

UCLA

UCLA Residential Conference Center and Faculty Club

Financial Feasibility
Presentation
to UCLA Academic Senate
Council on Planning & Budget

February 28, 2011

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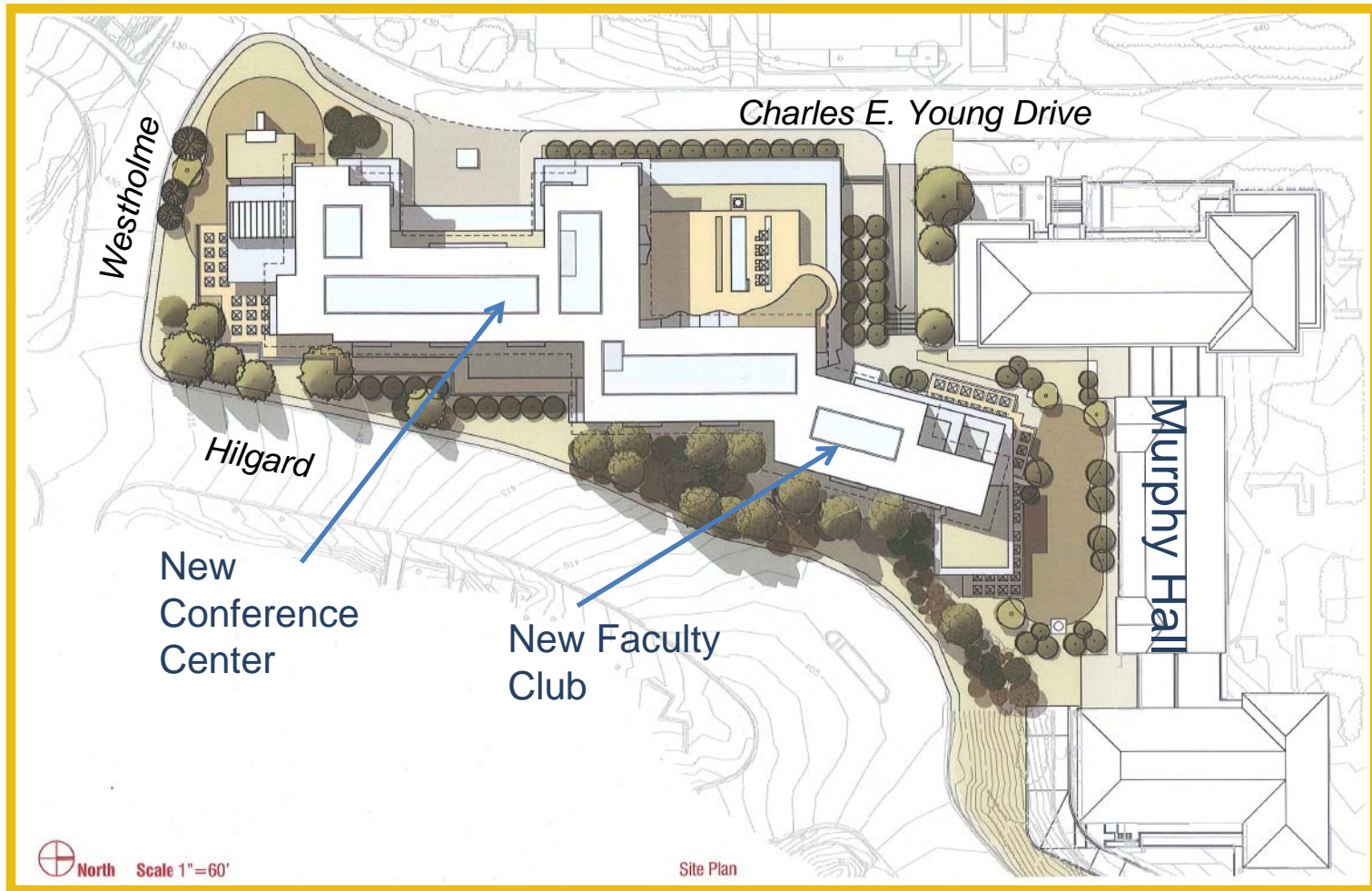
The Academic Need

- Facilitate UCLA's move to become a 'global research institution'
- Enable opportunities for international, national and local collaboration for the academic enterprise
- Support and advance UCLA's partnerships with major institutions in Asia, Latin America and Europe
- Assist UCLA Professional Schools in competing with elite peers
- Facilitate UCLA's strategic objective to "Reconnect with Los Angeles"
- Provide a venue where faculty, students, staff, elected officials and community members from a broad range of demographic and socioeconomic groups can interact to discuss/debate contemporary societal issues
- Serve as a welcoming place for faculty to present their work to potential private sector partners and/or research investors

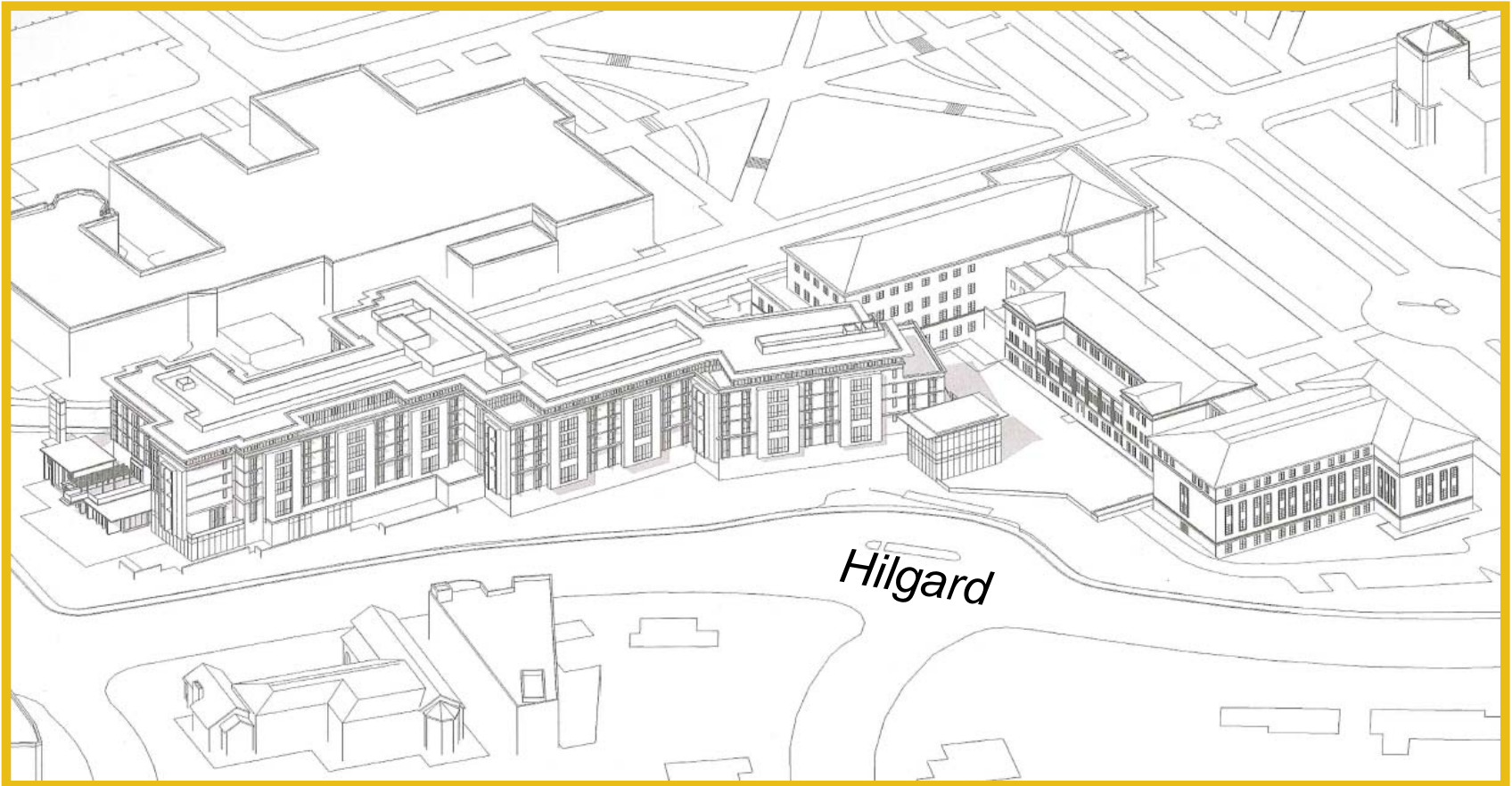
Campus Information Sessions – FY 2009-10

- Academic Senate Executive Board
- Academic Senate Legislative Assembly
- Vice Chancellors and Deans
- Chancellor's Executive Committee
- Campus Space Planning Committee
- Faculty Center Executive Board
- Faculty and Staff town hall
- Emeriti Faculty Executive Board
- Westwood Community Council
- Holmby Hills HOA (preliminary)
- Westside HOA's (preliminary)
- CC/FC Campus Advisory Committee (Chaired by former interim Chancellor and Law Professor Abrams)

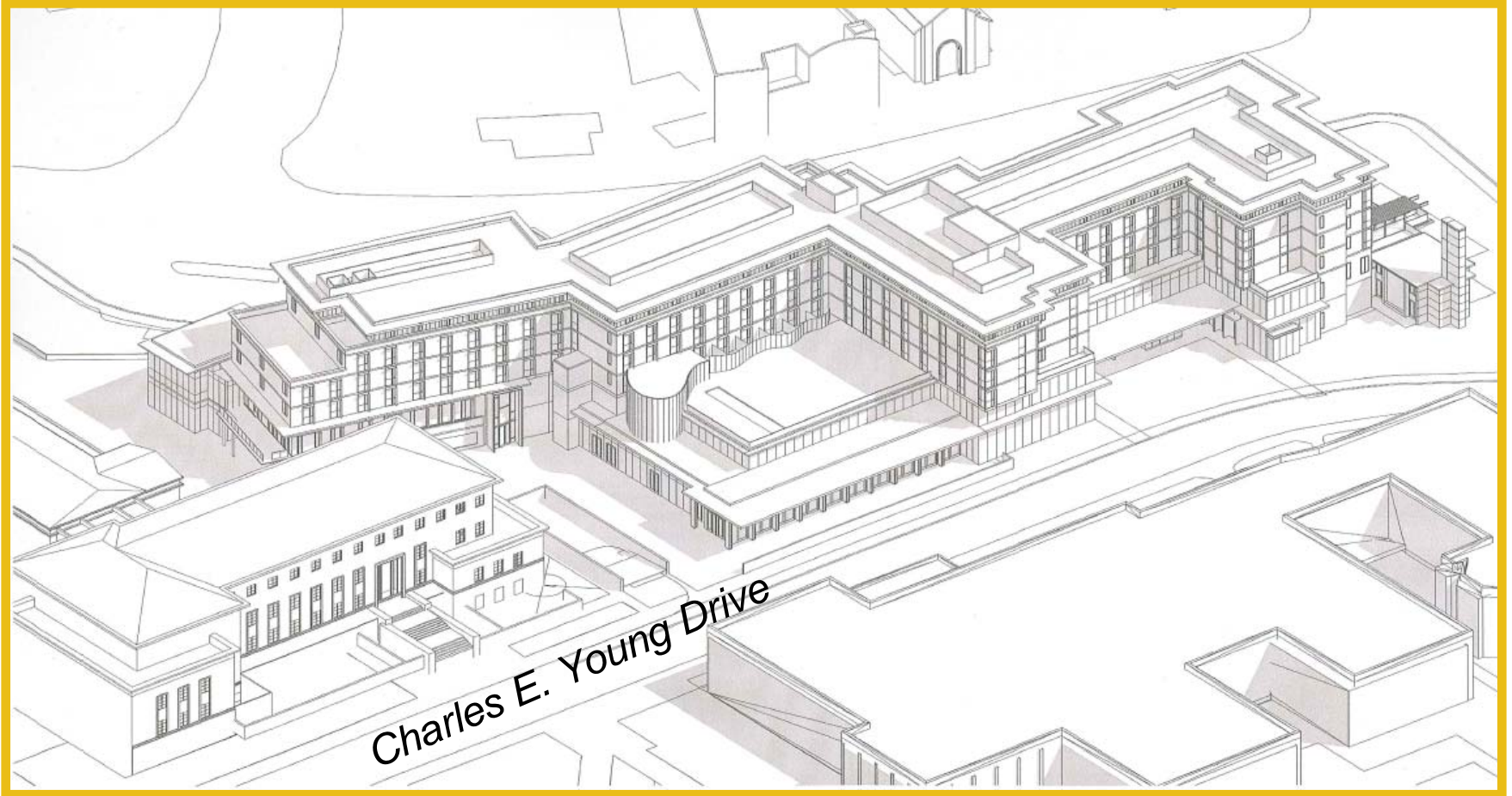
Site Plan



Massing Views



Massing Views



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Residential Conference Center & Faculty Club

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Perspective View at Faculty Club Entry



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Perspective Views at Faculty Club Garden

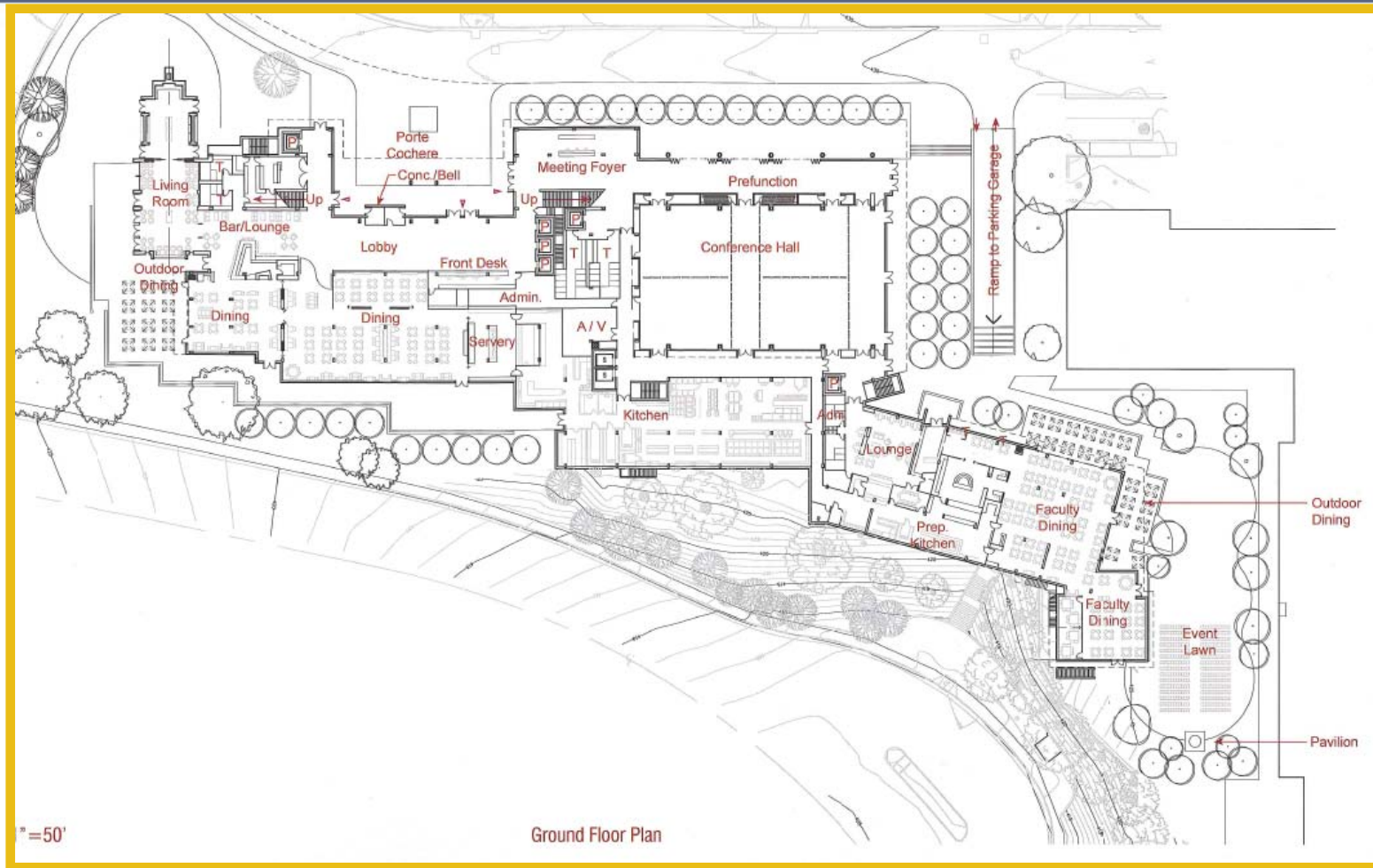


Perspective View at Faculty Club Garden

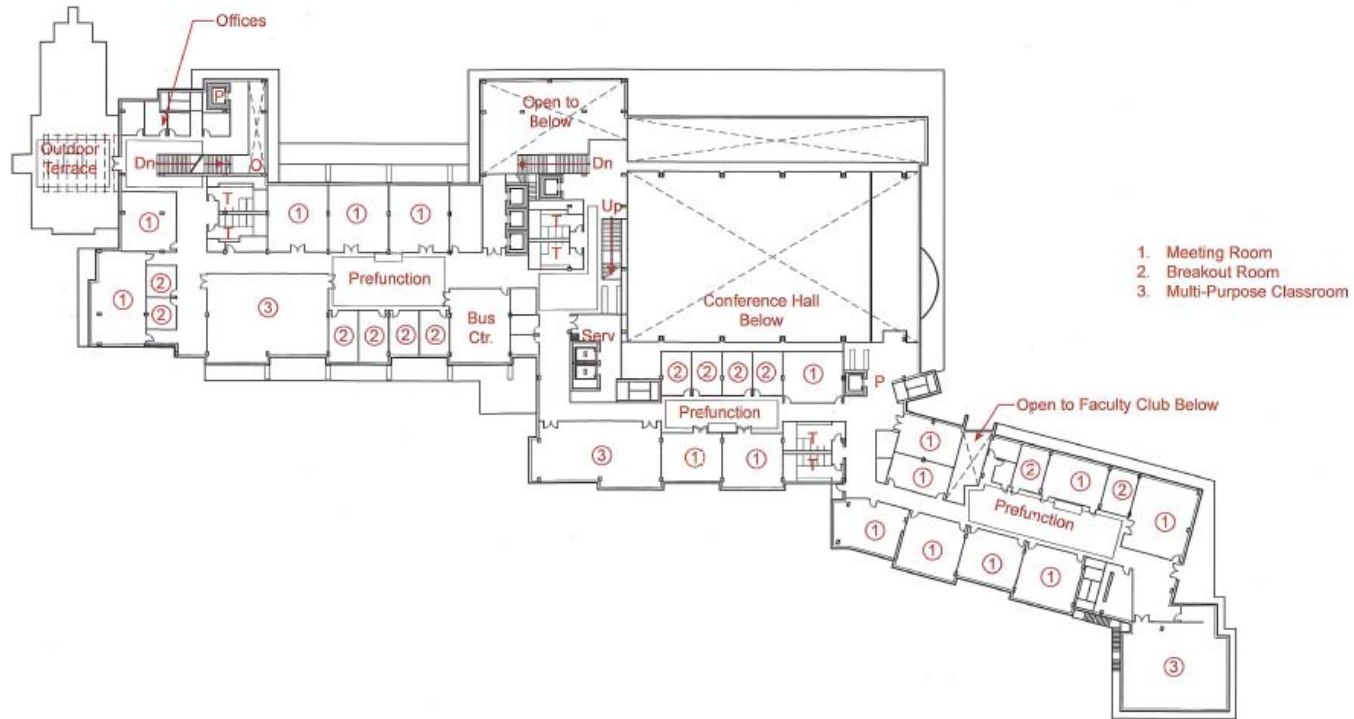
Site Plan



First Floor

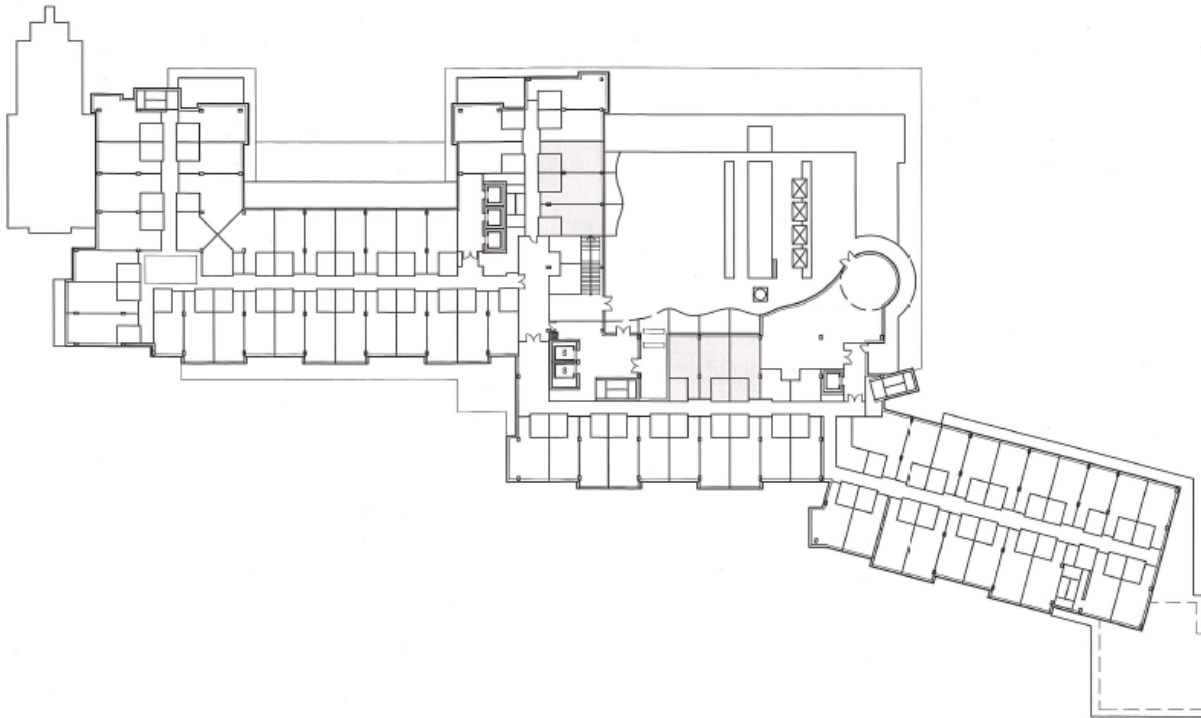


Second Floor



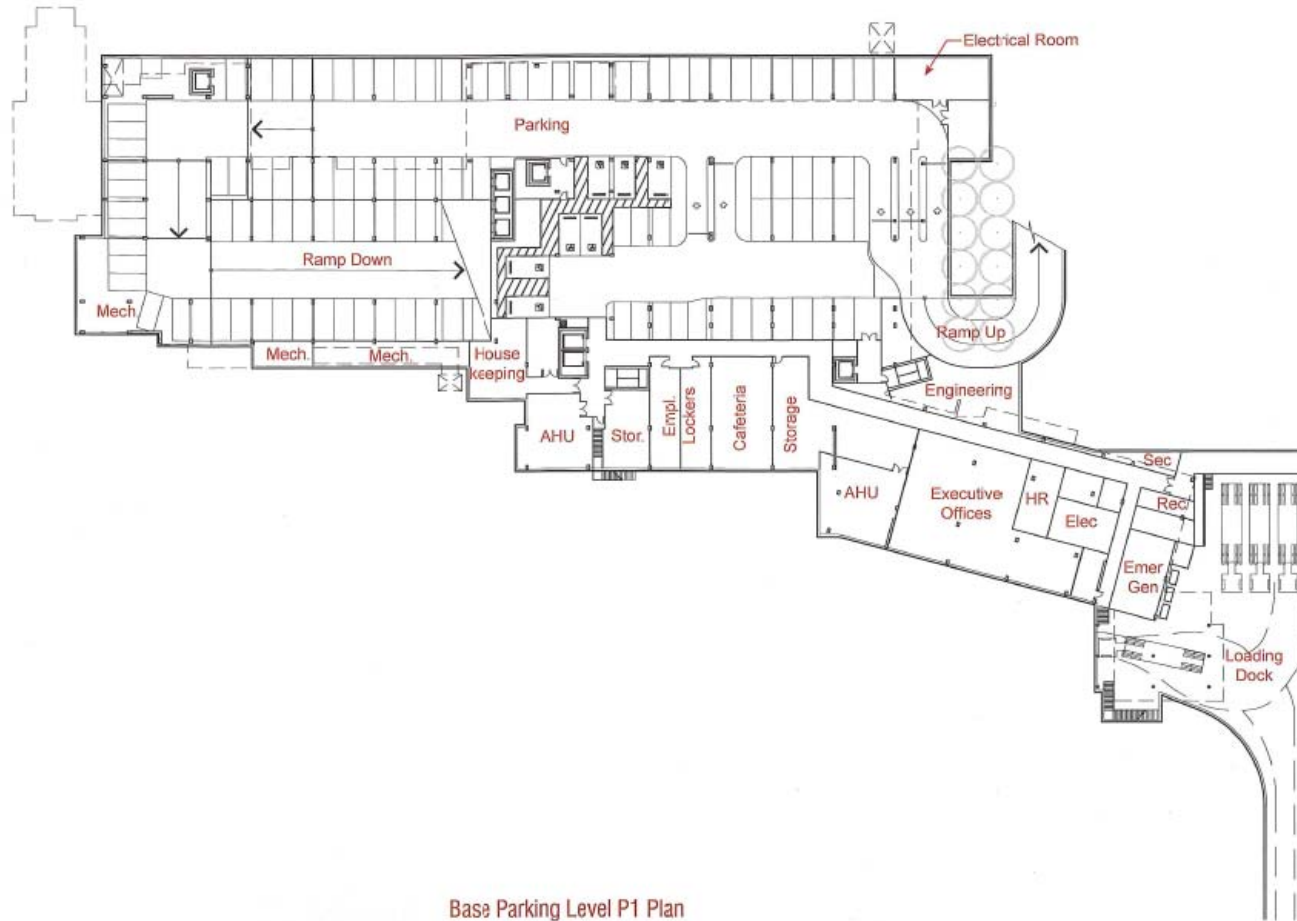
Conference Level Plan

Typical 3rd – 6th Floors

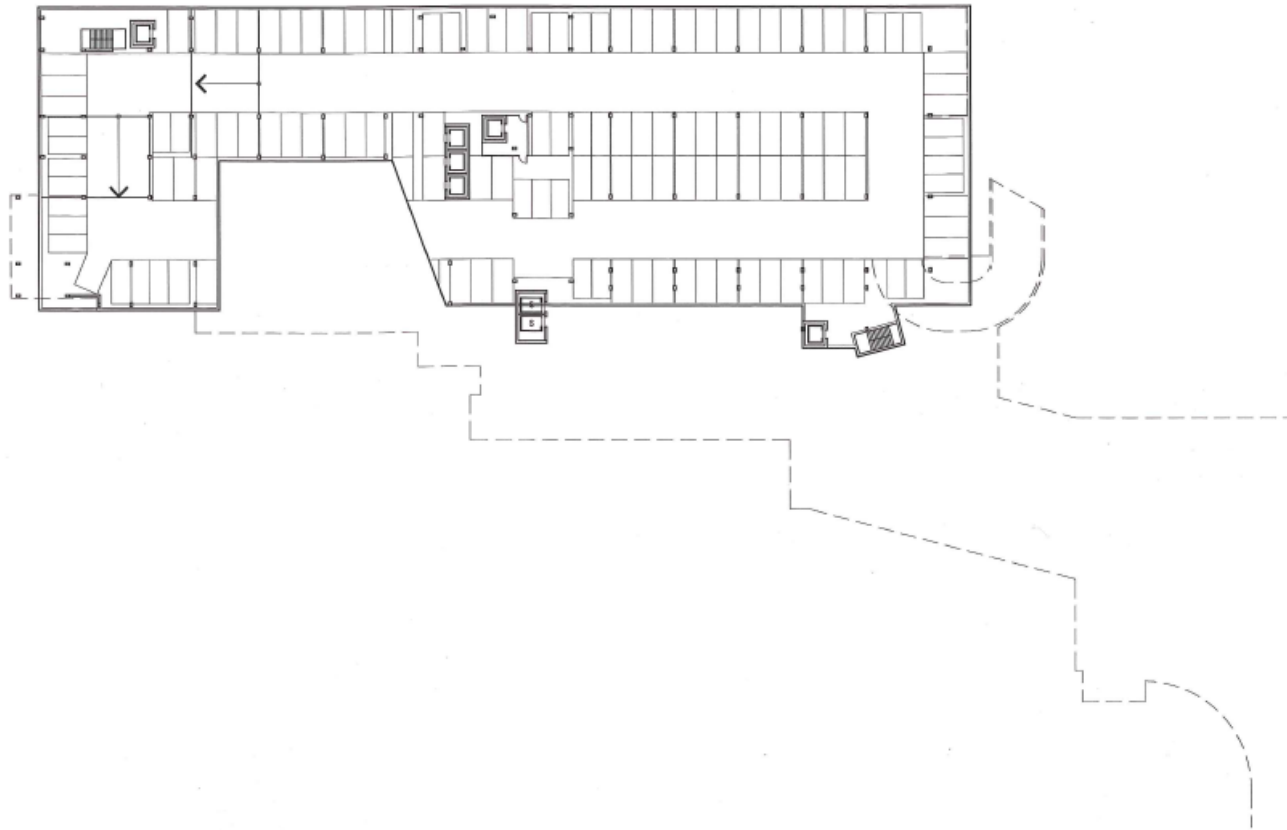


Level 3 Guestroom Plan

Parking Level 1



Parking Level 2



Parking Level P2 Plan

The Project

Approximate Square Footage

Conference Center	252,000 gsf
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Faculty Club (without Kitchen)	22,500 gsf
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Parking	89,000 gsf
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Parking Spaces	248
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The Project (continued)

Conference Center Meeting Rooms

Assignable Square Footage	28,000
Number	20
Dining Seats (Indoor)	250
Dining Seats (Outdoor)	80

Faculty Club Meeting Rooms

Assignable Square Footage	5,000
Number (Existing = \pm 7)	11
Dining Seats (Indoor)	300
Dining Seats (Outdoor)	150

Project Schedule

Regents Budget Approval	May 2011
Regents Design & EIR Approval	Sept. 2011
Start Construction	Early Spring 2012
Complete Construction	December 2014
<hr/>	
Temporary Faculty Club	
Tenant Improvements	Fall 2011
Faculty Center Relocation	Early Spring 2012

Total Project Cost

\$160 Million

\$143 Million

Conference Center & Faculty Club

\$17 Million

Parking

Sources of Funding

External Financing

\$115,500,000

Gift

\$40,000,000

Parking Buyout

\$4,500,000

Gift Assumptions

\$50 Million

- \$25 Million – by December 2014
- \$15 Million – by 2020*
- \$10 Million endowed by 2020

* Bridge Financing for 5 years until gift received

UCLA Residential Conference Center Pro-Forma



Residential Conference Center & Faculty Club

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Summary: Conference Center Proforma

Assumptions

- Opening – January 2015
- External Financing – \$103,055,000
 - 6% Interest only 10 years/30 years Amortization
- 282 Rooms
- Stabilized Occupancy – 70% Year 3

Summary: Conference Center Proforma

Assumptions (continued)

■ Rates 2015

- *- Complete Meeting Package (CMP) - \$370/night
- Individual Guest Room - \$250/night

■ Contribution to Accumulated Earnings

- Positive in all years for the 10 year study (except one minor exception)

*CMP: Includes Guest Room, Meeting Room, Breakfast, Lunch & Dinner, Continuous Refreshment Service, Audio Visual & No L.A. Hotel Occupancy Tax of 14%

2/3/2011 Debt Capacity Model**10 year Interest Only, 30 year Amortization****UCLA Residential Conference Center**

Operating Assumptions & Projections based on PKF CONSULTING Estimate: December 3,2010

Based on Cap Programs Estimate: January 2011

Ten-Year Conference Center Proforma (excludes Parking)

With Pledge 2 Gift used towards Project Costs

FACULTY CENTER SITE OPTION

Construction Start: 9/1/2012

Occupancy: 1/1/2015

Project Cost \$143,055,000

External Financing 103,055,000 6% External Financing Rate

Reserves 0

Gift Pledge 1 25,000,000 / Pledge 2 15,000,000

Ten Year Model	Year	1	2	3	4	5	6	7	8	9	10	11
ASSUMPTIONS		FYE 6/2015	FYE 6/2016	FYE 6/2017	FYE 6/2018	FYE 6/2019	FYE 6/2020	FYE 6/2021	FYE 6/2022	FYE 6/2023	FYE 6/2024	FYE 6/2025
1 Annual Rate Increase			3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Occupancy												
2 Rooms		282	282	282	282	282	282	282	282	282	282	282
3 Days of Operations		183	365	365	365	365	365	365	365	365	365	365
4 Total Occupancy %		60.0%	65.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
5 Total Bed nights		30,964	66,905	72,051	72,051	72,051	72,051	72,051	72,051	72,051	72,051	72,051
6 Conference Group CMP Rate	\$	370.00	\$ 381.00	\$ 392.00	\$ 404.00	\$ 416.00	\$ 428.00	\$ 441.00	\$ 454.00	\$ 468.00	\$ 482.00	\$ 496.00
7 Individual Traveler Avg Rate	\$	250.00	\$ 258.00	\$ 266.00	\$ 274.00	\$ 282.00	\$ 290.00	\$ 299.00	\$ 308.00	\$ 317.00	\$ 327.00	\$ 337.00

OPERATING PROJECTIONS

8 REVENUE	13,372,116	29,769,716	33,016,453	34,013,779	35,025,480	36,051,988	37,145,332	38,254,383	39,405,982	40,599,464	41,810,111
9 REVPAR (Revenue per Available Room)	\$259	\$289	\$321	\$330	\$340	\$350	\$361	\$372	\$383	\$394	\$406
10 EXPENSE	9,653,499	21,489,513	23,834,028	24,552,793	25,284,601	26,029,849	26,817,203	27,618,809	28,449,545	29,309,227	30,184,483
11 UC Retirement System Contribution	405,000	1,031,000	1,287,000	1,473,000	1,517,000	1,562,000	1,609,000	1,657,000	1,707,000	1,759,000	1,811,000
Cost Per Occupied Rooms W/O											
12 UCRS	\$312	\$321	\$331	\$341	\$351	\$361	\$372	\$383	\$395	\$407	\$419
13 NET OPERATING REVENUE	\$ 3,313,617	\$ 7,249,203	\$ 7,895,425	\$ 7,987,986	\$ 8,223,879	\$ 8,460,139	\$ 8,719,129	\$ 8,978,574	\$ 9,249,437	\$ 9,531,237	\$ 9,814,628
14 Debt Service	3,091,500	6,183,000	6,183,000	6,183,000	6,183,000	6,183,000	6,183,000	6,183,000	6,183,000	6,183,000	7,487,000
Major Maint Expenses (4% of											
15 Revenue)	-	1,191,000	1,321,000	1,361,000	1,401,000	1,442,000	1,486,000	1,530,000	1,576,000	1,624,000	1,672,000
16 Contribution to Accumulated Earnings	\$ 222,117	\$ (124,797)	\$ 391,425	\$ 443,986	\$ 639,879	\$ 835,139	\$ 1,050,129	\$ 1,265,574	\$ 1,490,437	\$ 1,724,237	\$ 655,628

RESERVE PROJECTIONS

17 STIP RATE	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
18 Beginning Balance	-	35,136	(471,103)	(468,565)	(412,601)	(156,127)	496,543	1,577,320	2,909,198	4,509,268	6,394,647
19 Interest Income	519	(6,443)	(13,887)	(13,022)	(8,405)	5,031	30,648	66,303	109,633	161,142	201,674
20 Net Operating Revenue	3,313,617	7,249,203	7,895,425	7,987,986	8,223,879	8,460,139	8,719,129	8,978,574	9,249,437	9,531,237	9,814,628
21 Debt Service	(3,091,500)	(6,183,000)	(6,183,000)	(6,183,000)	(6,183,000)	(6,183,000)	(6,183,000)	(6,183,000)	(6,183,000)	(6,183,000)	(7,487,000)
22 Interest for Delayed Pledged Gift 2.5%	(187,500)	(375,000)	(375,000)	(375,000)	(375,000)	(375,000)	(187,500)				
23 Major Maint Expenses (% of Revenue) 4.0%-		(1,191,000)	(1,321,000)	(1,361,000)	(1,401,000)	(1,442,000)	(1,486,000)	(1,530,000)	(1,576,000)	(1,624,000)	(1,672,000)
24 Ending Accumulated Balance	35,136	(471,103)	(468,565)	(412,601)	(156,127)	496,543	1,577,320	2,909,198	4,509,268	6,394,647	7,251,949

FINANCIAL RATIOS

25 DEBT SVC COV RATIO	1.07	1.17	1.27	1.29	1.33	1.37	1.42	1.46	1.51	1.57	1.34
26 BENCHMARK	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

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UCLA Residential Conference Center Parking Debt Capacity



Residential Conference Center & Faculty Club

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Summary: Conference Center Parking Proforma

Assumptions

- 248 Spaces Subterranean
- Full Utilization of All Spaces
- External Financing – \$12,445,000
 - 6% Interest only 10 years/30 years Amortization
- Parking Rates 2015
 - Daily Parking - \$17/Day
 - Attendant Assisted - \$24/Day
- No impact on campus parking rates from Conference Center Operations

10 year Interest Only, 30 year Amortization**UCLA Residential Conference Center***Ten-Year Conference Center Proforma (excludes Housing)***FACULTY CENTER SITE OPTION**

Construction Start: 9/1/2012

Occupancy: 1/1/2015

Project Cost \$16,945,000

External Financing 12,445,000

6% External Financing Rate

Ten Year Model	Year	1	2	3	4	5	6	7	8	9	10	11
ASSUMPTIONS	FYE 6/2015	FYE 6/2016	FYE 6/2017	FYE 6/2018	FYE 6/2019	FYE 6/2020	FYE 6/2021	FYE 6/2022	FYE 6/2023	FYE 6/2024	FYE 6/2025	
Annual Rate Increase		5.9%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	5.3%	0.0%	
Occupancy												
Spaces	248	248	248	248	248	248	248	248	248	248	248	248
Days of Operations	183	365	365	365	365	365	365	365	365	365	365	365
Conf Ctr Daily Parking Rate	\$ 17.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 20.00	\$ 20.00	
Conf Ctr Daily Attd Asst Parking Rate	\$ 24.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 27.00	\$ 27.00	

OPERATING PROJECTIONS (Parking System)

REVENUE	48,101,390	49,313,389	52,198,708	53,482,945	54,437,567	55,330,057	57,739,071	58,065,902	58,392,733	58,473,345	61,040,574	
EXPENSE	22,736,403	23,511,242	24,275,179	25,051,391	25,671,286	26,310,302	26,966,935	27,641,636	28,334,863	29,047,084	29,778,779	
NET OPERATING REVENUE	\$ 25,364,987	\$ 25,802,147	\$ 27,923,529	\$ 28,431,553	\$ 28,766,280	\$ 29,019,755	\$ 30,772,135	\$ 30,424,266	\$ 30,057,870	\$ 29,426,261	\$ 31,261,794	
Debt Service	13,097,763	12,975,402	13,558,333	9,864,682	9,853,194	9,833,193	9,836,977	9,824,876	9,823,598	8,274,064	8,457,932	
Major Maint Contribution	4,500,000	5,000,000	5,000,000	5,000,000	5,500,000	6,000,000	6,500,000	7,000,000	7,500,000	8,000,000	8,500,000	
Contribution to Accumulated Earnings	\$ 7,767,224	\$ 7,826,745	\$ 9,365,196	\$ 13,566,871	\$ 13,413,087	\$ 13,186,562	\$ 14,435,158	\$ 13,599,390	\$ 12,734,272	\$ 13,152,197	\$ 14,303,862	

RESERVE PROJECTIONS (Parking System)

STIP RATE	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Beginning Balance	10,735,674	10,074,864	7,657,266	6,981,317	10,217,668	11,787,738	12,817,223	15,554,903	17,178,212	17,357,160	17,596,533	
Interest Income	694,322	613,794	598,824	604,028	647,223	655,544	698,323	764,067	790,715	801,044	840,454	
Net Operating Revenue	25,364,987	25,802,147	27,923,529	28,431,553	28,766,280	29,019,755	30,772,135	30,424,266	30,057,870	29,426,261	31,261,794	
Debt Service	(13,097,763)	(12,975,402)	(13,558,333)	(9,864,682)	(9,853,194)	(9,833,193)	(9,836,977)	(9,824,876)	(9,823,598)	(8,274,064)	(8,457,932)	
Other Non-Operating Expenses *	(9,122,357)	(10,858,137)	(10,639,969)	(10,934,548)	(12,490,240)	(12,812,621)	(12,395,801)	(12,740,148)	(13,346,039)	(13,713,867)	(14,020,488)	
Major Maint Contribution	(4,500,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,500,000)	(6,000,000)	(6,500,000)	(7,000,000)	(7,500,000)	(8,000,000)	(8,500,000)	
Ending Accumulated Balance	10,074,864	7,657,266	6,981,317	10,217,668	11,787,738	12,817,223	15,554,903	17,178,212	17,357,160	17,596,533	18,720,361	

FINANCIAL RATIOS

DEBT SVC COV RATIO	1.99	2.04	2.10	2.94	2.99	3.02	3.20	3.17	3.14	3.65	3.80	
BENCHMARK	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	

* Includes alternative transportation program subsidies and roadway/circulation projects.

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Impact on Parking Rates

Parking Rate Increases Associated with Proposed Project (as well as other Planned Projects)

Year	Operating Increase	Increase Associated with Approved Projects Not Yet On-Line	Increase Associated with This Project	Increase Associated with Future Projects	Total Rate Increase (\$)
2011-12	\$3	\$0	\$0	\$0	\$3
2012-13	\$2	\$0	\$0	\$1	\$3
2013-14	\$3	\$0	\$0	\$0	\$3
2014-15	\$2	\$0	\$0	\$1	\$3
2015-16	\$1	\$0	\$1 *	\$1	\$3
2016-17	\$0	\$0	\$0	\$0	\$0
* Covers loss of revenue from Lot A during construction					
Total (\$)	\$11	\$0	\$1	\$3	\$15

Include Information up to and including first full year of Debt Service of subject project