

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

September 18, 2007

The Committee on Grounds and Buildings met on the above date at Mondavi Center, Davis campus.

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

In attendance: Regents Brewer, Garamendi, and Preuss, Regent-designate Scorza, Faculty Representative Brown, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Provost Hume, Executive Vice President Lapp, Vice Presidents Foley and Sakaki, Chancellors Kang and Vanderhoef, Acting Chancellor Blumenthal, and Recording Secretary Smith

The meeting convened at 11:06 a.m. with Committee Chair Kozberg presiding.

1. **CONSENT AGENDA**

A. ***Authorization to Submit Applications for Proposition 71 Grant Funding for Major Facilities Grants and Take Related Actions to Receive Funding***

The President recommended that:

- (1) The Regents authorize the chancellors to submit applications for Proposition 71 grant funding for California Institute for Regenerative Medicine Major Facilities Grant Program.
- (2) The Regents authorize the President or his designee, after consultation with the General Counsel, to execute grant contract documents and take such further actions, including but not limited to:
 - a. The establishment of a mechanism for financial transactions.
 - b. Execution and delivery of such additional, related instruments, certificates, statements, and documents as are reasonably required to obtain the grants.

- (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.
- (4) Approval of the individual capital projects, including its financial feasibility, for which the grant funding would be applied, will follow the standard University approval practices.

[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.]

B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Telemedicine and Prime-HEq Education Facility, San Diego Campus*

The President recommended that:

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

From: San Diego: Telemedicine and PRIME-HEq Education Facility – preliminary plans, working drawings, construction, and equipment – \$59,170,000, to be funded from State funds (\$35,000,000), gift funds (\$20,375,000), campus funds (\$3,295,000), and University funds (\$500,000).

To: San Diego: Telemedicine and PRIME-HEq Education Facility – preliminary plans, working drawings, construction, and equipment – \$60,227,000, to be funded from State funds (\$35,000,000), external financing (\$20,457,000), capitalized leases (\$1,950,000), campus funds (\$2,320,000), and University funds (\$500,000).

- (2) The President be authorized to obtain external financing not to exceed \$20,457,000 to finance the Telemedicine and PRIME-HEq Education Facility, 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 financing shall be from the San Diego Campus share of the University Opportunity Fund.

- 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.

[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.]

C. *Annual Report on Approvals of Chancellor’s Residence and Other Capital Projects for the Year Ended June 30, 2007*

The President recommended acceptance, in accordance with the Schedule of Reports, of the annual report on *Chancellors’ Residences and Other Capital Projects* for the year ending on June 30, 2006.

[The Report 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.]

D. *Design Update, Social Sciences and Management Building, Merced Campus*

[Updated design materials were mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Upon motion duly made and seconded, the Committee approved the President’s recommendations and accepted the annual report, and voted to present them to the Board.

2. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, CLARK KERR CAMPUS RENEWAL, BERKELEY 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:

- Berkeley: Clark Kerr Campus Renewal – preliminary plans, working drawings, construction and equipment – \$135,350,000, to be funded from external financing (\$128,600,000) and the Berkeley campus’s share of the University of California Housing System Net Revenue Fund (\$6,750,000).
- B. The President be authorized to obtain external financing not to exceed \$128,600,000 to finance the Clark Kerr Renewal 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.
- 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 deferral 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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Regent Hopkinson voiced strong concern over the cost of the project, particularly \$30 million for utilities and \$145,000 per unit for rehabilitation.

Associate Vice Chancellor Gayle recalled that the Clark Kerr Campus is approximately 50 acres acquired 25 years ago by the University. Many of the buildings in question were built between the 1920s and 1950s, and the utilities on the campus also originate in that time period. The condition of the facilities was marginal at the time of acquisition, and little investment was made to update them at that point. The proposal is to bring the housing and utilities up to current standards, which not only affects the marketing of the housing units, which are currently decrepit, but also renews the utilities for the remainder of the functional life of the facility, which is 25 years. The work will raise the housing standards to that of other housing facilities on campus as well as those of the University’s peer institutions. Conference facilities will also be provided, allowing rates to be increased, which will offset the cost to some degree.

Regent Hopkinson maintained that the very high costs of this project are consistent with the high costs of construction overall at the University. It is a continuing problem that needs to be solved.

Committee Chair Kozberg requested that Executive Vice President Lapp, with the assistance of Regent Hopkinson, continue to work on the item, and asked that closer attention be paid to such costs overall.

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

3. **PRELIMINARY REVIEW OF DESIGN, 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.]

Associate Vice Chancellor Hellmann stated that the project is nearing completion of schematic design and solicited input from the Committee regarding the design. He noted that the computer-aided renderings may give the impression that the design is complete, but he assured the Committee that changes can be made. He showed slides to illustrate the site context and the proposed building. Mr. Hellmann stated that the building is close to meeting a LEED Silver rating.

In response to a question from Regent Johnson regarding funding, Executive Vice President Lapp stated that \$35 million of the project is funded out of the State's PRIME/Telemedicine program.

Regent Hopkinson expressed concern over the appearance of the eastern façade, where the auditorium is located. Realizing that there may be future expansion in that direction, she suggested that a large amount of landscaping be planted against the façade in the interim.

In response to a request from Regent Ruiz, Mr. Hellmann stated that information regarding the number of students and faculty that the facility will serve can be provided. In terms of revenue, Mr. Hellman explained that no revenue will be generated from the facility; it is intended as a community asset that provides a state-of-the-art training facility for medical students and serves as a support facility to provide diagnosis to patients in outlying areas.

Regent Garamendi explained that there is much discussion in the Legislature on standards for green buildings, noting that the University would be exempt from those standards. Legislation currently before the Governor would require all commercial buildings to meet a standard that, he believed, was higher than LEED Silver. He asked what would be required to attain the Gold standard for this project. Overall, Regent Garamendi believed that the University could achieve a

higher standard, and questioned whether it was wise to go against what the Legislature will require in terms of green buildings. He asked that the University review its policy and seek a higher standard, since its current standard is the lowest possible.

Assistant Vice President Bocchicchio explained that the University has become a leader in the area of green buildings. The University's basic standard is LEED Certified, and the policy states that every project shall strive to reach Silver to the extent possible. Analysis was conducted when the policy was initially considered to determine the cost to the University; it was found that advancing from Certified to Silver would incur no to low cost, but advancing to Gold or Platinum represented an additional cost. There is a constant weighting between costs and benefits of sustainable buildings. Regent Garamendi asked if a long-term cost-benefit analysis is conducted to compare future energy savings against additional construction costs. Mr. Bocchicchio replied that such analysis is a routine part of the University's capital projects program. The University subscribes to a program called Savings By Design to analyze each project on these parameters. Mr. Hellmann stated that the project has undergone the analysis, and that the figures can be provided to Regent Garamendi.

Faculty Representative Croughan was pleased to see the clinical skills training center in the project. She noted the importance of maintaining state-of-the-art information technology systems in conjunction with clinical skills training, and suggested that the campus speak with colleagues at the San Francisco campus to review their experience of having to redesign the facilities in order to update IT.

4. **PRELIMINARY REVIEW OF DESIGN, 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.]

Assistant Vice President Bocchicchio explained that the project uses a design-build competition delivery method. The Irvine campus has been able to shorten the delivery process using this method on many projects, which is advantageous since time delays are costly in construction projects. Mr. Bocchicchio explained that, in order to proceed with projects of this type, the University must be flexible with its policies and processes. Basic design parameters are presented to the design-build bidders, who then propose a design in conjunction with the architects on the bidding team. The campus evaluates the designs and the winning design is presented to the Committee. Flexibility on the part of the Committee and the University allows campuses to synchronize with the construction industry in order to attain the highest efficiency and best delivery processes, conserving capital dollars.

Vice Chancellor Brase affirmed that the Committee has been supportive of the campus' endeavors to shorten the process of capital building, noting that close to an entire year has been saved in the process. The current project will be the third done by the Irvine campus using the design-build competition delivery method.

Associate Vice Chancellor Gladson showed slides to illustrate the site context. The campus will be accepting the bids in late November and will put forth an interim item in December to request approval of the design and award the contract. The building will be constructed within 26 months.

In response to question from Regent Garamendi, Ms. Gladson explained that the campus sets the design parameters for energy efficiency at LEED Certified and also requests an alternate bid to reach Silver and Gold. Mr. Brase stated that the campus considers the University's policy to be a minimal standard; the campus has submitted nine projects to be evaluated through the U.S. Green Building Council LEED process. One project earned Gold, which was the first building in Orange County to be awarded that rating. He explained that the campus has a very efficient central plant, and since the project will be linked to that plant, it may achieve an even higher standard. Ms. Gladson recalled that the aforementioned project that attained a Gold rating was originally budgeted at Certified, but due to the savings in time and money yielded through the design-build process, it was possible to attain Gold. Many other buildings have far exceeded the energy standards originally budgeted and were within a couple points of Gold.

Regent Garamendi urged the Office of the President to present to The Regents how it intends to reduce its carbon emissions in accordance with the proposed legislation. Committee Chair Kozberg stated that the issue would be brought back as a Committee item to allow sufficient time to discuss it.

Committee Chair Kozberg pointed out that many campuses are also considering the design-build process for their capital projects.

5. **PRELIMINARY REVIEW OF DESIGN, MISSION BAY
CARDIOVASCULAR RESEARCH 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.]

Vice Chancellor Steve Barclay stated that the campus seeks to return to the Committee in November for full approval of the design of the Mission Bay Cardiovascular Research Building. The building will provide expansion space for the campus' current cardiovascular program and allow substantially increased collaboration with other UCSF clinical programs and with the Gladstone Institute. He stated that the campus is expecting a formal approval from a major donor of a

\$100 million cash gift and a matching \$50 million gift, bringing the campus close to \$180 million in gifts in hand.

Associate Vice Chancellor Wiesenthal explained that the current cardiovascular institute is spread over three different campus locations – Parnassus, Mission Bay, and Laurel Heights – and that on one of the campuses the program is located in three separate buildings. The overall program has a total capacity of 20 faculty principal investigators. The proposed project would enable the campus to consolidate the entire program into one building and increase the size to a maximum of 48 faculty principal investigators. In addition, situating clinical space within a research laboratory will accelerate the translation of science into new treatments and therapies as well as integrate the training for clinical and scientific enterprises. He showed slides to illustrate the site context and the building design.

Mr. Wiesenthal explained that the proposed project will further the Mission Bay campus’ goal of providing employment and job training to underserved communities. In the first seven years of Mission Bay, over 1,800 city residents have been employed in its construction, 743 of which entered the workforce for the first time as apprentices.

Mr. Wiesenthal noted the difficulty of applying LEED standards to complex, utility-intensive biomedical research laboratories, but stated that the campus is striving to make the building its first LEED Silver laboratory building. The project will also be the first University project that will use the Best Value Contractor Selection approved by the Legislature in 2006. Design-build methods will be used strategically for the most expensive segments of the building where the campus feels it can better benefit from the contractors’ and engineers’ input than from the architects’. Building information modeling is also being used successfully to allow the campus to foresee potential conflicts and change orders.

Committee Chair Kozberg commended the attractiveness of the building.

Faculty Representative Croughan pointed out the value of having clinical and laboratory space in the same building, saving faculty members’ valuable time.

6. AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND APPROVAL OF EXTERNAL FINANCING, STUDENT ATHLETE HIGH PERFORMANCE CENTER, BERKELEY CAMPUS

The President recommended that, subject to a decision by the court in favor of the University in pending litigation concerning this project, and with concurrence of the Chairman of the Board of Regents and the Chairs of the Committee on Grounds and Buildings and the Committee on Finance:

- A. The President be delegated the authority to amend the 2007-08 Budget for Capital Improvements and the Capital Improvement Program as follows:
- From: Berkeley: Student Athlete High Performance Center – preliminary plans, working drawings, construction, and equipment – \$111,948,000, to be funded from gift funds.
- To: Berkeley: Student Athlete High Performance Center – preliminary plans, working drawings, construction, and equipment – \$117,448,000, to be funded from gift funds (\$17,448,000) and external financing (\$100,000,000).
- B. The President be authorized to obtain external financing not to exceed \$100 million to finance the Student Athlete High Performance Center (SAHPC) 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) Repayment of the debt shall be from the Berkeley campus football program gross revenues and the income earned on the SAHPC Initiative Fund, which shall be sufficient to meet operating expenses, pay debt service. and meet requirements related to the financing.
 - (3) The general credit of The Regents shall not be pledged.
- C. The President to be authorized to obtain standby financing not to exceed \$6,248,000, prior to awarding a construction contract for any gift funds not received by that time and 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) Repayment of any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus football program net revenue.
 - (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.

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Vice Chancellor Brostrom explained that the purpose of the item was to change the financing approach for the project. The proceeds for the building will be entirely raised from gift funds, approximately \$100 million of which had been raised. The campus will raise funds, borrow an equal amount in the tax-exempt capital markets, and put the gifts into its endowment. In this way, the endowment will be supporting the debt service on the building as well operations. The University is able to borrow money at about 5 percent, and a long-term proxy for return on an endowment is about 9 percent; the 4 percent spread on \$100 million will be used to help support the operations of the athletic department, which is currently in deficit.

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

7. PHYSICAL PLANNING AND DESIGN VISION PRESENTATION UPDATE, DAVIS CAMPUS

Chancellor Vanderhoef and Vice Chancellor Meyer presented a video outlining the specific progress made and projects underway at the Davis campus. The presentation included an overview of the Davis physical campus, with a focus on the academic core where most building and development take place. The heart of the Davis campus is the historic Quad, which acts as the social, cultural, and "civic" center of the campus. The campus plans to extend the original planning framework established at the Quad to create a strong system of pedestrian promenades. The tree-lined walks will connect established and new places on the campus with long views and consistent materials, all leading back to the Quad. In addition, three developing campus neighborhoods – Life Sciences, Health Sciences, and South Entry – will be developed according to principles of open space planning, architecture, and landscape.

Mr. Meyer recognized undergraduate Mr. Mark Hernandez, who helped the campus' professional staff with some of the 3-D graphics in the video.

In response to questions from Faculty Representative Croughan, Mr. Meyer explained that the campus is close to completing a plan to improve the Quad area in 2008, which will add pedestrian pathways that are separate from the bicycling system. Better bicycle connections also will be developed to the new south district, especially to the Mondavi Institute.

Regent Allen commended the efforts to reduce the waste produced by the Regents meeting.

Committee Chair Kozberg congratulated the campus on its transformation. Mr. Vanderhoef recognized that much of that transformation was due to the input of the Committee.

The meeting adjourned at 1:00 p.m.

Attest:

Secretary and Chief of Staff