

The Regents of the University of California

**COMMITTEE ON GROUNDS AND BUILDINGS  
COMMITTEE ON FINANCE**

September 17, 2003

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

Members present:     Representing the Committee on Grounds and Buildings: Regents Atkinson, Hopkinson, Huerta, Johnson, Kozberg, Lozano, Marcus, Montoya, Moores, Murray, and Seigler; Advisory members Anderson and Pitts  
                              Representing the Committee on Finance: Regents Atkinson, Connerly, Hopkinson, Lee, Lozano, Montoya, Moores, Murray, Preuss, and Sayles; Advisory members Novack and Pitts

In attendance:       Regents Blum, Bodine, Davies, and Pattiz, Regent-designate Ornellas, Faculty Representative Blumenthal, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Doby, Drake, Gomes, Gurtner, and Hershman, Chancellors Bishop, Carnesale, Cicerone, Córdova, Dynes, Greenwood, Tomlinson-Keasey, Vanderhoef, and Yang, Laboratory Director Nanos, University Auditor Reed, and Recording Secretary Bryan

The meeting convened at 1:23 p.m. with Committee on Grounds and Buildings Chair Marcus presiding.

**1.     APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of July 16, 2003 were approved.

**2.     AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR EAST ASIAN LIBRARY, BERKELEY CAMPUS**

The President recommended that:

- A.     The Committee on Grounds and Buildings recommend, subject to the concurrence of the Committee on Finance, that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: C. V. Starr East Asian Library – study, preliminary plans, working drawings, construction, and equipment – \$39,675,000 to be funded from gifts.

- B. The Committee on Finance concur with the recommendation of the Committee on Grounds and Buildings to include the project described above.
- C. The Committee on Finance recommend that the President be authorized to obtain stand-by financing not to exceed \$5.9 million and interim financing not to exceed \$13.9 million, for a total of \$19.8 million, prior to awarding a construction contract for any gift funds not received by that time and 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 any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus' share of the University Opportunity Fund; and
  - (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.

The Committees were informed that the C. V. Starr East Asian Library project will construct a new library of 46,054 assignable square feet (asf) and 67,000 gross square feet (gsf) on the site of a parking lot east of Haviland Hall and facing Doe Library across Memorial Glade on the Berkeley campus. The project will consolidate the campus' East Asian Library (EAL) collections at a single location, address serious facilities deficiencies, accommodate approximately thirteen years of future collections growth, and incorporate digital library technologies in a facility carefully designed to enhance and complement the built environment of the central campus.

The EAL at Berkeley contains one of the most comprehensive collections of materials in East Asian languages in the United States, including many rare and valuable items that make it a unique resource for scholars from around the world. Its combined holdings in Chinese, Japanese, Korean, and other East Asian languages form one of the top two such collections in the United States outside of the Library of Congress. The Center for Chinese Studies branch of the EAL has grown to become the world's largest academic repository of materials on contemporary China outside China.

Japanese holdings at Berkeley rank first among American university collections, and since the early 1950s the EAL has been one of only two depositories in the United States for Japanese government publications.

The library also serves the research needs of the UC system, other institutions, individuals in the state, and the wider world of scholarship through on-site access, interlibrary loan, and document-delivery agreements. The EAL occupies 22,429 asf in three campus buildings: Durant Hall, California Hall, and 2223 Fulton, and approximately 55 percent of its collections are in remote storage at the Northern Regional Library Facility. The library's dispersed holdings pose problems that are detrimental to scholarly use. Its rare books, many of which are national treasures, are inadequately housed in overcrowded conditions with no temperature or humidity control, posing a serious risk to such valuable University assets. The lack of space also affects other functions of the library, such as use of reference materials, access to computer technology, and the introduction of new digital library technologies. The crowded, inefficient work areas further tax an already overburdened staff.

#### Project Description

The C. V. Starr East Asian Library, named to recognize a major gift from the Starr Foundation, will be the first phase of a two-phase program constituting the Chang-Lin Tien Center for East Asian Studies. A future phase will add a second building to house the Department of East Asian Languages and Cultures, the Institute of East Asian Studies, a lecture hall, and classrooms, and will be presented to The Regents when funding plans are more defined.

The project will consolidate the EAL's holdings from three campus locations and provide space for collections growth, study areas, new technology, book processing, and library administration. The ultimate planned capacity of approximately 758,000 volume equivalents is projected to meet the library's growth needs for approximately thirteen years after occupancy. The building will have environmental and security controls to preserve the collections and will be designed to take full advantage of emerging technologies.

In accordance with campus policy, approximately \$925,000 not included in the project budget will be provided to the parking system to address the loss of 37 parking spaces at the project site. The Long Range Development Plan that will govern growth through 2020 will propose a program of new and expanded parking facilities for the Berkeley campus, intended in part to replace these lost parking spaces.

Construction on the project is planned to begin in January 2005 and to be completed in July 2006.

#### California Environmental Quality Act (CEQA) Classification

The C. V. Starr East Asian Library will receive project-specific CEQA review in the Environmental Impact Report under preparation for the campus' 2020 Long Range Development Plan.

Financial Feasibility

The total project cost of \$39,675,000 will be funded from gifts. The gift campaign for the project is under way, and as of August 8, 2003 the status was as follows:

Gifts In-Hand	\$19,875,000
Pledges Received	5,900,000
Gifts To Be Raised	<u>13,900,000</u>
Total:	\$39,675,000

Gifts to be raised include \$8.1 million in pledges with indeterminate payment schedules. Approval of standby financing of \$5.9 million and interim financing of \$13.9 million are requested in order to meet The Regents' funds-on-hand requirement. To the extent gifts are received prior to completion of the project, the amount of the standby and interim financing will be reduced and outstanding balances will be repaid. The campus anticipates that it will be able to collect the pledges raised and the yet-to-be-raised pledges, but in the event the collection is insufficient, the campus has pledged the Berkeley campus Opportunity Fund as a source of repayment. Should the campus be unable to raise the additional gifts, the \$13.9 million of interim financing may have to be permanently financed over 30 years at 6.125 percent, resulting in potential annual debt service of \$1,023,000.

Should it prove necessary, the campus will return to The Regents at the end of construction to request the conversion of any remaining portion of the interim financing to external financing. The campus has sufficient capacity to pledge its share of the University Opportunity Fund for this purpose within the pertinent guidelines.

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

3. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR VITICULTURE AND ENOLOGY RESEARCH AND TEACHING WINERY AND FOOD SCIENCE LABORATORY, DAVIS CAMPUS**

The President recommended that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Viticulture and Enology Research and Teaching Winery, and Anheuser Busch Brewing and Food Science Laboratory – preliminary plans – \$700,000, to be funded from gifts.

The Committees were informed that the Viticulture and Enology Research and Teaching Winery will be placed in a building with the Anheuser Busch Brewing and Food Science Laboratory as part of the Robert Mondavi Institute for Wine and Food Science. The new facility will provide specialized academic support to the Institute's academic building, which has been approved for State funding as part of the Capital Improvement Program and is in design. State funding for the academic building will be supplemented by gifts and campus funds, while the winery and brewing/food science laboratory will be funded exclusively from gifts and campus funds.

The campus-funded design effort for the winery and laboratory will be limited to schematic design. The completion of schematic drawings will make it possible for the campus to provide a more thorough description of the project to prospective donors and will also allow for design efficiencies when performed in accompaniment with the State project.

The teaching and research programs within the Robert Mondavi Institute will require a significant complement of highly specialized space, including an operating winery with all the related ancillary facilities required to enable the campus to produce wines as part of the teaching and research program. In addition, the brewing and food sciences departments require specialized spaces for their activities, which are conducted in obsolete buildings. These two activities will be combined in a new structure to be built adjacent to the planned academic building.

#### Project Description

The 27,000 gross square foot winery will combine the best of current commercial practices with the research knowledge of the renowned Viticulture and Enology program to form a state-of-the-art, visionary winemaking facility. The project will serve as a model for teaching, experimentation, and innovation. Teaching and research activities will be separated into distinct but parallel areas within the winery, each having its own fermentation and barrel aging facilities. The two activities will share the support areas in the building, including grape crushing and pressing, bottling, the wine storage cellar, and general equipment and storage rooms. A demonstration laboratory will be located in the winery to support teaching activities.

The 19,000 gsf brewing and food science laboratory facility will be designed to serve the teaching and research needs of a changing field, with the ability to adapt space to a variety of research projects and specialized equipment needs. The programmed spaces include areas to support brewing science, a flexible processing facility, food preparation laboratory, support space, and demonstration laboratory.

#### California Environmental Quality Act (CEQA) Classification

An Environmental Impact Report will be prepared to analyze the potential environmental effects of the Viticulture and Enology research and Teaching Winery,

and Anheuser Busch Brewing and Food Science Laboratory project. This document will be presented to The Regents for review at the time of project design consideration.

#### Funding Plan

The project cost of the Viticulture and Enology Research and Teaching Winery and Anheuser Busch Brewing and Food Science Laboratory is anticipated to be between \$20 million and \$25 million, funded entirely from gifts. The campus has pledges of \$11 million: \$5 million from Robert and Margrit Mondavi and \$5 million from Anheuser Busch. The Robert and Margrit Mondavi and Anheuser Busch gifts have a matching requirement.

#### Future Regental Action

The campus will return to The Regents to request the amendment of the Budget for Capital Improvements and the Capital Improvement Program for the total cost of all phases of the project. If gifts cannot be secured in a timely manner, The Regents will be consulted regarding the deferral of the project or a reassessment of the scope of the work.

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

#### 4. **APPROVAL OF EXTERNAL FINANCING FOR BIOLOGICAL SCIENCES UNIT 3, IRVINE CAMPUS**

The President recommended that:

- A. The President be authorized to obtain external financing not to exceed \$4 million to finance the Biological Sciences Unit 3 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) Repayment of the debt shall be from the Irvine campus' share of the University Opportunity Fund; and
  - (3) The general credit of The Regents shall not be pledged.
- B. 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.

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

It was recalled that in November 2002, The Regents approved the 2003-04 Budget for Capital Improvements, which included the Biological Sciences Unit 3 project at a sum of \$63,022,000 comprising preliminary plans, working drawings, construction, and equipment. The 2003 State Budget Act included a total of \$3,592,000 in State funds for preparation of preliminary plans and working drawings.

#### Project Description

The Biological Sciences Unit 3 project will construct a total of 79,397 assignable square feet of space, consisting of 42,611 asf for the School of Biological Sciences, 15,786 asf for an animal facility to support Biological Sciences research, 5,600 asf for a 400-seat lecture hall, and 15,400 asf for office space which would be assigned initially to the School of Humanities to provide growth space until a new Humanities building can be constructed.

The project site is in the Biological Sciences Quadrangle, at the intersection of the Ring Mall and the Biological Sciences radial mall and is in conformance with the campus' revised Long Range Development Plan. The building will be adjacent to the existing Science Library and across the Ring Mall from McGaugh Hall. The project will be implemented as a modified design-build contract scheduled for award in December 2004 and completion in the spring of 2007.

#### California Environmental Quality Act (CEQA) Classification

In accordance with University of California guidelines for the implementation of CEQA, environmental documentation will be prepared for consideration in conjunction with the project design review.

#### Financial Feasibility

The Biological Sciences Unit 3 project will be funded from State funds (\$55,872,000), campus funds (\$3,150,000), and external financing (\$4,000,000). Based on long-term debt of \$4,000,000 amortized over 30 years at 6.125 percent, annual debt service would be \$294,500, to be repaid from campus Opportunity Funds. The campus is within the prescribed Opportunity Fund pledge and payment limits.

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

The meeting adjourned at 1:24 p.m.

Attest:

Secretary