

FINANCE AND CAPITAL STRATEGIES COMMITTEE

July 18, 2024

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. **CONSENT AGENDA**

A. ***Indemnification Terms in Banking Agreements***

The Committee recommends to the Regents that:

- (1) The President of the University be authorized to approve the terms of the agreement(s) with the Bank of New York Mellon Corporation (BNY Mellon), including a provision to “indemnify and hold harmless BNY, from any cost, liability or expense (including reasonable attorneys’ fees) arising out of any claim by a third party with respect to any Monetary Disbursement or funds transfer request, including without limitation any claim of any person that BNY Mellon is responsible for any act or omission by UC or an Authorized Person. In no event shall BNY Mellon be liable for any consequential, special, punitive or indirect loss or damage or legal costs or attorneys’ fees that UC may incur in connection with this Agreement, including without limitation, any loss or damage from subsequent wrongful dishonor resulting from BNY Mellon’s acts or omissions pursuant to this Agreement.”
- (2) The President or designee, after consultation with the General Counsel, be authorized to approve and execute any documents necessary in connection with the above.
- (3) The President or designee, after consultation with the General Counsel, be authorized to execute agreements with other banking institutions whose standard terms and conditions contain substantially similar indemnification language, and to ratify any such agreements that have already been signed containing similar such provisions.

B. ***Pepper Canyon East District Phase 1, San Diego Campus: Preliminary Plans Funding***

The Committee recommends that the 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

San Diego: Pepper Canyon East District Phase 1 – preliminary plans – \$60 million, to be funded from auxiliary-student housing reserves.

Committee vote: Regents Cohen, Drake, Elliott, Lee, Makarechian, Pérez, Reilly, and Sherman voting “aye.”

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye.”

2. **SEGUNDO INFILL STUDENT HOUSING, DAVIS CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING CONSIDERATION OF AN ADDENDUM TO THE 2018 LONG RANGE DEVELOPMENT PLAN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The Committee recommends that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Davis: Segundo Infill Student Housing – preliminary plans – \$4.1 million to be funded from housing reserves.

To: Davis: Segundo Infill Student Housing – preliminary plans, working drawings, construction, and equipment – \$100,047,000 to be funded from external financing (\$98,297,000) and housing reserves (\$1.75 million).

- B. The scope of the Segundo Infill Student Housing project be approved. The project shall provide a five-story building of approximately 116,000 gross square feet. The building will house approximately 494 student residents in 206 rooms and will include community and support spaces with outdoor amenities.

- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$98,297,000 plus additional related financing costs to finance the Segundo Infill Student Housing project and declare that external financing may be used to reimburse prior expenditures. 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 the Davis 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.
- (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

- D. Following review and consideration of the environmental consequences of the Segundo Infill Student Housing 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 the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the CEQA Findings for the Segundo Infill Student Housing project, having considered both the 2018 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the Davis campus and June 2024 Addendum to the 2018 LRDP EIR.
 - (2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Davis campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2018 LRDP EIR.
 - (3) Approve the design of the Segundo Infill Student Housing project, Davis campus.

Committee vote: Regents Cohen, Drake, Elliott, Lee, Pérez, and Reilly voting “aye” and Regent Makarechian abstaining.

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye” and Regent Makarechian abstaining.

3. **CAMPUS INTEGRATED UTILITIES SOLUTIONS, MERCED CAMPUS: PRELIMINARY PLANS FUNDING, PHASE 1 AND PARTIAL PRELIMINARY PLANS FUNDING, PHASE 2**

The Committee recommends that the Regents:

- A. Amend the 2024-25 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Merced: Campus Integrated Utilities Solutions – preliminary plans for Phase 1, Short-Term Solutions, and partial preliminary plans for Phase 2, Long-Term Solutions – \$9,925,000 to be funded with external financing supported by State General Fund appropriations.
- B. Approve external financing in an amount not to exceed \$9,925,000 plus related interest expense and additional related financing costs to finance the Campus Integrated Utilities Solutions and declare that external financing may be used to reimburse prior expenditures. The following requirements shall be satisfied:

- (1) The primary source of repayment shall be from State General Fund appropriations. Should State General Fund appropriation funds not be available, the President of the University shall have the authority to use any legally available funds to make debt service payments.
- (2) The general credit of the Regents shall not be pledged.
- (3) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

Committee vote: Regents Cohen, Drake, Elliott, Lee, Makarechian, Pérez, Reilly, and Sherman voting “aye.”

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye.”

4. **MULTIDISCIPLINARY LIFE SCIENCES BUILDING, SAN DIEGO CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING CONSIDERATION OF AN ADDENDUM TO THE 2018 LONG RANGE DEVELOPMENT PLAN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The Committee recommends that:

- A. The 2023-24 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
 - From: San Diego: Multidisciplinary Life Sciences Building – preliminary plans – \$14 million, to be funded from campus funds.
 - To: San Diego: Multidisciplinary Life Sciences Building – preliminary plans, working drawings, construction, and equipment – \$383.5 million, to be funded with \$343.5 million from external financing and \$40 million from gift funding.
- B. The scope of the Multidisciplinary Life Sciences Building project be approved. The project shall provide approximately 202,000 gross square feet including new space for biomedical and biological sciences research programs, undergraduate instructional laboratory and support space, wet research laboratory and support space, dry research laboratory and support space, and faculty offices and administrative support space. Shared spaces would include vivarium, conference, and building services. The project will also include site utilidor infrastructure for future campus expansion.
- C. The President of the University be authorized to obtain external financing in an

amount not to exceed \$343.5 million plus additional related financing costs to finance the Multidisciplinary Life Sciences Building project and declare that external financing may be used to reimburse prior expenditures. 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 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.
- (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

D. The President be authorized to obtain interim financing in an amount not to exceed \$40 million, plus additional related financing costs to finance the Multidisciplinary Life Sciences Building project and declare that external financing may be used to reimburse prior expenditures. The San Diego campus shall satisfy the following requirements:

- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
- (2) To the extent additional gifts and other funds are received as cash, the amount of interim financing will be reduced. To the extent additional gifts are received as documented pledges, the interim financing will be converted to standby financing.
- (3) If gifts or pledges or both are not received within five years from the initial financing draw in the full amount of the outstanding interim financing, the amount of outstanding interim financing in excess of the amount of gifts and pledges received will be converted to long-term external financing or the San Diego campus will pay down, within a reasonable time, the amount of outstanding interim financing in excess of the amount of gifts and pledges received.
- (4) As long as the debt is outstanding, the general revenues of 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.
- (5) The general credit of the Regents shall not be pledged.

- (6) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- E. Following review and consideration of the environmental consequences of the Multidisciplinary Life Sciences Building 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 the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the CEQA Findings for the Multidisciplinary Life Sciences Building project, having considered the 2018 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the La Jolla Campus and Addendum No. 14 to the 2018 LRDP EIR.
 - (2) 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 LRDP EIR.
 - (3) Approve the design of the Multidisciplinary Life Sciences Building project, San Diego campus.

Committee vote: Regents Cohen, Drake, Elliott, Lee, Makarechian, Pérez, Reilly, and Sherman voting “aye.”

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye.”

5. UCSF BENIOFF CHILDREN’S HOSPITAL OAKLAND NEW HOSPITAL BUILDING, SAN FRANCISCO CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AMENDMENT NUMBER 11 TO THE UC SAN FRANCISCO 2014 LONG RANGE DEVELOPMENT PLAN, AND DESIGN FOLLOWING CERTIFICATION OF AN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

The Committee recommends that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: UCSF Benioff Children’s Hospital Oakland New Hospital Building – preliminary plans – \$84 million funded from hospital reserves.

To: San Francisco: UCSF Benioff Children's Hospital Oakland New Hospital Building – preliminary plans, working drawings, construction, and equipment – \$1,491,000,000 funded from external financing (\$891 million), gift funds (\$350 million), hospital reserves (\$163 million), and Children's Hospital grant funds (\$87 million).

- B. The scope of the UCSF Benioff Children's Hospital Oakland New Hospital Building project be approved. The project shall provide an approximately 277,500-gross-square-foot (GSF) new hospital building, providing approximately 104 patient beds, a new and expanded emergency department, imaging, and surgical services; renovation of approximately 11,800 GSF in the existing Patient Tower and Diagnostic and Treatment Building to enhance inpatient clinical services; and a 270-space, approximately 103,180-GSF parking structure with a rooftop helistop.
- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$891 million plus additional related financing costs to finance the UCSF Benioff Children's Hospital Oakland New Hospital Building and declare that external financing may be used to reimburse prior expenditures. 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 UCSF 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.
 - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- D. Following review and consideration of the environmental consequences of the UCSF Benioff Children's Hospital Oakland New Hospital Building 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 the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Certify the Environmental Impact Report for the UCSF Benioff Children's Hospital Oakland New Hospital Building project.
 - (2) Adopt the Mitigation Monitoring and Reporting Program for the UCSF

Benioff Children’s Hospital Oakland New Hospital Building project and make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the San Francisco campus.

- (3) Adopt the CEQA Findings and Statement of Overriding Considerations for the UCSF Benioff Children’s Hospital Oakland New Hospital Building project.
- (4) Approve Amendment No. 11 to the UC San Francisco 2014 Long Range Development Plan.
- (5) Approve the design of the UCSF Benioff Children’s Hospital Oakland New Hospital Building project, San Francisco campus.

Committee vote: Regents Cohen, Drake, Elliott, Lee, Makarechian, Pérez, Reilly, and Sherman voting “aye.”

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye.”

6. UNIVERSITY OF CALIFORNIA RETIREMENT PLAN – AMENDMENT TO PROVIDE VESTING CREDIT FOR ELIGIBLE EMPLOYEES TRANSFERRING FROM DIGNITY HEALTH FACILITIES TO UCSF

The Committee recommends that:

- A. The University of California Retirement Plan (“UCRP”) be amended to grant an eligible Dignity Health employee who transitions employment directly from Dignity to the University of California, San Francisco (“UCSF”) on or after the closing date of the Affiliation Agreement between UCSF and Dignity Health, and as a direct result of the affiliation, and who otherwise is eligible to begin accruing service credit in UCRP as a UCSF employee, service credit under UCRP solely for vesting purposes (and not for purposes of benefit accrual) that is equivalent to the vesting service accrued by the employee under plans administered by Dignity Health and its affiliates (the “Dignity Plans”) as of the employee’s transition date, taking into account the different methods of crediting vesting service under the UCRP and the Dignity Plans.
- B. The cost of providing the vesting credit under UCRP be funded by the acquired hospitals through UCSF via a supplemental contribution to UCRP during calendar year 2024.
- C. Authority be delegated to the Plan Administrator to amend the UCRP as necessary to implement the change.

Committee vote: Regents Cohen, Drake, Elliott, Lee, Makarechian, Pérez, Reilly, and Sherman voting “aye.”

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye.”