FINANCE AND CAPITAL STRATEGIES COMMITTEE
July 21, 2022

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. CONSENT AGENDA

A. Budget, Scope, and Design Following Action Pursuant to the California Environmental Quality Act, Peninsula Outpatient Center Tenant Improvements, San Francisco Campus

The Committee recommends that:

(1) The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

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

To: San Francisco: Peninsula Outpatient Center Tenant Improvements – preliminary plans, working drawings, construction, and equipment – $88,841,000 funded from hospital reserves.

(2) The scope of the Peninsula Outpatient Center Tenant Improvements project be approved to include an ambulatory surgery center, a full complement of ambulatory imaging services, a cancer clinic, and an infusion center totaling 52,300 rentable square feet of leased space in a recently constructed medical office building.

(3) Following review and consideration of the environmental consequences of the proposed Peninsula Outpatient Center Tenant Improvements 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:

a. Determine that the project is categorically exempt from CEQA.

b. Approve the design of the Peninsula Outpatient Center Tenant Improvements project, San Francisco campus.
B. **Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Medical Office Building for the Folsom Center for Health, Davis Health Campus**

The Committee recommends that:

1. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

   From: Davis: Folsom Medical Office Building for the Folsom Center for Health – preliminary plans – $6.9 million funded from hospital reserve funds.

   To: Davis: Folsom Medical Office Building for the Folsom Center for Health – preliminary plans, design, construction, and equipment – $171.69 million funded from external financing ($100.8 million) and hospital reserve funds ($70.89 million).

2. The scope of the Folsom Medical Office Building for the Folsom Center for Health project be approved. The project shall construct approximately 110,000 gross square feet (gsf) of medical office and support services space, including 115 patient examination rooms, four procedure rooms, and clinical and building support spaces. Site development shall include landscape and hardscape, parking, utilities, and pathways to and around the building.

3. The President of the University be authorized to obtain external financing (Series 2020N, 2022P, and/or 2022Q) plus additional related financing costs in an amount not to exceed $100.8 million to finance the Folsom Medical Office Building for the Folsom Center for Health. The President shall require that:
   
   a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

   b. 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.

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

4. Following review and consideration of the environmental consequences of the Folsom Center for Health, 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:

a. Certify the program Environmental Impact Report (EIR) for the UC Davis Folsom Center for Health, including the Medical Office Building as the first phase of development.

b. 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 Folsom Center for Health.

c. Adopt the CEQA Findings and Statement of Overriding Considerations.

d. Approve the design of the Medical Office Building for the Folsom Center for Health, Davis Health campus.

Committee vote: Regents Cohen, Makarechian, Ortiz Oakley, Pouchot, Pérez, Reilly, and Sherman voting “aye.”


2. **AMENDMENT OF BUDGET AND EXTERNAL FINANCING; HEALTH SCIENCES INSTRUCTION AND RESEARCH BUILDINGS LIFE SAFETY IMPROVEMENTS; HEALTH SCIENCES INSTRUCTION AND RESEARCH BUILDINGS SEISMIC IMPROVEMENTS, SAN FRANCISCO CAMPUS**

The Committee recommends that:

A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

(1) From: **San Francisco: Health Sciences Instruction and Research Buildings Life Safety Improvements** – design (preliminary plans and working drawings) and construction – $13 million funded from State Appropriations under the provisions of Section 92493 et seq. of the California Education Code.

To: **San Francisco: Health Sciences Instruction and Research Buildings Life Safety Improvements** – design (preliminary plans and
working drawings) and construction – $25.7 million funded from external financing supported by State Appropriations under the provisions of Section 92493 et seq. of the California Education Code ($13 million) and external financing supported by campus funds ($12.7 million).

(2) From: San Francisco: Health Sciences Instruction and Research Buildings Seismic Improvements – preliminary plans, working drawings, and construction – $47,432,000 funded from State Appropriations under the provisions of Section 92493 et seq. of the California Education Code ($37 million) and campus funds ($10,432,000).

To: San Francisco: Health Sciences Instruction and Research Buildings Seismic Improvements – preliminary plans, working drawings, and construction – $63.5 million funded from State Appropriations under the provisions of Section 92493 et seq. of the California Education Code ($37 million), campus funds ($10 million), and external financing supported by campus funds ($16.5 million).

B. The President of the University be authorized to obtain external financing in an amount not to exceed $29.2 million plus additional related financing costs to finance the Health Sciences Instruction and Research Buildings Life Safety Improvements and the Health Sciences Instruction and Research Buildings Seismic Improvements projects. 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 Francisco 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.

Committee vote: Regents Cohen, Makarechian, Ortiz Oakley, Pouchot, Pérez, Reilly, and Sherman voting “aye.”

3. BUDGET, STANDBY AND INTERIM FINANCING, GATEWAY NEW ACADEMIC BUILDING, BERKELEY CAMPUS

The Committee recommends that:

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

   From: Berkeley: Gateway New Academic Building – preliminary plans and working drawings for the entire project, and construction of the Site Make-Ready Work portion of the project – $64.28 million to be funded from gift funds.

   To: Berkeley: Gateway New Academic Building – preliminary plans, working drawings, construction, and equipment – $550 million to be funded by gift funds.

B. Standby financing be approved in an amount not to exceed $320 million plus related interest expense and additional related financing costs to finance the Gateway New Academic Building project. The Berkeley 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) Repayment of any debt shall be from gift funds. As gifts are received, the campus will reimburse the standby financing in a timely fashion. If gift funds are insufficient and some or all of the debt remains outstanding, then campus funds shall be used to pay the debt service and to meet the related requirements of the authorized financing.

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

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

C. Interim financing be approved in an amount not to exceed $230 million plus related interest expense and additional related financing costs to finance the Gateway New Academic Building project. The Berkeley 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 are not received within five years from the initial draw, the interim financing will be converted to long-term external financing or the Berkeley campus will pay down the interim financing.

(4) As long as the debt is outstanding, the general revenues of the Berkeley 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.

Committee vote: Regents Cohen, Leib, Makarechian, Ortiz Oakley, Pouchot, Pérez, Reilly, and Sherman voting “aye.”


4. BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, SCHOOL OF BUSINESS BUILDING, RIVERSIDE CAMPUS

The Committee recommends that:

A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

   From: Riverside: School of Business Building – preliminary plans – $4.3 million to be funded from campus funds.

   To: Riverside: School of Business Building – preliminary plans, working drawings, construction, and equipment – $87 million to be funded from campus funds ($80 million) and external financing ($7 million).

B. The scope of the School of Business Building project shall provide approximately 36,000 assignable square feet (60,000 to 64,000 gross square feet) of instructional and support space in a new facility for business education, including furniture and equipment, and all associated site work and utilities.
C. The President of the University shall be authorized to approve external financing (Century Bond 2015) in an amount not to exceed $7 million to finance the School of Business Building. The Riverside 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. As long as the debt is outstanding, the general revenues of the Riverside 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 School of Business 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 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. Adopt the CEQA Findings for the School of Business Building, having considered both the 2021 Long Range Development Plan Environmental Impact Report (EIR) for the Riverside campus and Addendum No. 1 to the 2021 LRDP EIR for the School of Business.

2. Make a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of UC Riverside as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2021 LRDP EIR.

3. Approve the design of the School of Business Building, Riverside campus.

Committee vote: Regents Cohen, Leib, Makarechian, Ortiz Oakley, Pouchot, Pérez, Reilly, and Sherman voting “aye.”

5. **AMENDMENT OF THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN FOR AD HOC COST-OF-LIVING ADJUSTMENT FOR ANNUITANTS**

The Committee recommends that the University of California Retirement Plan (“UCRP” or “Plan”) be amended to provide a one-time ad hoc cost-of-living adjustment (COLA) to restore purchasing power to an 85 percent minimum level, effective July 1, 2022.

Committee vote: Regents Cohen, Leib, Makarechian, Ortiz Oakley, Pouchot, Pérez, Reilly, and Sherman voting “aye.”