

VII. STANDING COMMITTEES**A. Academic and Student Affairs Committee**

in Joint Session with

B. Finance, Audit and Facilities Committee**Intercollegiate Athletics Audio-Visual Equipment Financing****RECOMMENDED ACTION**

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

- Authorize the purchase and financing of up to \$10 million for audio-visual equipment for Intercollegiate Athletics facilities; and
- Delegate to the President the authority to sign the required documents and approve other actions necessary to complete the purchase and financing of the equipment.

BACKGROUND

When the Husky Stadium renovation was approved in November 2010, \$5 million was allocated in the budget for all audio-visual needs. As the project has progressed, it has become apparent that a more comprehensive solution is necessary to meet current and future expectations of the fans. Intercollegiate Athletics (ICA) believes strongly in the need to provide game-day experiences in their venues that cannot be received from a broadcast. Major goals for ICA are to provide compelling reasons for visiting the stadium and arena, and to implement a state-of-the-art A/V solution that will remain current in the years to come.

In response to ICA's request to seek a long term solution to a systematic scoring equipment replacement program and to provide equipment for the new Husky Stadium, two vendors, the Daktronics and Harris Corporations, proposed a multi-facility solution.

Key components of the Daktronics proposal include:

- Provision of the equipment required for the new Husky Stadium;
- Retrofit and upgrade of the existing equipment in the Alaska Airlines Arena;
- Video control room in Hec Edmundson Pavilion
- Long term replacement program for other athletic facilities

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- Ongoing operations and maintenance support

Key components of the Harris proposal include:

- Data network system
- Internet Protocol TV (IPTV)
- Ongoing operations and maintenance support

The equipment and associated network infrastructure from these two vendors will allow ICA to have interchangeable parts, common software and an efficient single point of contact for all scoring, control and display service requirements. As part of the contract, Daktronics will maintain a supply of spare parts and a local service presence to properly maintain the equipment.

FINANCING PLAN

Sources and uses of funds for this project are attached.

The \$7.9 million portion of the total A/V equipment cost that is part of the Wright Runstad Development Agreement is included in the original stadium budget that was approved by the Board of Regents in November 2010.

The remaining \$9.5 million will be initially funded by ICA and reimbursed by the proceeds of a financing agreement. The term of the financing agreement will be 10 years, the estimated useful life of the equipment. Assuming a 3.5% interest rate, annual payments will be \$1.1M. In the spring of 2013, the financing partner will be selected based on lowest overall cost.

The Treasury Office has reviewed the additional payments for A/V equipment in addition to the existing debt service on the stadium. Based on the current proforma, ICA is able to fund the debt service and maintain minimum debt service coverage of 1.25 times.

REVIEW AND APPROVALS

This recommendation has been reviewed and approved by the Athletic Director, the Senior Vice President, and the Vice Provost for Planning and Budgeting. The

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structure of the transaction and the viability of the financing plan have been reviewed by Intercollegiate Athletics, the Attorney General and the Treasury Office.

Attachment

Sources and Uses of Funds

Intercollegiate Athletics Audio-Visual Equipment Financing

Sources and Uses of Funds

Sources of Funds

ILP Loan (approved November 2010)	7,991,000
10 year Financing Lease (vendor to be selected)	9,468,000
Total Sources of Funds	<u>17,459,000</u>

Uses of Funds

Daktronics Contract with Wright Runstad / Turner Construction	
Scoreboards in Alaska Airlines Arena	4,000,000
Scoreboards in Husky Stadium	500,000
Other Costs	968,000
Sales Tax	519,000
Subtotal - Daktronics	<u>5,987,000</u>
Harris Contract with Wright Runstad / Turner Construction	
Data Network System	1,500,000
Other Costs	330,000
Sales Tax	174,000
Subtotal - Harris	<u>2,004,000</u>
Total -Wright Runstad / Turner Construction	<u>7,991,000</u>
Daktronics Contract with UW	
Scoreboards in Husky Stadium	6,177,000
Scoreboards in Alaska Airlines Arena	520,000
Sales Tax	636,000
Subtotal - Daktronics	<u>7,333,000</u>
Harris Contract with UW	
Data Network System	1,950,000
Sales Tax	185,000
Subtotal Harris	<u>2,135,000</u>
Total - UW	<u>9,468,000</u>
Total Uses of Funds	<u>17,459,000</u>
Annual Debt Service 10 year financing lease (UW total only, 3.5% rate, 1% cost of issuance)	1,149,830