FINANCE AND CAPITAL STRATEGIES COMMITTEE
January 20, 2022

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. **CONSENT AGENDA**

   A. **Preliminary Plans Funding, Bechtel Engineering Center Renovation and Addition, Berkeley Campus**

      The Committee recommends that the 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

      Berkeley: *Bechtel Engineering Center Renovation and Addition* – preliminary plans – $5.9 million to be funded with gift funds.

   B. **Preliminary Plans Funding, Hot Water Conversion Sprocket District and Thermal Energy Storage Heat Recovery Chillers, Davis Campus**

      The Committee recommends that the 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

      Davis: *Hot Water Conversion Sprocket District and Thermal Energy Storage Heat Recovery Chillers* – preliminary plans – $5.1 million to be funded from campus funds.

   C. **Preliminary Plans Funding, Peninsula Outpatient Center Tenant Improvements, San Francisco Campus**

      The Committee recommends that the 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

      San Francisco: *Peninsula Outpatient Center Tenant Improvements* – preliminary plans – $2.5 million funded from hospital reserves.

Committee vote: Regents Drake, Estolano, Kounalakis, Leib, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, and Zaragoza voting “aye.”

Board vote: Regents Cohen, Drake, Elliott, Estolano, Hernandez, Kounalakis, Lansing, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”
2. **PRELIMINARY PLANS FUNDING, THURGOOD MARSHALL COLLEGE UNDERGRADUATE STUDENT HOUSING, SAN DIEGO CAMPUS**

The Committee recommends that the 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: **Thurgood Marshall College Undergraduate Student Housing** – preliminary plans – $33.2 million to be funded from housing auxiliary reserves.

Committee vote: Regents Drake, Estolano, Kounalakis, Leib, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, and Zaragoza voting “aye.”

Board vote: Regents Cohen, Drake, Elliott, Estolano, Hernandez, Kounalakis, Lansing, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”

3. **BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, PEPPER CANYON WEST STUDENT HOUSING, SAN DIEGO CAMPUS**

The Committee recommends that:

A. The 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

   From: San Diego: **Pepper Canyon West Upper Division Undergraduate Student Housing** – preliminary plans – $20 million to be funded with auxiliary – student housing reserves.

   To: San Diego: **Pepper Canyon West Student Housing** – preliminary plans, working drawings, construction, and equipment – $365 million to be funded with external financing ($362.5 million), auxiliary – housing reserves from the Office of the President (UCOP) Housing Assistance Program ($1 million), and campus funds ($1.5 million).

B. The scope of the Pepper Canyon West Student Housing project be approved. The project shall provide approximately 580,500 gross square feet (gsf), including 1,316 new beds (1,297 undergraduate student beds, 13 beds for resident student advisors, and three two-bedroom units for resident professional staff) for a total of 572,500 gsf of housing and 8,000 gsf of retail space in two high-rise (22- and 23-story) towers, each with connected mid-rise (five-story) buildings. Public realm improvements shall include installing the west rim pedestrian and bicycle trail and completing landscape, hardscape, and open space restoration on the west and south sides of Pepper Canyon. The scope includes demolition of 11 buildings (304 beds).
and removing and landscaping the surface parking lot P406 (approximately 100 parking spaces).

C. The President of the University be authorized to obtain external financing in an amount not to exceed $362.5 million, plus additional related financing costs to finance Pepper Canyon West Student Housing. The President shall require that:

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

(2) As long as the debt is outstanding, general revenues from the San Diego campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

D. Following review and consideration of the environmental consequences of the proposed Pepper Canyon West project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

(1) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UC San Diego, as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2018 Long Range Development Plan (LRDP) Environmental Impact Report (EIR).

(2) Adopt the CEQA Findings for Pepper Canyon West Student Housing having considered the 2018 LRDP EIR for the La Jolla Campus and Addendum No. 9 to the 2018 LRDP EIR for Pepper Canyon West Student Housing.

(3) Approve the design of the Pepper Canyon West Student Housing project, San Diego Campus.

Committee vote: Regents Drake, Estolano, Kounalakis, Leib, Pérez, Reilly, and Sherman voting “aye” and Regents Makarechian, Ortiz Oakley, and Zaragoza voting “no.”

Board vote: Regents Cohen, Drake, Elliott, Estolano, Hernandez, Kounalakis, Lansing, Leib, Lott, Ortiz Oakley, Pérez, Reilly, Sherman, Torres, and Zaragoza voting “aye” and Regent Makarechian voting “no.”
4. **BUDGET, SCOPE, EXTERNAL FINANCING, LONG RANGE DEVELOPMENT PLAN AMENDMENT NO. 1, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, CALIFORNIA HOSPITAL TOWER, DAVIS HEALTH CAMPUS**

The Committee recommends that:

A. The 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

   From: Davis: California Hospital Tower – preliminary plans, Advanced Work Phase working drawings and Advanced Work Phase construction – $234,218,000 funded with hospital reserve funds.

   To: Davis: California Hospital Tower – preliminary plans, design, construction, and equipment – $3,773,251,000 to be funded from external financing ($2,325,000,000) and hospital reserve funds ($1,448,251,000).

B. The scope of the California Hospital Tower project be approved. The project shall consist of the construction of approximately 909,000 gross square feet (gsf) of medical inpatient, operating rooms, and support services space, providing approximately 332 patient beds, and an upgrade to the campus central utility plant. Site development shall include landscape and hardscape, utilities, and pathways to integrate the new tower into the campus. The square footages noted are subject to change as the design is refined through the progressive design-build process. The scope of work also includes approximately 82,000 gsf of renovations to the existing Pavilion. The proposed renovations to the existing Pavilion will include work to the emergency department, imaging, and education areas.

C. The President of the University be authorized to obtain external financing in an amount not to exceed $2,325,000,000 plus additional related financing costs to finance the California Hospital Tower project. The President shall require that:

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

   (2) As long as the debt is outstanding, the general revenues of UC Davis Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

D. Following review and consideration of the environmental consequences of the California Hospital Tower project as required by the California Environmental Quality Act (CEQA), including any written information addressing this item
received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

(1) Following review and consideration of the previously certified California Hospital Tower Environmental Impact Report (EIR) of which the California Hospital Tower and Long Range Development Plan Amendment No. 1 is a part, determine that no further environmental analysis pursuant to CEQA is required and adopt the CEQA Findings and Statement of Overriding Considerations.

(2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UC Davis as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the California Hospital Tower EIR.

(3) Approve Long Range Development Plan Amendment No. 1 to the UC Davis Sacramento Campus 2020 Long Range Development Plan Update.

(4) Approve the design of the California Hospital Tower project.

E. The President be authorized, in consultation with the General Counsel, to execute any agreements and documents reasonably required to implement the foregoing, including any subsequent agreements, modifications, or amendments thereto, provided that such agreements, modifications, amendments or related documents are materially consistent with the terms above and do not otherwise materially increase the obligations of the Regents or materially decrease the rights of the Regents.

Committee vote: Regents Cohen, Drake, Estolano, Kounalakis, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, and Sherman voting “aye.”

Board vote: Regents Cohen, Drake, Elliott, Estolano, Hernandez, Kounalakis, Lansing, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”

5. **AUTHORIZATION OF MEDICAL CENTER POOLED REVENUE BONDS EXTERNAL FINANCING**

The Committee recommends that the Regents authorize the President of the University to:

A. Issue bonds in an aggregate principal amount not to exceed $2 billion plus
financing costs under the University’s Medical Center Pooled Revenue Bond indenture. As long as the bonds are outstanding, the medical centers receiving such proceeds shall satisfy the following requirements:

(1) The medical centers receiving proceeds, Davis, Irvine, Los Angeles, San Diego, and San Francisco (the “Medical Centers”), shall maintain revenues in amounts sufficient to pay the debt service and meet the related requirements of the authorized financing.

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

B. Take all necessary actions related to the action approved above, including, but not limited to, approval, execution, and delivery of all necessary or appropriate financing documents.

Committee vote: Regents Drake, Kounalakis, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, and Zaragoza voting “aye.”

Board vote: Regents Cohen, Drake, Elliott, Estolano, Hernandez, Kounalakis, Lansing, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”

6. AMENDMENT OF REGENTS POLICY 5309: POLICY ON THE UNIVERSITY OF CALIFORNIA EMPLOYEE HOUSING ASSISTANCE PROGRAM

The Committee recommends that Regents Policy 5309: Policy on the University of California Employee Housing Assistance Program be amended as shown in Attachment 1 to add the Zero Interest Supplemental Home Loan Program product and that balloon payments be allowed exclusively for the Zero Interest Supplemental Home Loan Program. The Program is intended to prioritize assistant professors. Reports on the Program shall be provided as part of regular annual reporting for the UC Housing Assistance Program.

Committee vote: Regents Drake, Estolano, Kounalakis, Leib, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, and Zaragoza voting “aye.”

Board vote: Regents Cohen, Drake, Elliott, Estolano, Hernandez, Kounalakis, Lansing, Leib, Lott, Makarechian, Ortiz Oakley, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”
REGENTS POLICY 5309: POLICY ON THE UNIVERSITY OF CALIFORNIA EMPLOYEE HOUSING ASSISTANCE PROGRAM

POLICY SUMMARY/BACKGROUND

This policy is intended to work in conjunction with Bylaw 22.2 (c) of the Regents of the University of California (Regents), which provides the Regents with the approval authority for the University of California Employee Housing Assistance Program (Program) policies. The Program is administered by the University of California Home Loan Program Corporation (Corporation).

POLICY TEXT

A. University of California Housing Assistance Program

Program loans provide financing using deeds of trust secured on real property to assist faculty and other eligible employees with the purchase of a primary residence. Program loans are available for eligible employees at the University of California (University) campuses, Lawrence Berkeley National Laboratory, UC Hastings College of the Law (UC Hastings) and the University’s Office of the President and Division of Agriculture and Natural Resources.

B. Eligibility

The eligible population for Program participation consists of full-time University appointees with positions in the following categories:

1. Academic Senate members.

2. Academic titles equivalent to titles held by Academic Senate members as defined in University policy.

3. Acting Assistant Professors.

4. Senior Management Group employees.

5. UC Hastings faculty members

6. University or UC Hastings employees who will be appointed to any of these eligible categories effective no more than 180 days after loan closing.

7. Other appointees who have received required additional approvals to be eligible for participation.
C. Eligible Properties

1. Properties financed using a Program loan must be used primarily for residential, non-income producing purposes.

2. Eligible properties are limited to Single Family Residences, Condominiums and properties located in a Planned Unit Development.

3. The subject property must be the principal place of residence for the participant throughout the term of the loan, other than during absences for sabbatical leave or other approved leaves of absence.

D. General Loan Parameters

1. The sum of monthly mortgage payments (principal and interest) of the Program loan and all other loans secured by the subject property may not exceed 40% of the participant's household income.

2. Program loan payments shall be made by payroll deduction while a participant is on salary status, unless it is not administratively feasible.

3. Program loans are not assumable.

4. Program loans carry no prepayment penalty.

5. Program loans carry no balloon payments, with the exception of the Zero Interest Supplemental Home Loan Program (ZIP-SHLP).

6. Program loans are condition of employment loans.

7. Program participation may continue during the term of the participant's employment, as long as the subject property continues to meet the requirements for an eligible property. If the subject property no longer meets these specifications, the Program loan shall be reviewed for appropriate disposition.

E. Loan Options

1. The University of California Employee Housing Assistance Program is comprised of the following loan options:

   a. Mortgage Origination Program (MOP)

   b. Graduated Payment Mortgage Origination Program (GP-MOP)

   c. 5/1 Mortgage Origination Program (5/1-MOP)
d. Supplemental Home Loan Program (SHLP)

e. Centrally-Funded Supplemental Home Loan Program (CF-SHLP)

f. Interest-Only Supplemental Home Loan Program (IO-SHLP)

g. Zero Interest Supplemental Home Loan Program (ZIP-SHLP)

2. Detailed descriptions of the available loan options are included in the Program Implementation Guidelines that are incorporated into Presidential guidance.

COMPLIANCE/DELEGATION

1. All housing loans issued by the University are governed by Program policies. The President is authorized to take all appropriate actions associated with the administration of the Program that are in conformance with standard mortgage industry procedures for the origination and servicing of mortgage loans. Specific procedures for administering the Program are included in the Program Implementation Guidelines that are incorporated into Presidential guidance. The President is also authorized to administer the periodic sale of selected Program loan pools.

2. Implementation and compliance with this policy shall be administered by the Office of the Executive Vice President - Chief Financial Officer (or any successor position based on a change of title). The Office of the Executive Vice President - Chief Financial Officer is authorized to represent the University in administrative transactions with financial institutions, lenders, and governmental and other agencies in matters related to the day-to-day operation of the Program.

3. The President is required to report to the Regents annually on the status of the Program.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS


2. University of California Home Loan Program Corporation Master Note Agreement.

3. University of California Home Loan Program Corporation Services Agreement.

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office
of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.