

FINANCE AND CAPITAL STRATEGIES COMMITTEE

March 16, 2023

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. PRELIMINARY PLANS FUNDING, GAYLEY TOWERS REDEVELOPMENT, LOS ANGELES CAMPUS

The Committee recommends that the 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Gayley Towers Redevelopment – preliminary plans – \$3.1 million to be funded from housing reserves.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

2. PRELIMINARY PLANS FUNDING, NORTH DISTRICT PHASE 2, RIVERSIDE CAMPUS

The Committee recommends that the 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Riverside: North District Phase 2 – preliminary plans – \$7.2 million to be funded from campus funds.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

3. PRELIMINARY PLANS FUNDING, UNDERGRADUATE TEACHING AND LEARNING FACILITY, RIVERSIDE CAMPUS

The Committee recommends that the 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Riverside: Undergraduate Teaching and Learning Facility – preliminary plans – \$6.8 million to be funded from State General Funds.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

4. **BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ADOPTION OF A MITIGATED NEGATIVE DECLARATION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, MESA COURT RESIDENCE HALL EXPANSION, IRVINE 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:

Irvine: Mesa Court Residence Hall Expansion – design, construction, and equipment – \$80,659,000 to be funded from Higher Education Student Housing Grant funds (\$65 million), external financing (\$14,779,000), and auxiliary reserves (\$880,000).

- B. The scope of the Mesa Court Residence Hall Expansion project be approved. The project scope shall consist of constructing an approximately 84,000-gross-square-foot (gsf) and 55,000-assignable-square-foot (asf) residence hall that would accommodate approximately 300 undergraduate students in triple-occupancy rooms, with the potential for increasing some rooms to quadruple occupancy. The building would also provide shared bathrooms for every two bedrooms, resident advisor quarters, informal interaction space, and shared spaces, including kitchenettes, study rooms, teleconference rooms, quiet spaces, and laundry facilities. Site development shall include landscape and hardscape development to provide outdoor gathering and seating areas; a loading dock and service yard; secured bicycle parking; accessible parking; pathways, ramps, and sidewalks; site lighting; fire department access; and low-water landscape improvements. As part of the design-build delivery process, the design-build team may provide enhancements to the basic program and design, such as additional building area or upgraded exterior space.
- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$14,779,000, plus additional related financing costs, to finance the Mesa Court Residence Hall Expansion 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 the Irvine campus shall be maintained in amounts sufficient to pay the debt service and to meet the 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 Mesa Court Residence Hall Expansion 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 Initial Study and Mitigated Negative Declaration for the Mesa Court Residence Hall Expansion project.
 - (2) Adopt the Mitigation Monitoring and Reporting Program for the Mesa Court Residence Hall Expansion project and make a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of UC Irvine.
 - (3) Adopt the CEQA Findings for the Mesa Court Residence Hall Expansion project.
 - (4) Approve the design of the Mesa Court Residence Hall Expansion project, Irvine campus.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

5. **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, TRITON CENTER, SAN DIEGO CAMPUS**

The Committee recommends that:

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

From: San Diego: Triton Center – preliminary plans – \$16.25 million to be funded with campus funds.

To: San Diego: Triton Center – preliminary plans, working drawings, construction, and equipment – \$428.2 million to be funded with external financing (\$403.2 million) and campus funds (\$25 million).

- B. The scope of the Triton Center project be approved. The project shall provide a total of approximately 419,300 gross square feet (gsf), including 192,100 assignable square feet (asf) / 318,700 gsf of new space for Student Health and Well-Being, Student Academic Resources, Campus Administration (including approximately 542 asf Chancellor’s office space), Alumni Center, and multipurpose space. The project shall also provide about 175 parking spaces and district utilities in a partially above-grade, partially below-grade structure of approximately 100,600 gsf. Public realm improvements shall include accessible pedestrian and micromobility circulation that is safety-oriented, a central plaza that affords seating and gathering, and necessary infrastructure updates to serve the building and surrounding precinct. The scope includes demolishing eight buildings within the project boundary and removing approximately 119 existing surface parking spaces.
- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$403.2 million, plus additional related financing costs to finance the Triton Center. 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 Triton Center 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) Adopt the CEQA Findings for the Triton Center project, having considered the 2018 Long Range Development Plan (LRDP)

Environmental Impact Report (EIR) for the La Jolla Campus and Addendum No. 11 to the 2018 LRDP EIR for the Triton Center project.

- (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 Triton Center project, San Diego campus.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

6. 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, RIDGE WALK NORTH LIVING AND LEARNING NEIGHBORHOOD, SAN DIEGO CAMPUS

The Committee recommends that:

- A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
 - From: San Diego: Thurgood Marshall College Undergraduate Student Housing – preliminary plans – \$33.2 million, to be funded from housing auxiliary reserves.
 - To: San Diego: Ridge Walk North Living and Learning Neighborhood – preliminary plans, working drawings, construction, and equipment – \$683 million to be funded with external financing.
- B. The scope of the Ridge Walk North Living and Learning Neighborhood project be approved. The project shall redevelop an approximately 7.5-acre underutilized infill site to provide approximately 934,000 gross square feet for approximately 2,444 new student beds, student dining, wellness programming, study lounges, co-working spaces, housing and offices for residential life staff, general assignment classrooms, and other academic space. The scope also includes a permanent home for the Marshall College academic program and replacement space for housing operations administrative staff currently located at Eucalyptus Point. The project will also include public realm and site utility infrastructure improvements.

- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$683 million plus additional related financing costs to finance the Ridge Walk North Living and Learning Neighborhood. 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 Ridge Walk North Living and Learning Neighborhood 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) Adopt the CEQA Findings for the Ridge Walk North Living and Learning Neighborhood project, having considered the 2018 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the La Jolla Campus and Addendum No. 12 to the 2018 LRDP EIR for the Ridge Walk North Living and Learning Neighborhood project.
 - (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 Ridge Walk North Living and Learning Neighborhood project, San Diego campus.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

7. **BUDGET, SCOPE, INTERIM AND STANDBY FINANCING, AND DESIGN FOLLOWING CONSIDERATION OF AN ADDENDUM TO THE 2021 LONG RANGE DEVELOPMENT PLAN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, HEATHCOCK HALL, BERKELEY CAMPUS**

The Committee recommends that:

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

From: Berkeley: College of Chemistry Expansion Building – preliminary plans – \$3,199,000 to be funded with campus funds.

To: Berkeley: Heathcock Hall – preliminary plans, working drawings, construction, and equipment – \$150 million to be funded by gift funds (\$90 million); campus funds (\$30 million); and State funds (\$30 million).

- B. Interim financing be approved in an amount not to exceed \$19 million plus related interest expense and additional related financing costs to finance the Heathcock Hall 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 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 Berkeley 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 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.

- C. Standby financing be approved in an amount not to exceed \$36.5 million plus related interest expense and additional related financing costs to finance the

Heathcock Hall 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.
- D. The scope of the Heathcock Hall project be approved: The project shall provide approximately 81,700 gross square feet, 49,300 assignable square feet (asf) of new space for 31,100 asf of laboratories, 14,900 asf of office and collaboration space, and 3,300 asf of flexible space. The project scope includes systems to streamline connections with the future campus energy plant. Public realm improvements shall include landscaping and plaza improvements, improvements to accessibility, wayfinding, and circulation, new accessible parking, and reconstruction of the Gayley Road and University Drive intersection.
- E. Following review and consideration of the environmental consequences of the Heathcock Hall 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) Adopt the CEQA Findings for the Heathcock Hall project, having considered both the UC Berkeley 2021 Long Range Development Plan and Housing Project #1 and #2 Environmental Impact Report (2021 LRDP EIR) and Addendum #4 to the 2021 LRDP EIR for the Heathcock Hall project.
 - (2) Make a condition of approval the implementation of applicable Mitigation Measures and Continuing Best Practices within the responsibility and jurisdiction of UC Berkeley as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2021 LRDP and Housing Project #1 and #2 EIR.

- (3) Approve the design of the Heathcock Hall project, Berkeley campus.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

8. **BUDGET, SCOPE, AND EXTERNAL FINANCING, STUDENT HOUSING WEST PHASE 1 – HAGAR DEVELOPMENT AND PRELIMINARY PLANS FUNDING AND EXTERNAL FINANCING, STUDENT HOUSING WEST PHASE 2 – HELLER DEVELOPMENT, SANTA CRUZ CAMPUS**

The Committee recommends that:

- A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following projects:
 - (1) Santa Cruz: Student Housing West Project Phase 1 – Hagar Development – preliminary plans, working drawings, construction, and equipment – \$145,615,000 to be funded by external financing (\$128,113,000) and campus funds (\$17,502,000).
 - (2) Santa Cruz: Student Housing West Project Phase 2 – Heller Development – preliminary plans – \$6,071,000 to be funded by external financing.
- B. The scope of Student Housing West Project Phase 1 – Hagar Development shall consist of 140 new two-bedroom units for family student housing (approximately 104,400 assignable square feet (ASF)), an Early Education Services facility (approximately 10,450 ASF), a community building and maintenance building (totaling approximately 4,300 ASF), and a wastewater treatment plant (approximately 750 ASF). The scope includes site improvements such as parking, road, pathways, and utilities infrastructure. In an effort to reduce the Hagar Development’s budget, the campus proposes to reduce the family student housing unit size by 200 gross square feet.
- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$134,184,000 plus additional related financing costs to finance Student Housing West 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 the Santa Cruz 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 Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”

9. **AMENDMENTS TO THE UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM PLANS AS PERMITTED BY THE SECURING A STRONG RETIREMENT ACT OF 2022**

The Committee recommends that:

- A. The UC Retirement Savings Program (RSP) plans be amended, as applicable, to implement the following provisions as soon as administratively feasible after Regental approval:
 - (1) The Tax-Deferred 403(b) Plan and the 457(b) Deferred Compensation Plan be amended to allow for Roth contributions and permit rollovers of Roth designated contributions.
 - (2) The Tax-Deferred 403(b) Plan be amended to permit the distribution of earnings on a participant’s accumulations in the event of a hardship withdrawal.
 - (3) The Tax-Deferred 403(b) Plan and the 457(b) Deferred Compensation Plan be amended to permit a domestic abuse victim, as defined in the Securing a Strong Retirement Act of 2022 (SECURE Act 2.0), to request distributions, including in-service distributions, provided that:
 - a. The distributed amounts are limited to the lesser of 50 percent of the participants’ accumulations or \$10,000;
 - b. The distributed amounts may be repaid within three years and such repayments will be deemed an eligible plan rollover.
 - (4) The UC Defined Contribution Plan, the Tax-Deferred 403(b) Plan, and the 457(b) Deferred Compensation Plan be amended to remove the percentage limitation for the purchase of a Qualified Longevity Annuity Contract (QLAC).

Note: In accordance with the SECURE Act 2.0, a QLAC may be no more than \$200,000 (as indexed).

- (5) The UC Defined Contribution Plan, the Tax-Deferred 403(b) Plan, and the 457(b) Deferred Compensation Plan be amended to allow a free-look period not to exceed 90 days after purchasing a QLAC.
- B. The President of the University be authorized to implement these approved provisions and supporting technical details, and the Plan Administrator be delegated authority to subsequently amend the RSP plan documents as necessary to implement the approved changes.
- C. The Office of the Chief Investment Officer be authorized to determine and implement the duration of the QLAC free-look period.

Committee vote: Regents Chu, Cohen, Drake, Leib, Makarechian, Matosantos, Pérez, Pouchot, Robinson, and Sherman voting “aye.”

Board vote: Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”