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Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of September 16, 2009

AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING CALIFORNIA MEMORIAL STADIUM (CMS) SEISMIC CORRECTIONS AND WEST PROGRAM IMPROVEMENTS, BERKELEY CAMPUS

CAMPUS	Berkeley
PROJECT	California Memorial Stadium (CMS) Seismic Corrections and West Program Improvements
PROPOSED ACTIONS	<ol style="list-style-type: none">1. Approve the project budget of \$321,000,0002. Approve external financing of \$321,000,000
PREVIOUS ACTIONS:	December 2006: Southeast Campus Integrated Projects EIR certified. January 2006: Preliminary Review of Southeast Campus Integrated Projects (Discussion Item) July 2009: Approval of \$18,300,000 in interim financing for preliminary plans
<u>PROJECT SUMMARY</u>	
BUILDING PROGRAM	<ul style="list-style-type: none">• Seismic upgrades and improvements of the 86-year old California Memorial Stadium (CMS) ; project corrects 100% of CMS seismic deficiencies and raises the seismic rating from “poor” to “good”• 2nd phase of 3 phase improvement program—1st phase is Student Athlete High Performance Center (under construction) , 3rd phase comprises of game-day improvements and amenities on the east side of the stadium• Approximate CMS capacity at completion 63,000 seats – 2nd phase includes approximately 33,000 seats, with 3,200 premium seats
TOTAL PROJECT COST	<ul style="list-style-type: none">• \$321,000,000
FUNDING SOURCE	<ul style="list-style-type: none">• External Financing: \$321,000,000
SQUARE FOOTAGE	<ul style="list-style-type: none">• 413,200 Gross Square Feet [GSF]
BUILDING COST/GSF	<ul style="list-style-type: none">• \$405
PROJECT COST/GSF	<ul style="list-style-type: none">• \$777
SCHEDULE	<ul style="list-style-type: none">• Construction start: Summer 2010• Completion: Fall 2012
ISSUES	<ul style="list-style-type: none">• Debt service partially based on seating campaign• Debt service to be structured to defer principal until 21st year• Budget includes substitute game venue during the construction period

RECOMMENDATION

The President recommends that the Committee on Grounds and Buildings recommend to the Regents that:

- A. The 2009-10 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: California Memorial Stadium (CMS) Seismic Corrections and West Program Improvements – preliminary plans \$18,300,000 to be funded entirely from interim financing.

To: Berkeley: California Memorial Stadium (CMS) Seismic Corrections and West Program Improvements – preliminary plans, working drawings and construction – \$321,000,000 to be funded entirely from external financing.

Deletions shown by ~~strikeout~~; additions by underscore

- B. The President be authorized to obtain ~~interim financing~~ external financing not to exceed ~~\$18,300,000~~ \$321,000,000 to finance the *California Memorial Stadium (CMS) Seismic Corrections and West Program Improvements* project. The President requires that:

- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
- (2) Repayment of any debt shall be from the Berkeley campus ~~football~~ Athletics program gross revenues and, as long as the debt is outstanding, the Berkeley campus ~~football~~ Athletics program gross revenues shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- (3) Among all the uses of the Berkeley campus ~~football~~ Athletics program gross revenues, debt service will be the priority.
- (4) The general credit of the Regents shall not be pledged.

- C. The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

ATTACHMENTS:

- Attachment 1: Project Data
- Attachment 2: Capital Improvement Budget
- Attachment 3: Funding Plan
- Attachment 4: Summary Financial Feasibility Analysis

ATTACHMENT 1

PROJECT DATA

A. PROPOSED FUNDING BY PHASE

Phase	Approved	Proposed (09-10)	Funding Source	Total
Preliminary Plans	\$18,300,000		External Financing	\$18,300,000
Working Drawings		\$8,000,000	External Financing	\$8,000,000
Construction		\$294,700,000	External Financing	\$294,700,000
TOTALS:	\$18,300,000	\$302,700,000		\$321,000,000

B. BACKGROUND

- Completed in 1923, the 86-year old CMS is on the National Register of Historic Places
- CMS lies directly on the Hayward fault and is rated “Poor”
- Facilities are inadequate for day-to-day and game-day program function
- Environs create a poor connection to both campus and community

C. PROJECT GOALS

Seismic Improvements

- Reconstruct grandstand designed for near-fault ground motion to provide a life-safe structure for the seating bowl and the spaces below it, while preserving and bracing the existing architecturally significant exterior wall
- The portion of the grandstand that is directly over the Hayward Fault will be specially designed to provide a life-safe structure capable of accommodating large ground movements
- Seismic upgrade improves the CMS seismic rating to “Good”

Program Improvements

- Accessibility improvements throughout
- New concourse constructed at the same level as the existing concourse and designed to improve circulation, enhance food services, and increase the number of toilets
- New program spaces include: visiting team lockers, stadium operations and support functions, field club, recruitment lounge and auditorium
- Two-level press box provides press, broadcast and operations facilities, and club and hospitality facilities.
- Sight lines improved, new field lighting installed
- May include off-site utilities and as funds permit, a new loading and service dock

D. FUTURE PROJECT

Phase 3

- Construction of phase 3, which would provide improvements to the east side of CMS, would follow phase 2 only as funds become available. The east side of the stadium consists of concrete slabs and footings on grade; since there is no supported structure it poses no significant risk of seismic hazard.

E. SUSTAINABILITY

Target LEED™ Rating	USGBC™ Certified or higher
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ATTACHMENT 2

CAPITAL IMPROVEMENT BUDGET
CCCI 5276

<u>Cost Category</u>	<u>Total Amount</u>	<u>% of Total</u>
Site Clearance	0	0.0%
Building	167,288,000	52.1%
Exterior Utilities	13,300,000	4.1%
Site Development	17,586,000	5.5%
A/E Fees ^(a)	27,500,000	8.6%
Campus Administration ^(b)	8,206,000	2.6%
Surveys, Tests	3,270,000	1.0%
Special Items ^(c)	67,050,000	20.9%
Contingency	16,800,000	5.2%
Total	321,000,000	100%
Groups 2 & 3 Equipment	0	
Total	321,000,000	

Statistics

Gross Square Feet (GSF) ^(d)	413,200
Building Cost/GSF ^(d)	\$405
Project Cost/GSF ^(d)	\$777

Comparable University Projects at CCCI 5276

There are no comparable projects

(a) Fees include architectural and engineering services.

(b) Campus Administration includes project and contract management staff

(c) Special items include: advance planning, special consultants, preconstruction services, temporary relocation costs and interest during construction of \$21,000,000

(d) Gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure to be demolished. Assignable square feet (ASF) is the net usable area.

ATTACHMENT 3

FUNDING PLAN

- Project cost: \$321,000,000

External Financing: \$321,000,000

- Pledged source of repayment: Athletics program gross revenues
- As long as the debt is outstanding, Athletics program gross revenues will be maintained in amounts sufficient to pay the debt service and meet the related requirements of the authorized financing
- Campus requests long term financing of \$321.0 million using a combination of tax exempt financing of \$300.0 million and taxable financing of \$21.0 million
- Debt service to be structured to defer principal until the 21st year after the completion of construction; This deferral is consistent with the expected growth in ticket sales and other revenues of Athletics
- Annual estimated debt service for \$300.0 million estimated at a tax exempt planning rate of 6.00 percent is \$18.0 million during the interest only period and \$40.76 million during the ten year amortization period
- Annual estimated debt service for \$21.0 million estimated at a taxable planning rate of 7.25 percent is \$1.52 million during the interest only period and \$3.02 million during the ten year amortization period
- In conjunction with the improvements that are part of the project, Athletics has designated 3,200 premium seats in the stadium. Athletics has created a seating program to offer those seats on a long-term basis to be supported under either upfront or long term payment schedules. The long term, 30 year payments would be able to contribute directly towards the project's debt service.
- Letters of intent for 65% of the seating campaign goal (90% of the premium seating section or 2,900 seats) have been received as of July 31, 2009. October 5 will mark the kick-off of the premium seating selection process, which will continue through the end of November. Letters of intent will be converted to formal commitments at the time seat selections are made.
- 80% of the gross revenues are pledged for debt service. The gross revenues pledged for the repayment of the debt do not include all of the resources available to Athletics to fund its operational and debt service needs. Campus allocations and restricted gifts and endowments are not included in the totals shown in Attachment 4.
- The external financing will be paid from specific revenue sources specified in the external financing documents; therefore, the general credit of the Regents will not be pledged.

ATTACHMENT 4

SUMMARY FINANCIAL FEASIBILITY ANALYSIS

Total Project Cost:	\$	321,000,000	
Proposed Source of Funding			
External Financing	\$	321,000,000	
Proposed Financing Terms			
Tax Exempt rate of 6.00% for 30 years, with principal deferred to Year 21	\$	300,000,000	
Taxable rate of 7.25% for 30 years, with principal deferred to Year 21	\$	21,000,000	
Estimated Debt Service			
Interest only (tax exempt/taxable)	\$	19,520,000	[a]
Amortized (tax exempt/taxable)	\$	43,780,000	[b]
Existing External Financing Supported by Pledged Source			
Student Athlete High Performance Center	\$	136,000,000	
30 years at 6.25%, with principal deferred to Year 21			
Interest only	\$	8,500,000	[c]
Amortized	\$	18,700,000	[d]
<u>Pledged Source of Repayment (FY 2014-15)^(a):</u>			
Estimated Athletics Gross Revenue ^(b)	\$	64,100,000	[e]
Tax Exempt Financing (\$300,000,000)–interest payment	\$	18,000,000	[a1]
Taxable Financing (\$21,000,000)–interest payment	\$	1,520,000	[a2]
Existing Debt Service		8,500,000	[c]
Total Estimated Debt Service	\$	28,020,000	[f = a1+a2+c]
Athletics Gross Revenue Pledged		43.7 %	[f / e]
Debt Service Coverage		2.29x	[e / f]
<u>Pledged Source of Repayment (FY 2032-33)^(c):</u>			
Estimated Athletics Gross Revenue ^(b)	\$	79,200,000	[g]
Tax Exempt Long Term Debt Service (\$300,000,000)	\$	40,760,000	[b1]
Taxable Long Term Debt Service (\$21,000,000)	\$	3,020,000	[b2]
Existing Debt Service		18,700,000	[d]
Total Estimated Debt Service	\$	62,480,000	[h = b1+b2+d]
Athletics Gross Revenue Pledged		78.9 %	[h / g]
Debt Service Coverage		1.27x	[g / h]

- (a) Second full year of interest payments
- (b) Includes the revenues from the premium seating program
- (c) First full year of principal and interest payments.