FINANCE AND CAPITAL STRATEGIES COMMITTEE
November 17, 2022

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT FOR SITE AND MAKE-READY PORTION OF THE PROJECT, UC MERCED MEDICAL EDUCATION BUILDING, MERCED CAMPUS

The Committee recommends that:

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

   From: Merced: Health and Behavioral Sciences Building – preliminary plans for the entire project – $12 million to be funded from external financing supported by State General Fund appropriations ($7.8 million) and general campus funds ($4.2 million).

   To: Merced: UC Merced Medical Education Building – preliminary plans for the entire project and working drawings and construction for the Site and Make-Ready portion of the project – $21.5 million to be funded from external financing supported by State General Fund appropriations ($17.3 million) and general campus funds ($4.2 million).

B. The scope of the Site and Make-Ready work portion of the UC Merced Medical Education Building project shall relocate the campus stormwater retention basin to clear the site for the Medical Education Building and create a permanent, more sustainable solution for the campus. The project will also augment the electrical capacity of the campus to enable the full electrification of the Medical Education Building and future facilities.

C. The President of the University be authorized to obtain external financing for the UC Merced Medical Education Building project in an amount not to exceed $9.5 million plus related interest expense and additional related financing costs. 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) The source of repayment for the $9.5 million shall be from State General Fund appropriations, pursuant to the Education Code Section 92493 et seq. Should State General Fund appropriation funds not be available, the
President shall have the authority to use any legally available funds to make debt service payments.

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

D. Following review and consideration of the environmental consequences of the UC Merced Medical Education 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 this 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 (EIR) for the UC Merced Medical Education Building project.

(2) Adopt the CEQA Findings for the UC Merced Medical Education Building project, having considered both the UC Merced 2020 Long Range Development Plan Environmental Impact Report (2020 LRDP EIR) and EIR for the UC Merced Medical Education Building project.

(3) Approve the changes to the previously adopted Mitigation Monitoring and Reporting Program adopted in connection with the 2020 LRDP EIR.

(4) Approve the design for the Site and Make-Ready portion of the UC Merced Medical Education Building project, Merced campus.

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


2. **BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, VITERBI FAMILY VISION RESEARCH 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: Viterbi Family Vision Research Center – preliminary plans – $6 million, to be funded from campus funds.
To: San Diego: Viterbi Family Vision Research Center – preliminary plans, working drawings, construction, and equipment – $152 million to be funded with external financing.

B. The scope of the Viterbi Family Vision Research Center project be approved. The project shall provide approximately 100,000 gross square feet, including dry laboratory space to conduct computational analytics and clinical trial research; wet laboratory space (open laboratory space design with dedicated laboratory support) to conduct basic science and clinical trial research; a core laboratory (vivarium); meeting and support space; and retail. The project would also provide service access to the building, parking reconfiguration, and public realm improvements.

C. The President of the University be authorized to obtain external financing in an amount not to exceed $152 million plus additional related financing costs to finance the Viterbi Family Vision Research 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 Viterbi Family Vision Research 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 Viterbi Family Vision Research Center, having considered the 2018 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the La Jolla Campus and Addendum No. 10 to the 2018 LRDP EIR for the Viterbi Family Vision Research Center.

(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 Viterbi Family Vision Research Center project, San Diego campus.

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


3. **BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, NEUROPSYCHIATRIC REPLACEMENT HOSPITAL, UCLA HEALTH, LOS ANGELES CAMPUS**

The Committee recommends that:

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

   From: Los Angeles: Neuropsychiatric Replacement Hospital – preliminary plans – $22.5 million funded from hospital reserve funds.

   To: Los Angeles: Neuropsychiatric Replacement Hospital – preliminary plans, design, construction, and equipment – $352 million funded from external financing.

B. The scope of the Neuropsychiatric Replacement Hospital project be approved. The project shall renovate the former Olympia Medical Center Hospital into a state-of-the-art acute Neuropsychiatric Hospital to provide 119 inpatient beds and related clinical and building support spaces. Site development shall include landscape and hardscape, utilities, and pathways to and around the building.

C. The President of the University be authorized to obtain external financing in an amount not to exceed $352 million plus additional related financing costs to finance the Neuropsychiatric Replacement Hospital. 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 UCLA 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 Neuropsychiatric Replacement Hospital 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) Determine that the project is categorically exempt from CEQA.

(2) Approve the design of the Neuropsychiatric Replacement Hospital, Los Angeles campus.

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


4. AMENDMENT OF THE BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, KRESGE COLLEGE NON-ACADEMIC, SANTA CRUZ CAMPUS

The Committee recommends that the Regents’ March 2019 action, Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Non-Academic, Santa Cruz Campus, amended May 2022, be further amended as follows:

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

From: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment – $234.15 million to be funded by Auxiliary – Student Housing/Dining reserves ($8.5 million), Auxiliary – Student Fee Reserves (University Fee Reserves) ($1.2 million), Auxiliary – Parking reserves ($100,000), General Campus Funds ($27,547,000), external financing supported by Student Housing/Dining ($190 million), and external financing from Century Bonds ($6,803,000).
To: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment – $429,594,000 to be funded by State funding from the Higher Education Student Housing Grant Program ($89 million), Auxiliary – Student Housing/Dining reserves ($8.5 million), Auxiliary – Student Fee Reserves (University Fee Reserves) ($1.2 million), Auxiliary – Parking reserves ($100,000), General Campus Funds ($28,666,000), external financing supported by Student Housing/Dining ($295,325,000), and external financing from Century Bonds ($6,803,000).

B. The scope of the Kresge College Non-Academic project, as amended, shall consist of approximately 146,400 assignable square feet (ASF), primarily residential space, supplying 400 new residential-hall-style beds (phase one) and approximately 590 apartment-style and residence hall beds (phase two). In addition, the scope includes approximately 3,600 ASF of student programs space, 2,800 ASF of college academic space, a 3,300 ASF new Town Hall for student activities, outdoor program areas, circulation, and parking lot accessibility improvements, and a newly accessible bridge.

C. The President of the University be authorized to obtain external financing in an amount not to exceed $295,325,000 (a further increase of $105,325,000) plus additional related financing costs to finance Kresge College Non-Academic. 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.

E. Following review and consideration of the environmental consequences of the Kresge College Non-Academic 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 Kresge College Non-Academic project, having considered both the Kresge College Renewal and Expansion Project Environmental Impact Report (EIR) and the Addendum to the EIR for the Kresge College Non-Academic project.
(2) Adopt as a condition of approval the applicable mitigation measures within the responsibility and jurisdiction of UC Santa Cruz, as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the Kresge College Renewal and Expansion Project EIR.

(3) Approve the design modifications to the approved Kresge Non-Academic project.

F. The President or designee be authorized, in consultation with the Office of the General Counsel, to execute all documents necessary in the execution of the above.

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


5. UNIVERSITY OF CALIFORNIA 2022-28 CAPITAL FINANCIAL PLAN

The Committee recommends that the University of California 2022-28 Capital Financial Plan be approved.

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


6. UNIVERSITY OF CALIFORNIA FINANCIAL REPORTS, 2022

The Committee recommends that the Regents adopt the 2021-22 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers.

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

7. **APPROVAL OF THE UNIVERSITY OF CALIFORNIA’S 2023–24 BUDGET FOR CURRENT OPERATIONS AND STATE REQUEST FOR CAPITAL PROJECTS**

The Committee recommends approval of the following items:

A. The proposed budget plan shown in Attachment 1, *University of California 2023–24 Budget Plan for Current Operations.*

B. A request for one-time State funding of $1.2 billion in 2023–24 for capital projects to support facilities renewal, enrollment growth, and clean energy.

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

# 2023-24 Budget Plan for Current Operations

**Total Core Funds (State General Funds, Student Tuition and Fees, and UC General Funds)** $10,567.3

## PROPOSED CHANGES IN EXPENDITURES

<table>
<thead>
<tr>
<th>Sustaining Core Operations</th>
<th>PROPOSED CHANGES IN REVENUE / RESOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty compensation: policy-covered</td>
<td>Alternative Revenue Sources</td>
</tr>
<tr>
<td>Faculty merit program</td>
<td>Procurement savings</td>
</tr>
<tr>
<td>Staff compensation: policy-covered</td>
<td>Asset management</td>
</tr>
<tr>
<td>Contractually committed compensation</td>
<td>Nonresident enrollment growth (560), net</td>
</tr>
<tr>
<td>Retirement contributions</td>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td>Employee health benefits</td>
<td>State General Funds</td>
</tr>
<tr>
<td>Non-salary price increases</td>
<td>5% Base Budget Adjustment</td>
</tr>
<tr>
<td>Debt service for AB 94 capital projects</td>
<td>Convert 900 nonresident to resident slots</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>Offset lost nonresident tuition revenue</td>
</tr>
<tr>
<td>Retirement contributions</td>
<td>Aid for add’l 900 eligible undergrads</td>
</tr>
<tr>
<td>Employee health benefits</td>
<td>DDS-ASPIRE</td>
</tr>
<tr>
<td>Non-salary price increases</td>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td>Debt service for AB 94 capital projects</td>
<td>For campus operations</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>Enrollment growth (net of aid)</td>
</tr>
<tr>
<td>New enrollment (2,000 undergrad, 625 grad)</td>
<td>Nonresident tuition reduction from swap</td>
</tr>
<tr>
<td>Add’l 900 aid-eligible undergrads (NR swap)</td>
<td>Tuition/Fee Adjustment (net of aid)</td>
</tr>
<tr>
<td>Tuition/Fee/NRST Adjustments</td>
<td>Nonresident tuition adjustment (net of aid)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>For student financial aid</td>
</tr>
<tr>
<td>DDS-ASPIRE</td>
<td>From enrollment growth</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>From Tuition/Fee/NRST adjustments</td>
</tr>
<tr>
<td><strong>Additional High-Priority Investments</strong></td>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURES TOTAL</strong></td>
<td><strong>REVENUE / RESOURCES TOTAL</strong></td>
</tr>
<tr>
<td>$541.3</td>
<td><strong>Add’l cost savings/revenues required</strong></td>
</tr>
</tbody>
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## ADDITIONAL REQUEST FOR ONE-TIME STATE FUNDS

**Capital Support for Facilities Renewal, Enrollment Growth, and Clean Energy Projects** $1,200.0

Figures may not sum to totals due to rounding.

* Does not include additional CA undergraduate growth beyond the level in the Compact, which would be funded from the University’s 2022-23 State appropriation together with students’ tuition and fees.