

Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

**DISCUSSION ITEM**

*For Meeting of November 18, 2014*

**FINANCING MODEL UPDATE – SIMPSON CENTER FOR STUDENT-ATHLETE HIGH PERFORMANCE AND THE RENOVATED CALIFORNIA MEMORIAL STADIUM, BERKELEY CAMPUS**

California Memorial Stadium (CMS) was reopened in August 2012. Proposed as a two phase project, with construction of the Simpson Center for Student-Athlete High Performance (SAHPC or Simpson Center) as phase one, and seismic retrofit and program improvements to CMS as phase two, the University considered a range of alternatives including abandoning CMS and relocating the facilities. Phase one design approval, financing, and California Environmental Quality Act compliance were approved in November and December of 2006, and then progress was stalled for almost two years by lawsuits and a protracted tree sitter protest. Ultimately, the University's approval of the capital project was upheld and groundbreaking for phase one occurred in spring 2009. The Simpson Center was completed in August 2011 and CMS reopened a year later.

The original financing model for the new Intercollegiate Athletic facilities relied largely on philanthropy and, in the case of CMS, the sales from a premium seating plan. This strategy proved to be suboptimal for a variety of reasons, including the changing economic climate in the wake of the 2008 great recession. As a result, the Berkeley campus significantly revised the model in December 2012. The objective was to create a strong, responsive, and reliable financial foundation for the facilities that would secure Intercollegiate Athletics' long-term ability to meet the full debt service without drawing on central campus funds. While there is still a wide range of possible outcomes, the significant revision of the original plan via revenue diversification puts Berkeley in a much better position to meet that goal.

Vice Chancellor John Wilton will provide an update on the revised financing model for the SAHPC and the renovated CMS. Discussion will include an overview of the different revenue streams that the campus is pursuing, as well as a discussion of current assumptions and forecasts.

Key to Acronyms

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| CMS   | California Memorial Stadium                         |
| SAHPC | Simpson Center for Student-Athlete High Performance |