickets. Beginning next year, Athletics expects to sell 5,398 sideline season tickets.
 - (d) Currently Athletics sells single game day tickets for an average price of \$28. Beginning next year, the average price for a single game day ticket will be \$30.
 - (e) Currently, Athletics sells an average of about 2,200 single game day tickets for each game. Beginning next year, Athletics expects to sell an average of about 3,300 single game day tickets for each game.
 - (f) Over all, this Business Plan will enhance ticket sales revenues by \$549,000.