The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS
March 14, 2006

The Committee on Grounds and Buildings met on the above date at Tom Bradley International Hall, Los Angeles campus.

Members present: Regents Hopkinson, Johnson, Juline, Kozberg, Ruiz, and Schilling; Advisory members Ledesma and Oakley

In attendance: Secretary Trivette, Associate Secretary Shaw, General Counsel Holst, Senior Vice President Mullinix, Vice President Hershman, Chancellor Vanderhoef, and Recording Secretary Bryan

The meeting convened at 11:00 a.m. with Committee Chair Hopkinson presiding.

1. **PUBLIC COMMENT**

Committee Chair Hopkinson explained that the Board had been convened as a Committee of the Whole in order to permit members of the public an opportunity to comment on University-related matters. The following persons addressed the Board concerning the subjects noted.

A. Ms. Maren Poitras, a UC Santa Barbara student and statewide coordinator for the California Student Sustainability Coalition's sustainable foods campaign, recalled that at the last Committee meeting the group had introduced its goals and objectives and highlighted some sustainable food initiatives. She reported that the group envisions establishing a statewide food systems working group that would bring together diverse constituents to develop best practices, guidelines, and a feasibility study to support campus efforts in making the University's food system more sustainable. She noted that the ASUC had passed a resolution endorsing the creation of a statewide policy on sustainable food systems.

B. Mr. Tim Galarneau recapped the group's previous recommendation that the UC Regents and the Committee on Grounds and Buildings direct the sustainability steering committee to consider launching a food systems working group to conduct a feasibility study to assess best practices and establish a series of food system guidelines encompassing procurement, waste reduction, prevention, and green dining facility standards in the existing UC sustainability policy. He emphasized that the process must involve statewide collaboration and planning.

2. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR STUDENT ATHLETE HIGH PERFORMANCE CENTER, BERKELEY CAMPUS**

The President recommended that the 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: Student Athlete High Performance Center – preliminary plans – $5.6 million, to be funded from gifts.

Approval of this recommendation will permit the Berkeley campus to proceed with the preliminary plans phase of the Student Athlete High Performance Center (SAHPC), to be funded from gifts ($5.6 million). Approval to proceed with preliminary plans will allow the campus to refine the design and more accurately assess the total cost of the project as well as to take early measures to reduce costs to the maximum extent consistent with the goals of the project.

At the January 2006 meeting of the Committee, the Berkeley campus presented a conceptual master plan, the Southeast Campus Integrated Projects (SCIP), which comprised seven broad projects including the California Memorial Stadium (CMS) Seismic Corrections and Program Improvements. This SAHPC project will be the first phase of a three-phase program to improve the CMS. It will begin to address the seismic safety problems of the CMS by enabling athletic programs to move out of it, thereby reducing the continuous occupant load in the building, and strengthening the west wall of the stadium. The SAHPC will create a first-class athletic facility for approximately 450 student athletes in 13 sports programs and integrate the site and landscape into the surrounding campus to improve connection and circulation.

California Memorial Stadium was constructed in 1923. Its design, integration into the topography, and location on campus create a place that is a significant resource for Athletics, the University, and the surrounding community. However, the CMS is situated directly on the Hayward fault; a 1997 seismic evaluation of buildings on the UC Berkeley campus rated California Memorial Stadium as "Poor" under University guidelines. The structure presents seismic risk for its users, its facilities are not adequate for day-to-day or game-day programmatic functions, and the connection and integration with the adjacent campus and community is inadequate and needs to be improved. In order to protect occupants who may be in the stadium during a large earthquake, a retrofit of the building is required.

Primary goals of the SAHPC project are: 1) to begin seismic upgrades of the CMS building; 2) to address current deficiencies in the quality and quantity of athlete training and development facilities by providing facilities that are comparable with other top tier NCAA Division l programs; 3) to integrate the stadium better with its site and the campus in order to improve access to the stadium and enhance game-day experiences for visitors; 4) to improve the stadium environs, which are characterized by high cyclone fencing and

surface parking lots; and 5) to provide spaces for daily public use, while preserving the wooded landscape west of the stadium.

The fundamental design concept guiding the design of the SAHPC is to respect the architecture and character of the existing stadium by retaining the west façade and bowl shape. In order to reduce the apparent mass of the SAHPC it will be set substantially below grade to the west and adjacent to the stadium. The design will enhance the exterior character and function of the stadium through the addition of new plazas, landscape, entry and egress routes, and ADA accessible routes to the stadium.

The SAHPC project is estimated to cost between $100 million and $125 million. These estimates assume the project will have to address some of the following unusual issues:

- The facility will be constructed primarily below grade in order to preserve views of the stadium and to provide an exterior plaza for fire access and program activities.
- The roof of the facility (the plaza) will need to carry the weight of fire trucks.
- The structure will need to seismically support and strengthen the existing west wall of the stadium.
- The design of the building will need to address the close proximity to the Hayward fault and the highly anticipated near-fault effects of a seismic event.
- A high level of landscape and hardscape finishes must be incorporated.
- The exterior finishes of the SAHPC needs to be compatible with the context of the stadium.

Project Description

The Student Athlete High Performance Center will consist of a two-level athlete training and development building of approximately 134,000 gsf (85,000 asf). This building will be placed partially below grade so that the top of the building forms a plaza at the exterior promenade level of the stadium. An additional wing for sports offices will be located at the southwest end to form a continuation of the stadium exterior stairway system from the south concourse entry to the plaza level. The roof of this wing will provide additional concourse area. Construction of the underground space for this building will require significant shoring of the existing west stadium wall, thus providing the first phase of seismic reinforcement to the stadium itself. The entire SAHPC will be designed for near-fault ground motion to provide life-safety protection for its occupants and visitors.

Completion of the SAHPC facility will enable the athletic programs housed in CMS to be relocated so that further seismic improvements to CMS may be undertaken.

The SAHPC building is comprised of three distinct functional components separated by courts and stadium entrances. They are:

Athlete training in the center

Athletic training, which is located in the center of the SAHPC, will be dedicated to strength and conditioning (approximately 20,800 asf), sports medicine (approximately 10,300 asf), athlete equipment services (approximately 6,300 asf), laundry (approximately 1,900 asf), video services (approximately 1,100 asf), and an academic center (approximately 1,700 asf).

Football facilities at the north

The north section of the building will serve Cal's football program. Major elements in this section of the building include football team lockers and showers (approximately 8,200 asf); football offices, conference and support space (approximately 11,000 asf); team meeting rooms (approximately 8,000 asf); and coaches lockers (approximately 800 asf)

Other sports facilities at the south

The south section of the building will serve twelve of Cal's 27 sports programs. Major elements in this section of the building include offices, conference, and support space (approximately 7,000 asf); team meeting rooms (approximately 2,700 asf); lockers and team support space (approximately 10,800 asf); and coaches lockers (approximately 1,200 asf).

Construction of this phase will be planned for January 2007, with completion anticipated in December 2008.

Future Phases

The future second and third phases of the three-phase program to improve CMS will achieve campus objectives regarding seismic safety, disabled access and seating, fan comfort and amenities, and site improvements. These phases will be presented to The Regents for approval at a later date.

The second phase will consist of the replacement of the west grandstand; new game day program and fan amenities, including restrooms, concessions; and improved concourse space. The new grandstand will be designed for near-fault ground motion to provide a life-safe structure for the seating bowl and the spaces below it while preserving and bracing the existing architecturally significant exterior wall. The parts of the grandstand that lie directly over the Hayward Fault will be specially designed to provide a life-safe structure capable of accommodating large ground movements. The seating bowl will provide new accessible seating as well as segments of club seating and upgraded seating. The new toilet facilities and concession spaces will be designed to improve pedestrian circulation and the overall appearance of the stadium by reducing the current need for temporary toilets and other facilities, and portable equipment. A new addition above the west rim will provide press, broadcast, and operations facilities, and an indoor club.

Stadium lighting will be upgraded. Construction of this phase will follow completion of the SAHPC, as funds become available. This work will not begin prior to 2009 and will not be completed until 2010.

The third phase will consist of improvements to the east side of the stadium. These will include a lower east concourse with public toilets and concessions, which will connect to the west concourse at the north and south ends of the stadium, creating a full perimeter concourse connection. This phase will also facilitate emergency vehicle access by eliminating existing game day obstructions along Stadium Rimway road. The lower concourse will provide additional bowl access and accessible seating at the east side. Completion of this phase will eliminate game-day reliance on temporary toilets and generators. Additional premium amenities may be constructed above the east rim. Construction of this phase will follow phase two as funds become available. This work will not begin prior to 2011 and will not be completed until 2012.

Green Building Policy and Clean Energy Standard

The project will comply with the Presidential Policy for Green Building Design and Clean Energy Standards dated June 16, 2004 by adopting the principals of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

CEQA Compliance

Environmental review of the proposed project will be part of the Southeast Campus Integrated Projects (SCIP) focused Environmental Impact Report. The Southeast Campus Integrated Projects EIR will provide project-level analysis of the SAHPC project and will be tiered from the UC Berkeley 2020 LRDP EIR, certified by the Regents in January, 2005.

Funding Plan

Development of preliminary plans for the current project will not exceed $5.6 million and will be funded from gifts. As of February 1, 2006, the campus has raised in hand or in pledges approximately $60 million in gifts.

The estimated cost of this project of $100 million to $125 million overall will be fully funded from gifts. A Group 2 and 3 equipment estimation of $3 million is included in this estimate.

Future Regental Action

At the conclusion of the preliminary design phase, the campus will return to The Regents to request amendments of the Budget for Capital Improvements and the Capital Improvement Program to advance the Phase 1 project (P-W-C-E; preliminary plans, working drawings, construction and equipment). At that same meeting the campus anticipates requesting approval of the project design and Environmental Impact Report.

Regent Juline asked whether the high cost per gross square foot for the project was the result of the seismic elements involved. Project Manager DeLiso responded that the seismic requirements contribute significantly to the cost and noted that other factors include the extensive excavation required and the relocation of utilities.

Committee Chair Hopkinson noted that the approval was confined to plans for phase one. She asked what would happen if completing the entire stadium project were determined to be unfeasible. Vice Chancellor Denton responded that alternatives would be analyzed. There is no commitment to go beyond schematic design for the performance center.

Regent Ruiz noted that the project will be funded by gifts. He asked how much the project would make for the University. Senior Vice President Mullinix responded that although the preliminary costs of all phases of the project had been estimated at under $400 million, the cost of subsequent phases will require far more detailed financial analysis. Those studies, which are in progress, will disclose the level of revenue that might be expected.

Committee Chair Hopkinson was concerned about proceeding with phase one without knowing more about the entire project. Chancellor Emeritus Pister acknowledged her concern but noted that phases two and three are dependent upon having completed phase one. If the second and third phases cannot proceed, at least the first phase will have been effective at improving life-safety at the stadium.

Upon motion duly made and seconded, the Committee 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 HEALTH AND WELLNESS CENTER, DAVIS CAMPUS**

The President recommended that the 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

> Davis: Health and Wellness Center – preliminary plans – $2.1 million to be funded from Referendum Fee reserves.

Assistant Vice Chancellor Keller presented the Davis campus' request for approval to begin design on the Health and Wellness Center project (Preliminary Plans or P) to be

funded from Referendum Fee reserves. The campus proposes to construct an ambulatory healthcare and clinical services building on a site located on the southwest corner near La Rue Road and Orchard Park Drive. The building will provide examination rooms along with office, diagnostic, pharmacy, and related support space to house the campus Student Health Center and related programs.

The Cowell Student Health Center was constructed in 1952 to serve as the campus infirmary including both outpatient and inpatient healthcare facilities for students. As healthcare delivery changed over time, delivery of inpatient services in the Center was abandoned in favor of community-based resources. Over the past decades, the 26,000 asf facility has been renovated and additions have been constructed. The facility houses the ambulatory healthcare and clinical services provided by the Student Health Center, including space for primary care physicians who see students on an outpatient basis, urgent care treatment facilities, examination rooms, pharmacy, laboratory, radiology, health education, and counseling services. As student enrollment has increased and services have expanded, the facilities have become inadequate to meet the needs of the student population. A building study completed in 2001 determined that further renovation of the existing single-story building is not practical and cannot adequately house the projected needs of the program. Therefore, the campus proposed that a new facility be constructed to house the Student Health Center. Following the evaluation of a variety of funding strategies, it was concluded that student fees will provide the most viable funding strategy for the project.

In fall 2002, a student referendum authorizing a new fee to fund construction of a Student Health Center, now known as the Health and Wellness Center, was approved by a vote of the students. On March 11, 2003, upon recommendation by the Chancellor, the President approved a scheduled implementation of the new fee, consistent with the delegation of authority from The Regents to set fee levels for compulsory student fees adopted by student referenda. The campus began collecting the first increment of the fee, $19 per student per quarter, in fall 2004. The fee will remain at that level until construction is completed, when it will increase to $60 per student per quarter. Fee income is to be used to fund the construction and maintenance of a new student healthcare facility. Reserve funds have accumulated from the fee that can be used to fund planning activities. In the longer term, construction and related expenses will be funded from external financing to be serviced from the fee income approved in the referendum.

Project Description

The Health and Wellness Center will contain 100,000 gsf to 110,000 gsf, including space for offices, examination rooms, pharmacy services, radiology services, diagnostic laboratory services, and support space. Space will be also provided for student counseling services.

The project is expected to be three stories in height. Parking facilities are available adjacent to the proposed site to serve clients. Employees will use existing campus employee parking facilities available in the area.

The facility is expected to be connected to the central campus steam and chilled water system. The proposed budget includes funding to address the additional central system capacity required to serve the center.

Based on the campus' Long Range Development Plan, it is anticipated that the existing Student Health Center will be demolished to make the site available for a future multi-story core campus building.

Construction is anticipated to begin in June 2008, with completion anticipated in February 2010.

Green Building Policy and Clean Energy Standard

The project will comply with the Presidential Policy for Green Building Design and Clean Energy Standards dated June 16, 2004. As required by this policy, the project will adopt the principals of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

CEQA Classification

In accordance with the California Environmental Quality Act (CEQA), and the University of California Procedures for the Implementation of CEQA, an environmental document will be prepared to analyze the potential environmental effects of the proposed Health and Wellness Center project. This document will be presented to The Regents for review at the time of project design consideration.

Funding Plan

The total project cost for the Health and Wellness Center project will be between $50 million and $55 million. Planned fund sources will include campus reserves accumulated from the Health and Wellness Facility fee and the Registration Fee reserve ($10 million) and external financing ($40 million to $45 million).

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 (P-W-C-E: preliminary plans, working drawings, construction and equipment) and approval of financing

Committee Chair Hopkinson asked why construction will not start for two years. Mr. Keller responded that the preliminary plans phase would take about eight months, followed by eight months for working drawings and three months for bidding an award. Committee Chair Hopkinson believed that it should not take that long. Senior Vice

President Mullinix explained that the University has an elaborate consultation process during which people are provided with an opportunity to comment on the project. Typically, the process, including campus architectural review and other committees, takes a long time. He agreed that as part of the effort to reduce costs the process should be reexamined. In response to a question asked by Regent Juline, he reported that a previous effort had focused on compressing the funding cycle for projects.

Upon motion duly made and seconded, the Committee 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 ROBERT MONDAVI INSTITUTE FOR WINE AND FOOD SCIENCE, DAVIS CAMPUS**

The President recommended that:

(1) The 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by strike out, additions by underscore

Davis: Robert Mondavi Institute for Wine and Food Science – preliminary plans, working drawings and construction – ~~$55,435,000~~ $73,935,000 to be funded from State funds (~~$33,635,000~~) ($36,809,000), campus funds ($1,800,000), external financing $9,326,000, and gift funds ~~($20,000,000)~~ ($26,000,000).

Pursuant to Standing Order 100.4 (nn)

(2) The President be authorized to obtain external financing not to exceed $9,326,000 to finance the Robert Mondavi Institute for Wine and Food Science 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 any financing shall be from the Davis campus'' share of the University Opportunity Fund.

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

(3) 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.

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

Assistant Vice Chancellor Keller addressed the Davis campus' request for approval of an augmentation of $18,500,000 to the previously approved Robert Mondavi Institute for Wine and Food Science project. Construction bids for the project were recently received, and additional funds are requested to allow award of a contract to the lowest responsible bidder.

In order to fund this augmentation, the campus has made some difficult choices. The first is the elimination of its Neuroscience Building project. At the November 2004 meeting, The Regents approved an amendment to the Budget for Capital Improvements and the Capital Improvement Program to include only preliminary plans (P) funding of $5,000,000 from campus and gift funds for the Neuroscience Building project. The campus has deleted this project from its Capital Improvement Program. When a decision is made to proceed with this project, the campus will seek Regental approval for it as a new project. In addition, the campus plans to revert $3,174,000 in State funds appropriated for construction of the Life Sciences Alterations Phase 2 project. The Alterations Phase 2 project is estimated to be substantially over budget as well due to market conditions. The campus expects to implement selected elements of the work over time using other funds as available.

Status and Need for Augmentation

The proposed 77,500 asf Robert Mondavi Institute for Wine and Food Science will provide new teaching space, laboratories, and support space to house the Department of Viticulture and Enology and the Department of Food Science and Technology. The existing facilities are antiquated and no longer adequate to meet the needs of the departments. The new building will be located at the "front door" of the campus near the Robert and Margarit Mondavi Center for the Performing Arts. A future Teaching Winery and Brewing and a Brewing and Food Science Laboratory are also proposed for this site under a separate gift-funded project.

In November 2001, The Regents approved the 2002-03 Budget for Capital Improvements, which included the Robert Mondavi Institute for Wine and Food Science project at a sum of $54,800,000 (CCCI 4019).

At the February 2004 meeting, the Committee approved the design and environmental documents for this project. The design had been proposed initially for approval at the December 2003 meeting but was revised to respond to specific concerns raised by Regents during the design review process.

Subsequent to the design approval, an updated cost estimate was prepared by the Executive Architect's cost consultant. This estimate was further reviewed by the campus' independent cost estimator. The estimate indicated that the project costs had increased due to price escalation related to various materials (particularly steel), energy cost

increases, and the current adverse bidding climate in California. A portion of the increase appeared to be due to the complexity of the facilities program and the final facility configuration and design. After reviewing options, the campus decided to commit $6 million in additional campus funds if necessary, subject to University approval of the augmentation after bids were received, and requested authorization to proceed with bidding on that basis. The State Department of Finance approved the release to bid the project. Bid package 1, for early site work, was awarded in August 2005 with an estimated cost of $1.4 million. Work on this bid package has been completed.

Responses to Bid Package 2, representing the major portion of the project, were opened on December 20, 2005. The lowest responsible bid among the three bids received was $61.8 million compared to the pre-bid estimate of $48.8 million, representing an increase of 26.6 percent over the estimate.

Prior to bidding the project, the campus had undertaken efforts to attract as many bidders as possible by garnering interest through outreach and communications efforts to the contracting community. Initially, eight general contractors expressed interest in the project, purchased plans and specifications, and attended the pre-bid conference.

The campus' analysis of the low bid compared to the pre-bid estimate indicates that overages occurred in almost all trades, including concrete, steel, exterior cladding, partitions, interior finishes, and mechanical and electrical systems. It is the opinion of the campus, the Executive Architect, and several independent cost consultants that the bid price overrun is attributed to the volatile bidding climate. Because of the adverse climate and uncertainty of future price increases, contractors are adjusting their lump-sum bid prices upwards in defense against potentially higher labor and material prices than current estimates will indicate. Construction materials costs and energy prices have risen dramatically in the last several years, and bidders on this project had to specify a firm fixed price on bid day. In doing so, the contractors had to forecast to the best of their ability the cost of energy and construction materials up to two years in the future. The contractors likely included a contingency in their bids to cover this uncertainty. This practice mitigates some of the risks assumed by the contractors and subcontractors under the lump-sum bid process employed by the University under the State contract code. Moreover, market analyses suggest that there is a high demand for public and private work in the campus market area, and it is believed that contractors are being more selective in choosing jobs they pursue in addition to being cautious with lump sum amounts by building in extra contingencies in their bids.

This adverse market condition is further evidenced by the analysis of the subcontractor bids on the project. Only three general contractors bid the project, and the number of subcontractors bidding the project was also very limited, especially in the mechanical and electrical trades. Fueled by low interest rates, construction activity in the northern California region is generally very strong in all sectors of the economy. In some of the trades on this project, it is felt that sub-contractors marked up their material prices 50 to 100 percent to cover their potential exposure relative to future unknown material price increases. Moreover, market studies show there are not enough skilled workers available

to meet the current demand. As a result, competition for skilled construction workers and experienced superintendents is extremely high, and sub-contractors also are becoming increasingly selective about which projects to bid.

In summary, the bid overrun on this project is reflective of the current volatile and adverse bidding climate where contractors and subcontractors are very busy and highly selective about which projects to bid, are not necessarily in need of pursuing complex and challenging public bid projects, and are compelled to increase bids to cover their exposure on unknown and uncontrollable future materials price increases.

The campus evaluated possible options for revising the project to reduce costs to within budget. One option considered included a complete redesign of the facility to reduce the scope and cost to within the available funds. An evaluation by the campus indicated that the scope of the project would also have to be reduced by up to 30 percent, and a significant amount of time – in the range of 20 to 24 months – would be required to accomplish the re-programming, re-design work, achieve various design and agency approvals, and rebid the project. This option is not recommended because under a reduced scope the project would not provide sufficient space to replace inadequate and obsolete laboratories that are the project's core objective. Moreover, the fundamental goal of consolidating these two programs into a single Institute would not be possible since a portion of the program would have to remain in existing inadequate space for an indefinite period of time.

Another option considered would retain the current design and eliminate the Sensory Laboratory Wing portion of the project. Eliminating the Sensory Laboratory Wing would reduce the cost of the project by approximately $8 million and reduce the scope of the project by approximately 21,000 gsf. Additional "shelling" of a portion of the remaining space in the project was also considered under this option. The Sensory Laboratory Wing includes specialized spaces that could be accommodated in other space on campus for some interim period until adequate funding is available for this part of the project. Other research laboratories that would be shelled would require that the campus continue to use inadequate and obsolete biochemistry laboratories and thus bifurcate the Institute. This option could be implemented in approximately 10 months versus the 20 to 24 months for the full redesign option. Future investments from State or other fund sources would be required to complete the sensory lab and build out the shelled space. Because these future projects would be subject to the same pressures of material and labor cost escalation expressed in the current bids, the campus projects that the ultimate total cost of the full scope of work under this option would be higher than the costs of accepting the current low bid. Therefore, this option is not recommended as it would be more costly in the long run than awarding the current contract.

CEQA Classification

The 2003 UC Davis Long Range Development Plan Environmental Impact Report included analysis of the potential environmental impacts associated with construction and operation of the Robert Mondavi Institute for Wine and Food Science. The 2003 UC

Davis Long Range Development Plan EIR was certified by The Regents in November 2003. The design for the Institute was approved by The Regents in February 2004. The proposed action to amend the capital budget does not affect the project design, potential environmental impacts, or adopted mitigation measures. Therefore, no additional environmental review is required.

Financial Feasibility

The total project of $73,935,000 will be funded from State ($36,809,000), campus funds ($1,800,000), external financing ($9,326,000), and gift funds ($26,000,000). The additional State funds of $3,174,000 represent an increase of 9.4 percent and are subject to approval by the State Department of Finance. The gift funds have been received in full and are available for expenditure.

The campus has reassessed the current and future capital funding needs in light of the adverse bidding climate. As a result, some projects previously planned to be funded from State and campus funds have been delayed or abandoned in order to provide the funding needed to move ahead with this high-priority academic project. Future revisions to the campus Capital Improvement Program will reflect revisions that will reduce campus-funded projects by more than $20 million and reduce future debt financing on approved projects by at least that amount.

Based on long-term debt of $9,326,000 amortized over 30 years at 6.125 percent interest, the estimated average annual debt service will be $687,000. Repayment for the Robert Mondavi Institute for Wine and Food Sciences project debt will be from campus Opportunity Funds. Opportunity Funds are a portion of the indirect cost recovery generated by federal contracts and grants. By University policy, up to 65 percent of the campus' total 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 2008-09, the second full year of occupancy and first full year of principal and interest for the project, 61 percent of Opportunity Funds are pledged for debt service. Inclusive of this amount for the external financing, the campus is within the prescribed Opportunity Fund pledge and payment limits.

Chancellor Vanderhoef commented that turmoil in the construction market has resulted in bids of as much as 30 percent over budget for many of the campus' projects. He recalled that the campus had in its 10-year plan a neurosciences building the planning funds for which were approved by the Committee. It was in phases, with the first phase representing an investment of about $60 million. The campus has been forced to reassess the goals of that project and has determined that a new strategy will be required. The focus will be on improving existing space rather than consolidating several programs. The campus has had also to abandon projects that would have reduced its dependence on leased space, and in one situation, faculty had moved into a new building, providing an opportunity to convert the vacated building's teaching laboratories into research facilities – an estimated $3 million project – but the plan had to be dropped. He emphasized the difficulty in making such decisions.

Chancellor Vanderhoef noted that the Department of Viticulture and Enology at Davis is world renowned. It supports a $3 billion California industry. He reported that, according to *The Wine Spectator*, 28 of the hundred best wine producers are in the U.S. and that among those, about three-quarters employ U.C. Davis graduates in high-level positions. The programs in food science and technology also support a number of industry sectors in the state. The programs' quality is threatened by their inadequate facilities, however. Because it is so important that the project go ahead and in consideration of the $25 million in gifts pledged, difficult choices had to be made about priorities.

Vice President Hershman noted that this project is an example of what campuses are going through. The compromises have been painful.

Regent Juline asked whether systemwide management of raw materials could reduce costs. Assistant Vice President Bocchicchio responded that it has been considered, but a more productive approach may be to establish a contract methodology that would result in sharing some cost risk with contractors, thereby reducing the padding in their bids. A baseline could be set in contract documents for the cost of a material; if there were an increase at the time of purchase, the contractor and the owner would have a methodology to share the extra cost.

Committee Chair Hopkinson agreed with the campus' decision that the project should proceed. She was informed that the second phase of the project – the winery and brewing laboratory – will be funded totally from gifts.

Upon motion duly made and seconded, the Committee 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 SIERRA TERRACES HOUSING PROJECT, MERCED CAMPUS**

The President recommended that:

A. The 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by strike out, additions by underscore

Merced: Sierra Terraces Housing Project – preliminary plans, working drawings, construction, and equipment – ~~$21,942,000~~ $25,950,000, to be funded from external financing.

B. The President be authorized to obtain external financing not to exceed ~~$21,942,000~~ $25,950,000 to finance the Merced Sierra Terraces Housing Project, subject to the following conditions:

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

(2) As long as the debt is outstanding, University of California Housing fees for the Merced campus shall be established at levels appropriate to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed funding.

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

C. 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 taxation under existing law.

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

Associate Vice Chancellor Lollini recalled that in July 2005, The Regents amended the Budget for Capital Improvements and Capital Improvement Program to approve a budget of $21,942,000 at CCCI 4642 for the Merced Sierra Terraces Housing Project, to be funded from external financing. In September 2005, The Regents approved the building design.

The approved project included 412 new beds, primarily for freshmen (400 student beds and 12 non-revenue staff beds). The scope included two residence halls, along with associated community and support space, located in the campus core adjacent to the previously constructed Valley Terraces project.

In the course of completing design during fall 2005, the campus, the Executive Architect, and the project consultants prepared a cost estimate that indicated that the project was likely to bid over budget by more than $5 million, or about 25 percent of the total project cost. In response to the estimate, which exceeded the approved budget for the project, the campus completed value engineering that reduced the project scope to include only the residential component for students and space for a live-in residence life coordinator.

Status and Need for Augmentation

Upon completion of design, the Executive Architect, Architect's cost estimator, and independent cost estimator determined that due to a variety of reasons the project was no longer within its approved budget. The projected cost overrun resulted from the significant escalation driven by materials and energy cost increases, the continuing shortage of qualified labor, and the reluctance of contractors to engage in public work in a highly active private sector market. The campus proceeded to work with the Executive Architect and the project consultants to determine how best to achieve cost savings while preserving the core program for the facility, along with its financial viability. The result was a reduction in the number of buildings from three to two. By eliminating the smallest of three buildings, which included space for a residential life apartment, multi-purpose space, active storage, and a small number of support offices, the campus was able to achieve substantial cost savings for the project. Other modifications to the site and the building design resulted in additional cost savings. The total value engineering savings were estimated to be about $1.2 million.

At the completion of design the total number of beds has been reduced from 412 to 406 to incorporate space for the live-in residence life coordinator. The campus has determined that a construction augmentation of $4,008,000 – about 18 percent of the total project value – will be needed successfully to bid and award the project. The campus has identified a strategy of using additive alternates to maintain the ability to award construction at the time of bid while still meeting program and financial requirements.

With the completion of working drawings, the project remains on schedule, with construction scheduled to begin in spring 2006 and completion estimated to occur in fall 2007.

Green Building Design and Clean Energy Standards

This project complies with the University of California Policy on Green Building Design and Clean Energy Standards, dated June 16, 2004. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.

Change in Program Scope

At the time of design approval, the project consisted of 412 beds, consisting of 68,000 asf (85,000 gsf). The revised space program for the project consists of 60,421 asf (85,044 gsf). The revised project that includes two residence hall buildings will be composed of 192 two-bed bedrooms, four three-bed bedrooms, eight single bedrooms for Resident Advisors, and a two-bed apartment for the live-in staff coordinator. The project provides 396 revenue beds and 10 non-revenue staff beds, for a total of 406 beds. This compares to the previously approved program of 400 revenue beds and 12 non-revenue beds, for a total of 412 built beds.

CEQA Classification

In accordance with the California Environmental Quality Act, the Merced Sierra Terraces Housing Project was analyzed in UC Merced's Long Range Development Plan EIR (LRDP EIR), which was certified by the Regents in January 2002. In conjunction with approval of the design of the Merced Sierra Terraces Housing Project, The Regents certified an addendum to the LRDP EIR in September 2005. The addendum described minor technical changes and additions to the LRDP EIR and evaluated whether any further environmental review supplementing the LRDP EIR was needed in connection with The Regents' approval of the project. No further environmental review is deemed necessary for proposed changes in budget and scope.

Financial Feasibility

The total project cost of $25,950,000 at CCCI 4642 will be funded from external financing. Based on a debt of $25,950,000 at 6.125 percent interest amortized over 30 years, the average annual debt service is estimated at $1,910,523. Payment of the debt will be from the Merced campus' share of the University of California Housing System annual net revenues.

The housing and related programmatic facilities of this project, consisting of 396 student bed spaces and approximately 60,400 asf of area, will be added to the University of California Housing System. This project is planned for completion in fall 2007, to be ready for fall 2007 students, with housing rates projected to be $767 per bed. These projected rates will be inclusive of utilities, including high-speed access to the campus communication infrastructure. Parking will be provided in the existing student lot that was constructed as part of the Valley Terraces housing project, with approximately 340 spaces to serve both complexes (about 980 students). The campus provides transportation services for students to the local community as a mechanism for reducing the average number of car trips, consistent with the Campus Long Range Development Plan.

This augmentation proposes no additional rate increases from the original budget approval of July 2005.

Upon motion duly made and seconded, the Committee 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 FOR SB1953 MOUNT ZION BUILDINGS A, B, AND D SEISMIC UPGRADES AND CLINICAL EXPANSION, SAN FRANCISCO CAMPUS**

The President recommended that the 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

> San Francisco: SB 1953 Mount Zion Buildings A, B, and D Seismic Upgrades and Clinical Expansion – preliminary plans – $13.5 million, to be funded from hospital reserves.

Chief Executive Officer Laret recalled that the San Francisco campus proposes to begin design of the UCSF Medical Center SB 1953 Mount Zion Buildings A, B, and D Seismic Upgrades and Clinical Expansion project and requests Preliminary Plans (P) approval in the amount of $13.5 million using hospital reserves. Approval to proceed with the Preliminary Plans phase of this project will allow the campus to hire architects to begin schematic design for the various project components.

The UCSF Medical Center operates two inpatient hospitals on two campus sites: Parnassus and Mount Zion. The first hospital operates 494 beds at Parnassus Heights in the interconnected Moffitt and Long Hospitals, which serve both adults and children. The second hospital operates 72 beds at Mount Zion, for adults, primarily for cancer surgery. The campus will phase in an additional 15 beds in the immediate future, for a total of 87 beds in operation under existing conditions.

A multi-year clinical and research planning process at UCSF sought to address key facilities challenges facing the Medical Center, including the need to grow in response to capacity constraints, meet seismic mandates, and address functional obsolescence. The outcome of that planning process was a vision eventually to establish two key clinical sites – one at Parnassus Heights and one at Mission Bay. The Mount Zion campus will serve as an ambulatory center.

While the planning and land acquisition for a new hospital at Mission Bay are on track, projected construction costs, which have increased by 50 percent over the past three years, make it cost-prohibitive to construct the new hospital at Mission Bay within the time frame required to meet the SB 1953 deadline of 2013, when the Mount Zion hospital will have to be either seismically upgraded or forced to cease inpatient operations. Since the Parnassus hospitals are operating at full capacity and are experiencing a growing demand for services, they will not be able to absorb the clinical activity currently at Mount Zion.

The UCSF campus, therefore, recommends proceeding simultaneously on two tracks: the first to build a major clinical campus at Mission Bay in phases, beginning with a home for the UCSF Children's Hospital, and the second to upgrade Mount Zion Hospital to

meet SB 1953 2013 requirements as well as add clinical capacity for the growing cancer program - improving the buildings for what will eventually become an outpatient campus.

Project Description

The proposed project will consist of three components.

The first component will involve upgrading the UCSF Medical Center Hospital Buildings A, B, and D at Mount Zion in accordance with SB 1953, which requires seismic performance ratings of NPC-3 (nonstructural) and SPC-2 (structural) by 2013. This project will allow hospital operations to continue at Mount Zion beyond 2013 until 2030.

- Building A requires NPC-3 (nonstructural) upgrades to brace utility lines and increase the safety of occupants.

- Building B requires both SPC-2 structural and NPC-3 non-structural upgrades. Shear walls at lower levels between Buildings A and B will be strengthened, entailing foundation work. The east side exterior wall will need openings infilled, also requiring foundation work. Caissons will be added to support overhanging sections of the building.

- Building D requires addition of a shear wall with associated foundation work.

The second component will decant and demolish the Hellman Building, built in 1916, which is seismically rated "very poor," in accordance with University of California seismic policy.

The third component will improve Medical Center programs and operations at the Mount Zion campus generally, while expanding bed and operating room capacity to address critical inpatient constraints. The project will add two operating rooms and 28 to 56 patient beds, increasing bed capacity ultimately to 143 beds, depending on the final configuration. Increased capacity will support growth of the UCSF Comprehensive Cancer Center programs, particularly that of cancer surgery.

This third component will also upgrade critical infrastructure systems of the Mount Zion facilities in order to support an inpatient hospital and its long-term use as an ambulatory hub. In addition, outpatient areas will be renovated to accommodate cancer programs from Parnassus Heights, thereby further consolidating cancer programs at Mount Zion and freeing much-needed clinical space at Parnassus. Finally, these facility improvements will support the teaching and research missions of UCSF's schools.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), the proposed project is consistent with the San Francisco campus Long Range Development Plan Final Environmental Impact Report

certified by The Regents in January 1997 (State Clearinghouse #95123032). The potential environmental effects of the current proposal were analyzed in the LRDP FEIR, including seismic upgrades to hospital buildings and the expansion of inpatient, surgery, and outpatient space.

The Hellman Building is eligible potentially for listing in the California Register of Historic Places. Demolition of this structure may be considered to be a significant unavoidable impact. Additional CEQA documentation will be completed for University review and certification prior to finalizing plans to demolish the Hellman Building.

Funding Plan

The total project cost is estimated at between $250 million and $300 million, which includes escalated project costs including a contingency. Fund sources will include hospital reserves, gifts, and up to $200 million from external financing.

Future Regental Action

The campus will return to The Regents to request an amendment of the Budget for Capital Improvements and the Capital Improvement Program for the total cost of all phases of all projects (PWCE: preliminary plans, working drawings, construction and equipment) and seek approval for up to $200 million from external financing.

Regent Juline asked how the property underlying the Hellmann Building would be used. Associate Director Mahaney stated that, although no plans had been formed, there were myriad possible uses.

Regent Schilling noted that the Hellmann Building could be considered of historical importance. CEO Laret reported that the Medical Center has been operating under an exemption from the fire marshal to stay in the building. No objection to its demolition has been made.

Regent Schilling asked whether there were an effective size for a hospital. Mr. Laret responded that this hospital will not be the optimal size, which he believed would more than 150 beds. He characterized the Medical Center's situation as dire in terms of capacity versus demand.

Regent Kozberg suggested that it would be helpful for colleagues from UCSF and UCLA to discuss the challenges that had been faced during the development of the Santa Monica hospital. She asked about the status of funds for seismic corrections. Vice President Hershman responded that no money is being proposed in the pending infrastructure bond for hospital seismic work.

Although she believed the proposal was sensible, Committee Chair Hopkinson was disappointed that ways could not be found to develop a more consolidated hospital program for UCSF. Mr. Laret acknowledged that his goal of keeping the hospitals

together on one site had become unattainable because of space constraints and neighborhood issues.

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

7. **CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT AND APPROVAL OF DESIGN, CANCER CENTER EXPANSION, UC DAVIS MEDICAL CENTER**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project as indicated in the Final Focused Tiered Environmental Impact Report, the Committee:

A. Certify the Final Focused Tiered Environmental Impact Report.

B. Adopt the Mitigation Monitoring Plan, Findings, and Statement of Overriding Considerations.

C. Approve the design of the Cancer Center Expansion, University of California, Davis Medical Center.

[The Final Focused Tiered Environmental Impact Report, Mitigation Monitoring Plan, Findings, and Statement of Overriding Considerations were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Executive Director Boyd recalled that in November 2005, The Regents approved the inclusion of the Cancer Center Expansion at the UC Davis Medical Center in the 2004-05 Budget for Capital Improvements and the Capital Improvement Program, at a total project cost of $35.4 million at CCCI 4735. The Cancer Center, which is the only one between San Francisco and the Oregon border designated by the National Cancer Institute (NCI), supports a variety of services for cancer patients. All sections and departments serving and supporting the clinical enterprise are short of authorized program space, which necessitates the sharing of work and examination spaces among multiple physicians, nurses, and administrative support staff. The lack of sufficient treatment, exam, and support space has been exacerbated by the steady increase in patient encounters, external referrals, and the number of patients enrolled in the clinical trials program. Several program enhancements, undertaken since NCI designation, have consumed all clinical space. In addition, the expansion of drug and clinical trials has added not only research subjects but also additional staff to provide the necessary services mandated by the grantors. These events have further intensified the space shortage in both the clinical and infusion services. To address these space issues, the campus is proposing construction of a 46,415 gross square foot (gsf) building and renovation of 9,016 gsf of existing space. Renovation space will be used for clinical laboratories, an outpatient clinic, and administration.

In January 2006, the Office of the President approved the appointment of the Smith Group of San Francisco, California as the Executive Design Professional for this project.

Project Site

The 46,415 gsf three-story structure will include 23,600 asf. An additional 6,715 asf of existing Cancer Center space on the first and second floors will be remodeled. Site development will include extension of campus utilities, an extended main-entry drive with a drop-off area, and landscaping. A courtyard between the new and existing building is proposed to take advantage of natural light and the mild Sacramento climate. A second floor bridge will link the new addition to the existing Cancer Center. Space below this link will also serve as the new main lobby entrance and will and facilitate circulation between the two buildings.

The proposed site is a 1.5-acre rectangular parcel located northeast of the intersection of X Street and 45th Street and north of the existing Cancer Center. To the south is the site of the new Education Building, which is under construction, and a cluster of two research buildings and a clinical laboratory building. The new hospital main entrance will be approximately 300 feet from this intersection when the Surgery and Emergency Services Pavilion project is completed. The Administrative Support Building, which houses the Health System's computer and telecommunications center, is directly southeast of the proposed site. The site is currently used for surface parking. The use of the site for this project is consistent with the 1989 Long Range Development Plan land use designation of Ambulatory Services Zone.

Project Design

The building design responds to the campus site context and its adjacency to the existing Caner Center. The materials, scale, and fenestration of the building complement the existing Cancer Center so that the buildings are seen as an integrated whole. Exterior materials are precast concrete panels and tinted strip glazing similar to the existing building. The new driveway and building entrance facilitate patient access and focus attention on the new courtyard. Landscaping and site amenities are planned to accommodate future expansion and preserve adjacent potential building sites.

The project will comply with the Presidential Policy for Green Building Design and Clean Energy Standards. Green Building features will include recycled materials (steel, aluminum, carpet, and sheet goods), regional materials, certified wood products, low-emitting materials (paint, carpet, and composite woods with no added urea-formaldehyde), high-efficiency lighting control systems, and high-efficiency glazing. The project will achieve a certified equivalent rating of at least 28 points. Construction of the Cancer Center Expansion will begin in May 2007, with occupation expected in April 2009.

The UC Davis Medical Center’s Facilities Design and Construction Department will manage the project, with assistance from the executive architect’s project team. Outside

consultants and testing agencies will be used as necessary. The Executive Director for Planning, Design and Construction will perform project oversight.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), a Draft Focused Tiered EIR was prepared and published in December 2005. The Draft Focused Tiered EIR was circulated to responsible agencies and to the State Clearinghouse for a 45-day review period which closed February 9, 2006. A public hearing on the Draft Focused Tiered EIR was held on January 24, 2006. Written and oral comments were received and responses are included in the Final Focused Tiered EIR.

The EIR identified significant and unavoidable impacts in the areas of transportation, circulation, and air quality. Impacts in these areas are due to cumulative regional growth in traffic and resultant degradation in air quality. The project contributes incrementally to these impacts but does not result in a significant and unavoidable impact in and of itself. As stated in the EIR, cumulative impacts due to regional growth are beyond the control of the University. All other impacts due to the project are less than significant. A Mitigation Monitoring Plan has been prepared and is included in the Final EIR.

Findings

The Findings discuss the projects environmental review process, the relation of the project to the LRDP EIR, cumulative impacts and mitigation measures addressed in the Draft Focused Tiered EIR, Statement of Overriding Considerations, and conclusions regarding approval of the Final Focused Tiered EIR for this project in conformance with CEQA.

Manager Rush showed slides illustrating the design. In response to a question asked by Regent Schilling, Mr. Rush reported that parking spaces lost to the project are being replaced by additional parking about three blocks from the site.

Committee Chair Hopkinson complimented the architecture. She was slightly concerned about the dominant gray color in the renderings. Although Mr. Rush believed that the color would appear lighter in reality, he agreed to reconsider the color palette.

Regent Johnson asked which buildings on the campus were similar in terms of the color palette. Mr. Rush reported that the main hospital, the education building, and the ambulatory care building are similar.

Committee Chair Hopkinson noted that the efficiency rate was 51, which is lower than comparable buildings. Mr. Boyd explained that many mechanical systems had been placed inside. Also, the bridge feature is non-assignable space. Taking those factors into consideration, the rate is 58 percent, which meets the average.

Faculty Representative Oakley noted that the project uses non-State funds. He asked whether any of those funds would be allocated to cover the cost of replacement parking. Mr. Boyd stated that the budget for this project does not include the cost of parking being constructed elsewhere, nor any amount for the depreciation cost of the improvements to the open space that was paid for out of the parking program. Mr. Oakley reported that the Academic Senate's Committee on Faculty Welfare has discussed with Senior Vice President Mullinix how to treat the cost of replacement parking as an element of construction cost, especially for non-State-funded construction. Senior Vice President Mullinix believed the project complied with the University's principles concerning the funding for parking.

Upon motion duly made and seconded, the Committee approved the President's recommendation.

8. **ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF DESIGN, UCSD MEDICAL CENTER CARDIOVASCULAR CENTER AND THORNTON HOSPITAL EXPANSION, SAN DIEGO CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project as indicated in the environmental document, the Committee:

A. Adopt the Initial Study/Mitigated Negative Declaration.

B. Adopt the Mitigation Monitoring Program and Findings.

C. Approve the design of the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion.

[The Initial Study/Mitigated Negative Declaration, Mitigation Monitoring Program, and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Vice Chancellor Woods recalled that at the January 17, 2006 meeting, the Committee on Grounds and Buildings approved the inclusion of the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion in the 2005-2006 Budget for Capital Improvements and the 2003-2006 Capital Improvements Program. The total project cost of $136,476,000 at CCCI 4964 will be funded from external financing ($65,000,000), hospital reserves ($41,476,000), and gift funds ($30,000,000). In May 2004, the Regents approved the initial "P" funding of $3,500,000, funded from hospital reserves.

In October 2004 the Office of the President approved the appointment of RTKL Associates Inc., as Executive Architect for the project.

Project Site

The 1.5 acre site for the proposed facility is adjacent to and immediately north of the existing diagnostic and treatment wing of Thornton Hospital, which is located on the East Campus. The use of the project site for this purpose is consistent with the UCSD 2004 Long Range Development Plan.

Project Design

The UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion is designed to contain 75,180 asf (46,850 asf fully built and 28,330 asf shelled space) within a total area of 128,000 gsf and will include six general types of space: clinical, treatment, invasive procedural, patient beds, offices, and support. The Project places patient clinic, treatment, and support on the ground floor, invasive procedural space with associated support on the 2nd floor, patient beds on the 3rd floor, and faculty offices on the 4th floor. Shelled space is distributed throughout the building.

The building uses a Type I construction steel moment resisting frame for the main structure. The base of the building will be clad in architectural stone, while the upper floors will consist of a metal cladding system and glass curtain wall, using a breeze soleil metal shading device at the south and southeast exposures. A landscaped "healing garden" entry courtyard will enhance access and aid in way finding to the main entrance. Colors for the exterior materials are consistent with the East Campus materials palette.

Although no formal policy requirements exist for green building design for acute healthcare facilities, the project will comply with applicable intent of the University of California Policy on Green Building Design and Clean Energy Standards and incorporate green building concepts in the project design. The University of California, San Diego Design Review Board has reviewed and approved the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion project in accordance with University policy. The office of Facilities Design and Construction will manage the project. Independent testing agencies will be used as necessary. The Assistant Vice Chancellor and Campus Architect, Facilities Design and Construction, will be responsible for project oversight.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), an Initial Study/Mitigated Negative Declaration (MND) was prepared for the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion project. The proposed MND was prepared and circulated to responsible agencies and to the State Clearinghouse for a 30-day public review from December 22, 2005 to January 20, 2006. Three comment letters were received on the Mitigated Negative Declaration. Comments on the environmental document related to cumulative traffic and noise impacts on the project from flight activity at the Marine Corps Air Station. Responses to the comments are in the final Mitigated Negative Declaration. The proposed MND is tiered from the 2004 LRDP Environmental Impact Report. Based on the Tiered MND, the University concluded that the project will contribute to cumulative air quality and traffic impacts identified, analyzed, and found to be significant and unavoidable in 2004 LRDP EIR, for which The Regents adopted Findings and Overriding Considerations. The University concluded that the proposed project could have potentially significant effects on aesthetics, biological resources, hazards, and water quality, but that revisions to the project have been made or mitigating measures have been agreed to by the University and adopted in the Mitigation Monitoring and Reporting Program that will reduce the potentially significant impacts to a less that significant level. On the basis of the Tiered Initial Study/MND and implementation of LRDP EIR mitigation, there is no substantial evidence that the project as mitigated will have a significant effect on the environment.

Findings

The findings discuss the project's impacts and associated mitigation measures.

Assistant Vice Chancellor Hellmann showed slides depicting the design.

Regent Johnson commented that the project would be a superb addition to the campus.

Upon motion duly made and seconded, the Committee approved the President's recommendation.

9. **ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF DESIGN, STUDENT ACADEMIC SUPPORT SERVICES BUILDING, RIVERSIDE CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed project as indicated in the Mitigated Negative Declaration, the Committee:

A. Adopt the Initial Study/Mitigated Negative Declaration.

B. Adopt the Findings and Mitigated Monitoring Program.

C. Approve the design of the Student Academic Support Services Building, Riverside campus.

[The Initial Study/Mitigated Negative Declaration, Findings, and Mitigated Monitoring Program were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Vice Chancellor Diaz recalled that in November 2004, The Regents approved the inclusion of the Student Academic Support Services Building, Riverside campus, in the year 2005-2006 Budget for Capital Improvements and the 2005-2009 Capital Improvements Program at a total project cost of $19,380,000 at CCCI 4328. This budget was amended in September 2005, due to an increase in the CCCI, for a total project cost of $20,572,000 at CCCI 4632.

In February 2006, the Office of the President approved the appointment of Sasaki Associates, Inc. as executive architect for this project.

Project Site

The Student Academic Support Services Building project site is north of the Carillon Mall, to the west of Costo Hall and south of the Physical Education Building. The location, where students circulate and congregate, will promote a nexus of synergy for student-related functions. The use of this site for student-related support services is consistent with the land use designation of Academic Support in the 2005 LRDP. Student support services which require a high level of direct proximity are to be relocated in the east campus core.

Project Description

The Student Academic Support Services Building will accommodate approximately 37,380 asf within 58,140 total gsf. The building will accommodate departments that provide student administrative services as follows: Undergraduate Admissions, Admissions and Outreach Publications, Assistant Vice Chancellor for Enrollment Management, Financial Aid Office, International Services Center, Office of the Registrar, Immediate Outreach, Student Special Services, Technology and Information Resources, Student Business Services, and Cashier's Office.

The three-story building is arranged in an L-shape around a courtyard. The long axis of the site orients the offices towards the north and south, which will increase natural daylight in addition to providing views of the Carillon Mall.

The building will be a steel structure with seismic bracing. The exterior finishes will include "UCR blend" brick and stucco. The store front window system will be shaded on the south and west by perforated metal screens or by the overhang of the building itself.

The project will comply with the University of California Policy on Green Building Design and Clean Energy Standards and strive to achieve a standard equivalent LEED Silver rating at 37 points. The HVAC and lighting systems are designed to optimize energy performance, and the building is situated to ensure natural light efficiency that will exceed California Energy Code Title 24 energy conservation requirements. The building is being designed using sustainable guidelines and practices and will participate in the Savings by Design program. Some of the features the project will incorporate include interior materials of recycled content or low embodied energy, and interior finishes selected to improve indoor air quality. Recycled materials have been specified for use where appropriate, and the use of brick for the exterior takes advantage of a local resource. Other site-related sustainable goals include erosion and sediment control and drought-resistant landscaping.

The design of the project has been reviewed in accordance with University policy. Independent cost consultation and seismic review have been conducted. The Office of Design and Construction staff will manage this project, under the supervision of the Vice Chancellor for Administration.

Environmental Impact Summary

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), the Final Initial Study was prepared for the proposed Student Academic Support Services Building to determine any potential environmental effects associated with the project. The Initial Study was tiered from the 2005 LRDP Environmental Impact Report (EIR) (November 2005). It considers only project and site-specific impacts. Cumulative impacts and mitigation measures for all campus development proposed in the 2005 LRDP are addressed in the 2005 LRDP EIR. A draft Initial Study was prepared and circulated to the public, responsible and trustee agencies, and to the State clearinghouse for a 30-day review period from January 31, 2006 to March 1, 2006. Based on the impact assessment in the Final Initial Study/Negative Declaration, it has been determined that: (1) the proposed project, as mitigated, will not by itself result in significant impacts, and (2) the proposed project will not result in cumulative impacts beyond those evaluated in the 2005 LRDP EIR, which were fully addressed in the Mitigation Monitoring and Reporting Program and the Statement of Overriding considerations adopted by The Regents in connection with approval of the 2005 LRDP.

In accordance with CEQA's mitigation monitoring requirements, measures to reduce or avoid significant impacts identified in the 2005 LRDP EIR are monitored under the 2005 LRDP Mitigation Monitoring Program. New project-specific impacts and mitigation measures were identified in the following areas: Air Quality (potential construction-related impacts), Biology (raptor foraging habitat), Geology and Soils (potential impacts due to seismic ground shaking), and Transportation/Traffic (potential impacts to emergency access). Specific mitigation measures for the project will be monitored in accordance with the Student Academic Support Services Building Mitigation Monitoring Program.

Findings

The Findings discuss the project's environmental review process, the relation of the project to the 2005 LRDP EIR, project impacts and mitigation measures addressed in the context of the Student Academic Support Services Building Final Initial Study, and conclusions regarding approval of the Final Initial Study/Mitigated Negative Declaration for this project in conformance with CEQA.

Assistant Vice Chancellor Johnson showed slides to illustrate the design.

Upon motion duly made and seconded, the Committee approved the President's recommendation.

10. **PRELIMINARY REVIEW OF DESIGN FOR SOCIAL AND BEHAVIORAL SCIENCES BUILDING, IRVINE CAMPUS**

It was recalled that Social and Behavioral Sciences Building has a total cost of $55,992,000, to be funded from a combination of State funds ($43,212,000), external financing ($10,000,000), and campus funds ($2,780,000). The Executive Architect is Carrier Johnson. The project will provide 78,850 asf (133,367 ogsf) of new space for the Schools of Social Sciences and Social Ecology for instructional and research laboratories and faculty and administrative offices.

Vice Chancellor Brase commented that project was a challenging one for which cost estimates continue to escalate, while the campus is trying to meet green building standards and adhere to its design framework.

Associate Vice Chancellor Gladson showed slides illustrating the design. She reported that the project is located off of the future Pereira pedestrian mall, near the Social Sciences II project. Its design is mindful of the future build out of the area. The building will be five stories high on a long, narrow site. The Social Sciences II building, also five stories, is clad in brick, with metal panels. The nearby Graduate School of Management is a four-story stucco building with tile. Although economically the Social and Behavioral Sciences building must be kept simple, one of the tools to make it interesting will be a dramatic entryway. The building consists of two blocks that have been offset, with the main entrance on the diagonal. It will house offices, dry laboratories, and classrooms and conference rooms on the lower floors, with surge space on the fifth floor.

Ms. Gladson noted that it is in the campus' architectural vocabulary for buildings to have a base, middle, and top. It remains to be resolved how to accomplish this for a building with such tight cost constraints, as it may be advisable to make the fifth story surge space, which is non-State funded, a bid alternate. In that case, the challenge would be to design a defined top whether the building becomes four or five stories. There is an arcade located at the pedestrian level, with pre-cast panels on the upper floors. Brick on the lower portion will be consistent with brick in surrounding buildings.

Regent Kozberg noted that the massing of the building had been broken up effectively.

In response to a question asked by Regent Ruiz, Ms. Gladson reported that the design was begun in December 2005. The project will go out to bid in July, with occupation expected in 18 months, dependent upon the timing of the bond issue. The bid alternate for the fifth floor would be broken into two components: to do just the building shell and to build the shell out. If there were adequate fund raising between completing the drawings and going out to bid, the space could be completed.

Committee Chair Hopinson admired the design. She asked why there is an arcade, when it seems from the illustrations that pedestrian traffic may not use it. Ms. Gladson responded that by opening to colloquia space, the arcades take the place of interior corridors, which contributes to a higher space efficiency rate. Also, the arcade helps to break up the building visually.

11. **UPDATE ON IMPLEMENTATION OF COST REDUCTION STUDY RECOMMENDATIONS**

Senior Vice President Mullinix advocated that the Committee take an historical perspective on its past five years of work. He commented that its development has come at some cost to everyone involved – the Committee members, campus personnel who prepare presentations, and Office of the President staff. He believed that overall the process and the resultant buildings have been improved but that it may be time to step back and assess whether the time of the group is being used most effectively. He recalled that five years ago, the Committee on Grounds and Buildings met typically as part of the full Board for 15 to 30 minutes of presentations. Two or three Regents got together separately for an informal review of projects. There was no public meeting when the details of projects were discussed. There were no long range campus planning presentations aired by the Committee. The capital budget was presented briefly to the Committee on Finance. Projects were approved individually by the Committee on Finance, often by consent, without the benefit of a broad context. Since that time, a large amount of resources have been spent in restructuring the approach. Some paid off, others may need consideration. There are now five-year capital budgets containing State and non-State funding. The budgets are no longer pure wish lists but rather are constrained by debt and financial capabilities. Campus plans have been presented to the Committee that have improved the context in which the planning process may be judged. The campuses had plans, but the addition of presentations may have sharpened their efforts. The individual project presentations have become more elaborate. Overall, he believed that the process has been transformed positively, but he noted the number of staff that must be involved in each meeting. He suggested reviewing all the changes of the past few years to substantiate which had truly added value to the process.

Mr. Mullinix recalled that in 2004 the Committee initiated a study involving an expert committee that developed recommendations for improving the process of delivering capital projects. At the November 2005 meeting, the President provided a strategy for implementing the six recommendations of the report commissioned by The Regents

entitled, *Transforming Capital Asset Utilization and Delivery: Opportunities for Reducing Project Costs and Achieving More Program for the University's Capital Dollar*. That review ended in six basic recommendations: 1) design a process with more accountability on the part of particular individuals and possibly the designation of a capital asset chief; 2) improve the quality of the analytical effort, particularly early in the process, so as to move projects along and avoid bad decisions; 3) create a shorter, simpler process; 4) try to change the contract environment; 5) develop appropriate systemwide metric standards and data; and 6) introduce the concept of a change agent to expedite the process.

Implementation has begun in many of these areas. Mr. Mullnix reported that over the last few years there has been progress in planning. A more integrated long-term planning effort has been developed that encourages an early design review process and business case analysis for campus projects. Other areas have been identified where those outside the University have done a better job of developing business cost cases for projects. The Office of the President is developing a template using best practices and will introduce it to all the campuses. Assistant Vice President Bocchicchio reported that the process will be pushed forward diligently, although some elements will require further work.

Mr. Mullinix reported that the Office of the President has designated Vice President Hershman as the point person who would be accountable for project decisions. He is working with the campuses to establish a single point of contact for each campus.

Vice President Hershman commented that the whole process with respect to all capital planning had improved greatly, particularly in examining campus priorities and setting debt targets and appropriate expectations with respect to gift funds.

Mr. Mullinix reported that the first phase of review of construction contracting has been completed. Ways are being sought of sharing risk with contractors to try to make the University a better customer. The campuses and Office of the General Counsel have been given an opportunity for input. When the suggestions have been compiled, some concrete proposals will be made. Also under review is the way in which other institutional owners have devised contracting. Finally, it is planned in May to begin a consultation with the Associated General Contractors of America, the American Institute of Architects, and other groups with which the University contracts, to present the proposals that are developed and to learn about other areas where improvement would make the University more attractive to bidders.

Mr. Mullinix reported that systemwide building and project metrics and standards are in the early stages of development and that identifying a process change agent will be postponed until the reorganization of the Office of the President is complete.

Committee Chair Hopkinson acknowledged Regent Kozberg for initiating the productive changes the Committee has made during the past few years and all the participants who have contributed to the effort. Mr. Mullinix believed that the changes had resulted in better projects, but he reiterated his suggestion that the effectiveness of the process,

which is requiring a big investment in cost and time for the campuses and the Office of the President, continue to be assessed.

Committee Chair Hopkinson stated that she would like to be informed regularly about cost reduction efforts, perhaps in the form of a time line showing milestone achievements relative to the goals that have been set.

Regent Ruiz suggested that an annual evaluation of the Committee's activities may be useful.

12. **SOFT COST AUDIT FOR SELECTED CAPITAL PROJECTS AT THE BERKELEY, LOS ANGELES, AND SAN DIEGO CAMPUSES**

Senior Vice President Mullinix recalled that the Office of the University Auditor had requested internal auditors from the Berkeley, Los Angeles, and San Diego campuses to review and analyze certain "soft cost" expenditures as reported in the Capital Improvement Budgets of selected capital projects and to perform a general review of the process for determining costs to be capitalized. These soft costs are listed in the Capital Improvement Budget form as Campus Administration (line 6) and Special Items (line 8).

University Auditor Reed reported that his office had reviewed the preliminary results of the audits performed by the campuses. In consultation with Senior Vice President Mullinix, it was determined that the auditors should expand the review of Campus Administration charges (Line 6) to include a more detailed analysis of the methodology for allocating direct and indirect costs to projects, the appropriateness of costs included in the indirect cost pools, and a general review of the process of determining project expenses to be capitalized. The policies and guidelines used in the analysis were Business and Finance Bulletins A-27, University Direct Costing Procedures; A-56, Academic Support Unit Costing and Billing Procedures; and A-59, Costing and Working Capital for Auxiliary and Service Enterprises; UC Accounting Manual P-415-3, the 1999-2000 UCOP Guidelines for Preparation of Project Capital Improvement Budget for Inclusion in a Project Planning Guide, and the 1999-2000 Guidelines for Preparation Section C "Cost" of the Project Capital Improvement Budget.

Campus Administration charges its fees through a recharge process governed by the Business & Finance Bulletins cited above. The recharge process must adhere to these general principles:

- Recharge cost shall be related to the cost of providing the service.

- Recharge activity shall be operated on a no-gain/no-loss basis.

The University adheres to the State guideline for the ratio of soft costs to construction costs for State-funded projects. These are as follows:

- Ratio 1 (excludes Construction Contingency):

(A/E Fees + Campus Administration + Surveys, Tests) / (Site Clearance + Building + Exterior Utilities + Site Development) ≤ 13%

- Ratio 2 (includes Construction Contingency)
  (A/E Fees + Campus Administration + Surveys, Tests + Contingency) / (Site Clearance + Building + Exterior Utilities + Site Development) ≤ 18% (new) 20% (renovation)

The *Accounting Manual, P-415-3, Plant Accounting: Investment in Plant-Capitalization and Elimination in Current Funds* outlines the procedures required for capitalizing the University's assets. According to the Accounting Manual, P-415-3, costs that are generally not capitalized include minor repairs, roof replacements (if part of a larger upgrade, may be eligible for capitalization), move/surge costs, general campus planning and studies not related to a specific structure, and project costs incurred which are subsequently abandoned.

Based on these policies and guidelines, the audits found the following:

- Some selected non-State projects complied with the soft cost guidelines for State-funded projects.

- Evidence of inclusion of questionable costs charged to construction projects through the recharge process.

- Campuses have disparate practices in classifying expenses as direct or indirect and in calculating the recharge overhead rate. Because of the differences, a direct comparison of campus' Campus Administration rates and indirect costs is not possible.

The President will be taking the following actions:

- Expand the audit scope to include all campuses and their specific procedures for Campus Administration (line 6). This information will be presented to The Regents at the September meeting and used in the review and development of future actions. (Lead: University Auditor)

- Establish a Systemwide Committee (similar to a campus recharge committee) to complete a comprehensive review of current recharge practices for capital projects, develop a uniform, systemwide recharge application methodology for use by every campus, and update the systemwide recharge policy. (Lead: Systemwide Committee)

- Request campus Controllers to review existing processes and procedures to determine whether project costs are appropriately capitalized or expensed at the end of each fiscal year. (Lead: Financial Management)

- Office of the President to develop comparable information, based on the University's data, for soft costs as related to type of project and project delivery method. (Leads: Budget Office and Facilities Administration)

Regent Hopkinson suggested that the desired end is not to achieve comparability but rather to ensure that things are done properly and fairly and that projects are not overburdened with indirect costs. Auditor Reed believed that improved comparability would enhance the ability to determine whether there were inappropriate costs. Mr. Mullinix reported that over the years, as budgets have tightened, the resources that campuses invest in campuswide planning or project development from funds that are not targeted to the capital budget have diminished. Staff may be operating an office where they are expected to charge out every penny of their time to a particular capital project. That is probably not a reasonable expectation, although here are pertinent methodologies that might be acceptable. The controllers are being asked to examine what is being capitalized. More will be done to assess the effectiveness of the process overall, and standards will be developed that are consistent throughout the system.

Regent Kozberg commended the effort. She believed that establishing common standards and practices would be beneficial in helping the public understand where their dollars are being used.

In response to a question asked by Regent Juline, Senior Vice President Mullinix confirmed that the consistent application of generally accepted accounting principles to which the University is subject is a goal of this project. Mr. Reed noted that there were some questions about certain costs that need more inquiry; however, most of the inconsistencies appeared to derive from differences in methodology; the dollar amount of costs that were questionable in relation to the pool of costs was fairly small.

Regent Hopkinson asked for a target date for receiving preliminary recommendations from the group. Mr. Reed reported that the expanded audit scope to include all campuses and their specific procedures for campus administration would inform the work of the Systemwide Committee. He believed that the audit-related work would take three to six months. An update of the work will be provided at the September meeting.

13. **AUTHORITY FOR APPROVAL OF CAPITAL PROJECTS FOR THE PRESIDENT'S AND CHANCELLORS' RESIDENCES AND OFFICES**

It was recalled that there have been the following changes to Delegations of Authority regarding the approval of capital projects for the President's and Chancellors' residences and offices:

- Chancellor Residence and Offices – Minor and Major Capital Projects: $10,000 to $5,000,000.

The President will revise the Delegations of Authority regarding capital projects for Chancellors' residences and offices to require Presidential approval. The Office of the President will report to The Regents annually, at the September meeting, on all approved Chancellor residence and office capital projects.

- Chancellor Residences and Offices – Major Capital Projects: over $5,000,000.

These projects will require Regental approval.

- President's Residence (Blake House) and Offices – Capital Projects: over $10,000.

These projects will require Regental approval.

Current Delegations of Authority to Be Amended

Minor Capital Projects: $0 to $400,000 (no State funding, no external financing).

The President, through a Delegation of Authority (DA 2126), has authorized the Chancellors and the Vice President-Agriculture and Natural Resources to approve amendments to the capital improvement program for minor capital projects as long as the projects are not State-funded or require external financing. Minor capital projects, by State definition, are projects with a total maximum project cost of $400,000. The authority to approve minor capital projects may be re-delegated. DA 2126 Issued February 28, 2002. This DA was in response to the State's raising the minor capital project's total maximum cost from $250,000 to $400,000.

Major Capital Projects: $400,000-$5,000,000 (no State funding, no external financing).

The President, through a Delegation of Authority (DA 2127, issued February 28, 2002), has authorized the Chancellors and the Vice President-Agriculture and Natural Resources to approve amendments to the capital improvement program for major capital projects with a total project cost not to exceed $5 million, as long as the projects are not State-funded nor require external financing. This authority may not be re-delegated. DA 2127 issued February 28, 2002. The DA was updated to reflect the State's definition of minor capital projects.

Regent Kozberg supported the changes that had been made in the level of authority, particularly in light of recent media attention on the subject of improvements to chancellors' residences.

Committee Chair Hopkinson believed that the threshold of $10,000 for capital projects pertaining to the President's and chancellors' residences was too low. Senior Vice President Mullinix noted, however, that only slightly higher numbers had triggered adverse media coverage. Committee Chair Hopkinson suggested changing the threshold to $25,000. Regent Kozberg agreed with this suggestion, observing that the primary goal was to establish transparency and accountability.

14. **AUTHORITY TO APPROVE AMENDMENTS TO THE CAPITAL IMPROVEMENT PROGRAM**

The following provides information regarding the authority, including Presidential Delegations of Authority, to approve amendments to the Capital Improvement Program at the University of California. This authority is established in the Bylaws of The Regents of the University of California, as well as by Standing Order 100.4, Duties of the President of the University of California.

Annually, the State publishes the definition of a minor capital project in the State Budget Act (section 600). Minor capital projects are defined as projects with a maximum cost of $400,000. Major capital projects include all capital projects over the minor capital project dollar threshold. Attachment 1 summarizes the delegation of authority, according to project cost, to amend the Capital Improvement Program. Based on the definition of a major capital project, the table begins with projects that exceed $400,000.

Major capital projects costing between $400,000 and $5,000,000 and with no external financing have been delegated to the Chancellors for approval. The Delegations of Authority (DA) include:

Minor Capital Projects (DA 2126): The authority to approve amendments to the Capital Improvement Program for minor capital projects funded from non-State sources (no external financing) with a total project cost not to exceed $400,000 is delegated to the Chancellors and the Vice President-Agriculture and Natural Resources. This authority may be re-delegated. Additionally, the Office of the President requires the campuses and Agriculture and Natural Resources to prepare an Annual Capital Improvements Amendment Report. Issued February 28, 2002, this DA was in response to the State's raising the minor capital project total project maximum cost from $250,000 to $400,000.

Major Capital Projects with Total Project Cost Not to Exceed $5 Million (DA 2127) "Chancellor Approval": The authority to approve amendments to the Capital Improvement Program for major capital projects funded from non-State sources (no external financing) with a total project cost not to exceed $5,000,000 is delegated to the Chancellors and the Vice President-Agriculture and Natural Resources. Additions to the Capital Improvement Program are reported to the Vice President of Budget on an annual

basis within one month of the close of the Fiscal Year. This authority may not be re-delegated. It was issued February 28, 2002 and updated to reflect a change in the State's definition of minor capital projects.

Projects that include any State funding are submitted to the Vice President of Budget as part of the Budget for the State Capital Improvements. This Budget is presented to the Committee as an Action/Discussion item for recommendation to The Regents.

In response to a question asked by Committee Chair Hopkinson, Assistant Vice President Bocchicchio reported that the delegations provide for the chancellors to have design authority up to $5 million on the campuses. The president's authority is up to $10 million; anything higher requires Regental approval. Senior Vice President Mullinix noted that even at the $10 million level, projects that are particularly sensitive will be presented to the Committee.

Regent Hopkinson was concerned about the level for authorizing administrative approval for change orders. She noted that 25 percent in change orders for a $19.9 million building would be substantial, yet would not be brought to the Committee's attention. She believed that the Committee should be informed, at least. Senior Vice President Mullinix responded that traditionally approval has been sought from the Committee for change orders that will increase a project cost to $20 million and over when it is foreseen, and such increases are reported to the Committee if they happen later in the process. Regent Juline suggested establishing a test that includes both dollars and percentages.

The meeting adjourned at 2:00 p.m.

Attest:

Associate Secretary