The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS
COMMITTEE ON FINANCE
November 15, 2001

The Committees on Grounds and Buildings and Finance met jointly on the above date at UCSF–Laurel Heights, San Francisco.

Members present: Representing the Committee on Grounds and Buildings: Regents Atkinson, Connerly, T. Davis, Hertzberg, Hopkinson, O. Johnson, S. Johnson, Kozberg, Morrison, and Seymour; Advisory member Sainick
Representing the Committee on Finance: Regents Atkinson, Connerly, Hertzberg, Hopkinson, S. Johnson. Kozberg, Lee, Montoya, Moores, Morrison, Parsky, and Preuss; Advisory member Ligot-Gordon

In attendance: Regents Bagley, Davies, Lozano, Marcus, and Sayles, Regent-designate Terrazas, Faculty Representatives Binion and Viswanathan, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Gomes, Gurtner, and Hershman, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Dynes, Greenwood, Orbach, Tomlinson-Keasey, Vanderhoef, and Yang, and Recording Secretary Bryan

The meeting convened at 8:30 a.m. with Committee on Finance Chair Preuss presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meetings of July 19, August 30, and October 17, 2001 were approved.

2. **APPROVAL OF UNIVERSITY OF CALIFORNIA 2002-03 BUDGETS FOR CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS**

The President recommended that:

(1) The Committee on Finance recommend that the expenditure plan included in the *2002-03 Budget for Current Operations* be approved.

(2) Subject to the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2002-03 Budget for Capital Improvements be approved as presented in the document titled *2002-03 Budget for Capital Improvements.*

(3) The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings that the 2002-03 Budget for Capital Improvements be approved as presented in the document titled *2002-03 Budget for Capital Improvements*.

Vice President Hershman discussed the University's budget in detail and options for budget reductions of up to 15 percent, as requested by the Governor. He recalled that the budget is based on the Partnership Agreement with the Governor, which represents the University's minimum needs for maintaining quality. He reported that at some time in the future the University intended to ask the State to make up for the Partnership money that was not provided in the current year. He announced that within the month his office would send to all Regents the University's five-year budget projections, covering all fund sources, and that early in the calendar year he would present capital outlay needs to the Regents, followed by a detailed discussion on the federal budget in the spring. He noted that in May, after the Governor revises the budget, it will be clearer what actions will be required by the University, and in July there will be a final budget which will probably look very different from the Regents' budget as submitted.

Mr. Hershman noted that spending priorities are changing in research and many other categories. The Governor's position on student fee levels has not been disclosed. With the downturn in the economy, there is uncertainty about the level of federal funding over the next few years, and it is likely that private giving will slow dramatically. Because of changes in Medi-Cal policy, the University's hospitals, which need to maintain a level of revenues sufficient to pay for capital and equipment needs, may face inadequate funding. To support medical education, they rely on supplemental funds from a State program which expires this year and has not yet been reestablished.

Mr. Hershman reported that private support for the University, which has been very strong for the past decade, has been affected adversely by the stock market and the economy. In response to a question by Regent Morrison, Senior Vice President Darling indicated that the University spends about 9 cents to raise a dollar, a ratio well below the national average for research universities. Funds that are donated to a particular campus stay with that campus; the core allocation from State funds for that campus is not reduced based on the level of private or federal money the campus is able to secure. At the request of Regent Hopkinson, he agreed to provide the distribution of endowment and one-time money by campus.

Mr. Hershman reported that the University's share of State funds fluctuates with the times. It became relatively stable when the Partnership with the Governor was established and has kept parity with the community colleges and the California State University. Chairman S. Johnson observed that a decline of State funds as a percentage of the budget is shared by many public universities and has produced changes in how higher education does business, including developing collaborations

with private enterprise, increasing student loans to shift the burden from society to individual students, and raising the percentage of private funds. Mr. Hershman agreed, noting that the University has been relying on the State to provide for its core needs and on other money to build its excellence.

Mr. Hershman recalled that in the early 1990s, the University lost $900 million from it workload budget that has never been fully restored. It was unable to provide salary increases and had to institute major fee increases, but it was able through increased financial aid to maintain access. As current budget cutting looms, it may be necessary to resort to similar budget strategies, but he believed that even with those strategies it was unlikely the University could maintain its current level of quality if budget cuts similar to those experienced in the previous decade were leveled once again.

Mr. Hershman advocated adopting an approach to the looming budget crisis that would at least maintain the University's current level of quality. He noted that every option for saving money will have to be examined, including not expanding summer programs, delaying the opening of the Merced campus, curtailing outreach efforts, increasing student fees, and not increasing enrollments.

Mr. Hershman discussed the Partnership budget, noting that it provides for a 4 percent increase for salaries, 1 percent for core needs such as maintenance and instructional technology, and a growth of 7,100 students at about $9,000 per student. The budget also provides money to expand summer sessions, to cover health benefit increases, and to improve undergraduate education.

Regent Connerly commented that the budget document is a statement of the University's values and priorities. He was disturbed to see outreach becoming less prominent. Mr. Hershman noted that, at the request of the Department of Finance, the budget has been stripped of money for new initiatives in research and public service, including outreach. Discussions will take place at the January meeting concerning specific budget allocations.

Regent-designate Terrazas recalled that union members had suggested during public comment sessions that the University had ample money to provide better raises for staff. Mr. Hershman explained that all of the $4.16 billion of general purpose money is fully committed and allocated. There is no unrestricted pool of money from which salary increases could be paid.

Mr. Hershman noted that California's fiscal problems have worsened further in the past few months. The Legislative Analyst has reported that instead of having the previously expected $2.6 billion reserve, the State will have a deficit of $4.5 billion, caused mainly by a reduction in the estimate for capital gains and stock option revenues. It is also questionable as to whether energy bonds will sell. The Governor proposed a $2.2 billion mid-year budget reduction that deletes every new initiative in the University's budget on which money has not yet been spent. He has proposed that

$50 million appropriated from the general fund in the current year for the science institutes be moved to State lease revenue bonds, and he has eliminated $25 million that was put in the budget for extra energy costs. He has asked the University to find ways to accommodate these shortfalls without affecting its basic educational program. For the coming year, he is considering leveling budget cuts to the University of up to 15 percent.

The University, in facing the prospect of a 15 percent budget cut, must set its priorities despite the poor chances of having either the Legislature or the Governor agree with them. Mr. Hershman reiterated that all issues will be on the table for consideration, including salaries, summer sessions, student fees, enrollments, and specific kinds of programs that received big increases during the last few years. He recalled that salary increases had been a high priority with the Regents in the recent past and were viewed as the key to maintaining quality. It has taken years for the University to begin to recover from the last round of budget cuts, and now salaries are beginning to fall behind once again.

Regent Lee observed that student fees are very low compared to similar institutions. Mr. Hershman noted that, because the University has failed to increase them during good economic times, it may be forced to do so during adverse ones. Regent Bagley commented that the State has long relied on the University to impose what he called a progressive income tax system to fund student fees in order to avoid imposing a tax increase on the general population.

Mr. Hershman observed that among the cost-cutting options are to delay year-round operations and to not take all eligible students but offer them concurrent enrollment, which would require that they spend a year or two in a community college before attending a UC campus.

Regent Seymour asked whether the University would be in violation of the Master Plan if it restricted enrollments. Mr. Hershman responded that the University could accept students but not offer them classes, in effect causing them to take longer to graduate, and could curtail any increase in accepting community college transfer students and still uphold the Master Plan. Committee Chair Preuss believed that these options, along with the option of accepting all qualified students but giving them a lesser quality of education, illustrated clearly the fact that the University may be forced to choose from an array of unacceptable strategies.

Mr. Hershman reported that the student-faculty ratio must be at least maintained in order to maintain quality. Chairman Johnson suggested that the starting point for budget negotiations should be to ask the State for the money necessary to keep the number of faculty in line with the number of students.

Mr. Hershman reported that the University had received major increases over and above the Partnership in the past five years for research and public service, including

the MIND Institute, University-industry cooperative research, AIDS and substance abuse programs, and labor institutes. The programs mentioned and many others have been tremendously successful, but he believed that funding for such programs had been based on capital gain and stock option revenue that was not permanent and could be in jeopardy. He anticipated a debate as to how many of the public service programs, such as teacher training for K-12, should continue to be the University's responsibility rather than that of other segments of the educational system in light of the budget deficit.

In response to a question by Regent Lozano, Mr. Hershman reported that funding for outreach, which had small programs to start, has increased by more than 150 percent over base. Professional development institutes have experienced a six-fold increase.

Mr. Hershman noted that funding for State capital programs will be heavily dependent upon bond money. Projects related to seismic and life-safety corrections, student and faculty housing to accommodate enrollment growth, the Governor's Science and Technology Institutes, and building UC Merced are slated to receive these funds. President Atkinson observed that if the Governor were to step forward with an economic stimulus package, the University would be able to move forward rapidly with many building projects.

Committee Chair Preuss then called upon Mr. Kenny Burch, chair of the University of California Student Association, to comment on the budget. Mr. Burch reported that UCSA had endorsed the University's proposed budget, which it believes will help to maintain affordability. The student association opposes raising fees or lowering the percentage of students who quality for admission and supports protecting funds targeted to increasing diversity through outreach and research. It also supports increasing faculty and staff salaries in order to keep pace with housing costs, and it advocates preserving the quality of student life through the expansion of student services on campuses. Mr. Burch commented that the Master Plan for Higher Education emphasizes the goal of maintaining quality and accessibility. He stated that the members of UCSA look forward to working with UC administration to uphold that goal.

[For speakers' comments, refer to the minutes of November 15 morning session of the Committee of the Whole.]

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

[The *2002-03 Budget for Current Operations* and the *2002-03 Budget for Capital Improvements* were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

3. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR VETERINARY MEDICINE INSTRUCTIONAL FACILITY, DAVIS CAMPUS**

The President recommended that:

A. Subject to the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Davis: Veterinary Medicine Instructional Facility – preliminary plans, working drawings, construction, and equipment – $24,849,000 to be funded from campus funds ($188,000), gift funds ($2,500,000), and external financing ($22,161,000).

B. The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to include this project as described in A. above.

C. The Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed $22,161,000, subject to the following conditions:

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

(2) Repayment of the debt shall be from the Davis campus' share of the University Opportunity Fund.

(3) The general credit of The Regents shall not be pledged.

D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that the new facility will replace obsolete teaching and related support facilities located in the core area of the campus for instructional activities of the School of Veterinary Medicine that accommodate students enrolled in the Doctor of Veterinary Medicine (DVM) program, the Masters of Preventive Veterinary Medicine (MPVM) program, graduate academic students, and undergraduate students enrolled in upper division courses offered by the faculty of the School of Veterinary Medicine.

The facility will include student support space, a portion of which is to be funded from gifts.

In addition to the poor quality of existing teaching space, the current physical separation of teaching facilities located in the Health Sciences District and in core campus buildings is an issue that has been raised by the School's accrediting agency. New space to be constructed under this project, along with the previously approved State-funded Veterinary Medicine 3A project and the State and gift-funded Veterinary Medicine Laboratory Facility, will replace all of the current obsolete teaching spaces and consolidate all teaching facilities for the School in the Health Sciences District of the campus.

The Committee was informed that the School of Veterinary Medicine provides educational, research, clinical service, and public service programs of the highest quality that advance the health and care of animals and contribute to the economy, to public health, and to environmental quality. The School of Veterinary Medicine was established in 1946, and the first class was accepted into the School in 1948. Since 1952, the School has graduated 4,210 Doctors of Veterinary Medicine. The School offers a second professional degree program, the degree of Master of Preventive Veterinary Medicine, and has outstanding graduate clinical and graduate academic programs. The faculty has expanded the scope and scale of the programs to the point where the School is now the largest, most diverse, and one of the most honored programs in veterinary medicine anywhere.

Although the School of Veterinary Medicine's academic programs have sustained a high level of excellence, the School's inadequate complement of existing facilities has been the subject of recent accreditation reviews. Facilities deficiencies were cited as the primary reason for a 1998 decision by officials of the American Veterinary Medical Association to limit the School's accreditation to two years. The seriousness of the School's deteriorating physical plant was confirmed when an external site visit by the Association determined that the School's teaching and research facilities did not meet the minimum essential requirements for full accreditation.

To assist with the restoration of full accreditation, a phased program of new construction and renovation of existing facilities is planned to provide modern, state-of-the-art facilities. A key element of this program is the proposed Veterinary Medicine Instructional Facility, a project that will construct a teaching and student support facility immediately adjacent to the Veterinary Medicine Teaching Hospital (VMTH) in the Health Sciences District of the Davis campus. This project will provide modern teaching facilities on a site that will facilitate consolidation of Veterinary Medicine professional programs. Some of the instructional space released by Veterinary Medicine's programs in the core campus will be used to support the projected increase in general campus enrollment. In the long term, these facilities are to be demolished or substantially upgraded to meet future core campus space needs.

Project Description

The proposed Veterinary Medicine Instructional Facility project will construct a building that will include teaching facilities to support the Doctor of Veterinary Medicine professional degree program and the Masters of Preventive Veterinary Medicine degree program; student support space; and alumni, faculty and student facilities. The teaching facilities in the new building will include lecture halls that will serve as the principal classrooms for the first and second year classes in the DVM program; classrooms that will be used for teaching of graduate professional and graduate clinical courses and elective courses; seminar/conference rooms; clinical teaching laboratories that will be used to teach clinical techniques in radiology, hospital practices, and clinical pathology; and a computer laboratory, offices, and support space for the MPVM program. The student support space will include a learning center that will have group study rooms and quiet study rooms, a facility and computer support area, and locker and commons areas.

The alumni, faculty, and student facilities to be funded from gifts will include conference rooms, a student organizations room, a pet loss hot line room, a student bookstore, a food service area, and student interaction areas.

The proposed site for the Veterinary Medicine Instructional Facility is immediately northeast of the VMTH, south of the Medical Sciences 1 complex, and east of the Veterinary Medicine 3A complex that is to be constructed beginning in 2002. The scope of work will include site preparation, clearing, grading and drainage; on-site utility distribution; construction of the building shell; interior improvements for the occupants; and development of exterior softscape and hardscape elements. Project construction is scheduled to commence in spring 2003, with completion in fall 2004.

CEQA Classification

In compliance with State and University of California Guidelines for implementation of the California Environmental Quality Act, an Environmental Impact Report (EIR) for the proposed Veterinary Medicine Instructional Facility was previously prepared and certified as part of the Veterinary Medicine Improvement Projects EIR. The Veterinary Medicine Facility Improvement Project EIR addressed three proposed projects so that cumulative effects of these projects could be analyzed. The projects included the Centers for Companion Animal Health and Comparative Genomics, the Veterinary Medicine 3A building, and the Veterinary Medicine Instructional Facility. Certification of the EIR by The Regents occurred with design approval of the Centers for Companion Animal Health and Comparative Genomics in March 2001. Consideration of impacts for this project contained in the EIR for the Veterinary Medicine Instructional Facility will occur at the time of design approval of the project.

Financial Feasibility

It is proposed that the total project cost of $24,849,000 be funded from external financing, gift funds, and campus funds. The gift campaign is in progress, and the status of the gift campaign is as follows:

Gifts pledged	$1,000,000
Gifts to be raised	$1,500,000
Total gifts	$2,500,000

If all of the gift funds are not in hand at the time of construction bidding, the campus will provide the funds necessary to comply with Regental policy regarding bid and award so that the project may proceed, or the project will be deferred until the necessary funds are available.

Repayment of the external financing will be from the Davis campus' share of the University Opportunity Fund. Opportunity Funds are a portion of the indirect cost recovery on federal contracts and grants. Assuming 27-year financing at 6.125 percent, the average annual debt service will be $1,699,000. With this amount and the estimated debt service of two other high priority projects for which the campus will be seeking approval, the campus is above the prescribed Opportunity Fund pledge test. A waiver has been requested by the campus and granted by the Office of the President after review of other campus resources, including Educational Funds and the indirect cost recovery on private contracts and grants. In fiscal year 2004-05, the first year of occupancy, 64 percent of the Opportunity and Educational Funds generated are pledged for debt service.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

4. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR BROAD ART CENTER SEISMIC RECONSTRUCTION AND EXPANSION PROJECT, LOS ANGELES CAMPUS**

The President recommended that:

A. Subject to the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Los Angeles: Broad Art Center Seismic Reconstruction and Expansion – preliminary plans, working drawings, and construction – $43,711,000 to be funded from federal funds ($5,873,000), campus funds ($6,338,000), gift funds ($21,500,000), and external financing ($10,000,000).

B. The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to include this project as described in A. above.

C. The Committee on Finance recommend that:

(1) The Treasurer be authorized to obtain stand-by financing not to exceed $20 million, interim financing not to exceed $1.5 million, for a total of $21.5 million, prior to awarding a construction contract for any gift funds not received by that time and subject to the following conditions:

a. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;

b. repayment of any financing shall be from gift funds and in the event such gift funds are insufficient, from the Los Angeles campus' share of the University Opportunity Fund; and

c. the general credit of The Regents shall not be pledged.

(2) The Treasurer be authorized to obtain external financing not to exceed $10 million to finance the Broad Art Center Seismic Reconstruction and Expansion project, subject to the following conditions:

a. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;

b. repayment of the debt shall be from the Los Angeles campus' share of the University Opportunity Fund; and

c. the general credit of The Regents shall not be pledged.

D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that the project will renovate and expand Broad Art Center, an existing complex previously known as Dickson Art Center. The base project will include structural corrections, earthquake damage repairs, fire/life safety upgrades, and accessibility improvements. Program improvements will construct new space and improve building function to support the needs of the School of Arts and Architecture. Upon completion of the work, the seismic rating of the complex's tower will be upgraded from "Poor" to "Good."

The arts complex, which was built in 1965, consists of an eight-story reinforced concrete tower with an attached one- and two-story north wing and a seismically separate two-story south wing. Little has been done to improve the complex since it was erected. The principal occupants of the complex are the Department of Art and the Department of Design/Media Arts of the School of the Arts and Architecture. The Arts Library and general academic classrooms are also located in the complex.

The January 1994 Northridge earthquake severely damaged the tower. The most serious damage occurred on the second, third, and fourth floors of the tower, where major cracking was sustained in the concrete shear walls and exterior walls. There was also cracking in the roof-level floor slabs and roof canopy columns. Architectural and engineering studies concluded that the overall strength of the tower had been reduced by approximately 40 percent. In June 1995, delegation of authority for approval of the campus' Federal Emergency Management Agency (FEMA) reconstruction projects was given to the President to provide the flexibility needed in order to keep the projects moving forward expeditiously. Seismic strengthening and repair of earthquake damage in the tower was included in the FEMA program.

In September 2000, The Regents approved an amendment to the Budget for Capital Improvements and the Capital Improvement Program to include only preliminary plans funding at $1,068,000 from campus funds ($374,000) and FEMA funds ($694,000) for a newly renovated complex to be named the Edythe and Eli Broad Art Center, in honor of a gift from Mr. and Mrs. Broad. In light of this gift, the previous seismic renovation project has been redesigned to include a complete reconstruction of the tower and remodeling of the south wing, accompanied by a significantly

expanded scope and budget. The reconstructed facility would advance the curriculum, research, and teaching requirements of the School's visual arts programs. The gift makes possible the expansion and improvement of facilities to support creative and artistic endeavor, including new flexible, multi-use space for interactive multi-media technology, studios, and meeting spaces for students and faculty. The complex will be made both productive and safe for its occupants.

Project Description

The project will fundamentally reconstruct and expand the existing facility. The base project will seismically strengthen and repair earthquake damage in the tower, upgrade fire and life safety systems, and provide needed accessibility improvements throughout the complex. Program improvements will construct new space and reconfigure the space plan for the School of the Arts and Architecture, slated for occupancy September 2004.

The complex currently provides 95,076 asf. The proposed project will construct 5,423 asf of new space in the complex. Under this project, additional space in the complex will be assigned to the School of the Arts and Architecture, increasing the School's total space allocation by approximately 20,481 asf to 93,214 asf. The Arts Library and another small office space user will vacate the complex and that space will be reassigned to the School. Upon completion, the complex will contain approximately 100,499 asf. Facility space not occupied by the School will be occupied by general academic classrooms and unimproved shell space for future campus use.

The existing courtyard will be filled with a sky-lit structure to accommodate a flexible multi-media gallery and performance space. The roof of this structure will serve as an outdoor gathering space with a café adjacent to a main entrance lobby on the second level of the tower. Circulation on tower floors four through seven will be relocated to the exterior of the building, allowing for conversion of the floors into flexible, multi-use space for open labs, visiting faculty studios, and office and related support space. The lower tower floors and wings will be renovated and existing functions relocated to achieve the best fit of program and space.

Included in the project cost is a sculpture that will be installed in the plaza in front of the building. Existing sculpture installations in the plaza will be relocated as necessary to accommodate the proposed work.

Current occupants of the complex will be moved into the Southwest Campus Staging Building in Lot 32 and modular facilities adjacent to the staging building. The Arts Library will permanently vacate the complex for another campus location.

Seismic, Accessibility, and Life Safety Improvements

The existing tower will be reduced to its concrete shell and reconstructed. The concrete roof canopy and sun screens will be removed and the tower's structure strengthened and stiffened.

Accessibility improvements will include modifications to existing restroom fixtures and accessories, modifications to stairs and handrails, adjustments to drinking fountain heights, code-required upgrades to the auditorium, and installation of an elevator to serve multiple levels in the south wing. Fire and life-safety improvements will include installation of a fire sprinkler system on all floors, installation of a new fire alarm system, installation of emergency and exit lighting, bracing of mechanical equipment, and provision of code-compliant egress throughout the facility.

Program Improvements

Building systems improvements will include retrofitting and replacement of heating, ventilation, and air conditioning equipment, duct work, and systems controls; installation of new power distribution, lighting, controls, and equipment connections; installation of a fire alarm system connected to the campus command center; installation of security system conduit; and installation of a new fire sprinkler system. Communications connectivity improvements will include construction of a hub room and installation of a local area network connected to the campus backbone network.

CEQA Classification

In accordance with the California Environmental Quality Act and the University of California procedures for the implementation of CEQA, environmental effects of the Broad Art Center Seismic Reconstruction and Expansion project (previously named the Dickson Art Center Seismic Correction project) were analyzed in the Southwest Campus Staging Building – Dickson Art Center and Dance Building Seismic Renovation Tiered Initial Study/Mitigated Negative Declaration certified by The Regents in January 2000. In addition, the Broad Art Center Seismic Reconstruction and Expansion project is statutorily exempt per the CEQA Statutes section 21080(b)(3), and categorically exempt per CEQA Guidelines section 15301 Class 1 Existing Facilities and section 15302(a), Class 2, Replacement or Reconstruction.

Financial Feasibility

The total project cost of $43,711,000 will be funded from federal funds, campus funds, gift funds, and external financing.

As of November 1, 2001, the gift campaign status is as follows:

Cash gifts received	$ 0
Pledges received	20,000,000
Pledges under negotiation	1,500,000
Total	$21,500,000

A binding pledge for $20 million of the fundraising target was received in March 2000. An augmentation of $1.5 million to the original pledge agreement is currently under negotiation with the donor. Approval of stand-by financing of $20 million, interim financing of $1.5 million, and external financing of $10 million is requested. In compliance with Regents' policy, all funds necessary to complete construction will be in hand prior to issuing the project for bids.

To the extent the campus obtains gift funds prior to the completion of the project, the draw down against the standby loan will be reduced or outstanding balances will be prepaid. The campus anticipates that it will be able to collect the pledge received for this project, but in the event the collection is insufficient, the campus has pledged the Los Angeles Campus Opportunity funds as a source of repayment. Should the campus be unable to raise the additional gifts, the $1.5 million of interim financing may have to be repaid over 27 years at 6.125 percent for potential annual debt service of $115,000.

The $10 million of external financing also to be repaid with Opportunity Funds has an average annual debt service of $776,500 based on 6.125 percent for 27 years. Opportunity Funds are a portion of the indirect cost recovery on federal contracts and grants. By University policy, up to 65 percent of a campus' Opportunity Funds may be pledged for debt service, but only up to 33 percent of actual debt service may be paid from Opportunity Funds. In fiscal year 2004-05, the first full year of occupancy, 55.9 percent of Opportunity Funds are pledged for debt service.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

5. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND AMENDMENT OF EXTERNAL FINANCING FOR INTRAMURAL FIELD PARKING STRUCTURE PROJECT, LOS ANGELES CAMPUS**

The President recommended that:

A. Subject to the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to reflect the following changes:

From: Los Angeles: Intramural Field Parking Structure – preliminary planning, working drawings, and construction – $35,192,000 to be funded from funds available to the School of Medicine ($3,000,000) and external financing ($32,192,000) to be repaid from Parking System net revenues. (In addition to the $35,192,000, $8,400,000 will be included in the project cost as previously approved by The Regents in the September 2000 Westwood Replacement Hospital project.)

To: Los Angeles: Intramural Field Parking Structure – preliminary planning, working drawings, and construction – $38,882,000 to be funded from funds available to the School of Medicine ($3,000,000) and external financing ($35,882,000) to be repaid from Parking System net revenues. (In addition to the $38,882,000, $8,400,000 will be included in the project cost as previously approved by The Regents in the September 2000 Westwood Replacement Hospital project.)

B. The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to reflect changes to this project, as described in A. above.

C. The Committee on Finance recommend that the financing actions approved by The Regents in January 2001 with respect to Intramural Athletic Field Parking Structure, Los Angeles campus, be amended as shown below, with the understanding that all other financing actions of The Regents regarding said project remain unchanged.

D. The Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed $35,882,000 to finance the Intramural Field Parking Structure project, subject to the following conditions:

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

(2) As long as the debt is outstanding, the Los Angeles campus Parking system fees shall be established at levels to provide excess net revenues sufficient to pay debt service and to meet the requirements of the proposed financing.

(3) The general credit of The Regents shall not be pledged.

E. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

F. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that at the January 2001 meeting, The Regents approved the Intramural Field Parking Structure project at a total cost of $35,192,000, to be funded from external financing ($32,192,000) and funds available to the School of Medicine ($3,000,000). In May 2001, The Regents approved the design for the project and certified the Environmental Impact Report. The project is a 518,000 gsf underground parking structure of approximately 1,500 vehicle spaces beneath the existing Intramural Athletic Field.

Need for Budget Augmentation

Following Regental approval in January 2001, additional cost issues surfaced as the project progressed through the design process. Increased costs have also resulted from market conditions reflected in this and other projects that were bid during the same period. Project budget increases of $3,690,000 have been experienced due to the following:

Construction Cost Increases (+$2,888,000)

Construction cost increases are due to additional costs for shoring and backfill of over-excavation; additional costs due to a design decision to relocate the machine rooms and exit stairs to the exterior of the structure, involving increased slab area, waterproofing, and retaining wall requirements. Construction bids were higher than anticipated, consistent with the bidding climate in the area for projects bid within the last six months.

Site Development Costs (+$218,000)

Site development costs have increased due to higher-than-estimated costs for traffic intersection and signal work.

Soft Cost Increases (+$257,000)

Contingency increased to support the higher construction costs cited above ($190,000). Testing costs increased relative to the increased construction budget ($62,000). Also, there was a net increase in fees ($5,000).

Special Items Increases (+$327,000)

Loan interest increased to finance the higher cost of construction ($281,000). Environmental and traffic consultant costs increased due to the design changes ($46,000).

Financial Feasibility

It is proposed that the cost of the Intramural Field Parking Structure project, estimated now at $38,882,000, be funded from external financing ($35,882,000) and from funds available from the School of Medicine ($3,000,000). Additional project funding of $8,400,000 is discussed below. The external financing will be repaid from UCLA Parking System Net Revenues. Parking Services debt of $35,882,000, amortized over 27 years at 6.125 percent interest, results in an estimated annual debt service of $2,750,000.

An additional $8,400,000 in funding associated with new (replacement) parking spaces was approved by The Regents in September 2000 to reimburse the campus for the loss of certain parking facilities under the Westwood Replacement Hospital project. The Intramural Field Parking Structure project includes this replacement cost funding. As these funds constitute buy-out of replacement parking for the Westwood Replacement Hospital project, they appear in the Capital Improvement Budget for the Westwood Replacement Hospital rather than this project. The cost per gross square foot and cost per parking space include the $8,400,000 in the total project cost.

Yellow parking permits, the primary permit type issued to students and staff, represent 71 percent of the total annual parking permit revenue. The current monthly rate for a yellow parking permit is $48. Fees for blue parking permits, the primary permit type issued to faculty, are equal to 1.25 times the yellow permit rate. The daily rate for parking at UCLA is $6. Notwithstanding the proposed increases in parking permit and daily parking rates, Parking Services provides a good value to UCLA and the surrounding Westwood community. The projected rate for fall 2004 ($56/month) represents a value to students even compared to current rates elsewhere in the area.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

6. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR CALIFORNIA NANOSYSTEMS INSTITUTE BUILDING, SANTA BARBARA CAMPUS**

The President recommended that:

A. With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Santa Barbara: California Nanosystems Institute Building at Santa Barbara – preliminary plans, working drawings, construction, and equipment – $74,920,000, to be funded from the State through the California Institutes of Science and Innovation program ($34,200,000), external financing using the "Garamendi" funding mechanism ($17,000,000), and gift funds ($23,720,000).

B. The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to include this project, as described in A. above.

C. The Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed $17 million to finance the California Nanosystems Institute Building at Santa Barbara, subject to the following conditions:

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

(2) Repayment of the debt shall be from the Santa Barbara campus' share of the University Opportunity Fund.

(3) The general credit of The Regents shall not be pledged.

D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that California Nanosystems Institute (CNSI) building at Santa Barbara is one of three facilities being built for the Institute. Two facilities are proposed for

construction at the partnering campus, the University of California, Los Angeles. UCLA's projects will be submitted separately to The Regents for approval.

In January 2001, The Regents approved the 2000-01 Regents' Budget for Capital Improvements and the 2000-03 Capital Improvement Program to include $3,051,000 to complete preliminary plans and develop an accurate cost estimate for the remaining phases of the work of the CNSI building and parking structure. The $3,051,000 was to be funded from the State through the California Institutes for Science and Innovation program ($1,971,000), gift funds ($80,000), and parking reserves ($1,000,000). Since that time, owing to the nature of CNSI research, the complexity of its proposed facility program, and site issues, the campus has separated the parking structure from the CNSI Building project program. At a future meeting, the Santa Barbara campus will request a separate Regents' approval for its Campus Parking Structure 2 project, which is adjunct to the CNSI Building project. Both projects have been studied and programmed concurrently to expedite the capital planning process and to eliminate the potential for wasteful redundancy.

The CNSI combines UCSB and UCLA faculty, students, and professional researchers with researchers from national laboratories and California industry. Collectively, institute researchers will explore the power and potential of manipulating structures at the nanometer scale, a measurement equivalent to one-billionth of a meter. They will seek to unlock secrets that would enable the creation of synthetic and biological nanostructures that possess properties not found in nature. Researchers will pioneer a "structures-by-design" fabrication process to manufacture molecular structures atom-by-atom. Breakthroughs could revolutionize technology-based industries such as pharmaceuticals, computers, electronics, automotive, defense, energy, communications, the environment, education, the arts, and entertainment. Although advances in nanosystems research have potential benefits to virtually every sector of the economy, the Institute has chosen two specific application areas that correspond with the strengths of its existing research programs, those of molecular medicine and information technology.

Working at the forefront of nanosystems knowledge and technology, researchers will pursue a higher scientific understanding of nanosystems; they will develop new tools and techniques to improve and enhance current technology-based products; and they will pursue research and development of new products that may use organic and inorganic materials, devices, and structures. Additionally, the CNSI will be a test bed and incubator for new nanosystems ideas; it will educate and train future scientists and workforce; it will facilitate entrepreneurial enterprise; and it will expedite the transition of nanosystems ideas and breakthroughs into viable products in the marketplace.

Project Description

The proposed CNSI Building at Santa Barbara will provide specialized laboratories, interdisciplinary modular research laboratories, digital media research laboratories, conference and multipurpose facilities, offices and administrative space, and support facilities.

Specialized laboratories are for sophisticated imaging, spectroscopy, and bio-nanofabrication facilities. Collectively, these laboratories, which will include a state-of-the-art clean room, represent the hub of the Institute's cross-disciplinary and collaborative research program. Similarly, modular laboratories will be allocated 19,740 asf of space to accommodate a wide variety of interdisciplinary research. These laboratories will be designed with flexibility, for ease of reconfigurations to accommodate future changes in research. Approximately 10,040 asf of space will be allocated for digital media research and associated support activities. The CNSI Building will also include 5,300 asf for conference and multipurpose uses, including interactive computing, seminars, and distance learning.

The CNSI Building site will be Parking Lot 10; the building is collocated with the separately proposed Campus Parking Structure 2. The CNSI Building is sited adjacent to Kohn Hall (Institute for Theoretical Physics) and near the State-funded Engineering Sciences Building and Engineering II Building. Construction of the CNSI Building is scheduled to begin in December 2003 with occupancy in March 2006.

CEQA Compliance

An Environmental Impact Report will be prepared and presented for consideration at the time of the project's design approval. At that time, an amendment to the Santa Barbara campus 1990 Long Range Development Plan will be requested to expand the project's building site capacity of assignable square footage.

Financial Feasibility

It is proposed that the cost of the CNSI Building at Santa Barbara, estimated at $74,920,000, be funded with State monies through the California Institutes for Science and Innovation program, gifts, and external financing "Garamendi" funding.

The gift campaign status for the project is as follows:

Gifts in hand:	$ 9,157,720
Gifts pledged:	9,306,505
Gifts to be raised:	5,255,775
Total	$23,720,000

If all of the gift funds for construction are not in hand at the time of construction bidding, the campus will provide the funds necessary to comply with Regental policy regarding bid and award so that the project may proceed, or the project will be deferred until the necessary funds are available.

Under the Garamendi funding mechanism, incremental indirect cost recovery generated by federal contracts and grants made possible as a result of the project is used to pay for operations and maintenance of the project and for debt service. The project is forecasted to "pay for itself" with net new federal indirect cost recovery. The Government Code allows these to be reimbursed in future years — recognizing that as research buildings are completed, faculty, and therefore research dollars, will be coming on-line gradually. If shortfalls occur on a project-to-project basis, the campus' share of the University Opportunity Fund will provide the amounts required. If the shortfalls occur throughout the first three full years of occupancy, the campus may be reimbursed from additional overhead above and beyond debt service and costs of operation and maintenance that are generated as a result of the building in later years. To the extent that there are annual surpluses, they flow through the regular distribution process for indirect costs. For purposes of placing debt in the market, the University pledges the University Opportunity Funds as the repayment source for these projects.

Opportunity Funds are a portion of the indirect cost recovery on federal contracts and grants. By University policy, up to 65 percent of a campus' Opportunity Funds may be pledged for debt service, but only up to 33 percent of actual debt service may be paid from Opportunity Funds. In fiscal year 2006-07, the first full year of occupancy, 55.4 percent of Opportunity funds are pledged for debt service.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

7. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, ENGINEERING BUILDING, SANTA CRUZ CAMPUS**

The President recommended that:

A. Subject to the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to reflect the following changes:

From: Santa Cruz: Engineering Building – preliminary plans, working drawings, construction, and equipment – $46,929,000 to be funded from the State ($44,929,000) and gift funds ($2,000,000).

To: Santa Cruz: Engineering Building – preliminary plans, working drawings, construction, and equipment – $61,429,000 to be funded from the State ($44,929,000), gift funds ($6,000,000), and from the State through the California Institutes for Science and Innovation program ($10,500,000).

B. The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to amend this project, as described in A. above.

It was recalled that in November 2000, The Regents approved the 2001-02 Regents' Budget for Capital Improvements, which included the Engineering Building on the Santa Cruz campus. With that approval, the project was established at a sum of $46,929,000 comprised of preliminary plans ($1,992,000), working drawings ($1,803,000), construction ($39,134,000) and equipment ($4,000,000), and was incorporated into the 2001-06 State Funded Capital Improvement Program. At that time, the project was envisioned as a new 69,110-assignable-square-foot building that would include teaching, research, and office space for engineering, economics, and general assignment classrooms. The Governor and the Legislature approved The Regents' request of $3,795,000 for preliminary plans ($1,992,000) and working drawings ($1,803,000) in the 2001-02 Budget.

Further improvements supported by the State through the California Institutes for Science and Innovation program are now proposed to increase space by 21,220 asf to accommodate portions of the Institute for Bioengineering, Biotechnology, and Quantitative Biomedical Research (QB3) and Center for Information Technology Research in the Interest of Society (CITRIS) Institutes. QB3 and CITRIS, in which the Santa Cruz campus will play a significant role, are two of the four new California Institutes for Science and Innovation established by Governor Davis and approved by the Legislature. The best opportunity to provide for the space required by these two institutes is to take advantage of a capital project already under way and appropriate in terms of location, intended use, and timetables for completion. Research laboratories, scholarly activity space, research support space, academic offices, administrative offices, and office support space would be added to the planned Engineering Building to meet the needs of the institutes as described below. The efficiencies created by the addition of the space for QB3 and CITRIS will allow all of the occupying departments to attract the finest faculty members and to provide better service to students and the community.

Preparation of preliminary plans for the entire Engineering Building project began in July 2001, and beneficial occupancy is slated for September 2005. The project site is located next to the Baskin Engineering Building, and the project is consistent with the Long Range Development Plan.

Project Description: QB3 ($3,500,000)

In January 2001, The Regents amended the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program to include predesign studies and preliminary plans of $192,000 for QB3 Engineering Building Addition A. Request is now made for approval of the remainder of the work necessary to support the QB3 portion of the Engineering Building in the amount of $3,500,000 (an additional $19,000 for preliminary plans, $149,000 for working drawings, and $3,140,000 for construction). The entire $3,500,000 will be funded from the State through the California Institutes for Science and Innovation program.

QB3 promises to lead the next revolution in biomedical research. The Institute will integrate physical, mathematical, and engineering sciences to create new techniques for attacking biological problems that, in the past, were unapproachable. The integration of sciences could open the way for the discovery of treatments and cures for some of society's most intractable diseases, such as brain disorders, cancer, and diabetes. The Santa Cruz campus will focus on bioinformatics — computing methods used to sift through volumes of data generated by the human genome project and other new developments in biomedical research. The primary work of the principal investigators, postdoctoral scholars, researchers, and graduate students involved in the QB3 Bioinformatics Program at Santa Cruz will be to perform computations on large data sets in support of the larger Institute research effort, as well as drive critical research projects in the areas of genomics, proteomics, complex systems, and medical discovery informatics. Appropriate facilities are required to attain, analyze, and share information relating to large data sets.

The planned Engineering Building will be amended to include approximately 6,000 asf of new space to accommodate the initial occupancy and future growth of QB3's operations at Santa Cruz. This new space will house three computational biology research laboratories for graduate students, postdoctoral scholars, and visiting researchers, a videoconference room, and scholarly activity space. It will also house offices for five visiting researchers, five postdoctoral scholars, and five technical and administrative staff.

Project Description: CITRIS ($11 million)

In September 2001, the Chairman of the Board of Regents and the President of the University, under interim authority, amended the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program to include predesign studies and preliminary plans of $463,000 for the CITRIS Engineering Building Addition B project. Request is now made for approval of the remainder of the work necessary to support the CITRIS portion of the Engineering Building in the amount of $11 million.

The State, through the California Institutes for Science and Innovation program, will provide $7 million in funding covering the full cost of preliminary plans ($463,000), the full cost of working drawings ($412,000), and a portion of the cost of construction ($6,125,000). Gift funds will be provided to cover the rest of construction ($3,000,000) and all of equipment ($1,000,000). This $4,000,000 in gifts funds will constitute California Institute for Science and Innovation program matching funds.

Research under CITRIS at UC Santa Cruz will address the following:

- Design and engineering of Societal-scale Information Systems (SIS), including issues of databases and network attached storage, communications, and networks;

- Integrated microsystems, with emphasis on the Santa Cruz campus' expertise in optical electronics, packaging and sensor electronics, and human-centered computing, accenting user-interfaces to complex systems and large databases;

- Smart learning environments, including support for distributed learners and workers via telecollaboration;

- Environmental monitoring, including real-time sensor networks and databases;

- Algorithms and techniques for SIS; and

- Use of SIS in education.

Construction in the planned Engineering Building will create approximately 15,000 asf of new space for ten specialized research laboratories, a machine/instrument room, a video conference/telecollaboration room, a simularium/research classroom, a conference room, two collaboration rooms, and a central interactive space. In addition, office space will be required to house researchers, technical staff, and administrative staff who will be associated with the CITRIS project.

CEQA Compliance

In accordance with the California Environmental Quality Act and University procedures for implementation of the CEQA, an Environmental Impact Report will be prepared to analyze the potential environmental impacts of this project and will be presented to the Regents for review and consideration at the time of the project design approval.

Financial Feasibility

The total project cost for the proposed amended Engineering Building which includes State general obligation bond funds, State funds in support of the California Institutes for Science and Innovation program, and gift funds, $6 million of which will constitute California Institute for Science and Innovation program matching funds.

The gift campaign status for the project is as follows:

Gifts in hand:	$ 0
Gifts pledged:	0
Gifts to be raised:	6,000,000
Total	$6,000,000

If all of the gift funds for construction are not in hand at the time of construction bidding, the campus will provide the funds necessary to comply with Regental policy regarding bid and award so that the project may proceed, or the project will be deferred until the necessary funds are available.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

8. **UPDATE ON DEVELOPMENT AT MISSION BAY, SAN FRANCISCO CAMPUS**

It was announced that Regent Davies would not participate in the discussion of this item in order to avoid the appearance of a conflict of interest.

Chancellor Bishop provided an update on the development of Mission Bay, recalling that in January 1997, The Regents approved a Long Range Development Plan for the UCSF campus, a centerpiece of which was the need and expectation that an additional major site would be developed. In the interim, the campus has identified that site, acquired the land, developed a master plan and an academic plan, and begun the design and construction of six buildings.

Vice Chancellor Barclay discussed the progress on the new research campus and previewed additional projects that will be brought forward in January 2002 for approval. He provided a brief history of the project, described the first phase scope, previewed each Phase I element, and summarized the project's financial architecture. He recalled that the UCSF Mission Bay Project master plan was the outcome of an international design competition won by the firm of Machado and Silvetti of Boston, in partnership with Gordon Chong and Associates of San Francisco. The master plan is a comprehensive framework for identifying the sizes and locations of buildings and the connecting elements of open spaces, landscaping, and pathways. He noted that at full build-out the campus will contain 2.65 million gross square feet of buildings and

should generate about $500 million per year in sponsored research. Over eight acres will be available for publicly accessed open space. The build-out will occur over 20 years and when completed, over 9,000 faculty, graduate students, post-doctoral students, and staff will occupy the site. The Regents has site control of 26.5 acres and will receive the remaining 16.5 acres in July 2004.

Mr. Barclay provided an update on the three projects already approved. He noted that Genentech Hall is a 434,000 gross-square-foot building costing $222 million. It is under construction and will be ready for occupancy in fall 2002. It is currently well within budget. The second research building, known as 19B is in the early stages of construction. The construction bid was within the construction budget, and the project is on schedule for July 2003 occupancy. Building 21B, the campus community center, will serve not only Mission Bay but also the rest of UCSF and some of its neighbors. The project received a construction bid that exceeded its construction budget and as a result the project is being redesigned. If an acceptable bid is submitted, the building will be ready for occupancy in late 2003. Secretary Trivette has been invited to review the plans for the building's conference center should the Regents choose to hold future meetings at Mission Bay.

Mr. Barclay then previewed future plans. Building 21A will be the site's first parking structure. Approval has been requested through interim action so that it may be bid concurrently with the community center, a tactic that should produce significant cost savings and allow the projects to be completed at the same time. The project will come to The Regents for design approval in March. Building 24C will house the UCSF component of one of the four California Institutes for Science and Innovation, the Institute of Bioengineering, Biotechnology, and Quantitative Biology, which is a collaboration between the San Francisco, Berkeley, and Santa Cruz campuses. The building will abut Genetech Hall and frame the southern entrance to the campus. The plans will be brought forward for approvals in January and March 2002. A 750-bed student housing project, when complete, will nearly triple UCSF's housing supply. The project will include parking for residents, dedicated open space, and retail space. This project will also be brought to the Board for approvals in January and March.

Mr. Barclay reported that the first phase will develop about 12 acres of landscaping, including a quadrangle the size of San Francisco's Union Square and a wide plaza leading from the Third Street corridor. Trees have been ordered for Phase 1. The University is constructing the on-site infrastructure and the Catellus Corporation the off-site infrastructure.

Mr. Barclay noted that $400 million has been secured for projects that have been approved. If the projects highlighted above are approved by The Regents in January, that total will rise to $640 million. It is planned to finance about 35 percent of the total, use cash from various sources for 25 percent, and cover the remaining 40 percent with gifts. Over $160 million of the $260 million needed from gifts has been raised.

With approval of the newest projects, there will be 1.3 million gross square feet of projects under way, or about one-half of the site's permitted capacity under the EIR.

Mr. Barclay noted that, while there are no specific time frames for Phase II and beyond, nor its related financing, the campus is contemplating the completion of a neuroscience program, a power plant, child care, and an institutional support building. Full build-out will include research facilities and related parking.

Chancellor Bishop thanked the Regents for their strong and generous support. He believed the new campus will be a wonderful contribution to San Francisco and the state.

Regent Lee believed the project will boost the city's economy. He asked why there were no plans for a new hospital at the site. Chancellor Bishop responded that the location for the new hospital has not been decided upon, but options are being evaluated by a faculty committee.

Regent Kozberg noted many buildings remain to be named. Dr. Bishop acknowledged that there has been a general decline in philanthropy. He noted that most of the solicitations under way antedate the downturn. He was confident that the remaining $100 million could be raised by the 2004 deadline.

The meeting adjourned at 10:55 a.m.

Attest:

Secretary