

SUMMARY OF FINANCIAL FEASIBILITY

Merced Campus	
Project Name	2020 Project
Project ID	n/a
Total Estimated Project Costs	\$1,338,480,000
Anticipated Interest During Construction ⁽¹⁾ (included in estimated project costs)	n/a

(1) *Campus funds will be used to pay interest during construction*

Proposed Sources of Funding ⁽²⁾	
Century Bond (External Financing).....	\$50,000,000
Tax-Exempt Financing (External Financing AB 94)..	\$400,000,000
Taxable Financing (External Financing).....	\$150,000,000
Developer Funds.....	\$590,350,000
Campus Funds.....	\$145,130,000
Total	\$1,338,480,000

(2) *Fund sources for external financing shall adhere to University policy on repayment for capital projects.*

Long-term external financing assumptions are listed below

Financing Assumptions	
External Financing Amount (Century Bond)	\$50,000,000
Anticipated Repayment Source	General Revenues of the Merced Campus
Anticipated Fund Source	Net revenue of all campus operations and auxiliary enterprises
Financial Feasibility Rate	4.858%
First Year of Repayment	FY 2020
Final Maturity	FY 2059
Term (e.g. 30 years)	40 years
Estimated Average Annual Debt Service	\$2,857,000

Financing Assumptions	
External Financing Amount (Tax-Exempt)	\$400,000,000
Anticipated Repayment Source	State Support (AB 94)
Anticipated Fund Source	State General Funds
Financial Feasibility Rate	6.00%
First Year of Repayment	FY 2019, 2021
Final Maturity	FY 2058, 2060
Term (e.g. 30 years)	40 years
Estimated Average Annual Debt Service	\$26,585,000

Financing Assumptions	
External Financing Amount (Taxable)	\$150,000,000
Anticipated Repayment Source	General Revenues of the Merced Campus
Anticipated Fund Source	Net Revenues of all Auxiliary Enterprises
Financial Feasibility Rate	7.25%
First Year of Repayment	FY 2019, 2020
Final Maturity	FY 2058, 2059
Term (e.g. 30 years)	40 years
Estimated Average Annual Debt Service	\$11,579,000

APPROVAL OF EXTERNAL FINANCING, 2020 PROJECT, MERCED CAMPUS

Below are results of the financial feasibility analysis for the proposed project using the campus' Debt Affordability Model. The model includes projections of the campus' operations and planned financings.

Measure	Campus Financing Benchmarks²		
	10 Year Projections	Approval Threshold	Requirement
Modified Cash Flow Margin, min	- 3.5%, (2020)	$\geq 0.0\%$	Must Meet
Debt Service to Operations, max	8.9% (2019)	$\leq 6.0\%$	Must Meet 1 of 2
Expendable Resources to Debt, min	-0.11 (2015)	$\geq 1.00x$	
Auxiliary Project Debt Service Coverage, min	1.0x (2018)	$\geq 1.10x$	Must Meet for Auxiliary Projects
Auxiliary System Debt Service Coverage, min	1.4x (2018)	$\geq 1.25x$	Must Meet for Auxiliary Projects

(1) The Merced Campus is exempt in this case from meeting the required financial feasibility metrics. The debt model includes projects seeking future external financing approval that were included in the 2015-25 Capital Financial Plan. Modified Cash Flow Margin, Debt Service to Operations, and Expendable Resources to Debt are campus metrics.