

FINANCE AND CAPITAL STRATEGIES COMMITTEE

January 26, 2017

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

A. APPROVAL OF PRELIMINARY PLANS FUNDING, MULTIDISCIPLINARY RESEARCH BUILDING 2, RIVERSIDE CAMPUS

The Committee recommends that the 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Riverside: Multidisciplinary Research Building 2 – preliminary plans – \$7.6 million to be funded from campus funds.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting “aye.”

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting “aye.”

B. APPROVAL OF PRELIMINARY PLANS FUNDING, NUEVO EAST STUDENT HOUSING PROJECT, SAN DIEGO CAMPUS

The Committee recommends that the 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Nuevo East Student Housing – preliminary plans – \$8,515,000 to be funded from housing auxiliary reserves.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting “aye.”

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting “aye.”

C. APPROVAL OF BUDGET, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, MIDDLE EARTH EXPANSION, IRVINE CAMPUS

(1) The Committee recommends that:

- a. The 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Irvine: Middle Earth Expansion – preliminary plans, working drawings, construction, and equipment – \$132,123,000 to be funded from external financing (\$98.1 million) and housing reserves (\$34,023,000).

- b. The scope of the Middle Earth Expansion project shall include the construction of a residence hall facility with approximately 494 beds; replacement and expansion of the dining commons, Housing Administrative Services space, and building support space; and renovation of the existing Pippin Dining Commons to provide a fitness facility and other support functions, totaling approximately 230,000 gross square feet.
 - c. The President of the University be authorized to obtain external financing not to exceed \$98.1 million plus additional related financing costs. The President shall require that:
 - i. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - ii. As long as the debt is outstanding, general revenues of the Irvine campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - iii. The general credit of the Regents shall not be pledged.
- (2) Following a review and consideration of the environmental consequences of the proposed Middle Earth Expansion project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reports its:
- a. Adoption of the Initial Study/Mitigated Negative Declaration for the Middle Earth Expansion project in accordance with CEQA.
 - b. Adoption of the CEQA Findings for the Middle Earth Expansion project.
 - c. Approval of the design of the Middle Earth Expansion project.
- (3) The Committee recommends that the President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting “aye.”

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting “aye.”

D. APPROVAL OF BUDGET, STANDBY FINANCING, INTERIM FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, ANDERSON SCHOOL OF MANAGEMENT ADDITION, LOS ANGELES CAMPUS

(1) The Committee recommends that:

- a. The 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Anderson School of Management Addition – preliminary plans – \$4.2 million to be funded from gift funds.

To: Los Angeles: Anderson School of Management Addition – preliminary plans, working drawings, construction, and equipment – \$70,835,000 to be funded from gift funds.

- b. The Anderson School of Management Addition project (the Project) shall construct an approximately 62,650-gross-square-foot (gsf) addition to the Anderson School of Management complex to accommodate technology-equipped teaching spaces, student support, and event spaces. The Project will also include renovation of approximately 1,100 gsf in the existing complex to provide a connection to the new addition, making the total Project area approximately 63,750 gsf.
- c. The President of the University be authorized to obtain standby financing not to exceed \$38,453,000. The President shall require that:
- i. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - ii. Repayment of any debt shall be from gifts funds. As gifts are received, the campus will reimburse the standby financing in a timely fashion. If gift funds are insufficient and some or all of the debt remains outstanding, then the Anderson School of Management reserves shall be used to pay the debt service and to meet the related requirements of the authorized financing.
 - iii. The general credit of the Regents shall not be pledged.
- d. The President be authorized to obtain interim financing not to exceed \$28,235,000. The President shall require that:

- i. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - ii. To the extent additional gifts are received as documented legally binding pledges, the interim financing will be converted to standby financing.
 - iii. As long as the debt is outstanding, general revenues from the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - iv. The general credit of the Regents shall not be pledged.
- (2) Following review and consideration of the environmental consequences of the proposed Anderson School of Management Addition project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reports its:
- a. Adoption of the Final Initial Study/Negative Declaration.
 - b. Adoption of Findings in support of the Project.
 - c. Approval of the design of the Anderson School of Management Addition, Los Angeles campus.
- (3) The Committee recommends that the President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting “aye.”

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting “aye.”

E. APPROVAL OF BUDGET, EXTERNAL FINANCING, STANDBY FINANCING, AMENDMENT #2 TO THE UC SAN FRANCISCO 2014 LONG RANGE DEVELOPMENT PLAN, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, MISSION BAY EAST CAMPUS PHASE 1 BUILDING (BLOCK 33), SAN FRANCISCO CAMPUS

- (1) The Committee recommends that:
 - a. The 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: Mission Bay East Campus Phase 1 Building (Block 33) – preliminary plans – \$11 million funded from campus funds.

To: San Francisco: Mission Bay East Campus Phase 1 Building (Block 33) – preliminary plans, working drawings, construction, and equipment – \$237.13 million, to be funded from external financing (\$159.13 million), gifts (\$60 million), and campus funds (\$18 million).
 - b. The scope of the UCSF Mission Bay East Campus Phase 1 Building (Block 33) (the Project) shall consist of constructing a new academic, administrative, and outpatient clinical building with 275,400 assignable square feet (asf) of space that would include: desktop workspace (200,500 asf); clinical (45,200 asf); laboratory and biomedical workshop (5,700 asf); centralized meeting space, building support and a small amount of retail (24,000 asf).
 - c. The President of the University be authorized to obtain external financing not to exceed \$159.13 million plus additional related financing costs. The President shall require that:
 - i. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - ii. As long as the debt is outstanding, the general revenues of the San Francisco campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - iii. The general credit of the Regents shall not be pledged.
 - d. The President be authorized to obtain standby financing not to exceed \$50 million. The President shall require that:
 - i. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - ii. Repayment of any debt shall be from gifts funds. As gifts are received, the campus will reimburse the standby financing in a timely fashion. If gift funds are insufficient and some or all of the

debt remains outstanding, then campus funds from a centrally managed pool of unrestricted funds (non-State, non-tuition), including indirect cost recovery on sponsored contracts and grants and investment earnings, shall be used to pay the debt service and to meet the related requirements of the authorized financing.

- iii. The general credit of the Regents shall not be pledged.
- (2) Following review and consideration of the environmental consequences of the proposed Mission Bay East Campus Phase 1 Building (Block 33) project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reports its:
 - a. Finding that the Project is in conformance with CEQA as indicated in Addendum #2 to the UC San Francisco 2014 Long Range Development Plan (LRDP) Final Environmental Impact Report (FEIR).
 - b. Adoption of Findings in support of the Project.
 - c. Approval of Amendment #2 to the LRDP to revise the functional zone map for the Mission Bay campus site by designating the Block 33 building site as within the “Research” functional zone.
 - d. Approval of the design of the Mission Bay East Campus Phase 1 Building (Block 33) project, San Francisco campus.
 - (3) The Committee recommends that the President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting “aye.”

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting “aye.”

F. ACCEPTANCE OF THE 2016-26 CAPITAL FINANCIAL PLAN

The Committee recommends that the *University of California 2016-26 Capital Financial Plan* be accepted.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting “aye.”

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting “aye.”

G. CONSENT AGENDA

- (1) ***Amendment of Standing Order 100.4 – Duties of the President and Regents Policy 8102 – Approval of Design, Long Range Development Plans, and the Administration of the California Environmental Quality Act to Extend the Pilot Phase of the Delegated Process for Capital Projects***

The Committee recommends that the Regents:

- a. Following service of appropriate notice, amend Standing Order 100.4 – Duties of the President as shown in Attachment 1.
- b. Upon final approval of the amendment of Standing Order 100.4 – Duties of the President as shown in Attachment 1, amend *Regents Policy 8102: Policy on Approval of Design, Long Range Development Plans, and the Administration of the California Environmental Quality Act* as shown in Attachment 2.

- (2) ***First Amendment to 2010 Cooperative Agreement for Isla Vista Community Improvements, Santa Barbara Campus***

The Committee recommends that:

- a. The President of the University or her designee be authorized to approve the First Amendment to the 2010 Cooperative Agreement for Isla Vista Community Improvements to modify the timing of University payments provided that the total financial obligation of the University of \$2 million is not increased and the County’s financial obligations are not reduced.
- b. The President or her designee, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

- (3) ***Authority to Indemnify the California Coastal Commission for Development Permits for UC Santa Barbara Projects in the Coastal Zone, Santa Barbara Campus***

The Committee recommends that:

- a. The President of the University or designee be authorized to approve the special condition of the California Coastal Commission's permits for UC Santa Barbara to indemnify and hold harmless the Commission from and against any liability arising from any damage due to hazards including storm waves, surges, flooding, fire, tsunami, and sea level rise.
- b. The Regents approve Special Condition 3 of the California Coastal Commission's Permit for the North Campus Open Space Restoration Project (Project) to indemnify and hold harmless the Commission from and against any liability arising from any damage due to hazards including storm waves, surges, bluff erosion, flooding, fire, tsunami, and sea level rise.
- c. The President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

Committee vote: Regents Gould, Kieffer, Makarechian, Schroeder, Sherman, Varner, and Zettel voting "aye."

Board vote: Regents Blum, Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Schroeder, Sherman, Varner, and Zettel voting "aye."

Additions shown by underscoring; deletions shown by strikethrough

STANDING ORDER 100.4

DUTIES OF THE PRESIDENT OF THE UNIVERSITY

(q)(1)

Except as provided in paragraph (q)(2) below, the President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed \$10 million. The President is also authorized to approve amendments to the Capital Improvement Program for projects exceeding \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~, and also provided that all actions taken in excess of \$10 million up to and including \$20 million under this authority be reported at the next following meeting of the Board. However, the following shall be approved by the Board: (1) projects with a total cost in excess of \$20 million, (2) for projects in excess of \$20 million, any modification in project cost over standard cost-rise augmentation in excess of 25%, or (3) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications.

(q)(2)

This paragraph shall apply exclusively to capital projects for those campus entities approved by the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~ for inclusion in the pilot phase of the Delegated Process for Capital Improvement Projects.

The President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed \$70 million. However, the following shall be approved by the Board: (1) projects with a total cost in excess of \$70 million, (2) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications. The President is authorized to approve an increase in project cost as long as the total augmented project cost remains under \$70 million; for augmented projects resulting in a total project cost in excess of \$70 million, the augmented project shall be approved by the Board.

This paragraph shall become inoperative and is repealed on March 31, 2018 ~~March 31, 2017~~, unless a later Regents' action, that becomes effective on or before March 31, 2018

~~March 31, 2017~~, deletes or extends the date on which it becomes inoperative and is repealed.

(nn)(1)

Except as provided in paragraph (nn)(2) below, the President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including \$10 million for the planning, construction, acquisition, equipping, and improvement of projects. The President is also authorized to obtain external financing for amounts in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Finance and Capital Strategies Committee ~~Committee on Finance~~, and also provided that all actions taken to obtain external financing for amounts in excess of \$10 million up to and including \$20 million be reported at the next following meeting of the Board. External financing in excess of \$20 million requires Board approval. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.

(nn)(2)

This paragraph shall apply exclusively to capital projects for those campus entities approved by the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~ for inclusion in the pilot phase of the Delegated Process for Capital Improvement Projects.

The President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including \$70 million for the planning, construction, acquisition, equipping, and improvement of projects. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the

foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.

This paragraph shall become inoperative and is repealed on March 31, 2018 ~~March 31, 2017~~, unless a later Regents' action, that becomes effective on or before March 31, 2018 ~~March 31, 2017~~, deletes or extends the date on which it becomes inoperative and is repealed.

Additions shown by underscoring; deletions shown by strikethrough

Regents Policy 8102: POLICY ON APPROVAL OF DESIGN, LONG RANGE DEVELOPMENT PLANS, AND THE ADMINISTRATION OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

Approved July 16, 1993;

Amended and Renamed January 16, 2003;

Amended September 18, 2008, January 21, 2010, January 20, 2011, and January 23, 2014 and January 22, 2015.

- (1) The Regents designate the following categories of projects as requiring design approval by the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~:
 - a. Building projects with a total project cost in excess of \$10,000,000, except when such projects consist of the following:
 - i. alterations or remodeling where the exterior of the building is not materially changed;
 - ii. buildings or facilities located on agricultural, engineering, or other field stations; or
 - iii. agriculture-related buildings or facilities located in areas of a campus devoted to agricultural functions.
 - b. Capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by the Regents because of budget matters, fundraising activities, environmental impacts, community concerns, or other reasons.
- (2) This paragraph shall apply exclusively to eligible projects for those campus entities approved by the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~ for inclusion in the pilot phase of the Delegated Process for Capital Projects. The President of the University is authorized to approve the project's design. This subparagraph shall become inoperative and is repealed on March 31, 2018 ~~March 31, 2017~~, unless a later Regents' action, that becomes effective on or before March 31, 2018 ~~March 31, 2017~~, deletes or extends the date on which it becomes inoperative and is repealed.
- (3) The approval of building projects other than those subject to approval by the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~ as set forth above is governed by applicable Bylaws, Standing Orders, and delegations.

- (4) Consistent with applicable Bylaws and Standing Orders, the President shall determine the responsibility for unique project approvals and other actions significantly affecting land use that, given their nature, do not involve a design approval.
- (5) All building project approvals shall be generally in accordance with an applicable Long Range Development Plan. Adoption by the Regents is required for new and substantially updated LRDPs. All LRDP amendments or actions having the practical effect of an LRDP amendment shall be approved at the following level:
- a. The Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~ shall consider for approval all LRDP amendments except those delegated in b. below;
 - b. The President is authorized to approve minor LRDP amendments, provided that the amendment preserves the fundamental planning principles of the LRDP and is limited to:
 - i. siting a building project of \$10,000,000 or less;
 - ii. shifting less than 30,000 gross square feet of allocated building space; and/or
 - iii. changing land-use boundaries and designations for 4 acres or less of land.
- (6) The President has the responsibility for the administration of the University's compliance with the California Environmental Quality Act. As provided by CEQA, the certification or adoption of environmental documents is undertaken at the level of the associated project approval. The modification of environmental documents, including mitigation measures, may occur at the same level as the original certification or adoption, provided that the President is authorized to modify an environmental document certified or adopted by the Regents so long as the modification does not result in new or increased significant impacts.
- (7) Notwithstanding the foregoing, the approval of the Finance and Capital Strategies Committee ~~Committee on Grounds and Buildings~~, or in appropriate circumstances the Regents, may be required for any project or other action addressed by this policy when, in the judgment of the President, an action merits review and approval by the Regents because of budget matters, fundraising activities, environmental impacts, community concerns, or other reasons.