

# GB2

Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

## ACTION ITEM

*For the Meeting of September 11, 2012*

### **AMENDMENT OF THE BUDGET, APPROVAL OF EXTERNAL FINANCING AND STANDBY FINANCING, MISSION BAY BLOCK 25A ACADEMIC BUILDING (FACULTY OFFICE BUILDING), SAN FRANCISCO CAMPUS**

#### **EXECUTIVE SUMMARY**

The proposed 263,478 GSF Block 25A Academic Building (Faculty Office Building) at the San Francisco Mission Bay Campus project would provide critically needed faculty and staff offices to support the new Medical Center at Mission Bay, scheduled to open in January 2015. The building would also accommodate clinical, translational, and population-based research programs, such as Global Health Sciences, that are currently located in off-campus leased space. The proposed project would provide an opportunity to support a core University strategic goal to strengthen clinical and translational research by locating it with other disease-oriented and population-based research and clinical facilities. Creating a permanent home for UCSF's Global Health Sciences program in this building will advance this strategic goal. The project consists of the building, site improvements, and underground utility connections.

The Regents are being asked to: 1) approve the project budget of \$118,600,000, to be funded from external financing (\$84,400,000), gift funds (\$20,000,000), and campus funds (\$14,200,000); 2) approve external financing (\$84,400,000); and 3) approve standby financing (\$20,000,000).

#### **RECOMMENDATION**

The President recommends that the Committee on Grounds and Buildings recommend to the Regents that:

1. The 2012-13 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: Mission Bay Block 25A Academic Building (Faculty Office Building) – preliminary plans – \$3,000,000 funded from Campus Funds.

- To: San Francisco: Mission Bay Block 25A Academic Building (Faculty Office Building) – preliminary plans, working drawings, construction, and equipment – \$118,600,000, to be funded from external financing, (\$84,400,000), gift funds (\$20,000,000), and campus funds (\$14,200,000)
2. The scope of the Mission Bay Block 25A Academic Building (Faculty Office Building) shall provide a 263,478 gross square feet (213,618 assignable square feet) Project (“Project”). The Project would include office/desktop research and related support space, educational space/educational support space, site improvements, including landscaping, sidewalks, site utilities, and utility connections.
  3. The President be authorized to obtain external financing in an amount not to exceed \$84,400,000 to finance the Mission Bay Block 25A project. The President shall require that:
    - A. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
    - B. As long as the debt is outstanding, the general revenues of the San Francisco campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
    - C. The general credit of the Regents shall not be pledged.
  4. The President be authorized to obtain standby financing not to exceed \$20,000,000 for the Mission Bay Block 25A Project. The President shall require that:
    - A. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
    - B. As long as the pledge balance is outstanding, the general revenues of the San Francisco campus shall be maintained in amounts sufficient to meet the related requirements of the authorized financing.
    - C. The general credit of the Regents shall not be pledged.
  5. The President be authorized to execute all documents necessary in connection with the above.

### **BACKGROUND**

The Block 25A Project site is located at the southern gateway of the Mission Bay research campus. (See Attachment 4.) The southern orientation of the proposed building and its landscaping would link the research campus with the Medical Center. The Project would be constructed on land designated for Instruction and Research, but currently used for temporary

surface parking. The displaced surface parking spaces can be accommodated adequately in existing campus parking facilities.

Faculty and staff offices are needed to support the new Medical Center at Mission Bay. The new \$1.5 billion UCSF Medical Center at Mission Bay (Women's, Children's and Cancer Hospitals), scheduled to open by January 2015, is across 16<sup>th</sup> Street from the UCSF Mission Bay research campus, and directly opposite the proposed Project site. The Medical Center project is on schedule and on budget. The proposed project will also accommodate clinical, translational, and population-based research programs that are currently located in off-campus leased space.

### ***Project Drivers***

The following are the four project drivers are:

- the need for faculty offices for new Medical Center Personnel near the new UCSF Medical Center at Mission Bay;
- the need to maximize productivity by locating physician and staff offices near the hospitals and clinics;
- the need to reduce existing high lease costs for clinical, translational and population-based research programs; and
- the need to strengthen clinical, translational, and population-based research.

A more detailed description of the project drivers and the alternatives evaluated is provided in *Attachment 6, Alternatives Analysis/Delivery Model*.

### ***Consideration of Options***

UCSF evaluated a variety of project sites, scopes, and delivery models (campus delivery vs. developer delivery) against specific goals and criteria, such as proximity to the new Medical Center (i.e. within a five-minute walk), affordability, and colocation of clinical and translational research. Both on- and off-campus sites were evaluated, as were program options (e.g., clinical faculty offices only or mixed clinical faculty offices and desktop research programs).

It was determined that campus delivery of a new building on Block 25A on the Mission Bay research campus is the preferred alternative in meeting programmatic criteria, and achieves the broad objectives of the UCSF Long Range Development Plan (LRDP), given available resources. (Refer to *Attachment 6: Alternatives Analysis/ Delivery Model* and *Attachment 7: Policy Compliance* for additional details.)

## **PROJECT DESCRIPTION**

The proposed project would entail construction of a six-story, 263,478 gross square feet (GSF) (213,618 assignable square feet [ASF]) office and desktop research building, on Block 25A at the corner of 16<sup>th</sup> and 4<sup>th</sup> Streets on the Mission Bay research campus. (See Attachment 4.) The Project scope of work would also consist of site improvements, including landscaping of a courtyard, improvements to the adjacent campus gateway (at Fourth and 16<sup>th</sup> Streets), sidewalks,

site utilities, and utility connections. The Project would be constructed on a temporary parking lot and would displace 180 temporary surface parking spaces. These spaces can be accommodated in nearby parking in the existing UCSF Third Street and Community Center Garages and the Medical Center Garage just south of 16<sup>th</sup> Street on the new hospital site.

The building is proposed to accommodate new and existing faculty and staff (including residents and fellows) who directly support the new UCSF Women's, Children's, and Cancer Hospitals at Mission Bay. The proposed facility would also house faculty and staff from office-based clinical, translational, and population-based research programs who would relocate from leased space. The clinical faculty would not see patients in the proposed building. The building would provide the desk space for them to conduct work outside of the clinical setting.

Clinical faculty and staff who serve the new Medical Center at Mission Bay and would occupy the proposed Project, represent more than 20 clinical departments and divisions, with most from the School of Medicine. The office-based clinical, translational, and research programs that would be tenants include robust UCSF programs such as: Global Health Sciences, Clinical and Translational Sciences Institute, Epidemiology and Biostatistics, Center for AIDS Prevention Studies, and Women's Health clinical research.

Office Program. The Project would provide office and office support space in 228,752 GSF, and house 1,840 faculty and staff, including the Chancellor's Office.

Educational Space Program. The Project would include small, medium, and large classrooms, and a study commons of approximately 18,373 GSF, to support the programs in the building. Video conferencing facilities would be included.

Building Commons Program. The Project would include ground floor commons, dining, and retail space totaling 9,867 GSF.

Building Support. Building support, including Central Mail and Supply, and telecommunications/data rooms would occupy 6,486 GSF.

## **ATTACHMENTS**

- Attachment 1: Project Budget
- Attachment 2: Project Funding
- Attachment 3: Summary of Financial Feasibility
- Attachment 4: Project Site and Maps
- Attachment 5: Occupant Relocation Map
- Attachment 6: Alternatives Analysis/Delivery Model
- Attachment 7: Policy Compliance
- Attachment 8: Previous and Related Actions

**PROJECT STATISTICS**  
**MISSION BAY BLOCK 25A ACADEMIC BUILDING (FACULTY OFFICE BUILDING)**  
**CAPITAL IMPROVEMENT BUDGET**  
**SAN FRANCISCO CAMPUS**  
**CCCI 5880**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	\$ 1,526,000	1.5
Building	\$ 78,930,000	76.4
Exterior Utilities	\$ 1,566,000	1.5
Site Development	\$ 4,636,000	4.5
A/E Fees <sup>(a)</sup>	\$ 3,354,000	3.2
Campus Administration <sup>(b)</sup>	\$ 2,441,000	2.4
Surveys, Tests	\$ 1,858,000	1.8
Special Items (excluding financing) <sup>(c)</sup>	\$ 529,000	.5
Financing cost	\$ 4,090,000	4.0
Contingency	\$ 4,333,000	4.2
Total	<b>\$103,263,000</b>	100%
Group 2 & 3 Equipment	\$ 15,337,000	
Total Project	<b>\$118,600,000</b>	

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**Statistics**

Gross Square Feet (GSF) <sup>(d)</sup>	263,478
Assignable Square Feet (ASF) <sup>(d)</sup>	213,618
Ratio ASF/GSF (%)	81%
Building Cost/GSF <sup>(d)</sup>	\$ 300
Building Cost/ASF <sup>(d)</sup>	\$ 369
Project Cost/GSF <sup>(e)</sup>	\$ 392
Project Cost/ASF <sup>(e)</sup>	\$ 483

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- a. Fees include executive architect and other professional design contract costs.  
b. Campus administration includes project management and inspection.  
c. Special items include independent structural review, agency fees, EH&S and Information Technology review fees totaling \$529,000; and interest expense totaling \$4,090,000.  
d. Gross square feet (GSF) is the total area, including usable area, stairways, and space occupied by the structure itself. Assignable square feet (ASF) is the net usable area.  
e. Project Cost excludes Group 2 & 3 Equipment.

**Comparable Projects at CCCI 5880**

**NON-UC COMPS**

<u>Dates</u>	<u>Location</u>	<u>Project Name</u>	<u>Building Cost/gsf</u>	<u>Ratio gsf/asf</u>
Building Completed 2007. Tis 2011.	SF Bay Area	Class A office. 290,000 sf, 8 stories (85% office,15% lab)	\$ 326.38	Not Known
Building Completed 2008. Tis 2011.	SF Bay Area	Class A office. 208,000 sf, 8 stories (91% office, 9% I)	\$ 353.13	Not Known
Building Completed 2008. Tis 2010.	SF Bay Area	Class A office. 240,000 sf, 6 stories (85% open office, 15% lab)	\$ 317.75	Not Known

**UC COMPS**

<u>CIB Dated</u>	<u>UC Campus</u>	<u>Project Name</u>	<u>Building Cost/gsf</u>	<u>Ratio gsf/asf</u>
7/30/2003	UCB	Haas Business Administration Building	\$ 295	60%
1/17/2007	UCSB	Education and Sciences Building	\$ 477	60%
4/5/1991	UCLA	Anderson Graduate School of Management	\$ 338	57%

## PROJECT FUNDING

The 263,478 GSF project has a budget of \$118,600,000 to be funded from external financing (\$84,400,000), gift funds (\$20,000,000), and campus funds (\$14,200,000). The Regents at their January 2012 meeting approved \$3,000,000 in campus funds for Preliminary Plans. The anticipated fund source for the debt service is the UCSF School of Medicine Dean's Tax on faculty practice income.

The inclusion of campus funds represents the Chancellor's commitment to this important project. The campus has also embarked on a gift campaign for \$20,000,000 in gifts for the building. Global Health Sciences has received a pledge of \$20,000,000 in gifts for the building and has the opportunity to receive the funding in a relatively short period of time because of a unique donor interest in UCSF's Global Health program. Approval for standby financing is sought in order to bridge the timing difference between project expenditures and receipt of gifts.

The project supports the Chancellor-endorsed UCSF strategic initiative to consolidate leases into owned space as much as possible. For Clinical and Translational Research, UCSF has an inventory of dispersed leased space and currently expends \$4 million in annual rent and operating costs for these clinical and translational research program leases (124,000 Rentable Square Feet), which will be expiring over the next four years. Many of the existing leases are currently well below market levels.

When the leases expire, new lease costs are expected to increase significantly, by approximately \$1.4 million in total by fiscal year 2015 (the first year of operations for the Block 25A building), with annual increases thereafter to adjust to market levels. The overall vacancy rates for San Francisco have dropped and, along with strong demand, are expected to create upward pressure on rental rates in San Francisco business districts, including the Mission Bay area. As modeled against continued lease occupancy, relocating the office-based clinical and translational research programs to on-campus space, would result in \$331.8 million in direct lease avoidance costs escalated over 35 years, and a significantly lower net present cost of occupancy. In addition, UCSF would generate more revenue from research grants because the campus receives more overhead dollars for research in on-campus space than for research in off-campus space (per negotiated Federal indirect cost recovery rates).

Following design approval by the Regents' Committee on Grounds and Buildings, construction would commence in July 2013, with completion anticipated in October 2014.

## SUMMARY OF FINANCIAL FEASIBILITY

SAN FRANCISCO CAMPUS	
Project Name	<b>Mission Bay Block 25A Academic Building (Faculty Office Building)</b>
Project ID	<b>926019</b>
Total Estimated Project Costs	<b>\$118,600,000</b>
Anticipated Interest During Construction	<b>\$4,090,000</b>

PROPOSED SOURCES OF FUNDING	
External Financing	<b>\$84,400,000</b>
Gift Funds	<b>\$20,000,000</b>
Campus Funds	<b>\$14,200,000</b>
Total	<b>\$118,600,000</b>

*Fund sources for external financing shall adhere to University policy on repayment for capital projects.*

*For Externally Financed projects, please refer to Section I.*

*For Standby and Interim financings, please refer to Section II.*

**SECTION I. Externally Financed Projects (if applicable)**

Long-term external financing assumptions are listed below.

FINANCING ASSUMPTIONS	
Anticipated Repayment Source	<b>General Revenues of the San Francisco campus</b>
Anticipated Fund Source	<b>UCSF School of Medicine Dean's Tax on faculty practice income</b>
Financial Feasibility Rate	<b>6.00%<sup>1</sup></b>
First Year of Repayment	<b>2015</b>
Final Maturity (e.g. 20XX)	<b>2050</b>
Term (e.g. 30 years)	<b>35 years, with 10 years interest only and 25 years of principal and interest</b>
Estimated Average Annual Debt Service	<b>Yrs. 1-10 - \$5.1 million Yrs. 11-35 - \$6.6 million</b>

<sup>1</sup> 30-year tax-exempt financing planning rate used. However, the campus is proposing long-term financing be structured with ten years of interest-only followed by 25 years of principal and interest (P&I) payments, for an overall term of 35 years. This would result in interest payments of about \$5.1 million in the years 1-10, and P&I payments of \$6.6 million in years 11-35.



Below are results of the financial feasibility analysis for the proposed Project using the campus' Debt Affordability Model. External financing approval requires the campus to meet the debt service to operations benchmark and one of the two other benchmarks for approval. The financial projections take into consideration market conditions, new sources of revenue and all previously approved projects. The corresponding campus Debt Affordability Model has been submitted to Capital Markets Finance at UCOP.

<b>CAMPUS FINANCING BENCHMARKS</b>		
<b>Measure</b>	<b>10 Year Projections</b>	<b>Approval Threshold</b>
<b>Debt Service to Operations</b>	<b>4.1% (max) 2021 (yr)</b>	<b>Less than 6.0%</b>
<b>Debt Service Coverage</b>	<b>2.48 (min) 2021 (yr)</b>	<b>Greater than 1.75x</b>
<b>Expendable Resources to Debt</b>	<b>n/a</b>	<b>1.00x</b>

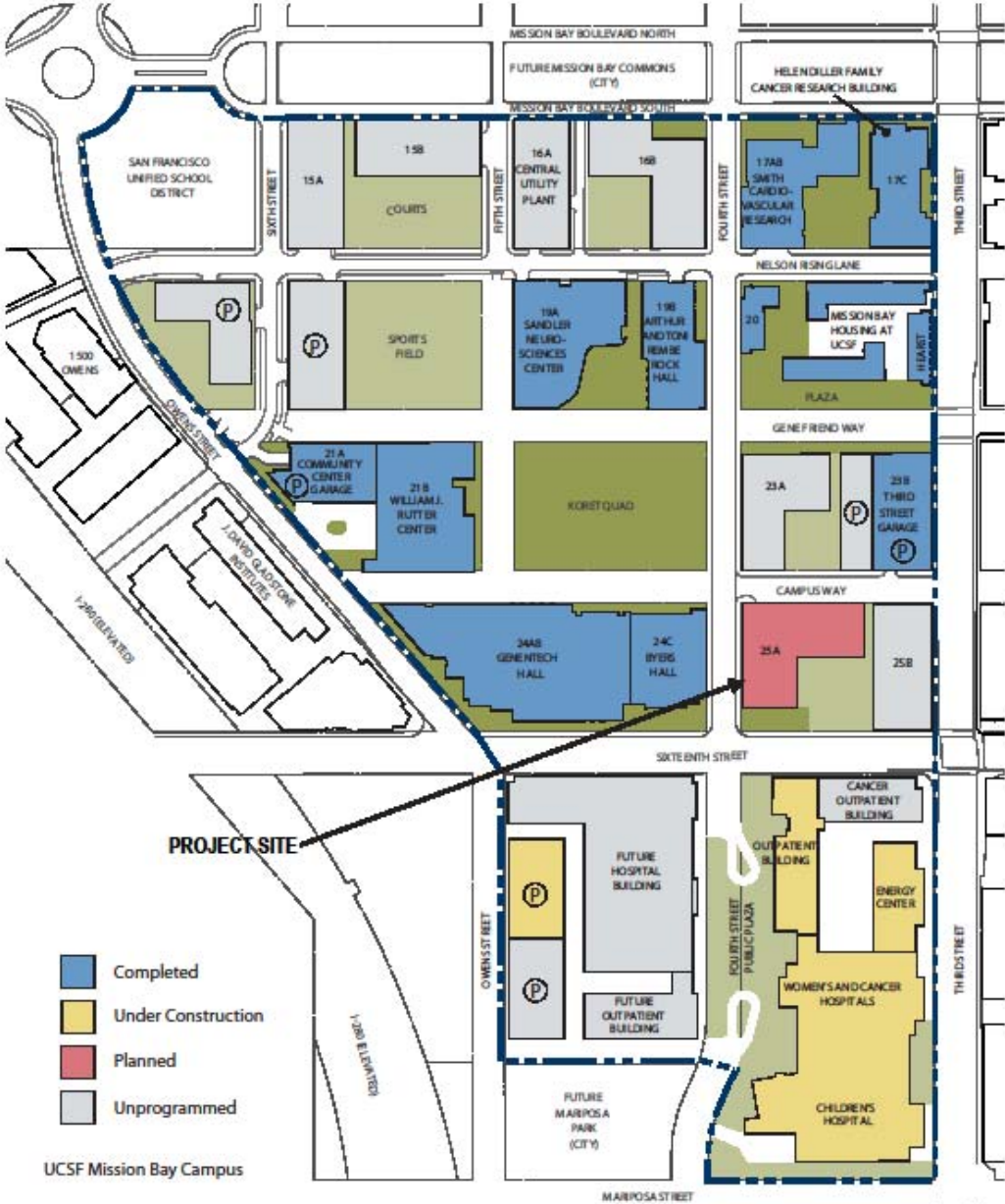
## **SECTION II. Bridge Financed Projects (if applicable)**

Approval for Standby financing is sought in order to bridge the timing difference between project expenditures and receipt of gifts.

A summary of the gift campaign is provided below along with a schedule of anticipated gifts and repayment of the financing for the project. The Campus will be providing periodic status reports on the gift campaign and collection. The campus has secured a gift pledge for the full amount of the gift campaign (\$20 million) in support of the portion of the facility that will house UCSF Global Health Sciences.

<b>CAMPAIGN SUMMARY</b>	
Cash on Hand	<b>\$0</b>
Pledged Gifts	<b>\$20,000,000</b>
Secondary Repayment Source for Pledged Gifts	<b>General Revenues of the San Francisco Campus (UCSF School of Medicine Dean's Tax on faculty practice income)</b>
Uncollected Pledge Percentage (%)	<b>N/A</b>
Additional Gifts To be Raised	<b>\$0</b>
Total Approved Gift Campaign	<b>\$20,000,000</b>
Term of Standby Request	<b>7 years</b>

PROJECT SITE



CONTEXT MAP SHOWING OCCUPANT RELOCATIONS



- |                            |                                 |  |
|----------------------------|---------------------------------|--|
| 1 Parnassus Heights Campus | 6 Mission Center Building       | 11 San Francisco General Hospital (Affiliation)  |
| 2 Mission Bay Campus       | 7 Minnesota Street Building     | 12 Veterans Affairs Medical Center (Affiliation) |
| 3 Mount Zion Campus        | 8 China Basin Building          | 13 Oyster Point Facility                         |
| 4 Laurel Heights Campus    | 9 Hunters Point Facility        | 14 50 Beale Street                               |
| 5 Buchanan Dental Clinic   | 10 San Francisco Executive Park |  |

## ALTERNATIVES ANALYSIS/DELIVERY MODEL

**Project Drivers**

Need for faculty offices for new Medical Center personnel. Faculty and staff offices to support clinical and academic personnel in their office-based work – separate and apart from their work in patient-care facilities – are needed near the new UCSF Medical Center at Mission Bay. The new Medical Center does not provide these facilities. Given the land acquisition costs, only patient-care facilities and critical support functions were approved for the Medical Center site. There is no space in existing UCSF or non-UCSF facilities suitable or large enough to accommodate the demand for offices associated with the work in the Medical Center hospitals and clinics. The Mission Bay research campus has available land for an office and “dry” research building, which is consistent with the *UCSF Long Range Development Plan (LRDP)*. In addition to providing for new medical personnel, relocation of existing clinical faculty from the Parnassus Heights and Mount Zion campus sites to the proposed Block 25A building would release space on these two campuses for essential clinical programs and services. The backfill of this release space will support Medical Center and School of Medicine growth.

Need to maximize productivity by locating physician and staff offices near Medical Center hospital and clinics. The clinical faculty and staff office space must be within a five-minute walking distance of the new Medical Center site, and must be available to support the Medical Center operations by the scheduled opening in January 2015. Due to patient care and training responsibilities, faculty cannot commute from their current offices at Parnassus Heights and Mount Zion campus sites, which are 30 minutes or more away from the new Medical Center facilities, as it would significantly impact the productivity of staff, and, therefore, Medical Center operations. There is no available space in existing owned offices within the five-minute walking distance requirement. Off-site options entail purchasing land or leasing existing space, and there are no viable opportunities at this time.

Need to reduce high lease costs for clinical, translational, and population-based research programs. UCSF has embarked on a strategic initiative to consolidate leases into owned space as much as possible over the next decade in order to maximize utilization of UCSF’s assets and minimize occupancy costs associated with leased space in a rising market. Some UCSF research programs that conduct clinical research (disease and patient-oriented research), translational research (translates basic research discoveries into clinical applications), and population-based research, such as Global Health Sciences, Clinical and Translational Sciences Institute, and Epidemiology and Biostatistics, are housed in leased facilities. (Refer to Attachment 5, which provides a map of the proposed occupant relocations.) These lease costs are anticipated to increase significantly, given that initial rents were set at a favorable time in the market when vacancy rates were higher.

Need to strengthen clinical, translational, and population-based research. The proposed Project would create synergies, which are expected to advance research that would accelerate the translation of basic research discoveries to the diagnosis, treatment, and prevention of human

disease. Accordingly, the Project would create a permanent home for Global Health Sciences, colocated with other clinical, translational, and population-based research programs, and located in proximity to other existing basic and disease-oriented research programs at Mission Bay. This location is also consistent with the UCSF LRDP.

### **Site Alternatives**

UCSF evaluated a variety of project sites, scopes, and delivery models (campus delivery vs. developer delivery) against specific goals and criteria, such as proximity to the new Medical Center (i.e. within a five-minute walk), affordability, and colocation of clinical and translational research. Both on- and off-campus sites were evaluated, as were program options (e.g. clinical faculty offices only, or mixed faculty office and desktop research programs).

The six options evaluated included campus vs. developer delivered options, on and off-campus options, and larger vs. smaller building options. The smaller building (133,000 GSF) would accommodate only the clinical faculty and staff programs required to serve the new Mission Bay clinical facilities, and the larger building (251,000 GSF) would accommodate both the clinical faculty and staff office programs and desk-top research programs relocating from leased space back to campus.

### **Existing On-Site, Off-Site, and Leasing Alternatives**

For clinical faculty office space, a survey of existing available inventory yielded no viable existing leasable or campus-owned options within the five-minute walking distance to the Medical Center requirement. There are no opportunities to acquire land or lease additional space within the required proximity of the Medical Center at this time.

UCSF has an inventory of dispersed leased space and currently expends \$4 million in annual rent and operating costs for these clinical and translational research program leases (124,000 rentable square feet), which will be expiring over the next four years. As modeled against continued lease occupancy, relocating the office-based clinical and translational research programs to on-campus space, results in an escalated \$331.8 million in direct lease avoidance costs over 35 years, and a significantly lower net present cost of occupancy. In addition, UCSF would generate more revenue from research grants because the campus receives more overhead dollars for research in on-campus space than for research in off-campus space (per negotiated Federal indirect cost recovery rates).

### **Larger Versus Smaller Building Options**

At a minimum, a 251,000 GSF building is required to accommodate both the offices for clinical faculty and the clinical and translational research programs now in leased space. UCSF evaluated the cost of constructing a 133,000 GSF building on Block 25A to accommodate only the clinical faculty and their staff who will be supporting the new Medical Center at Mission Bay. Not only does the smaller building not allow for the synergies created by relocating the off-campus research to on-campus facilities, but, as described above, continuation of the off-site leases is

more costly in net-present value than constructing a larger building to accommodate the leases on campus.

### **Delivery Model**

The campus evaluates alternative delivery models for new capital projects, including their potential as developer-delivered Public Private Partnerships (PPPs). PPPs have the potential to offer savings in both time and money over conventional delivery, but the unique characteristics of each project and prevailing market conditions must be evaluated.

UCSF has a history of delivering projects through PPPs with developers, as well as a history of innovation in project delivery of campus-delivered buildings that are on time and on budget.

As noted above, UCSF evaluated a variety of project sites, scopes, and delivery models (campus delivery vs. developer delivery vs. leasing). After in-depth financial and risk analysis based on UCSF's experience with PPP delivery and internal delivery, UCSF determined that a PPP delivery is more vulnerable to cost escalation and schedule extension risks due to potential delays related to development agreement negotiations, and higher financing costs during construction.

In addition, fewer avenues exist to challenge the entitlement of a campus-delivered project than a developer-delivered project (e.g., a challenge to the PPP process as not compliant with the Public Contract code). As a result, in UCSF's experience, internal delivery engenders fewer risks to the project schedule and delivery date. Based on UCSF's experience with actual/threatened delays in recent developer-delivered buildings, delays could be up to a year or longer, arising from challenges to project entitlements, or from risks of developer financing.

The analysis did take into account financial cost as a campus risk under the campus delivery model. Under the developer model, the cost risk could be shared or transferred to the developer.

### **Proposed Site and Delivery Model**

It was determined that campus delivery of a new 251,000 GSF (at a minimum) building on Block 25A on the UCSF Mission Bay Research Campus meets programmatic criteria, and achieves the broad objectives of the UCSF LRDP, given available resources.

## POLICY COMPLIANCE

### Long Range Development Plan

This project conforms to the 2001 Long Range Development Plan (LRDP) Amendment #1, which incorporated a Functional Zone Map (Figure 16) for the newly acquired Mission Bay campus site and designated Block 25A for Instruction, and Research. The proposed project is consistent with this designation.

UCSF's LRDP #2 (March 2005) calls for a full service medical center at Mission Bay, colocated with basic, clinical, and translational research. The LRDP anticipated the need for the faculty offices to serve the new clinical facilities; however, due to land acquisition costs, only patient-care facilities and clinical support functions were planned for the hospital site.

### Environmental Analysis

Pursuant to the California Environmental Quality Act (CEQA) and the University Procedures for implementation of CEQA, appropriate CEQA review will be completed prior to consideration by the Regents or its delegate of authorization to proceed with the project.

### Capital Financial Plan

The *2011-2021 Capital Financial Plan* for the San Francisco campus includes the project at a project budget of \$118,000,000. The Preliminary Plans funding approved by the Regents in January 2012 presented an estimated total cost of \$118,600,000, which remains unchanged in this item.

### Physical Design Framework

The Project is consistent with the *Physical Design Framework* (PDF) presented to the Regents in September 2010. Specific information regarding conformance with the Physical Design Framework will be provided when the project is presented for design approval.

**Sustainable Practices.** This project will comply with the *University of California Policy on Sustainable Practices*. 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. The project will achieve a minimum of a USGBC LEED™ Silver certification, with a target of LEED™ Gold. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

*Previous and Related Actions*

- Approval of \$3,000,000 (campus funds) for Preliminary Plans in January 2012.
- Committees on Grounds and Buildings and Finance approval of budget, approval of external, interim, and standby financing, certification of Environmental Impact Report, amendment of the Long Range Development Plan, and approval of design for Medical Center Mission Bay Clinical Facilities in September 2008.