

**FINANCE AND CAPITAL STRATEGIES COMMITTEE**

May 18, 2017

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

**1. APPROVAL OF AMENDMENT #3 TO THE UC SAN FRANCISCO 2014 LONG RANGE DEVELOPMENT PLAN AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, CHILD, TEEN, AND FAMILY CENTER AND DEPARTMENT OF PSYCHIATRY BUILDING AT 2130 THIRD STREET, SAN FRANCISCO CAMPUS**

Following review and consideration of the environmental consequences of the proposed Child, Teen, and Family Center and Department of Psychiatry Building 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 recommends that the Regents:

- A. Certify the Environmental Impact Report.
- B. Adopt the Mitigation Monitoring and Reporting Program, and the CEQA Findings including the Statement of Overriding Considerations for the significant and unavoidable impact.
- C. Approve Amendment #3 to the UC San Francisco 2014 Long Range Development Plan (LRDP) to include the project site in LRDP Chapter 9, Smaller Owned Sites.
- D. Approve the design of the Child, Teen, and Family Center and Department of Psychiatry Building project, San Francisco campus.

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

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

**2. APPROVAL OF BUDGET, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, JOAN AND SANFORD I. WEILL NEUROSCIENCES BUILDING, SAN FRANCISCO CAMPUS**

- A. The Committee recommends that:

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

From: San Francisco: Mission Bay Neurosciences Research Building (Block 23A) – preliminary plans – \$21 million funded from campus funds.

To: San Francisco: Joan and Sanford I. Weill Neurosciences Building – preliminary plans, working drawings, construction, and equipment – \$357.6 million, to be funded from external financing (\$141.6 million), gifts (\$175 million), and campus funds (\$41 million).

- (2) The scope of the Joan and Sanford I. Weill Neurosciences Building project shall consist of constructing a new research and outpatient clinical building with approximately 208,000 assignable square feet (asf) of space that would include: wet laboratory (50,000 asf), office/dry laboratory (65,000 asf), clinical/imaging/infusion space (53,000 asf), clinical research (11,000 asf), a vivarium (16,000 asf), and building support (13,000 asf).

- (3) The President of the University be authorized to obtain external financing not to exceed \$141.6 million plus additional related financing costs for the project. The President shall require that:

- a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
- b. 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.
- c. The general credit of the Regents shall not be pledged.

B. Following review and consideration of the environmental consequences of the proposed Joan and Sanford I. Weill Neurosciences Building, 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 recommends that the Regents:

- (1) Find the project to be in conformance with CEQA as indicated in Addendum #4 to the UC San Francisco 2014 Long Range Development Plan Final Environmental Impact Report.

- (2) Adopt the CEQA Findings including the Statement of Overriding Considerations for significant and unavoidable impacts.
  - (3) Approve the design of the Joan and Sanford I. Weill Neurosciences Building project, San Francisco campus.
- C. The Committee recommends that the President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

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

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

3. **APPROVAL OF BUDGET, EXTERNAL FINANCING, AMENDMENT #4 TO THE UC SAN FRANCISCO 2014 LONG RANGE DEVELOPMENT PLAN, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, MINNESOTA STREET GRADUATE STUDENT AND TRAINEE HOUSING, SAN FRANCISCO CAMPUS**

A. The Committee recommends that:

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

From: San Francisco: Minnesota Street Graduate Student and Trainee Housing – preliminary plans – \$12.8 million to be funded from housing reserves (\$7 million) and campus funds (\$5.8 million).

To: San Francisco: Minnesota Street Graduate Student and Trainee Housing – preliminary plans, working drawings, construction, and equipment – \$222.7 million to be funded from external financing (\$205.3 million), housing reserves (\$7 million), and parking reserves (\$10.4 million).

- (2) The scope of the Minnesota Street Graduate Student and Trainee Housing project shall provide approximately 377,000 gross- square-feet (gsf) of space in two structures. The buildings will have approximately 595 units to house approximately 710 graduate and professional students and trainees, along with retail, community spaces, and building support. The scope also includes garage parking with approximately 127 spaces.
- (3) The President of the University be authorized to obtain external financing

not to exceed \$205.3 million plus additional related financing costs. The President shall require that:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
  - b. As long as the debt is outstanding, general revenues from 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.
  - c. The general credit of the Regents shall not be pledged.
- B. Following review and consideration of the environmental consequences of the proposed Minnesota Street Graduate Student and Trainee Housing 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 recommends that the Regents:
- (1) Certify the Environmental Impact Report.
  - (2) Adopt the Mitigation Monitoring and Reporting Program.
  - (3) Adopt the CEQA Findings including the Statement of Overriding Considerations for significant and unavoidable impacts.
  - (4) Approve Amendment #4 to the 2014 Long Range Development Plan (LRDP) to include the project site in LRDP Chapter 9, Smaller Owned Sites.
  - (5) Approve the design of the Minnesota Street Graduate Student and Trainee Housing project, San Francisco campus.
- C. The Committee recommends that the President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

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

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

4. **APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, EAST CAMPUS APARTMENTS PHASE IV-A, IRVINE CAMPUS**

Following review and consideration of the environmental consequences of the proposed East Campus Apartments Phase IV-A 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 recommends that the Regents:

- A. Adopt the Initial Study/Mitigated Negative Declaration for the East Campus Student Apartments Phase IV project in accordance with CEQA.<sup>1</sup>
- B. Adopt the CEQA Findings for the East Campus Apartments Phase IV-A project.
- C. Approve the design of the East Campus Apartments Phase IV-A, Irvine Campus.

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

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

5. **APPROVAL OF PRELIMINARY PLANS FUNDING, STUDENT HOUSING FOR FIVE SITES, LOS ANGELES CAMPUS**

The Committee recommends that the 2016-17 Budget for Capital Improvements be amended to include the following projects:

Los Angeles: Bradley South Residence Hall – preliminary plans – \$2.3 million to be funded from housing reserves.

Los Angeles: Lot 15 Residence Hall – preliminary plans – \$3 million to be funded from housing reserves.

Los Angeles: Drake Stadium Residence Hall – preliminary plans – \$2.7 million to be funded from housing reserves.

Los Angeles: 10995 Le Conte Apartments – preliminary plans – \$3.1 million to be funded from housing reserves.

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<sup>1</sup> The East Campus Student Apartments Phase IV Initial Study/Mitigated Negative Declaration addresses potential impacts for both Phases IV-A and IV-B. Design approval is for Phase IV-A only, and adoption of the IS/MND does not constitute approval for Phase IV-B.

Los Angeles: Southwest Campus Apartments – preliminary plans – \$4.3 million to be funded from housing reserves.

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

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

**6. APPROVAL OF BUDGET, STANDBY FINANCING, INTERIM FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, WARNER GRADUATE ART STUDIO RENOVATION AND ADDITION, LOS ANGELES CAMPUS**

The Committee recommends that:

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

From: Los Angeles: Warner Graduate Art Studio Renovation and Addition – preliminary plans – \$2 million to be funded from gift funds.

To: Los Angeles: Warner Graduate Art Studio Renovation and Addition – preliminary plans, working drawings, and construction – \$30 million to be funded from gift funds.

- B. The scope of the Warner Graduate Art Studio Renovation and Addition project shall renovate and expand a 30,000-gross-square-foot (gsf) building at 8535 Warner Drive in Culver City for use by the UCLA Department of Art. The completed project will include studios; provide shops, labs, gallery, work areas and commons space; replace building systems at the end of their useful life; and improve lighting and ventilation in the facility. Upon completion, the facility will comprise approximately 43,700 gsf.

- C. The President of the University be authorized to obtain standby financing not to exceed \$19.5 million for the project. The President shall require that:

(1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

(2) 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 campus reserves shall be used to pay the debt service and to meet the related requirements of the authorized financing.

- (3) The general credit of the Regents shall not be pledged.
- D. The President be authorized to obtain interim financing not to exceed \$9 million for the project. The President shall require that:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
  - (2) To the extent additional gifts are received as documented by legally binding pledges, the interim financing will be converted to standby financing.
  - (3) 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.
  - (4) The general credit of the Regents shall not be pledged.
- E. Following review and consideration of the environmental consequences of the proposed Warner Graduate Art Studio Renovation and Addition project, as required by the California Environmental Quality Act (CEQA), the Committee recommends that the Regents:
- (1) Find that the project is categorically exempt under Article 19, Section 15301, Class 1, Existing Facilities and Section 15332, Class 32, In-Fill Projects.
  - (2) Approve the design of the Warner Graduate Art Studio Renovation and Addition project, Los Angeles campus.
- F. The President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

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

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

## 7. **CONSENT AGENDA**

- A. *Approval of Short-Term Secured Working Capital Loan Agreement with Armand Hammer Museum of Art and Cultural Center, Los Angeles Campus*

The Committee recommends that UCLA be authorized to establish a lending relationship with the Armand Hammer Museum of Art and Cultural Center, Inc.

(AHMACC) in the form of a fully secured revolving credit agreement, pursuant to the following terms:

- (1) The revolving loan will be funded with campus funds and have a final expiration date not more than five years from the date a loan agreement is executed between UCLA and AHMACC.
- (2) Under the revolving loan agreement, funds will be available to access in multiple draws, provided the aggregate principal amount outstanding at any time does not exceed \$15 million.
- (3) During the term of the revolving loan, interest on amounts outstanding will be paid in arrears on a quarterly basis.
- (4) Principal amounts borrowed under the revolving loan can be repaid at any time, and any outstanding amounts on the revolving loan on the expiration date of the revolving loan will be immediately due and payable.
- (5) The revolving loan will be secured by collateral of 150 percent of the maximum amount available under the revolving loan, or \$22.5 million of AHMACC's investment balance held by the UCLA Foundation.

**B. *Authority to Indemnify Los Gatos Homeowners for a License Agreement Related to Operation and Maintenance by the Berkeley Seismological Laboratory of an Unmanned Geophysical Seismic Observatory on Their Private Property, Berkeley Campus***

The Committee recommends that the President of the University, or designee, be authorized to approve and execute a License Agreement between the University and the homeowners of private property that would allow the UC Berkeley Seismological Laboratory to operate and maintain a geophysical seismic observatory on private property located in Los Gatos, California for a term of five years from June 1, 2017 to May 31, 2022. The License Agreement includes provisions pursuant to which the University agrees to:

- (1) Indemnify, defend and hold harmless the homeowners and its officers, partners, agents, and employees, from and against any and all claims, actions, suits, procedures, costs, expenses, damages and liabilities, including attorneys' fees arising out of or in any way connected with the License Agreement including, without limitation, claims for loss or damage to any property or for death or injury to any person or persons, and to reimburse the homeowners fully for any such expenses incurred.
- (2) Covenant not to sue the homeowners for liability from any and all claims, including negligence of the homeowners, resulting from personal injury,

accidents or illnesses (including death), and property loss arising out of or in any way connected with the License Agreement.

C. ***Adoption of Expenditure Rate for the General Endowment Pool***

The Committee recommends that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2017-18 fiscal year remain at 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP.

D. ***Adoption of Endowment Administration Cost Recovery Rate***

The Committee recommends that the endowment administration cost recovery rate remain at 55 basis points (0.55 percent)<sup>2</sup> and apply to distributions from the General Endowment Pool (GEP) to be made after July 1, 2017, from the eligible assets invested in the GEP. The funds recovered shall be used to defray, in part, the cost of administering and carrying out the terms of endowments on the campuses and at the Office of the President.

Committee vote: Regents Blum, Kieffer, Makarechian, Sherman, and Zettel voting “aye.”

Board vote: Regents Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel voting “aye.”

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<sup>2</sup> One basis point is 0.01 percent of yield (i.e., one hundred basis points equals one percent); 55 basis points are the equivalent of \$55 on endowment assets with a 60-month average market value of \$10,000.