

AMENDED

AGENDA

JOINT COMMITTEES ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: **9:45 a.m., Tuesday, March 24, 2020**
Virtually via Teleconference

Committee on Finance

Lillian Kimbell, Chair
Jack McGrory, Vice Chair
Larry L. Adamson
Rebecca D. Eisen
Jane W. Carney
Juan F. Garcia
Hugo N. Morales
Romey Sabalius
Lateefah Simon
Peter J. Taylor

Committee on Campus Planning, Buildings and Grounds

Rebecca D. Eisen, Chair
Romey Sabalius, Vice Chair
Larry L. Adamson
Jane W. Carney
Wenda Fong
Maryana Khames
Jeffery R. Krinsk
Jack McGrory
Peter J. Taylor

- Consent** 1. Approval of Minutes of the Meeting of January 28, 2020, *Action*
- Discussion** 2. San Diego State University Multi-Use Stadium at Mission Valley - Approval to Amend the Capital Outlay Program; Approval of Schematic Plans; Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments, *Action*

**MINUTES OF THE JOINT MEETING OF THE
COMMITTEES ON FINANCE AND
CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

January 28, 2020

Committee on Finance

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Maryana Khames
Jack McGrory
Peter J. Taylor

Adam Day, Chairman of the Board
Timothy P. White, Chancellor

Trustee Rebecca D. Eisen called the meeting to order.

Public Comment

One public speaker called for sustainable funding and management of the California State University's capital and infrastructure backlog. Another speaker expressed concerns with the environmental impact report for the proposed San Diego Mission Valley project. Several public speakers commented in support of the San Diego Mission Valley project.

Approval of Minutes

The minutes of the November 19, 2019 joint committee meeting were approved as submitted.

San Diego State University - Certification of the Final Environmental Impact Report for the Proposed Mission Valley Campus Master Plan; Approval of the Proposed Mission Valley Campus Master Plan; Authorize the Chancellor to Execute a Purchase and Sale Agreement for the Mission Valley Campus Real Property Acquisition Within the Terms and Parameters Set forth in this Action Item; Approval to Amend the Capital Outlay Program for the Proposed Real Property Acquisition and Site Development; and Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for the Proposed Project

Details and various actions of the proposed San Diego State University Mission Valley Off Campus Center were presented for approval.

Following the presentation, the trustees asked questions about affordable housing elements in the project and the financial analysis. They expressed support of the project and campus sensitivity to protect and restore natural resources.

The committee recommended approval of the proposed resolution (RFIN/CPBG 01-20-01).

Trustee Eisen adjourned the joint meeting of the Committees on Finance and Campus Planning, Buildings and Grounds.

**JOINT COMMITTEES ON FINANCE AND
CAMPUS PLANNING, BUILDINGS AND GROUNDS**

San Diego State University Multi-Use Stadium at Mission Valley – Approval to Amend the Capital Outlay Program; Approval of Schematic Plans; Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Adela de le Torre
President
San Diego State University

Tom McCarron
Senior Vice President
San Diego State University

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design, and Construction

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Summary

This agenda item requests the following actions by the California State University Board of Trustees with regard to the San Diego State University (SDSU) Multi-Use Stadium at Mission Valley:

- Amendment of the 2019-2020 Capital Outlay Program for the project
- Approval of the Schematic Design for the project
- Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments for the project

Background and Overview

In January 2020, the Board of Trustees approved the Mission Valley Campus Master Plan, Environmental Impact Report (EIR), and Mission Valley Real Property Acquisition. This acquisition will expand SDSU by providing academic and research space to support up to 15,000 full-time equivalent students (FTES) and other campus-supporting facilities including a 35,000-capacity multi-use stadium, housing, retail, park space and hotel conference facilities, at a proposed site in Mission Valley.

The construction of the multi-use stadium and subsequent demolition of the SDCCU Stadium is the first step required to develop the new SDSU Mission Valley campus because relocation of the SDCCU stadium and reuse of the vast quantity of fill under it is required to adjust the flood plain topography and construct the other campus facilities.

The multi-use stadium provides a location for SDSU's NCAA Division 1 football team to play and also provides an important campus and community asset. The multi-use stadium is designed to host other professional sports and can also provide a venue for local high school sports tournaments, concerts, and other campus and community events. The concourse area around the multi-use stadium will also provide space for many university and community events, public art, performances, and farmer's markets. The concourse will also serve as outdoor event space for the future hotel conference facilities to be built to the north. Many of the spaces inside and around the multi-use stadium will be used for classes and other campus meetings and gatherings.

The multi-use stadium project is part of a larger Campus Master Plan that was approved by the Board of Trustees in January 2020. SDSU Mission Valley will provide San Diego State University with the space to grow enrollment, expand research and innovation programs, and add much needed housing for students, faculty, staff, and the general community. Finally, the plan creates a long-awaited regional community River Park.

Amend the 2020-2021 Capital Outlay Program

San Diego State University wishes to amend the 2019-2020 capital outlay program to include \$310,000,000 for the design and construction of the 675,000 gross square foot (GSF) Multi-Use Stadium (#500¹).

¹ The facility number is shown on the master plan map and recorded in the Space and Facilities Database.

Schematic Design

The 35,000 capacity, multi-use stadium will be located in the northwest corner of the site, which allows SDSU to compete in the existing SDCCU Stadium while construction of the new multi-use stadium is completed. In addition, this location leverages the site topography allowing for part of the seating bowl to be buried, reducing visual impact and providing a more intimate fan experience.

The design of the multi-use stadium takes advantage of the mild climate of San Diego, employing a broad, outdoor concourse with landscaped garden-like areas and concessions and restrooms in free-standing pavilions to provide a unique, Southern California event experience. The Stadium is being designed to meet a LEED Gold standard.

The event level includes loading and operational areas such as loading docks for food service and media trucks, kitchens, food preparation and storage areas for the food service providers, and a ramp to the field for concert and other event equipment loading. Team areas at this level include home and visitor locker rooms, coaches and staff rooms, physical therapy, and training rooms.

A variety of premium seating experiences are provided throughout the multi-use stadium, with suites, boxes, and specialized food and beverage options. General seating is located throughout the multi-use stadium, and a student area is provided on the north side. A press box will be located on the upper suite level. The multi-use stadium will use a distributed audio system to provide a better fan experience with less noise spilling outside the multi-use stadium and at adjacent sites.

The concourse level is the main area of activity, most of which is accessible to all ticket holders. Main entry/ticket gates are located at the northwest and southeast corners and at midfield on the east concourse. Street C, immediately to the east of the concourse can be closed off during event and game days to provide activities and food for fans who are not attending the game. Street 2, immediately to the north of the multi-use stadium will be used for ride share and other drop off, providing and easy in and out for these vehicles.

Parking for the multi-use stadium will change over time as the rest of the site is built out. At initial completion and into the future, approximately 1,000 spaces on recreation fields immediately to the west of the multi-use stadium will be made available on game and large event days. Initially 5,000 to 8,000 surface spaces will be provided on future development pads to the east and south. These spaces will be relocated as development parcels are leased out. At full build-out, approximately 5,000 spaces will be available in parking decks below the research and innovation buildings to the south of the multi-use stadium in addition to the parking on the recreation fields.

California Environmental Quality Act (CEQA) Action

The multi-use stadium was included as a near-term project and fully analyzed in the Mission Valley Campus Master Plan EIR that was certified by the CSU Trustees on January 29, 2020.

Timing

Preliminary Plans Completed	March 2020
Construction Documents Completed	April 2020
Construction Start	June 2020
Occupancy	August 2022

Basic Statistics

Capacity	35,000
New Multi-Use Stadium	324,000 ASF /675,000 GSF

Cost Estimate – California Construction Cost Index (CCCI) 6998²

Multi-Use Stadium Cost (\$335 per GSF)		\$225,815,000
<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>	
a. Substructure (Foundation)	\$43.49	
b. Shell (Structure and Enclosure)	\$102.96	
c. Interiors (Partitions and Finishes)	\$43.25	
d. Services (HVAC, Plumbing, Electrical, Fire)	\$106.03	
e. Built-in Equipment and Furnishings	\$30.69	
f. General Conditions and Insurance	\$8.13	
Site Development (includes landscaping and site preparation)		<u>\$17,378,000</u>
Construction Cost (GMP)		\$243,193,000
Fees, Contingency, Services		
a. Design Fees, Plan Review, Permitting	\$15,922,020	
b. Campus Contract Management Services	\$14,953,590	
c. Contingencies and Escalation	\$32,223,138	
Total		<u>\$63,098,748</u>
Total Project Cost (\$459 per GSF)		\$306,292,000
Fixtures, Furnishings & Moveable Equipment		\$3,708,000
Grand Total		\$310,000,000

² The July 2019 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

Cost Comparison

The building cost of \$335 per GSF is lower than the CSU cost guide figure of \$444 per GSF for a stadium. The cost is reasonable and reflects the design features aimed to ensure a positive fan experience for team sports and use of the multi-use stadium for other events of varying size and purpose. One cost area of note is the substructure which reflects a higher cost due to the partially below grade configuration. However, this design approach allows the main concourse to be at grade level as an outdoor pedestrian plaza to reduce square footage and overall costs.

Financing

As noted above, the total cost of the proposed Project will be \$310,000,000 and will be financed from two main components. The first component will be long-term financing with approximately \$231 million of CSU Systemwide Revenue Bonds, which will fund \$200 million of the Project construction costs plus approximately \$31 million of capitalized interest and other costs of issuance. These bonds will be taxable and issued on a fully amortizing basis over approximately thirty years. The source of repayment for the principal and interest on these bonds will be ongoing multi-use stadium net operating revenues. The financial plan and analysis conservatively assume revenues from football games, naming rights, concessions, and some special events. Additional revenues that might be generated from future partnerships with other professional sport teams and additional special events should only improve the financial position of the Project.

The second component of the financing will be approximately \$125 million of taxable, short-to-medium-term debt instruments issued under the Systemwide Revenue Bond program, which will fund the balance of the construction costs—\$110 million—plus approximately \$15 million of capitalized interest and costs of issuance. The primary source of repayment for this financing component will be philanthropic gifts and revenues from premium seat acquisition licenses. Through signed agreements, these revenue streams are forecast to total approximately \$116 million, net of expenses, and will be received over a roughly fifteen-year period, with over eighty percent received within eight years. To date, SDSU has secured signed philanthropic commitments of \$30 million. The short-to-medium-term debt instruments issued under this second financing component will be structured to match the expected receipt of funds from the philanthropic gifts and premium seat acquisition licenses, allowing for the quick retirement of debt. To the extent that there are multi-use stadium net operating revenues in excess of the debt service requirements on the long-term financing component, those excess revenues can also be used to retire short-to-medium-term debt.

The requested total not-to-exceed amount of Systemwide Revenue Bonds and/or related debt instruments for both financing components on a combined basis is \$355,490,000 based upon a total project budget of \$310,000,000 and approximately \$45,490,000 in additional net financing costs, such as capitalized interest and costs of issuance.

The not-to-exceed amount, annual debt service and the debt service coverage ratios shown below are based on an all-in interest cost of 4.41 percent, inclusive of a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold.

Based on the financial plan, in fiscal year 2023-2024, the first full year of multi-use stadium operations, the debt service coverage on the long-term financing component is forecast to be 1.52 and increasing thereafter, which compares favorably to the CSU minimum benchmark of 1.10. For the remaining \$125 million of short-to-medium-term debt, the financial plan forecasts full retirement of that debt by 2026-2027 through a combination of funds received from philanthropic commitments, revenues from premium seat acquisition licenses, and excess multi-use stadium net operating revenues. In the event that funds received from philanthropic commitments and premium seat acquisition licenses fall short of expectations, the multi-use stadium net operating football revenues and naming rights can be used to fully amortize all debt over a thirty-year period if needed, which would reduce multi-use stadium operating flexibility for a period of time. When combining the Project financial plan with the financial plan for the Mission Valley Real Property Acquisition and Site Development project approved by the Board of Trustees in January 2020, as well as other campus pledged revenue programs, the overall campus debt service coverage ratio compares favorably to the CSU benchmark of 1.35 under different scenarios and assuming conservative growth for other campus pledged revenue programs.

Recommendation

The following resolutions are presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that:

1. The amendment of the 2019-2020 Capital Outlay Program to include the Multi-Use Stadium at Mission Valley project be approved.
2. The schematic plans for the San Diego State University Multi-Use Stadium at Mission Valley project are approved at a project cost of \$310,000,000 at CCCI 6998.
3. The financing resolutions for the project as described in this Agenda Item 2 of the Joint Committees on Finance and Campus Planning, Buildings and Grounds at the March 22-24, 2020, meeting of the CSU Board of Trustees are approved. Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at this meeting that authorize interim and permanent financing for the projects described in this agenda. The proposed resolutions will be distributed at the meeting and will achieve the following:

- a. Authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate amount not-to-exceed \$355,490,000 and certain actions relating thereto.
 - b. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the revenue bonds, bond anticipation notes, or related debt instruments.
4. Any issuance of debt under this authorization shall be contingent upon the completion of a purchase and sale agreement with the City of San Diego for the purchase of the Mission Valley site.