The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS
November 13, 2007

The Committee on Grounds and Buildings met on the above date at Covel Commons, Los Angeles campus.

Members present: Regents Allen, Bugay, Hopkinson, Johnson, Kozberg, Ruiz, and Schilling; Advisory members Croughan and Shewmake

In attendance: Regent Brewer, Regent-designate Scorza, Faculty Representative Brown, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Provost Hume, Executive Vice President Lapp, Chancellors Vanderhoef and Blumenthal, and Recording Secretary Johns

The meeting convened at 10:55 a.m. with Committee Chair Kozberg presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of July 17, 2007 were approved.

2. **CONSENT AGENDA (A-H)**

A. ***Approval of Schedules for Development of Sewer System Management Plans at Each Campus***

The President recommended that:

(1) The Regents approve the development plans and schedules formulated by each campus for preparation of a SSMP by August 2, 2009.

(2) The Regents authorize the President and the Chancellors of each campus, subject to the requirements by SWRCB Order No. 2006-003, to develop SSMPs for those campuses and other facilities which are covered by the SWRCB Order by August 2, 2009.

(3) Any action taken by the President or his designees, in furtherance of the matters authorized by the foregoing actions, is hereby ratified, approved, and confirmed as the act and deed of The Regents.

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, South Valley Animal Health Laboratory, Davis Campus***

The President recommended that the 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: South Valley Animal Health Laboratory – preliminary plans – $2,515,000, to be funded from State general funds.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Tower II, Phase 5, Davis Medical Center, Davis Campus***

The President recommended that the 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Tower II, Phase 5 – preliminary plans, working drawings, construction, and equipment, – $31,399,000, to be funded from hospital reserves ($21,600,000) and gift funds ($9,799,000).

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, UCI Medical Center Replacement Hospital, Irvine Campus***

The President recommended that the 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to reflect the following changes:

From: Irvine: UCI Medical Center Replacement Hospital – preliminary plans, working drawings, construction, and equipment – $371,720,000, to be funded from State lease revenue bonds ($235,000,000), external financing ($62,920,000), hospital reserves ($5,509,000), capitalized leases ($20,791,000), and gift funds ($47,500,000).

To: Irvine: UCI Medical Center Replacement Hospital – preliminary plans, working drawings, construction, and equipment – $392,928,000, to be funded from State lease revenue bonds ($235,000,000), external financing ($62,920,000), hospital reserves ($26,717,000), capitalized leases ($20,791,000), and gift funds ($47,500,000).

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, UCI Medical Center Clinical Laboratory Replacement Building, Irvine Campus***

The President recommended that the 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Irvine: UCI Medical Center Clinical Laboratory Replacement Building – preliminary plans, partial working drawings, and construction – $3,947,000, to be funded from hospital reserves.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Mission Bay Utilities and Distribution Phase 1, San Francisco Campus***

The President recommended that:

(1) The 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: Mission Bay Utilities and Distribution Phase 1 – preliminary plans, working drawings, construction, and equipment – $23,476,000, to be funded from external financing ($18,000,000) and campus funds ($5,476,000).

(2) The President be authorized to obtain external financing not to exceed $18,000,000 to finance the project listed in (1) above, subject to the following conditions:

a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

b. So long as the debt is outstanding, the San Francisco campus' share of Federal Indirect Cost Recovery deposited to Fund 19933 shall be maintained in amounts sufficient to pay debt service and to meet the related requirements of the outstanding financing.

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

(3) The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

(4) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Approval of External and Interim Financing, Adoption of Findings, and Approval of Design, Mission Bay Cardiovascular Research Building (17A/B), San Francisco Campus***

The President recommended that:

(1) The 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: Mission Bay Cardiovascular Research Building (17A/B) – preliminary plans – $6.4 million to be funded from gifts.

To: San Francisco: Mission Bay Cardiovascular Research Building (17A/B) – preliminary plans, working drawings, construction – $254 million to be funded from gifts ($198 million), external financing ($42 million) and campus funds ($14 million).

(2) The President be authorized to obtain external financing not to exceed $42 million to finance the Mission Bay Cardiovascular Research Building (17A/B) project, subject to the following conditions:

a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

b. So long as the debt is outstanding the San Francisco campus' share of the University Opportunity Fund shall be maintained in amounts sufficient to pay the debt service and to meet the related requirement of the outstanding financing.

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

(3). The President be authorized to obtain standby financing not to exceed $100 million and interim financing not to exceed $75 million, for a total of $175 million, prior to awarding a construction contract for any gift funds not received by that time and subject to the following conditions:

a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

b. Repayment of any debt shall be from gift funds. If gift funds are insufficient and some or all of the debt remains outstanding, then the San Francisco campus' share of the University Opportunity Fund 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) 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.

(5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

(6) Upon review and consideration of the environmental consequences of the proposed project as indicated in the Addendum No. 7 to the 1996 Long Range Development Plan Final Environmental Impact Report (LRDP FEIR), as amended, The Regents:

a. Adopt the Findings.

b. Approve the design of the Mission Bay Cardiovascular Research Building (17A/B), San Francisco Campus.

H. ***Adoption of Mitigated Negative Declaration and Approval of Design, Telemedicine and PRIME-HEq Education Facility, San Diego Campus***

The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee on Grounds and Buildings:

(1) Adopt the Initial Study/Mitigated Negative Declaration.

(2) Adopt the Mitigation Monitoring Program and Findings.

(3) Approve the design of the Telemedicine and PRIME-HEq Education Facility, San Diego campus.

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Kozberg noted a correction for item F (the UCSF Mission Bay Utilities and Distribution Phase 1 project), page seven, under "CEQA Classification," where the last line should read "environment and no further project environmental analysis is required."

Regent Hopkinson referred to a request for approval to use $5,266,000 in reduction of capitalized interest costs on item D (for the UCI Medical Center Replacement Hospital), inquired about the difference between projected and actual costs, and how the reduction was to be achieved. State Capital Planning Director Aull explained that the campus wished to use the savings to deal with the cost increase on this project, in contrast to other projects, where the amount budgeted is satisfactory, without a need to shift funds. Director Aull pointed out the deliberate intent to be conservative in estimating financing costs.

Regent Hopkinson then noted that the proposed interim financing for item 2G (the UCSF Mission Bay Cardiovascular Research Building project) was a total of only $225 million, while the project cost is $254 million, and asked about the differential. Director Aull responded that the external financing is only $42 million, citing differences between interim and long-term financing. Director Aull stated that he did not have the specific external financing figures at hand, but that he would provide them.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board.

3. **CERTIFICATION OF ENVIRONMENTAL IMPACT REPORT AND APPROVAL OF THE 2007 LONG RANGE DEVELOPMENT PLAN, IRVINE CAMPUS**

Upon review and consideration of the Environmental Impact Report (EIR), the President recommended that The Regents:

A. Certify the Final EIR for the Irvine Campus 2007 Long Range Development Plan.

B. Adopt the Mitigation Monitoring Program for the Final EIR.

C. Adopt the Statement of Overriding Considerations included in the Findings.

D. Adopt the Findings pursuant to the California Environmental Quality Act.

E. Adopt the 2007 Long Range Development Plan, Irvine Campus.

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Vice Chancellor Brase introduced himself and Richard Demerjian, Director of Campus and Environmental Planning. Vice Chancellor Brase presented the Irvine Long Range Development Plan (LRDP), and reported that it was the result of a two-year academic strategic planning process launched by Chancellor Cicerone and completed by Chancellor Drake. He noted the extensive involvement of the UCI Academic Senate division leadership in the planning process, and stated that this document supports Irvine's strategic academic objectives. Mr. Brase pointed out that this LRDP is not an enrollment plan, but pertains to land use and physical development and enables long-term growth, ensuring efficient use of land into the future, beyond current enrollment projections (the plan extends to 2025).

Director Demerjian discussed three foundations of the current plan (goals of the 2006 Strategic Academic plan, the 1963 Pereira Master Plan, and recommendations from the campus community, Chancellor's Advisory Council, and Academic Senate). He noted the campus' estimate that it will grow to 32,000 students by 2015. Mr. Demerjian outlined UCI's fundamental planning principles: accommodating physical resources to achieve academic goals, maintaining environmental quality and human scale, building a cohesive academic community over a large geographic area, conveying quality and permanence in the built environment, building and maintaining high-quality residential neighborhoods, optimizing land resources, proactive management of transportation needs, linkages to unify the campus, development of high-quality edges (campus and community interface), and sustainable development practices. He emphasized that this LRDP, which extends through 2025 and updates the existing 1989 plan, fits into the history of planning at UCI, which from the beginning included both campus and community. A key goal of this LRDP is to accommodate additional on-campus housing while retaining environmental quality. He discussed actual and plan figures for student enrollment (actual now over 25,000; the LRDP accommodates up to 37,000 students) and the planned doubling of academic space (currently UCI has 5 million square feet of academic space; the plan will accommodate 10 million square feet).

Director Demerjian called attention to modest adjustments of land use for the 2007 LRDP: additional land for academic and support uses (expansion of the academic core and redevelopment of one student housing project, Campus Village), identification of a housing reserve area within the southeast campus, and additional neighborhood mixed-use areas. The academic core framework (circulation and land use configuration) will remain constant. The on-campus housing goal will be increased from 43 percent to 50 percent. This reflects increasing demand and is favored by the City of Irvine to mitigate the impact on the local housing market and roadways. UCI student housing capacity is currently at 11,000 beds (about 47 percent of students), which is ahead of 1989

goals. About 60 percent of students live within walking distance of UCI's central core. The Irvine campus currently has 1,100 dwelling units for faculty and staff, and about 2/3 of the faculty live on campus in the University Hills community. The LRDP will accommodate approximately 7,000 new beds in student housing, and 600 new faculty/staff housing units on the main campus. Mr. Demerjian discussed possible future sites for expansion of student and faculty/staff housing.

Mr. Demerjian noted highlights of the LRDP circulation element and the campus transportation demand management (TDM) program, efforts to improve connections on campus and to the off-campus community, to encourage bicycle and pedestrian circulation, to keep parking at the edge of the campus, and to maintain a high-quality pedestrian environment in the academic core. These efforts include enhancement of the bicycle circulation network and more facilities for bicycle riders, development of more on-campus housing, and parking policies which prohibit students from driving from the local community onto campus. Mr. Demerjian reported that the UCI shuttle system now carries over a million riders per year, and that all shuttles were converted to biodiesel fuel earlier in 2007.

Director Demerjian pointed out campus open space areas preserved for habitat-based research and recreation opportunities, and areas under the Natural Communities Conservation Planning Program, a joint program of the federal government, the State of California, UCI, and private and public landowners in Orange County to preserve and enhance habitats. He discussed UCI sustainability programs, which begin at the campus level and are tiered down to project level. Campus efforts in this area include a combined heat and power facility, conversion to 100 percent use of biodiesel fuel by campus shuttles, and work being carried out at UCI's National Fuel Cell Research Center. Mr. Demerjian noted that UCI is a pilot campus for the US Green Building Council, the first campus in the nation with a campus-wide Leadership in Energy and Environmental Design (LEED™) green building design and certification program.

Director Demerjian discussed the process resulting in the 2007 Environmental Impact Report (EIR): the August 2006 public scoping meeting, the August 2007 publication of the draft EIR, and the public review period which ended on October 11, 2007. The EIR analyzed numerous issues, identified impacts, but also identified campus mitigation measures to lessen the effect of these impacts. The most significant impact concerned air quality, an unavoidable impact. Mr. Demerjian pointed out that the South Coast air basin is already a non-attainment area for certain pollutants. Any contribution to pollution results in impact, and the campus is pursuing aggressive mitigation measures.

The Irvine campus also analyzed project alternatives. In meetings with the public and public agencies, community interests were focused in three areas: housing supply (given a shortage of housing in the community, the community's wish is

for as much on-campus housing as possible), public services (fire, emergency services), and off-site traffic (how UCI will pay for and mitigate its impact). To address the last issue, the campus plans to continue its transportation demand management program, expanding the campus shuttle to link with the City of Irvine shuttles. Mr. Demerjian also noted UCI's fee program which assesses fees to certain campus development projects and provides the fee revenue to local cities to pay for off-site impacts. If fees are insufficient, the campus will provide fair-share funding outside this fee system.

Regent Hopkinson congratulated the campus on its LRDP, but expressed concern that the long-range plan was not closely enough tied to the UCI academic plan. She pointed out that the LRDP statistics on faculty and other academic and non-academic staff did not take into account any projected change in the student/faculty ratio (current actual versus projected for 2025), while they did indicate projected changes for non-academic staff. Vice Chancellor Brase responded that the LRDP addresses graduate and professional program development, and that the plan for greater numbers of students on campus derives from academic strategic goals. He emphasized that the precision of some LRDP figures was not as important as providing future flexibility and a sufficient feasibility envelope for sound future decisions. Mr. Brase suggested that the Irvine campus, as it matures, may develop more research institutes and larger enterprises, with a corresponding larger staff. Regent Hopkinson reiterated her concern about statistics, remarking that the LRDP document presents a student/faculty ratio that is not in keeping with the University's stated goals or objectives, and does not provide for growing faculty housing needs. Mr. Brase noted flexibility in the faculty housing number range, cited the North Campus mixed-use area as a "safety valve" for the future, and emphasized the built-in margin of flexibility that could accommodate an improved future student/faculty ratio. Regent Hopkinson repeated her concern that the document memorializes something that the University does not want, and suggested a change in the LRDP document. Committee Chair Kozberg suggested that Provost Hume and Executive Vice President Lapp might work on this issue, for a closer integration of the academic and physical plans. Regent Schilling noted that this issue was also of concern to the Committee on Long Range Planning.

Regent Allen commended the LRDP for addressing student housing concerns, especially affordability. He stated that many students have difficulty finding affordable housing in the "wealthy neighborhood" around UCI. Regent Allen cited recent lawsuits and asked about CEQA analysis of climate change issues. Director Demerjian responded that the climate change issue is addressed in Chapter Five, Volume One of the EIR, and expressed confidence that UCI would be covered. Regent Allen asked about community relations, citing the Santa Cruz campus as an example of community objections to a campus LRDP. Vice Chancellor Brase emphasized that UCI has a positive relationship with its community, especially since the campus and the City of Irvine were master planned together, resulting in good infrastructure planning. He cited the long

history of UCI's collaboration with the city government in working out problems, and the campus' response to the Irvine City Council's request for expanded campus housing.

Regent Johnson praised UCI for its student housing achievements, especially the fact that 60 percent of students live on campus. She expressed concern about the cost to students of new housing, and hoped that the campus would be conservative in the design of these projects and maintain the cost of living in new dormitories at the same level as that of existing campus housing. Regent Johnson reported that she had visited the Irvine campus and that students had told her they spent more on housing than they wished to. She suggested that some students would prefer more modest accommodations to save money. Regent Johnson asked what UCI is doing to encourage pedestrian traffic and bicycles. Vice Chancellor Brase stated that he would address affordability in a later item regarding UCI East Campus Student Housing, Phase III. He reported that students are not allowed to receive a commuter permit when they move on campus, and that effective management of student parking has had the greatest impact on traffic.

Regent Hopkinson asked if it would be possible to make an addition to the LRDP document, a section added to Table 2, under "General Campus," showing a student/faculty ratio of 17.6, and including a note stating that the Plan appropriately accommodates existing and future short-term target student/faculty ratios. Vice Chancellor Brase agreed that this could be done, and would be a feasible solution.

Regent-designate Scorza inquired about the Natural Communities Conservation Planning Program aspect of the LRDP. He expressed concern about the campus' impact on wetlands and possible loss of habitat, and asked about mitigation efforts. Director Demerjian responded that the Natural Communities Conservation Planning Program sets aside a habitat reserve of 37,000 acres in central and coastal Orange County for endangered species and habitats. He called attention to UCI's participation in this entity, which provides management, research, and monitoring of the area for upland species. Mr. Demerjian also discussed a campus program, including faculty biologists, for mitigating the effect on UCI wetlands, enhancing larger streambeds on campus, replacing habitat values, and providing large greenbelt corridors.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, with the accepted changes requested by Regent Hopkinson.

4. **APPROVAL OF UNIVERSITY OF CALIFORNIA 2008-2009 BUDGET FOR STATE CAPITAL IMPROVEMENTS AND DISCUSSION OF THE FIVE-YEAR CAPITAL PROGRAM NONSTATE AND STATE FUNDS 2007-2008 TO 2011-2012**

The President recommended that The Regents approve the 2008-09 Budget for Capital Improvements, as presented in the document titled, *2008-2009 Budget for State Capital Improvements.*

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President Lapp began by pointing out that the *2008-2009 Budget for State Capital Improvements* document includes the 2008-2009 budget request for State funds for capital improvements as well as the five-year program for State-funded projects, reflecting anticipated funding through 2012-2013. It contains individual sections for the campuses, for the Division of Agriculture and Natural Resources, and for University-wide facilities and programs. Ms. Lapp called attention to the fact that UC's five-year need is greater than the five-year budget. UC's five-year need exceeds one billion dollars: almost $600 million for new facilities and expansion of campus infrastructure to accommodate enrollment growth, and approximately $500 million for renewal of existing facilities and seismic corrections. These figures do not include deferred maintenance problems. This funding is dependent upon a new general obligation bond measure to be placed on the 2008 ballot, or the use of State lease-revenue bonds. The Governor's support is expected at a level of $345 million per year. The University is requesting an additional $100 million above this amount for expansion of health sciences enrollments. For 2008-2009, UC is requesting approximately $488 million in State funds for its capital outlay program. Of this, $204.5 million is for new facilities and expansion, $102.5 for seismic corrections, $50.9 million for infrastructure improvements and expansion, $31 million for renovation of existing facilities, and $100 million for health sciences expansion. The $100 million request for health sciences expansion will be brought forward to the Regents in a subsequent action.

The five-year plan is based on campus capital outlay plans, showing resources UC expects will be devoted to new capital projects and to assess fund sources needed to support UC's capital program. This report is presented for information only. It integrates the State-funded capital outlay program with the schedule of anticipated future campus projects to be funded from non-State sources. It includes previously approved projects now in the design and construction phase. Ms. Lapp noted that she was not seeking Regents' approval of this multi-year program, and that projects with non-State funding would continue to be brought before the Board for their approval at future meetings. The five-year program includes an estimated $8.1 billion for new projects, with $6.1 billion from non-State and $2 billion from State funds. This represents a 20 percent increase for projected

non-State support compared to previous five-year plans. The increase in non-State funding is associated with more debt; this year's five-year program includes $3.3 billion in external financing. The program anticipates $1.1 billion in gift funds, over $800 million in campus funds, and about $725 million in hospital reserves. Ms. Lapp observed that the development of the capital program is a dynamic process, and that the scope and cost funding plan of each project will change by the time it is presented to the Regents for approval.

Committee Chair Kozberg commented that the Regents were being asked to approve the 2008-2009 budget, for which bonds to be put on the ballot have not yet been authored. Executive Vice President Lapp responded that UC is currently in discussion with the Governor's Office and the State Legislature to pursue this. Regent Ruiz opined that the Committee on Long Range Planning should examine the five-year plan. Mr. Ruiz expressed concern about future student enrollment and campus capacity in relation to projected spending for the campuses, and called attention to the fact that UC appears to be spending less money on the Riverside and Merced campuses, while these campuses have the greatest student capacity. He suggested that the Committee on Long Range Planning should have a discussion about campus capacity and how to best utilize resources. Committee Chair Kozberg praised the plan for its consideration of renewal for older UC buildings.

Regent Allen inquired about whether the $345 million per year expected in State support is subject to negotiation. He also requested clarification on the different nature of general obligation and lease-revenue bonds from which this would be drawn. Executive Vice President Lapp responded that this yearly support is provided for in UC's Compact with the Governor, through either one or the other type of bonds. State Capital Planning Director Aull discussed lease-revenue bonds, explaining that the State issues bonds, and that payment for these bonds comes from lease costs paid from the UC operating budget, for which UC is reimbursed by the State. UC receives this money as part of its operating budget, an arrangement which has been in place since 1984. Committee Chair Kozberg noted that the State turns to lease-revenue bonds during financially tight times. Ms. Lapp affirmed that general obligation bonds involve a ballot measure, while lease-revenue bonds do not. Regent Schilling asked about "equity" listed in the summary as a source of funding for campuses in contrast to equity in private business. Director Aull explained that this represents campus funds at hand: opportunity and education funds, other sources available to the campus (including student fees), as opposed to external financing or gifts. Committee Chair Kozberg suggested the Committee should, in the future, spend more time examining the bonding and financial sources of UC's capital program.

Regent-designate Scorza asked about UC's backlog of deferred maintenance needs and the apparent annual shortfall of $1.1 billion. Director Aull stated that the need for deferred maintenance funding is separate from the shortfall amount. Assistant Vice President Obley referred to a new UC model for conceptualizing

deferred maintenance, projecting costs over the entire life of a building. Ms. Obley estimated the unfunded deferred maintenance backlog for only the highest priority projects at between $800 million and $1 billion. She explained that UC currently receives no money from the State for deferred maintenance. UC has its own financing programs for individual projects but no systematic way of dealing with the backlog. She discussed current efforts to approach the situation through capital renewal, the renewal of building systems as a whole, anticipating needs in advance. Ms. Obley explained that UC intends to approach the State for funding for one-time needs when the State's fiscal situation improves.

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

5. **AMENDMENT OF THE BUDGET FOR STATE CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, HILGARD GRADUATE STUDENT HOUSING, LOS ANGELES CAMPUS**

The President recommended that:

A. The 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Hilgard Graduate Student Housing – preliminary plans, working drawings, construction, and equipment – $24,558,000, to be funded from external financing ($14,000,000) and Campus Housing System Reserves ($10,558,000).

B. The President be authorized to obtain external financing not to exceed $14 million to finance the Hilgard Graduate Student Housing 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, Housing System fees for the Los Angeles campus shall be established at levels sufficient to provide revenues sufficient to pay debt service and to meet the related requirements of the proposed financing.

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

C. 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.

D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

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Committee Chair Kozberg asked how it was ascertained that there was no interest in this project from any third-party developer. Administrative Vice Chancellor Morabito responded that the property location in Westwood, the steep slope at the building site, and the size of the project would render it not of interest to third-party developers. Mr. Morabito reported that UCLA had met with a third-party developer of apartments for the Irvine campus, who confirmed that the conditions of this project would preclude their interest in it. Committee Chair Kozberg asked how many current projects at UCLA involve third-party developers. Mr. Morabito responded that UCLA has three thousand apartments in twenty-five locations off campus. In recent years, UCLA has purchased 1,100 apartments at seventeen locations. He emphasized that UCLA, as a land-poor campus, has considerable experience with Los Angeles real estate developers.

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

6. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM, APPROVAL OF EXTERNAL FINANCING, ADOPTION OF MITIGATED NEGATIVE DECLARATION, AND APPROVAL OF DESIGN, HOUSING AND DINING SERVICES ADMINISTRATION BUILDING, SAN DIEGO CAMPUS**

The President recommended that:

A. The 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Housing and Dining Services Administration Building – preliminary plans, working drawings, construction, and equipment – $25 million to be funded from external financing ($23.5 million) and Housing Reserves ($1.5 million).

B. The President be authorized to obtain external financing not to exceed $23.5 million to finance the Housing and Dining Services Administration Building 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). So long as the debt is outstanding, University of California Housing System fees for the San Diego campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized funding.

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

C. 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.

D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

E. Upon review and consideration of the environmental consequences of the proposed project, The Regents:

(1). Adopt the Initial Study/Mitigated Negative Declaration.

(2). Adopt the Mitigation Monitoring Program and Findings.

(3). Approve the design of the Housing and Dining Services Administration Building, San Diego Campus.

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Associate Vice Chancellor Hellmann explained that he was now seeking formal approval for the Housing and Dining Services Administration Building project at UCSD, which was included in a May 2007 proposal for student on-campus housing expansion. The four-story building encompasses about 42,000 square feet, and will provide catering facilities on the ground floor and administrative office space on the remaining three floors. The cost of the project is $25 million, to be funded with $23.5 million in external financing and $1.5 million from housing reserves. Mr. Hellmann commented on reasons for the choice of the project site, and noted that construction is scheduled to begin in June 2008 for occupancy in 2009. He discussed the site, project planning, plan for the ground floor and upper levels, landscape plan, façades, use of faceted glass, other building materials, and sustainability features.

Regent Hopkinson expressed concerns about the readability of the floor plans and the appearance of the street façade, which she deemed solid and uninviting, not the look the University should project in its buildings. Regent Hopkinson also commented on the use of different colors of glass and the flying roof projection. She requested an explanation for why some glass panels were angled and others not, which appeared arbitrary. Mr. Hellmann discussed challenges presented by the catering operation and kitchen on the ground floor, which limit visibility. He suggested that there might be ways to "soften" the façade of the building, and explained that the use of colored and faceted glass was an architectural idea, not a necessity. He added some observations about the projection of the roof element.

Regent Johnson expressed agreement with Regent Hopkinson's reservations about the colored glass and the roof overhang, and asked about the catering services. Mr. Hellmann explained that the catering services are used widely by the campus community, including students, for university meetings, and evening events. He informed the Committee that the catering revenues are included in the overall operating budget (about $3 million) and might offset other costs. Faculty Representative Croughan expressed similar reservations about the use of glass and the roof extension. Ms. Croughan referred to Mr. Hellmann's description of the ventilation system which draws air from the bottom up, and expressed concern that fumes from vehicle emissions (from the loading dock and driveway for catering services) might be drawn up into the building. Mr. Hellmann explained that the displacement ventilation system will be inside the building. The intake ventilation will be located on the roof penthouse, away from the service yard and vehicle exhaust.

Regent Bugay called attention to the apparently low 55 percent ratio of assignable to gross square footage. Associate Vice Chancellor Hellmann pointed out footnote (f) in Attachment 1 of the item, which notes that efficiency improved to 61 percent in the schematic design phase, due to an increase in assignable square footage. Regent Bugay expressed discomfort with the 5.75 percent proposed interest rate for financing, which he described as nowhere near the reality of the marketplace. Regent Bugay expressed concern about the outcome of that difference when financing is secured, but clarified that this was a rhetorical question and concerned UC policy generally on this issue.

Mr. Hellmann conceded that the project is on a fast schedule and was brought before the Regents without benefit of a discussion item. In order to allow the project to move forward, he proposed that the campus submit a package of design revisions and adjustments, for a future consent agenda, addressing concerns regarding the glass elements, the roof overhang, and the West Side ground level entry.

Committee Chair Kozberg noted that there were many requests for adaptation and agreed with those comments. She agreed to allow the design revisions to be presented in a future consent agenda. Regent Hopkinson agreed to this, with the

understanding that ground-floor transparency could be created using different techniques, and that this is not a superficial issue.

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

7. **APPROVAL OF DESIGN, MOUNT ZION MEDICAL OFFICE BUILDING, SAN FRANCISCO CAMPUS**

The President recommended approval of the design of the Mount Zion Medical Office Building, San Francisco Campus.

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Regent Johnson requested an explanation of the development turnkey project delivery method. Assistant Vice Chancellor Yamauchi explained that the project will be delivered by the developer team. The land will be ground-leased to the developer during construction, and upon completion, the University will purchase the building from the developer.

Upon motion duly made and seconded, the Committee approved the President's recommendation.

8. **PRELIMINARY REVIEW OF DESIGN, HELIOS ENERGY RESEARCH FACILITY, LAWRENCE BERKELEY NATIONAL LABORATORY WITH THE BERKELEY CAMPUS**

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Vice Chancellor Denton introduced himself and Project Director Harkins. Vice Chancellor Denton outlined the planned purposes of the Helios Energy Research Facility, including housing the Energy Biosciences Institute (EBI). He noted the building site and sustainability measures. Project Director Harkins discussed the site plan, topography, security requirements, materials used, and other design issues. He stated that the project design would be further worked out and presented again at the March 2008 meeting.

Regent Allen asked how the project fits in with the Berkeley campus' larger Long Range Development Plan (LRDP), and if the draft Environmental Impact Report (EIR) will be exempt from certain aspects of CEQA. Vice Chancellor Denton responded that the project will have a separate, stand-alone EIR, and represents a contextual relationship with LBNL more than with the Berkeley campus. There is no formal relationship with the Berkeley LRDP.

Regent Hopkinson commented that there was not much exterior penetration on one elevation, and that the gray material used on other elevations appeared heavy. Mr. Denton explained that the lower levels are concrete, intentionally designed to align with the Molecular Foundry. Regent Ruiz asked about the project as a partnership with LBNL. Vice Chancellor Denton replied that the building will be a UC Berkeley project.

9. **PRELIMINARY REVIEW OF DESIGN, COMPUTATIONAL RESEARCH AND THEORY FACILITY, LAWRENCE BERKELEY NATIONAL LABORATORY WITH THE BERKELEY CAMPUS**

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Facilities Division Deputy O'Hearn introduced himself and Project Director Dutton. He presented early designs for the Computational Research and Theory Facility (CRT) project. Deputy O'Hearn pointed out the three main programs within CRT: the National Energy Research Scientific Computing Center (NERSC), the Computational Research Division, and the Energy Sciences Network. He recalled that the project was approved in March 2007, and informed the Committee that the design and environmental certification would be presented for approval at the March 2008 meeting. Mr. O'Hearn presented the project, discussing sustainability measures, anticipated power consumption (e. g., air-based computer cooling, optimized solar orientation), location, materials, and current design (two basic blocks, the High Performance Computing floor, and the six-story office wing).

Regent Bugay noted the projected opening date of 2011 and the expectation of a highly sophisticated level of supercomputing technology to be housed in the building, and expressed concern about rapid changes in technology that could be expected between 2007 and 2011. Deputy O'Hearn outlined two expectations of technology for the building: existing air-cooled computing facilities, and anticipated Department of Energy funding, provided every three to four years, for the next increment in supercomputing facilities, which might require air-based or water-based cooling systems. He explained that the building design includes flexibility for air- and water-based cooling systems. Mr. O'Hearn concurred that changes in technology during the construction period are to be expected, but pointed out that the procurement process for the supercomputer is currently under way, and that the scientists involved have a good idea of the power and cooling needs for the next increment.

Regent Ruiz noted the significant power demands of the facility, and asked about efforts to capture the heat generated by the facility or to offset costs. Deputy O'Hearn responded that the office wing will be heated by waste heat from the supercomputing space and that other opportunities to use the waste heat are being examined. He stated that the project is 30 percent more efficient than the industry

average in its use of power for running the computer rather than cooling the space. Regent Hopkinson pointed out that the building comes close to the entrance road in two locations. Mr. O'Hearn replied that this was an earlier site plan, and that changes are expected. He discussed an idea presented by Laboratory Director Chu to install a pull-out for easier access to the Laboratory, including an elevator system (there is a 150-foot grade differential). A close adjacency is desired, but the edge will be pulled back ten to twelve feet. Regent Hopkinson expressed the hope that landscaping will be used to mitigate the significant height of the building as visitors approach it. Regent Schilling asked if the Laboratory used UC Berkeley data warehousing facilities. Mr. O'Hearn responded that the LBNL computer clusters provide services for all LBNL Divisions. Information is shared with other DOE laboratories, and research collaboration is being explored with the UC Berkeley College of Engineering.

10. **PRELIMINARY REVIEW OF DESIGN, STEINHAUS HALL SEISMIC IMPROVEMENTS, IRVINE CAMPUS**

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Due to time constraints, this item was deferred.

11. **PRELIMINARY REVIEW OF DESIGN, EAST CAMPUS STUDENT HOUSING, PHASE III, IRVINE CAMPUS**

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Vice Chancellor Brase emphasized student housing as a priority for UCI, a key aspect of "greening" the campus and improving campus-community relations. He presented Phase III as a design planning concept for privatized student housing, and stated that an action item for design approval of the project's first stage will be presented at the March 2008 meeting. He discussed the success of the privatized model at UCI and outlined the roles of the developer and the third-party non-profit entity. Mr. Brase cited the high occupancy rate for UCI's previous projects (better than 99 percent) and the outstanding student demand (according to a market feasibility study, an unmet demand of 5,000 students for the 2007-2008 year). He stressed the need for more housing to accommodate future undergraduate enrollment, graduate students, and the new law school, and to be able to honor existing housing guarantees made to students. Mr. Brase informed that American Campus Communities was the selected developer. He discussed the three sites to be included in Phase III and significant features and goals of the project (limited parking on-site, a parking structure for "warehousing" of cars, separate pricing for parking, higher density and more efficient use of land than previous projects, more concentrated shuttle bus system, less expensive common amenities, "European" standards of square feet per bed).

Vice Chancellor Brase opined that making commuting students into campus residents was the "greenest" thing the University could do and solicited course corrections from the Regents now, so that the project can stay on track. Campus Architect Gladson presented two prototypes being developed with Campus Housing, for graduate student housing (three apartment buildings) and undergraduate townhouses (including a parking structure). She solicited design feedback and noted the tension between keeping down the cost of the project and creating a desirable living environment.

Committee Chair Kozberg requested drawings of the project, for the Regents' consideration. Regent Hopkinson asked if the project will include common areas and services similar to those in the Phase I and II projects. Mr. Brase responded in the affirmative, but noted that they would not be as luxurious, providing common social areas, but lacking some features (jacuzzi, swimming pool) in the interest of greater affordability and reflecting graduate student need. Regent Hopkinson commented that there could be greater visual articulation of the townhouse concept. Ms. Gladson responded that work is under way with the architect on concept refinement. She called attention to the public spaces that could be used as study rooms, and which she described as utilitarian. Faculty Representative Croughan asked about the availability of married student housing (graduate and undergraduate) and units with multiple bedrooms. Mr. Brase cited current market pressures, and stated that the primary market niche is not married students. Ms. Croughan suggested that, in the future, there might be higher proportions of married students (e. g., with the new law school). Mr. Brase emphasized the flexibility of the design, which can allow for renting to different populations as conditions change.

12. **UPDATE ON TELEMEDICINE/PRIME-LC FACILITIES BID RESULTS AND UPDATE OF DESIGN FOR THE ARTS BUILDING, IRVINE CAMPUS**

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Campus Architect Gladson presented materials on the Telemedicine Medical Education building. She noted that design parameters and site analysis for the project had been previously presented and approved. Ms. Gladson briefly discussed the site and visibility concerns. She presented the winning proposal of the two competing proposals received, noting its sustainability features and additional fourth-floor shell space of about 15,000 square feet to be built out in the future. She pointed out that the time frame from release of funds to occupancy will be 26 months. She reported that UCI bids are held for only thirty days, and that the campus will therefore be asking for interim items and special meetings for future items. Vice Chancellor Brase commented on the streamlined nature of the current process and thanked the Regents for their support for approval of design parameters, resulting in a 30-day period from receipt of

proposals to awarding of a project. Ms. Gladson anticipated that UCI will seek a special meeting or interim item for its Art Building project.

Regent Hopkinson praised the campus for achieving a 26-month time frame for design and construction, while quality of design did not suffer. She expressed the hope that other campuses will move in this direction. Committee Chair Kozberg complimented Campus Architect Gladson on her efforts for continuous improvement.

The meeting adjourned at 1:15 p.m.

Attest:

Secretary and Chief of Staff