

**FINANCIAL FEASIBILITY**  
*(for information only)*

The total project cost of \$29,750,000 would be funded from external financing (\$19,900,000 long-term debt and \$895,000 short-term debt), FACE/LEEAP net reserves (\$2,950,000), and gifts (\$6,005,000).

***FACE and LEEAP Initiatives***

The Multi-Use Stadium is the third of three capital projects approved by UC Davis students as part of the Facilities and Campus Enhancements (FACE) Initiative and the Legal Education Enhancement and Access Program (LEEAP) Initiative for improvement of student activity, recreation, and intercollegiate athletics facilities. The other two projects – the Activity and Recreation Center (ARC) and the Aquatics Center – are completed.

The FACE and LEEAP Initiatives (referenda) provide for an Oversight Committee comprised of broad student representation, chaired by a student, and with students constituting the voting majority. The Committee provides facility planning guidance and participates in the design stage of each FACE and LEEAP capital project. Once a facility is complete, the Oversight Committee may redirect any FACE or LEEAP funds not required to pay debt service to other projects.

In January 2004 the Oversight Committee discussed funding options for the Multi-Use Stadium. The students on the Oversight Committee reaffirmed the importance of the programs and projects funded under the initiatives, and unanimously approved a plan to redirect a portion of funds initially planned for the ARC and Aquatics projects to the Multi-Use Stadium.

The Chair (also the President of the Associated Students of the University of California, Davis), then sent a letter to the Vice Chancellor for Student Affairs recapitulating the Oversight Committee process and decision. Both the Vice Chancellor for Student Affairs and the Chancellor have endorsed the recommendation of the Oversight Committee.

Of the total amount of funds approved for redirection, \$2,500,000 would augment the external financing and \$2,950,000 would be provided from reserves. The ARC and Aquatics projects are projected to generate funds sufficient to provide a continuing contribution to the Multi-Use Stadium, as well as pay the direct costs of ongoing maintenance and operating expenses, and fund a major maintenance reserve.

***External Financing***

Long Term: Based on a debt of \$17,400,000 amortized over 30 years at 6.125 percent interest, the average annual debt service is estimated at \$1,281,000 to be repaid from the Stadium portion of the FACE fee approved by the students in February 1999 (\$54.00 per year per student and \$9 per Summer Session) and the Stadium portion of the LEEAP fee approved by the law students in April 1999 (\$54 per year per student). A portion of the user fees will be used to generate sufficient revenue to meet the financing requirements.

## ATTACHMENT 2

Based on debt of \$2,500,000 amortized over 30 years at 6.125 percent interest, the average annual debt service is estimated at \$184,000. Of the external financing, \$2,150,000 would be repaid from the ARC portion of the FACE fee (\$5.00 per year per student and \$1.00 per Summer Session) and the ARC portion of the LEEAP fee (\$4.50 per year per student), and \$350,000 of the financing would be repaid from the Aquatics portion of the FACE fee (\$1.00 per year per student and \$0.10 per Summer Session) and the Aquatics portion of the LEEAP fee (\$1.00 per year per student). A portion of the user fees will be used to generate sufficient revenue to meet the financing requirements.

Short Term: Based on a debt of \$895,000 amortized over 10 years at 5.50 percent interest, the average annual debt service is estimated at \$119,000. The external financing would be repaid from the UC Davis Beverage Pouring Rights. The UC Davis Beverage Pouring contract, executed December 2, 2003, provides the Sacramento Coca Cola Bottling Company, Inc. with exclusive beverage vending rights for the Davis campus, beverage pouring rights for ten (10) years. It also provides a minimum base funding level of \$150,000 per year. If the UC Davis Beverage Pouring Rights contract is not renewed or is insufficient to meet the requirements of the financing, the campus will provide a substitute source of repayment that is acceptable, or pay off the balance of the debt in full.

Estimated annual revenue as detailed above is displayed in the following table.

## ATTACHMENT 2

Multi-Use Stadium, University of California, Davis Projected Annual Revenue -- Fiscal Year 2007-08 <sup>(1)</sup>					
<i>Source of Revenue</i>	<i>Total Annual Revenue per Student</i>	<i>FTE Enrollment</i>	<i>Health Science Student Headcount</i>	<i>Total Student Headcount</i>	<i>Total Annual Revenue (rounded)</i>
<b>Stadium Portion of Fees</b>					
FACE Fee @ \$18.00/Quarter	\$ 54.00	24,845	1,339	27,178	\$1,468,000
FACE Fee @ \$9.00/Summer Session	\$ 9.00	2,200		11,000	\$ 99,000
LEEAP Fee @ \$27/Semester	\$ 54.00	555		555	\$ 30,000
Subtotal: Stadium Portion of Fees					\$1,597,000
<b>ARC Portion of Fees</b>					
FACE Fee @ \$1.66/Quarter	\$ 5.00	24,845	1,339	27,178	\$ 136,000
FACE Fee @ \$1.00/Summer Session	\$ 1.00	2,200		11,000	\$ 11,000
LEEAP Fee @ \$2.25/Semester	\$ 4.50	555		555	\$ 2,000
Subtotal: ARC Portion of Fees					\$ 149,000
<b>Aquatics Portion of Fees</b>					
FACE Fee @ \$0.33/Quarter	\$ 1.00	24,845	1,339	27,178	\$ 27,000
FACE Fee @ \$0.10/Summer Session	\$ 0.10	2,200		11,000	\$ 1,000
LEEAP Fee @ \$0.33/Semester	\$ 1.00	555		555	\$ 1,000
Subtotal: Aquatics Portion of Fees					\$ 29,000
Total Fall/Winter/Spring Fee	\$ 60	24,845	1,339	27,178	\$1,664,000
Total Summer Session Fee	\$ 10	2,200		11,000	\$ 111,000
User Fees <sup>(9)</sup>					\$ 150,000
Beverage Pouring Rights					\$ 150,000
<b>TOTAL PROJECTED FEE REVENUE</b>					<b>\$2,075,000</b>

<sup>(1)</sup> Second full year of operation of facility and of collection of fee

<sup>(2)</sup> Revenue generated through graduation ceremonies, sports tournaments and events, concerts, and student activities assuming 40 users at \$2,500 1/2 day and 10 users at \$5,000/day.

The total FACE/LEEAP fee (Fall/Winter/Spring) is \$60 per year and is expected to generate approximately \$1,664,000 annually. The total Summer Session fee is \$10 and is expected to generate approximately \$111,000, for a total projected annual FACE/LEEAP fee revenue of \$1,775,000.

Estimated annual operating expenses for the Multi-Use Stadium are \$91,000 and estimated annual revenue from the sources of repayment will be \$2,075,000 in 2007-08, the second full year of operation for the stadium.

### ***Gift Campaign***

The gift campaign for the project is under way, and as of December 2004 the campus has raised gifts totaling \$2,315,000. The fund raising status is as follows:

Gifts Received	\$ 951,000
Pledges Received	\$ 1,364,000
Gifts To Be Raised	<u>\$ 3,690,000</u>
Total:	\$ 6,005,000

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In compliance with Regents' policy that all funds necessary to complete construction are to be in-hand, campus funds have been encumbered to cover pledges to be collected and gifts to be raised. The campus will be repaid as additional gifts are received.

### SUMMARY FINANCIAL FEASIBILITY ANALYSIS

**Project Title:** Multi-Use Stadium, Davis Campus

**Total Estimated Project Cost** \$29,750,000

#### **Proposed Sources of Funding**

External Financing	\$20,795,000
FACE/LEEAP Net Revenues	\$ 2,950,000
Gift Funds	<u>\$ 6,005,000</u>
Total	\$29,750,000

#### **Project Financing Terms**

External Financing: \$19,900,000  
Interest rate: 6.125 percent  
Duration: 30 years

External Financing: \$895,000  
Interest rate: 5.50 percent  
Duration: 10 years

	\$17,400,000 FACE/ LEEAP Debt	\$2,500,000 ARC/ AQUATICS Debt	\$895,000 Beverage Debt	\$20,795,000 Total Debt
<u>2007-08<sup>(1)</sup></u>				
Estimated Annual Revenue				
FACE/LEEAP Fee	\$1,597,000			\$1,597,000
ARC/Aquatics Fee		\$178,000		\$178,000
User Fees	\$ 85,000	\$65,000		\$150,000
Beverage Pouring Rights			<u>\$150,000</u>	<u>\$150,000</u>
Total Estimated Revenue:	\$1,682,000	\$243,000	\$150,000	\$2,075,000
Estimated Operating Expenses	\$82,000	\$9,000		\$91,000
Estimated Net Revenue	\$1,600,000	\$234,000	\$150,000	\$1,983,000
Estimated Debt Service	\$1,281,000	\$184,000	\$119,000	\$1,584,000
Debt Service Coverage	1.25	1.27	1.26	

1) Represents the first full year of principal and interest payments.