

The Regents of the University of California

**COMMITTEE ON GROUNDS AND BUILDINGS
COMMITTEE ON FINANCE**

November 19, 2003

The Committees on Grounds and Buildings and Finance met on the above date at Covell Commons, Los Angeles campus.

Members present: Committee on Grounds and Buildings: Regents Dynes, Hopkinson, Huerta, Johnson, Lozano, Marcus, Moores, Murray, and Seigler; Advisory member Pitts
Committee on Finance: Regents Connerly, Dynes, Hopkinson, Lozano, Moores, Murray, Preuss, and Sayles; Advisory members Novack and Pitts

In attendance: Regents Bodine, Davies, Parsky, and Pattiz, Regents-designate Anderson and Ornellas, Faculty Representative Blumenthal, Associate Secretary Shaw, General Counsel Holst, Treasurer Russ, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Drake, Gurtner, and Hershman, Chancellors Carnesale, Cicerone, Chandler, Córdoba, Tomlinson-Keasey, Vanderhoef, and Yang, Laboratory Director Anastasio, and Recording Secretary Bryan

The meeting convened at 1:30 p.m. with Committee on Grounds and Buildings Chair Marcus presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of September 17, 2003 were approved.

2. APPROVAL OF UNIVERSITY OF CALIFORNIA 2004-05 BUDGET FOR CAPITAL IMPROVEMENTS

The President recommended that:

- A. With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2004-05 Budget for Capital Improvements be approved as presented in the document titled *2004-05 Budget for Capital Improvements*.
- B. The Committee on Finance concur with the President's recommendation described in A. above.

Vice President Hershman noted that the projects listed under the 2004-05 Budget for Capital Improvements were based on the campuses' priorities and needs for meeting enrollment growth, seismic and other life safety requirements, and the maintenance of infrastructure.

Regent Johnson observed that Governor Schwarzenegger had proposed a new bond issue for California. She asked what impact that could have on the education bond that is scheduled for inclusion on the March ballot. Mr. Hershman responded that the Governor, whose bond proposal is for \$15 billion, had not asked that the education bond issue be removed so as not to cause a conflict with his own proposal, but the possibility remains that he will decide to move the education bond to the November election.

[The *2004-05 Budget for Capital Improvements* was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

3. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR UNIVERSITY VILLAGE REDEVELOPMENT, STEP 2, BERKELEY CAMPUS**

The President recommended that:

- A. Subject to the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: University Village Redevelopment, Step 2 – preliminary plans, working drawings, construction, and equipment – \$116.5 million, to be funded from external financing (\$112.2 million) and the Berkeley campus' share of the University of California Housing System Net Revenue Fund (\$4.3 million).

- B. The Committee on Finance concur with the recommendation described in A. above.
- C. The Committee on Finance recommend that the President be authorized to obtain financing not to exceed \$112.2 million to finance the University Village Redevelopment, Step 2 project, subject to the following conditions:

- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) As long as this debt is outstanding, University of California Housing System fees for the Berkeley campus shall be established at levels sufficient to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed financing.
 - (3) The general credit of The Regents shall not be pledged.
- D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

It was recalled that University Village, which is located in the city of Albany approximately three miles northwest of the Berkeley campus, consists of 956 units of student family housing, along with a community center, offices and maintenance facilities, a child care center, and playing fields. The University Village Redevelopment, Step 2 project will include the construction of 558 additional units (984 bedrooms) of student family housing. In January 1998, The Regents approved the University Village and Northwest Berkeley Properties Master Plan, which envisioned the phased redevelopment of the village. In addition to the 62-acre student family housing site that comprises University Village proper, the three-step redevelopment program includes the adjacent Gill Tract, a 15-acre area that has been used by the Berkeley campus' College of Natural Resources for agricultural operations and research. The site is defined on the south by Cordonices Creek, which forms the Berkeley-Albany border; on the east by San Pablo Avenue, a four-lane arterial road; on the west by Union Pacific railroad tracks; and on the north by a U. S. Department of Agriculture research facility and an Albany elementary school.

The University Village Redevelopment, Step 1 project was completed in August 2000, replacing 356 units of existing family student housing built in the 1940s and 1960s. A total of 392 new units were constructed, a net increase of 36 units. One hundred fifty-two units built in the 1940s and 412 units built in the 1960s remain on the site.

Two additional steps are planned to complete the redevelopment of University Village as envisioned in the 1998 Master Plan and replace all the remaining 1940s and 1960s units. Step 2 will demolish the remaining 1960s units and build 558 new University-owned and operated family student housing units. The 1940s housing replaced in Step 2 is on the Step 3 project site and will be demolished as part of the latter step. The result of all three steps will be a net increase of 30 units of family student housing. Step 2 will provide 698 uncovered parking spaces and carry out

several landscape and open space improvements, including the restoration of Village Creek and improvements to playing fields and community gardens. Step 2 is planned as a design-build project, with construction to begin in 2004. To reduce the level of disruption to existing residents, Step 2 will be executed in two phases; subject to development of a detailed construction schedule, phase 1 will provide 225 units and phase 2 will provide 333 units.

Approval for Step 3 will be requested at a future Regents meeting. Step 3 will redevelop the 26 acres at the eastern edge of the site as a mixed-use project with graduate student and faculty housing, retail uses, open space, and community and recreational facilities. As noted above, the remaining 1940s housing replaced in Step 2 will be demolished in Step 3 to clear the site for construction. Step 3 will provide 621 units of graduate student housing as well as 31 units of faculty housing, for a total of 652 new units.

As the campus housing system can support a limited number of projects at any one time, Step 3 will be proposed as a third-party project under a long-term ground lease, with the third party constructing, owning, and operating that portion of University Village. This would allow the campus to pursue its housing objectives expeditiously without affecting the housing system's cash flow and debt capacity limitations. In this way Step 3 can be carried out simultaneously rather than in sequence with Step 2. It will also facilitate inclusion of community retail uses in Step 3 as envisioned in the 1998 Master Plan, providing a significant asset to Village residents while addressing the fiscal and land-use objectives of the City of Albany.

Family Student Housing Supply and Demand

UC Berkeley provides housing for roughly 30 percent of its student families in University Village and the Smyth-Fernwald complex, both of which have remained at full occupancy for many years. There is a wait list of 305 families for housing at these sites. The University Village Redevelopment project will result in a modest increase of 30 family student units, and demand is expected to continue to exceed the supply. The demand is concentrated in two-bedroom apartments, with 61 percent of the family housing wait list desiring that configuration. Though the rents for the units constructed in Step 1 are almost double the rents of the remaining older housing, the demand for these newer units is strong. The Step 1 units represent 38 percent of the total campus family housing, and the wait list for those units comprises 36 percent of the total wait list. The Step 2 rent rates will be higher than Smyth-Fernwald but slightly lower than the Step 1 rent rates.

In 2002, UC Berkeley completed a new Strategic Academic Plan that describes the key challenges the campus faces in the future and presents principles and proposals to address these challenges, as well as a comprehensive strategy for implementation. The Academic Plan recognizes an adequate supply of good and reasonably priced housing

near campus as a critical factor in sustaining academic excellence. The plan proposes a set of initiatives to improve the supply of housing for both students and faculty.

Graduate Student Housing Supply and Demand

One new target group established by the campus Academic Plan is single graduate students. In the past, University housing at UC Berkeley has focused primarily on lower-division undergraduates. For such students, new to independent living and the intense demands of university coursework, group housing in close proximity to the educational resources on the core campus is the most desirable solution. The new Academic Plan proposes to provide at least one year of university housing to entering graduate students who desire it. For this group, immediate proximity to the central campus is not a requirement.

To address the new goal, the campus hopes to add 1,140 single graduate student beds by 2020 to augment the current 252 beds. Although the demand for family housing is anticipated to remain strong, should there be vacancies in University Village some of the projected demand for single student housing could be redirected there. The demand for housing to accommodate single students is expected to be considerably greater than the supply, and those transfer and reentry students who are older and more experienced in independent living could be particularly suitable candidates for University Village.

The campus' projection for 2020 also anticipates significant growth in sponsored research, which in the last decade of the last century grew at an average inflation-adjusted rate of 3.5 percent at UC Berkeley, based on external research funds. As in the past, this would result in a significant increase in post-doctoral students and staff researchers who, like graduate students, find it extremely difficult to find housing in the Berkeley market at current rents and salary levels. Postdocs and researchers are critical to the research enterprise at UC Berkeley, and many current and new postdocs and researchers would also be prospective candidates for Step 2 housing if student family demand proves to be less than anticipated.

Faculty Housing Supply and Demand

The Academic Plan also proposes to provide up to three years of University housing to new, untenured ladder faculty hires who desire it. The campus has established an objective to add 90 new faculty housing units to its stock of 27 existing rental units by 2020. An initial increment of 31 rental units is planned in Step 3, which would more than double the current supply, allowing the campus to assess the depth of the faculty housing market before committing resources to additional units. Other sites have been identified for faculty housing, should continuing demand support future projects.

Amenities of University Village

University Village provides residents with a unique community environment, including courtyard-oriented construction specifically developed for families with children, on-site resident advisors, a comprehensive residential life program, a family residence center, a computer center for residents, courtyard coordinators, on-site management and maintenance staff, an on-site fee-for-use child care center, extensive recreation programs, adjacent soccer and softball fields, common area monitors, and parking. Most utilities are included in the rent. Many new amenities will be added as part of the planned construction, including a new enlarged community center, an infant toddler center, and walking trails. These features contribute to the demand for housing at this site.

The Albany School District, which is very attractive for families living at the Village, is not expected to be significantly affected by the project. Preliminary findings are that Steps 2 and 3 will not result in a significant increase in children to be accommodated by the district from the actual number of Village residents' children served by the district in 2002-03. Furthermore, in 2002-03 the district accepted 388 inter-district transfer students to bring its schools up to capacity, and the district has indicated it would reduce the number of transfers to accommodate a future increase in students from University Village, should that occur.

Project Description

The 558 new units will be a mix of 168 one-bedroom, 354 two-bedroom, and 36 three-bedroom units. Units designed for families with children will be organized around enclosed courtyards and a central greenway running from the existing playground at the center of University Village to the community gardens at the west end of the site. One-bedroom units for couples with no children will be located along the restored Village Creek, at the northern edge of the site, or facing the community gardens at the site's western edge.

Each apartment will have a kitchen and dining area, a living area, and a small study alcove. All the apartments will have sprinklers. At least five percent of the units will be fully accessible to people with disabilities, with all ground floor units adaptable for such use, and approximately two percent of the units will be fully accessible to people with hearing impairments. The buildings will include complete data communication infrastructure, including connectivity to the campus telephone system, the Internet, and cable TV.

The project will provide 698 uncovered parking spaces, or 0.71 spaces per bedroom. It will also include major site infrastructure development such as roads, pathways, parking lots, lighting, and landscaping, as well as several open space improvements. The culvert section of Village Creek will be restored and landscaped as an open meander and Cordonices Creek will be improved by the City of Albany as a public amenity, in accordance with a plan developed jointly by the University and the Cities of Albany and Berkeley. The existing soccer fields on the site will be retained and

improved to help the project comply with mandated storm water management requirements, and the existing community gardens will be reconfigured.

Like Step 1, Step 2 is proposed to be carried out through a design-build contract. Construction will begin in summer 2004 and occur in two phases, with the first phase completed in summer 2006 and the second phase completed in summer 2008.

Density Considerations

The campus continues to study the possibility of adding a fourth floor to buildings comprised of one-bedroom units. Preliminary analysis of Step 2 indicates that it may be possible to add 48 one-bedroom units. Such construction would require the inclusion of elevators and some reconfiguration of building circulation systems to accommodate them. The campus will work with the design-build team to find the most cost-effective ways of adding units where financially feasible and further increase affordable housing opportunities.

Project Cost

The project cost of \$116,500,000 is affected by several factors particular to this project and site. These include extensive site clearance, site development in a flood plain, large courtyards for supervised play, larger than average units, and the phased construction schedule.

CEQA Classification

An Environmental Impact Report will be completed and presented when the project is brought to The Regents for design approval. It will also cover the third-party University Village Redevelopment, Step 3 project.

Financial Feasibility

The project will be funded from external financing and the Berkeley campus' share of the UCHS Net Revenue Fund. Assuming 30-year financing of \$112,200,000 at 6.125 percent interest, the average annual debt service for the project will be \$8,260,500. Payment of the debt service will be from the Berkeley campus' share of UCHS annual net revenues. Operating expenses will be reduced as a result of new operating economies.

Rental Rates at University Village

Although student housing is managed as a single system and revenues and expenses are not partitioned by buildings, University Village has been self-sustaining in recent years and it is the campus' intention that it remain so. It is projected to have annual rent increases of 6 percent through fiscal year 2007-08 and 5 percent thereafter to cover operating expense increases and the projected debt service.

The currently proposed project should have no impact on existing rates or proposed increases for single student apartments or residence hall room and board. With the phasing of construction, University Village should remain at or around a break-even level through construction. In fiscal year 2010-11, it is projected to have a 1.15 debt coverage ratio.

Step 1 and Step 2 Rental Rates in Local Market Context

Step 2 will replace housing currently renting at extremely low rates. Although the Step 2 units will rent for more than the units being replaced (\$550 more for a two-bedroom apartment), they will be well below market.

Two-bedroom units in Step 2, Phase 1 are projected to begin renting in summer 2006 for \$1,370. Two-bedroom units in Step 2, Phase 2 will come on line in summer 2008 at a monthly rate of \$1,525. One-bedroom units coming on line at that time will rent for \$1,335, and three-bedroom units will rent for \$1,742. All rates include utilities. The Step 1 units have enjoyed full occupancy since opening in August 2000. Although of comparable functionality, the Step 2 units will be smaller and will therefore rent for slightly less than the Step 1 units.

Regent Murray reported that he had been contacted by students at the Berkeley campus who were concerned about the rent increases at University Village. He urged the Regents to keep the financial concerns of students in mind when new housing is built.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

4. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR UCDCM EDUCATION BUILDING, MEDICAL CENTER, DAVIS CAMPUS**

The President recommended that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: UCDCM Education Building – Preliminary Planning – \$2.2 million of funds available to the School of Medicine and Hospital Reserves.

The Committees were informed that the Education Building is essential to the UC Davis School of Medicine's ongoing efforts to address major deficiencies identified during the last two accreditation surveys; enhance learning and teaching opportunities; improve the productivity of clinical faculty; and facilitate the removal of buildings that must be relocated or demolished to complete major capital improvements related to the SB 1953 Seismic Safety Compliance Plan.

Potential Loss of Accreditation

During the accreditation surveys of the School of Medicine conducted in 1992 and 1998 and in more recent studies completed by the School, several major deficiencies were identified regarding educational space: the library has roughly half the amount of space needed to provide students with appropriate study space and timely access to relevant books and journals; many of the School's existing educational facilities have significant life-safety deficiencies; the infrastructure for computers and audiovisual equipment is poor; educational facilities are fragmented in multiple locations; support space and amenities for medical students are inadequate; and existing space is not configured properly to facilitate changes in the curriculum.

During the 1998 Liaison Committee on Medical Education (LCME) survey, the Health System responded to the above concerns by presenting its tentative plans for a new Education Center that would be completed within a 24-to-36-month time frame. While the survey team was disappointed with the limited progress that had been made since the 1992 survey, based on verbal and written commitments made by the 1998 survey about the new Education Center, the LCME fully accredited the UC Davis School of Medicine.

Many of these problems have grown more acute during the past year following the demolition of two structures in Sacramento that represented a substantial amount of educational space with major seismic and life safety deficiencies: the 14,500 square foot Camellia Cottage and the 75,000 square foot Professional Building. These buildings had to be demolished to accommodate the footprint of the Surgery and Emergency Services Pavilion, a key element of the hospital's SB 1953 Compliance Plan. Therefore, the use of hospital reserve funds is warranted.

Enhanced Learning and Teaching Opportunities

At UC Davis the vast majority of the first- and second-year medical student teaching has occurred on the Davis campus, while the teaching of third- and fourth-year students occurred 18 miles away in Sacramento. After extensive discussion and debate, the faculty and the School's leadership agreed in 2002 gradually to shift most first- and second-year teaching activities to Sacramento. This carefully considered decision was driven largely by curricular changes that emphasize the increased use of small groups to facilitate learning; the integration of basic science and clinical teaching in all four years of the curriculum; the exposure of medical students to the

clinical environment very early in the learning process; and the increased use of technology to assist learning. Collectively, these changes would provide medical students with more opportunities to learn and apply basic science in clinical settings. The new facility would also enhance the School of Medicine's ability to provide continuing education to thousands of practicing physicians, nurses, and allied health professionals in the greater Sacramento area.

Improved Faculty Productivity

One of the important by-products of the changes described above is to reduce how much time the clinical faculty spend on the road. The 18-mile trip between the Medical Center and the Davis campus has increased to a minimum of 30 minutes each way. The elimination of frequent trips to and from Davis will enhance the productivity of the clinical faculty already committed to teaching and would also make it easier for others to become actively engaged in teaching first- and second-year students.

Hospital Master Plan Implementation

At the time of the 1998 LCME survey, the medical library at UCDCMC was located in the recently demolished Professional Building. Subsequently, the library was relocated temporarily to the Redwood Building, which must be demolished or relocated prior to 2007. The preliminary schedule for the Education Building anticipates that it will be ready for occupancy in late 2005.

Project Description

The 120,000 gross-square-foot Education Building will be on a two-acre site on the Medical Center campus at the southeast corner of the intersection of X Street and 45th Street. This prominent site is across the intersection from the main hospital building and the site for the Surgery and Emergency Services Pavilion. The building will house classrooms, library space, student support services, and the Dean's offices. Approximately 15 percent of the space in the new building will be reserved for research initiatives undertaken by the UC Davis Health System in collaboration with other public and private sector organizations related to healthcare technology development and testing in conjunction with the Lawrence Livermore National Laboratory.

CEQA Compliance

The appropriate environmental document will be prepared to analyze the potential environmental impacts of this project and will be presented to The Regents for review and consideration at the time of the project design approval.

Funding Plan

The estimated \$40 million project will be paid for through a combination of funds available to the School of Medicine, hospital reserves, and gifts. A funding plan will be presented to The Regents at the time the campus requests the amendment of the Budget for Capital Improvements for the total cost of all phases of the project. If gifts cannot be secured in a timely manner, The Regents will be consulted regarding the deferral of the project, a reassessment of the scope of the work, or the use of additional UCDHS reserves to fund the shortfall.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board.

5. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING FOR MISSION BAY BUILDING 23B PARKING STRUCTURE, SAN FRANCISCO CAMPUS**

The President recommended that:

- A. The Committee on Grounds and Buildings recommend that, subject to the concurrence of the Committee on Finance, the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: Mission Bay Building 23B Parking Structure Project – preliminary plans, working drawings, construction, and equipment – \$23,298,000 to be funded from external financing.

- B. The Committee on Finance concur with the recommendation described in A. above.
- C. The Committee on Finance recommend to The Regents that financing be obtained not to exceed \$23,298,000 to finance the UCSF Mission Bay Parking Structure project, subject to the following conditions:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, the San Francisco campus parking fees shall be established to provide excess net revenue sufficient to pay debt service and to meet the related requirements of the financing.
 - (3) The general credit of The Regents shall not be pledged.

- D. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- E. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

The Committees were informed that the Mission Bay Building 23B Parking Structure will be located on Block 23 at the UCSF Mission Bay site. It will consist of nine levels containing 822 parking spaces in Phase 1 and 52 surface spaces, for a total of 874 spaces. The project will include shelled space for retail, offices, or storage at the ground level. An additional estimated 374 parking spaces will be added when the project is fully expanded to the west. The project is being developed to serve the parking needs on the east side of the campus, including those of the tenants in the Mission Bay Block 20 Housing Project.

This will be the seventh project to be constructed in the first phase of the Mission Bay development. Since the Mission Bay Building 21A Parking Garage project Regents item was prepared two years ago, the campus has recalculated the parking supply and demand in response to changed building construction schedules, unanticipated demand, and more accurate estimates in staff parking needs. An additional 350 spaces over the originally estimated 2,200 spaces will be to meet the demand associated with a proposed temporary UCSF child care center, police staff, parking and transportation staff, the relocation of shuttle parking from Parnassus to Mission Bay, and the Gladstone Institute, now under construction across Owens Street, for which the campus has agreed to provide 240 parking spaces. This demand will be substantially met with 545 existing surface and 600 Building 21A Parking Garage spaces, plus the 874 spaces in the proposed project, for a total of 2,019 spaces. Additional surface spaces will be developed as necessary to maintain sufficient parking to operate at approximately 95 percent peak period occupancy, consistent with the campus' Mission Bay Master Plan and 1996 Long Range Development Plan, as amended.

The 2,200 estimated parking space demand analysis includes provisions for alternative means of transportation to be encouraged and/or provided by UCSF, including the provision of frequent and regular UCSF shuttle bus service to and from other campus sites, bicycle and motorcycle parking in the garage and elsewhere on the campus, and possibly an on-site rental Car Share Program. In addition, MUNI light rail service along 3rd Street will be available in 2005.

Project Description

The project, which will be located on the east side of Block 23 of the site south of the campus plaza between 3rd and 4th Streets, will include 249,140 gross square feet of parking and 4,853 gsf of shelled retail space. The garage will have a single entrance and exit. Another 52 surface parking spaces will be provided to the west of the

building where the structure will be expanded in the future when additional parking is needed. The shelled retail space is proposed at the ground level on the north end adjacent to the future campus plaza. The southeast corner of the ground level of the garage on 3rd Street is planned for retail, office or storage space. These two spaces will be used as parking until the demand for retail or office space materializes. The square footage in the southeast corner will not be shelled and is likely to remain as parking for a much longer period of time than the retail space on the plaza.

The project is slated to begin construction in March 2004 and to be completed by July 2005, when the housing project is also scheduled for completion.

CEQA Classification

An Initial Study is to be prepared to determine if the project may have a significant effect on the environment that has not been substantially and adequately analyzed in a certified program EIR. This information will be presented to The Regents for review and consideration at the time of project design approval.

Financial Feasibility

The total cost of the project is \$23,298,000, including capitalized interest of approximately \$1,400,000 incurred during construction. It is proposed that the entire project be fully funded, with external financing included. Assuming 30-year financing at a planning rate of 6.125 percent, the average annual debt service for the project would be approximately \$1,715,000 for the first full year, to be paid from revenue from the UCSF Parking System. These funds are projected to be sufficient to meet the required debt service coverage ratio for the life of the project.

Regent Hopkinson, noting the expense involved, believed that the University should be more mindful of how it designs and builds projects from a cost standpoint. She observed that on this project, of the \$26,656-per-space cost, \$8,579 were soft costs. Senior Vice President Mullinix explained that these were principally development costs because of the location of the site. The University had to put in much of the infrastructure, and it is paying Catellus for infrastructure on a pro rata basis per project. Committee on Grounds and Buildings Chair Marcus noted that many of the costs were related to investments in future projects, a fact which should have been explained more clearly, and that it would have been helpful to establish definitions of the hard and soft costs. He noted also that there are cost issues with the University's structures that relate to the way in which the State of California functions that make the building process complex.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board. Regent Davies abstained from participating in the discussion of the item in order to avoid the appearance of a conflict of interest.

GROUNDS AND BUILDINGS/
FINANCE

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November 19, 2003

The Committees adjourned at 1:40 p.m.

Attest:

Associate Secretary