

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

January 18, 2012

The Committee on Grounds and Buildings met on the above date at Highlander Union Building, Riverside campus.

Members present: Regents Hallett, Makarechian, Ruiz, Schilling, and Zettel; Advisory members Anderson and Rubenstein; Staff Advisor Herbert

In attendance: Regent Mireles, Regent-designate Stein, Faculty Representative Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, Executive Vice President Brostrom, Chief Financial Officer Taylor, Vice President Lenz, Chancellors Birgeneau, Blumenthal, Fox, and Katehi, and Recording Secretary McCarthy

The meeting convened at 3:55 p.m. with Committee Chair Makarechian presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of November 28, 2011 were approved.

2. ANNUAL REPORT ON SUSTAINABLE PRACTICES

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President Brostrom stated that this presentation would focus on implementation of two of the eight components of the Sustainable Practices Policy. First, in the area of energy efficiency, UC participates with investor-owned utilities, the California State University, and some municipal utilities in a strategic Energy Efficiency Partnership, through which the University invests in energy efficiency projects that generate significant operational savings. These projects include lighting retrofits, building recommissioning, and upgrades to heating, ventilation, and air conditioning systems that reduce energy consumption while improving health and safety. To date, the Regents have financed \$193 million for these projects in addition to the \$47 million in upgrades from utility companies; the projects resulted in savings of \$32 million in 2011, and \$90 million since the partnership's inception in 2004.

Mr. Brostrom stated that the second focus of this presentation would be energy-efficient building. In the past year, the number of UC's systemwide Leadership in Energy and Environmental Design (LEED) certifications increased from 49 to 87, including new construction, renovation projects, faculty housing, and existing building operations and maintenance projects. UC has the greatest number of completed LEED certified projects

of any university in the nation. Five projects achieved LEED for New Construction platinum certification in 2011: the Graduate School of Management and the winery, brewery and food-processing complex at UC Davis, Gross Hall and the Humanities Gateway at UC Irvine, and the Sedgwick Reserve Tipton Meeting House at UC Santa Barbara.

Regent Mireles noted the success of the composting program at UCSF. Sustainability Manager Matthew St. Clair acknowledged UCSF's leadership in this area and stated that almost all campuses have composting programs in their dining halls. The campuses are now following the lead of the Office of the President in composting office building materials as well.

Regent Mireles asked how the University is publicizing its successes in sustainability as a way of bringing positive attention to the University. Mr. Brostrom responded that UC has received many national accolades for its efforts in sustainability and is working with its communications group and others on ways to increase public awareness.

Regent Schilling asked how much it would cost to meet UC's Sustainable Practices Policy goal of reducing greenhouse gas emissions to 1990 levels by 2020. She expressed her opinion that the University should weigh its priorities carefully in attempting to achieve these standards in the current financial environment, when funds are needed in the academic arena. Mr. Brostrom stated that most of the measures discussed would result in cost savings. In the Energy Efficiency Partnership program, the 20 to 30 percent equity infusion from the utilities on each project, combined with the low cost to capital, has resulted in operational savings of approximately \$32 million per year. Similarly, LEED elements result in savings in the life-cycle costs of buildings, even if the improvements may increase short-term costs. Mr. Brostrom also pointed out that the future cost of carbon must be considered, as the California Air Resources Board's greenhouse gas cap-and-trade program would take effect in California in 2013. Based on current emission levels, six UC campuses would be directly regulated under the program and thus would be affected by the cost of carbon. He agreed that a business case should be made for any sustainability projects to ensure they would be either neutral or positive financially.

Regent Ruiz noted his support for sustainability, although he expressed concern about cost, such as possible waste or food-borne illnesses that could be connected with using organic foods, at a time when food costs for students should be kept as low as possible. Mr. St. Clair responded that changes to food at campus dining halls are mainly in response to demands from students for more local, organic, and sustainable food, and that campus dining services are careful to increase a cost only if an offsetting decrease can be found.

Committee Chair Makarechian asked how energy-saving measures were being standardized among campuses. Mr. Brostrom acknowledged that there is a difference among the campuses in the degree of progress made toward reaching the 2014 sustainability goals. Energy projects alone would not enable the campuses to reach

2020 goals; campuses would also pursue projects involving production of biomethane for cogeneration facilities, and procurement or production of alternative energies. All these initiatives would have to be accomplished in a cost-effective manner that would not impose additional costs on the campuses' budgets. Regent Makarechian stated his opinion that there should be systemwide standards for energy-efficient construction elements, such as using sensors to turn off lights.

UC Irvine Vice Chancellor Wendell Brase, chair of the UC Climate Solutions Steering Group, stated that having the clear goal of reducing UC's carbon footprint by 2014 is a significant motivational factor for the University, along with the incentive of a program as effective as the Energy Efficiency Partnership. UC also has other effective collaborative mechanisms. For example, almost all deep energy efficiency lighting projects have come from the UC Davis California Lighting Technology Center. Friendly competition among the campuses has also increased progress. Mr. Brase emphasized that UC has made phenomenal gains in energy efficiency. He stated his opinion that the current collaborative process with clear incentivized goals is effective.

Regent Zettel asked whether there is a marketing potential for presentations to businesses regarding UC's energy efficiency technologies. Mr. Brase responded that the current presentation involved proven design ideas, although the presentation might not have any income potential. Regent Zettel suggested that these technologies might be marketable as a continuing education class or webinar.

Regent Zettel asked whether the academic curriculum of the Berkeley Center for Green Chemistry would satisfy medical school admission requirements. Mr. St. Clair responded that the Center had adapted existing laboratory class curricula to cutting-edge environmentally friendly chemistry processes in order to prepare students to participate in research in that fast-growing field. Mr. Brostrom added that leaders of the traditional Berkeley Chemistry department, ranked among the nation's top three, were involved in the establishment of the Berkeley Center for Green Chemistry's curriculum, which would be within the rigor of the discipline.

3. **PROSPECTUS FOR A SUSTAINABLE FUTURE: RECOMMENDATIONS FOR IMPLEMENTING THE UNIVERSITY'S COMMITMENT TO CLIMATE NEUTRALITY**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President Brostrom stated that the University has set emission goals for the campuses to achieve 2000 emission levels by 2014, a 25 percent reduction, and 1990 levels by 2020. These goals were not adjusted for the campuses' growth of the past two decades.

UC Irvine Vice Chancellor Wendell Brase summarized the strategies for reaching these emission goals. Methods of improving energy efficiency have proven to be more

successful than anticipated, and would result in a deep reduction in UC's carbon footprint. Progress has been two or three times greater than was thought possible just a few years prior. Another strategy is to use renewable power in order to negate the emissions of UC's procured power. The third method would be development of cogeneration facilities, also known as combined heat and power plants, which produce an increased amount of energy per unit of carbon. The only way to make such plants carbon-neutral would be to develop a biomethane program large enough to negate the carbon emissions of the cogeneration plants.

Mr. Brase displayed a graph of the cost of the proposed strategies. He pointed out that the cost of power in California would increase because of the State's environmental policies that would place a cost on carbon emissions. Cost savings through the use of renewable energies would be realized in the future, as the price of current typical energy sources continues to rise. Mr. Brostrom added that the figures incorporated both the amortization of the capital and the ongoing operating costs. The University is exploring financing strategies to negate the increased short-term costs and to keep energy costs to campuses at or below current levels.

Regent-designate Stein asked, since five UC campuses and one of its hospitals would be subject to regulation under the California Air Resources Board's greenhouse gas cap-and-trade program in 2013, costing UC between \$126 million and \$475 million over the rest of the decade, how these figures were incorporated into energy cost projections. Mr. Brostrom noted that, even though the University has worked with a well-respected economics firm to develop the projections, the best estimates of the future costs of energy under cap-and-trade fall within a broad range.

4. **UNIVERSITY SEISMIC SAFETY POLICY AND UPDATE ON PROGRAM FOR SEISMIC IMPROVEMENTS**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz stated that the Office of the President has worked closely with the campuses to prepare interim use plans for any buildings rated seismically "poor" or "very poor," and would use these plans to determine the length of time until a building can be retrofitted, replaced, or must be abandoned. In August 2011, UC upgraded and adopted its Seismic Safety Policy to consolidate three existing policies and to modify the earthquake performance levels for existing buildings to be consistent with the California Building Code and other codes used by State agencies. The new system rates buildings from "one" to "seven," replacing the prior "good" to "very poor" ratings. Mr. Lenz stated that the University has made significant progress in completing seismic correction work. More than 2.6 million gross square feet (gsf) have been retrofitted since September 2008, with approximately 3.2 million gsf remaining to be rehabilitated. He emphasized that the University considers seismic correction work to be its highest priority among campus capital projects.

Committee Chair Makarechian asked whether the University has necessary retrofitting projects for which there is no funding. Associate Vice President Deborah Wylie stated that UC's interim use plans, indicating the ratings of UC buildings in need of seismic work, are above and beyond the requirements of the California Building Code. At this time, no buildings in the interim use plans have passed their deadlines for diminished use or vacating, although she said that could happen in the future.

Regent Zettel congratulated the team on the 2.6 million gsf of seismic work completed, and asked how much that work has cost. Mr. Lenz stated that he would supply those figures, and speculated that the costs to date were slightly more than \$1 billion.

5. **AMENDMENT OF THE BUDGET, APPROVAL OF AN INCREASE OF EXTERNAL FINANCING, COMPUTATIONAL RESEARCH AND THEORY FACILITY, BERKELEY CAMPUS AND LAWRENCE BERKELEY NATIONAL LABORATORY**

A. The President recommended that:

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Lawrence Berkeley National Laboratory and Berkeley Campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – \$112,944,000 to be funded from external financing (\$107,500,000), gifts (\$5,000,000) and LBNL operating funds (\$444,000).

To: Lawrence Berkeley National Laboratory and Berkeley Campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – \$124,944,000 to be funded from external financing supported by LBNL funds (\$119,944,000), and external financing to be supported by Berkeley campus funds (\$5,000,000).

Deletions shown by strikeout; additions by underscore

- (2) The President be authorized to obtain external financing not to exceed ~~\$112,944,000~~ \$119,944,000 to finance the Computational Research and Theory Facility 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. As long as the debt is outstanding, the debt service and related requirements of the authorized financing shall be sought first from

available Lawrence Berkeley National Laboratory (LBNL) funds, and

- c. The President shall create a contingency funding strategy to pay the debt service for the external financing in the event LBNL funds are not available or insufficient to pay the debt service; and
- d. The general credit of the Regents shall not be pledged.

~~(3) The President be authorized to obtain interim financing not to exceed \$5,000,000 prior to awarding a construction contract for 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 financing shall be from gift funds. If gift funds are insufficient and some or all of the debt is outstanding, then the Berkeley campus' share of the 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.~~

(3) The President be authorized to obtain external financing in an amount not to exceed \$5,000,000 to finance the Computational Research and Theory Facility 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. As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- c. The general credit of the Regents shall not be pledged.

(4) All other terms and conditions of the project remain the same.

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

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz stated that this item requested approval of a \$12 million augmentation of the Computational Research and Theory Facility's budget, replacement of \$444,000 of Lawrence Berkeley National Laboratory (LBNL) operating funds with external financing, approval of an increase in external financing to support the LBNL funds, and replacement of \$5 million in gift funds from the Berkeley campus with \$5 million in external financing supported by campus funds. The project is an almost 140,000 gross square feet building that would include high-performance computing space, offices, a visualization laboratory, and conference space. Mr. Lenz explained that the budget augmentation is needed primarily due to legal challenges that have delayed the project more than 39 months.

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, APPROVAL OF AN INCREASE OF EXTERNAL FINANCING, AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, TERCERO STUDENT HOUSING PHASE 3, DAVIS CAMPUS**

A. The President recommended that:

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Davis: Tercero Student Housing Phase 3 – preliminary plans, working drawings, and construction – \$80,243,000, to be funded from external financing (\$60,182,000) and the Davis Housing System Reserves (\$20,061,000).

To: Davis: Tercero Student Housing Phase 3 – preliminary plans, working drawings, and construction – \$88,441,000 to be funded from external financing (\$68,380,000) and the Davis Housing System Reserves (\$20,061,000).

Deletions shown by ~~strikeout~~; additions by underscore

- (2) The scope of the Tercero Student Housing Phase 3 project shall include approximately 216,108 assignable square feet which is anticipated to accommodate 1,200 beds.
- (3) The President be authorized to obtain external financing not to exceed ~~\$60,182,000~~ \$68,380,000 to finance the Tercero Student Housing Phase 3 project. The Davis campus shall satisfy the following requirements:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

- b. As long as the debt is outstanding, general revenues of the Davis Campus 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 President be authorized to execute all documents necessary in connection with the above.
- B. The President recommends that, upon review and consideration of the environmental consequences of the proposed Tercero Student Housing Phase 3 project, the Committee:
 - (1) Adopt the Initial Study/Mitigated Negative Declaration for the Tercero Phase 3 Expansion, which is tiered from the 2003 Long Range Development Plan Environmental Impact Report (LRDP EIR).
 - (2) Approve and incorporate into the Project all project elements, Project-Specific Mitigation Measures GHG-1, NOI-1, and TRA-1, the Mitigation Monitoring Program for the Tercero Phase 3 Expansion Project, and relevant 2003 LRDP EIR mitigation measures identified in the Findings and as more specifically described in the Tercero Phase 3 Expansion Project Initial Study/Mitigated Negative Declaration.
 - (3) Adopt the California Environmental Quality Act (CEQA) Findings for the Tercero Phase 3 Expansion.
 - (4) Approve the design for the Tercero Phase 3 Expansion.

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz explained that proposed Tercero Housing Phase 3 project would involve demolishing 12 existing seismically deficient resident halls and providing housing for 800 undergraduate students with seven four-story residence halls, including a 250-seat lecture hall, study space, senior resident advisor apartments, space for residential staff, and laundry facilities. He recounted that the Regents had approved a budget of \$80.2 million, with \$60.2 million from external financing; this item requested budget augmentation of nearly \$8.2 million and approval to increase the external financing by the same amount. Additionally, the item proposed to adopt the Findings, Mitigation and Monitoring and Reporting Program, and approve the design, pursuant to the California Environmental Quality Act (CEQA).

Committee Chair Makarechian asked why the items to be funded by the budget augmentation, such as air conditioning, had not been included in the original budget. Vice

Chancellor John Meyer responded that the original budget was an aggressive cost model based on Tercero Phase 2. In the Ten-Year Capital Plan of November 2010, the budget for the current project had been estimated at \$93 million. The current lower proposed budget represented an aggressive cost model, and incorporated some improvements learned from the Tercero 2 project.

Regent Schilling asked why a private developer was not used for this project. Mr. Meyer said that the campus considered using a private developer, but since this project, primarily for first-year students, integrates space for counseling and academic programs within the dormitory setting, the campus decided to deliver the project itself, and would also benefit from UC's slightly lower cost of capital.

Committee Chair Makarechian asked what sustainability measures were taken to ensure that resources such as electricity would not be wasted when the first floor public areas were unoccupied. Mr. Meyer stated that the building would use a waste heat recovery system and that the building would achieve at least a Leadership in Energy and Environmental Design (LEED) Gold rating.

Committee Chair Makarechian asked whether the campus anticipated this to be the last request for augmentation of the budget for the project. Mr. Meyer responded in the affirmative.

Committee Chair Makarechian stated that each Committee member had been provided with documentation prepared pursuant to CEQA as reflected in the item. The Committee members had reviewed and considered the CEQA documentation in support of the proposed item and all comments received in writing or presented to the Committee that day, and had balanced the specific benefits of the President's recommendations in the item against any unavoidable adverse environmental effects as reflected in the Findings that were proposed for adoption by the Committee.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present the recommendation in A. above to the Board.

7. AMENDMENT OF THE LONG RANGE DEVELOPMENT PLAN AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, CLINICAL AND TRANSLATIONAL RESEARCH INSTITUTE BUILDING, SAN DIEGO CAMPUS

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

- A. Certify the Environmental Impact Report, as augmented and modified by the January 18, 2012 Supplemental Information Memorandum responding to the January 17, 2012 letter from the California Department of Fish and Game.

- B. Adopt the Mitigation Monitoring Report and Findings for the project.
- C. Amend the 2004 Long Range Development Plan to reclassify 14.3 acres within UCSD Park from *Restoration Land* to *Ecological Reserve*.
- D. Approve the design of the Clinical and Translational Research Institute, San Diego campus.

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz stated that the San Diego campus is proposing to build a new research institute building of approximately 189,000 assignable square feet (asf) including dry and wet research laboratories, core space, human subject research space, offices, and administrative support space. The facility would be located on 3.84 acres of undeveloped land in the east campus health sciences north canyon area.

Committee Chair Makarechian noted that the construction manager's budget for this project did not contain many categories, and asked how much confidence the Committee could have that the project could realistically be built within this budget, or if the campus anticipated that the budget would be augmented. Associate Vice Chancellor Boone Hellmann responded that, like most projects the campus has developed in the past decade, this project utilizes a construction manager at risk (CM/GC) delivery method, under which the construction manager would make cost estimates during the project's preconstruction services phase. In addition, a check set of cost estimates would be developed by the architectural firm. When the campus bid the project, bids from sub-trades were aggregated into a total project cost. The contractor was not authorized to proceed with the project until the campus had received all the bids and was confident in the project's fixed cost, for which the construction manager would be at risk. The advantage of this delivery method is that the construction manager can advise the campus of opportunities to save money during the preconstruction services phase.

Committee Chair Makarechian asked what risk was carried by the construction manager, who could subsequently claim there had been a cost increase, in which case the University would have to accede. Mr. Hellmann stated that the advantage of this delivery method is that the construction manager is part of the review process to ensure that all aspects were included in the project scope, giving the University a method of controlling the project. Committee Chair Makarechian asked what the University's recourse would be if the construction manager later found it necessary to increase the project's budget. Chancellor Fox responded that the construction manager's profit would be at risk. Committee Chair Makarechian asked whether the construction manager's fee would be at risk if the project exceeded its budget. Mr. Hellmann stated that the construction manager's fee would be at risk to the degree that, if the manager had not met the scope of

work performance for the project's cost, the campus would take the position that the construction manager had not fulfilled his contract. Committee Chair Makarechian asked General Counsel Robinson to determine whether the University's construction contracts contain a recourse that the construction managers' fees are at risk when projects exceed their budgets. Mr. Robinson said that he would supply that information. Committee Chair Makarechian stated that he would agree to the budget, if the construction manager's fee is at risk. Chancellor Fox confirmed that having the construction manager's fee at risk is the campus' intent.

Regent Ruiz asked how the facility would generate funds to pay off the building's cost. Chancellor Fox stated that partnership agreements are in place with Pfizer, Inc., Roche, and GlaxoSmithKlein, and pending with the Genomics Institute of the Novartis Research Foundation. A drug that successfully goes to the market in partnership with the supporting major industry could potentially earn a profit of \$1 billion. Associate Vice Chancellor Gary Firestein added that federal support for the facility would approach an average of \$600 per square foot, more than adequate to cover the cost of the building and support a host of other activities on campus.

Committee Chair Makarechian stated that each Committee member had been provided with documentation prepared pursuant to the California Environmental Quality Act (CEQA) as reflected in the item. The Committee members had reviewed and considered the CEQA documentation in support of the proposed item and all comments received in writing or presented to the Committee that day, and had balanced the specific benefits of the President's recommendations in the item against any unavoidable adverse environmental effects as reflected in the Findings that were proposed for adoption by the Committee.

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

8. APPROVAL OF THE BUDGET AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, PHASE 2 OF THE UNIVERSITY HOUSE REHABILITATION, SAN DIEGO CAMPUS

A. The President recommended that:

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Diego: Phase 1 of the University House Rehabilitation – preliminary plans, working drawings, and construction – \$2,897,000 to be funded from gift funds earmarked for the University House Rehabilitation project.

To: San Diego: Phases 1 and 2 of the University House Rehabilitation – preliminary plans, working drawings, and construction – \$10,504,000 to be funded from gift funds earmarked for the University House Rehabilitation project (\$9,054,000) and Searles Funds (\$1,450,000).

- (2) A project scope be approved for Phases 1 and 2 that includes rehabilitation of the existing University House to provide seismic and structural upgrades, utility and site improvements, and improvements to the public and private spaces to address life safety and code compliance issues, while protecting tribal cultural, archaeological, and historical resources.

B. The President recommended, based on previous review and consideration of the previously certified University House Rehabilitation Project Environmental Impact Report (July 2011), that the Committee:

- (1) Adopt the Findings for Phase 2 of the project, including the Statement of Overriding Considerations.
- (2) Approve the design for Phase 2 of the project.

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz stated that this action requested approval of the total \$10.5 million budget, which includes the Phase 2 rehabilitation of University House on the San Diego campus. He recalled that the Regents had approved \$1.5 million in July to fund the Phase 1 hillside mitigation; the remainder of the mitigation funding, approximately \$1.4 million, had been approved as part of an interim item in October 2011. Of the \$10.5 million budget, just over \$9 million would be funded from gift funds earmarked specifically for the University House rehabilitation, and the remaining \$1.5 million from Searles Funds.

Mr. Lenz noted that the budget includes estimated costs for challenges associated with the site's designation as a Sanctified Cemetery, a Sacred Site by the Native American Heritage Commission, and its listing on the California Register of Historical Resources and the National Register of Historic Places. All ground-disturbing activities require a qualified archeologist and Native American monitors on site.

Regent Ruiz, while acknowledging that this project is controversial because of its cost, stated that the rehabilitated University House would serve a broader function than just a chancellor's home. Chancellor Fox stated that the home would be used to host important central activities of the University, such as celebratory functions in recognition of major

faculty awards such as Pulitzer or Nobel Prizes, to host dinners for important donors, and to serve as a connection to the Pacific Ocean from the campus. No other such place exists on the San Diego campus. She stated that the house was designed by a noted architect in the Pueblo Revival style, which appeals to the roots of the campus. She stated that donors to the project recognized the difficulties caused by the property's designation as a Sanctified Cemetery. Chancellor Fox stated that UC San Diego is the only university of which she is aware that has no house on campus for its chancellor. All funds for the project have been raised by private donors. She noted that UCSD had completed a \$1 billion campaign in 2007, and had consistently raised more than \$125 million each year since, despite difficult economic times. The University House would greatly aid the campus' fundraising efforts. For example, the facility would be able to accommodate dinners for groups of 25 to 100 people. The house would be set up mainly for the entertainment of guests, with the chancellor's quarters occupying just one wing.

Regent Schilling asked whether it might be preferable to purchase another property and construct a similar residence for the chancellor, given the high cost of rehabilitating University House. Vice Chancellor Gary Matthews stated that the campus had searched the area's real estate market since 2006, but had found no available properties with comparable amenities such as parking and a welcoming neighborhood. The community around University House, UCSD faculty, and campus donors are desirous of seeing the house rehabilitated and occupied by the University. After the rehabilitation, 65 percent of the house will be used for University functions. He stated that donations have been specific for University House, not for the purchase of another house.

Committee Chair Makarechian asked whether it was the campus' suggestion that donors contribute specifically to the University House project. Mr. Matthews responded that some donors who had contributed with the condition that the existing house be torn down and a new house constructed on the site retracted their contributions when the campus decided to rehabilitate the existing house in order to preserve it as part of UCSD's history.

Regent Makarechian commented on the high cost of \$10 million to rehabilitate a 10,000 square foot property, at approximately \$1,000 per square foot, even if the funds were from private donors. He asked whether all the private donations have been raised and whether the campus has confidence in the current budget. Associate Vice Chancellor Boone Hellmann reported that Phase 1, the slope stabilization and pier project, was almost complete, with a \$400,000 surplus that would be carried forward to Phase 2, which also has a significant contingency fund in its budget in case unanticipated problems arise. Mr. Hellmann expressed his opinion that the most risky portion of the project had been completed. While the rehabilitation of the house would be labor-intensive, it would involve very little work below grade with less chance of encountering Native American remains or cultural deposits. Vice President Lenz confirmed that all of the funds had been raised from private donors and that the project would not involve University funds.

Committee Chair Makarechian asked for the amount of contingency funds. Mr. Hellmann stated Phase 2 has a \$1.5 million contingency, in addition to the \$400,000 carried forward from Phase 1, for a total contingency for Phase 2 of almost \$2 million.

Committee Chair Makarechian asked if the rehabilitated University House would adequately provide needed entertainment facilities, compared with building a new, modern facility. Mr. Matthews stated that University House would provide space to entertain 60 to 100 people, and would serve as a venue for special events for large donors or important faculty awards ceremonies. There are other facilities on campus that can provide space to entertain larger groups.

Faculty Representative Anderson asked how long the slope stabilization project was expected to last before new erosion problems would arise. Mr. Hellmann stated his hope that it would last in perpetuity. All the site drainage had been redirected so that water no longer goes down the cliff face. In addition, the slope had been stabilized so that it should not suffer any further erosion.

Regent Zettel stated that the privately funded project was a historical treasure valued by the community and would be a source of pride for UC San Diego. Committee Chair Makarechian emphasized the importance in the current fiscal climate of establishing that the project would be funded entirely privately and would not use any University funds.

Committee Chair Makarechian stated that each Committee member had been provided with documentation prepared pursuant to the California Environmental Quality Act (CEQA) as reflected in the item. The Committee members had reviewed and considered the CEQA documentation in support of the proposed item and all comments received in writing or presented to the Committee that day, and had balanced the specific benefits of the President's recommendations in the item against any unavoidable adverse environmental effects as reflected in the Findings that were proposed for adoption by the Committee.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present the recommendation in A. above to the Board.

9. APPROVAL OF BUDGET, EXTERNAL FINANCING AND APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, BERKELEY ART MUSEUM AND PACIFIC FILM ARCHIVE: UC PRINTING PLANT ADAPTIVE RENOVATION, BERKELEY CAMPUS

A. The President recommended that:

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: Berkeley Art Museum and Pacific Film Archive Seismic Replacement: UC Printing Plant Adaptive Reuse and Expansion – preliminary plans – \$5,600,000 to be funded from gifts.

To: Berkeley: Berkeley Art Museum and Pacific Film Archive: UC Printing Plant Adaptive Renovation – preliminary plans, working drawings, construction and equipment – \$95,000,000 to be funded from gifts (\$75,000,000) and external financing (\$20,000,000).

- (2) The scope of the Berkeley Art Museum and Pacific Film Archive: UC Printing Plant Adaptive Renovation shall provide approximately 45,950 assignable square feet which is planned to include: museum galleries, PFA film theatre and viewing rooms, seminar room, participatory arts laboratory, library and film study center, works on paper study center, café and store, administrative offices, and back-of-house operations, in support of the University mission in academic programs and public service.
- (3) The President be authorized to obtain external financing in an amount not to exceed \$20,000,000 to finance the 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. As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (4) The President be authorized to obtain standby financing not to exceed \$27,136,000 for the 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. As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.

- (5) The President be authorized to obtain interim financing not to exceed \$21,974,000 for the project, to be repaid with gifts, 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. To the extent additional gifts are received as cash, the amount of interim financing will be reduced. To the extent additional gifts are received as documented pledges, the interim financing will be converted to standby financing.
 - c. The project will proceed to bid when the President of the University verifies that all required gift funds for the project are in place, as cash or documented pledges and all necessary permits and/or easements required from the City of Berkeley are secured.
 - d. As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - e. The general credit of the Regents shall not be pledged.
- (6) The President be authorized to execute all documents necessary in connection with the above.
- B. The President recommended that, upon review and consideration of the environmental consequences of the proposed project, the Committee:
 - (1) Adopt the Mitigation Monitoring Report and Findings based on Addendum #9 to the UC Berkeley 2020 Long Range Development Plan Environmental Impact Report.
 - (2) Approve the project design.

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz summarized that the item requested approval of the budget of \$95 million for preliminary plans, working drawings, construction, and equipment, to be funded with \$75 million from gift funds and \$20 million from external financing. Approval was also requested for the scope of the Berkeley Art Museum and the Pacific

Film Archive by renovating almost 46,000 assignable square feet of the UC Printing Plant. The item included authorization of external financing not to exceed \$20 million, standby financing not to exceed \$27,136,000, interim financing not to exceed \$21,974,000, adoption of the Mitigation Monitoring Report and Findings, and approval of the project design. The project would provide a new home for the Berkeley Art Museum and the Pacific Film Archive on a University-owned site in downtown Berkeley, creating a new venue for art and film at the downtown entrance to the campus adjacent to the city's art district. The existing facility is seismically deficient. The project is dependent on permits and/or easements required by the City of Berkeley and would proceed with the approval of the President once the campus has secured the permits.

Faculty Representative Anderson asked whether the project's almost \$15 million in funds functioning as endowments (FFE's) were donated specifically for this project or were FFE's that could be used for other projects. Vice Chancellor Erin Gore responded that those funds were donated specifically for this project and were deposited into the FFE's in order to earn a higher rate of interest.

Committee Chair Makarechian stated that each Committee member had been provided with documentation prepared pursuant to the California Environmental Quality Act (CEQA) as reflected in the item. The Committee members had reviewed and considered the CEQA documentation in support of the proposed item and all comments received in writing or presented to the Committee that day, and had balanced the specific benefits of the President's recommendations in the item against any unavoidable adverse environmental effects as reflected in the Findings that were proposed for adoption by the Committee.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present the recommendation in A. above to the Board.

10. **CONSENT AGENDA**

A. ***Approval of Preliminary Plans Funding, Block 25A Academic Building (Faculty Office Building) San Francisco Campus***

The President recommended that the 2011-12 Budget for Capital Improvements be amended to include the following project:

San Francisco: Block 25A Academic Building (Faculty Office Building) - Preliminary Plans - \$3,000,000 to be funded from Campus Funds.

B. *Approval of Interim Financing, Solar Energy Research Center, Berkeley Campus and Lawrence Berkeley National Laboratory*

The President recommended that he be:

- (1) Authorized to obtain interim financing not to exceed \$30,000,000 plus related interest expense and financing costs for the Solar Energy Research Center project in advance of expected State lease revenue bond funds and subject to the following conditions:
 - a. The primary source of repayment of requested interim financing that includes the \$30 million plus related interest expense and financing costs shall be from State lease revenue bond proceeds and the alternate source of repayment shall be from available Lawrence Berkeley National Laboratory funds that will support either the interim financing or external finance issued by the Regents.
 - b. Should the related trailer bill for interest expense and financing costs reimbursement not be passed by the state legislature, Lawrence Berkeley National Laboratory will consult with the Office of the President to begin immediate repayment of current interest expense and financing costs based on the construction amount drawn and interest expense and financing costs already capitalized.
 - c. The interim financing is only authorized for a maximum period of up to 18 months after beneficial occupancy after which no further interest expense or financing costs shall be capitalized.
 - d. The general credit of the Regents shall not be pledged.
- (2) Authorized to execute all documents necessary in connection with the above.

C. *Amendment of Coastal Long Range Development Plan and Approval of Design Following Action Pursuant to the California Environmental Quality Act, Marine Science Campus Projects, Santa Cruz Marine Science Campus*

The President recommended that, upon review and consideration of the environmental consequences of the proposed Marine Science Campus (MSC) Projects and Amendment #1 to the 2004 Coastal Long Range Development Plan (CLRDP), the Committee:

- (1) Certify the MSC Projects Environmental Impact Report (EIR).

- (2) Adopt the Mitigation Monitoring and Reporting Program.
- (3) Adopt the California Environmental Quality Act Findings.
- (4) Amend the 2004 CLRDP (“CLRDP Amendment #1”) to incorporate eleven minor amendments.
- (5) Modify CLRDP EIR General Mitigation Measure 4.3-1 to increase the effectiveness of fugitive dust control.
- (6) Approve the design of the MSC Projects, which include:
 - a. Coastal Biology Building Project
 - b. Marine Science Campus Environmental Health and Safety Facility Project
 - c. Marine Science Campus Parking Phase 1 Project
 - d. Nature Education Facilities Project
 - e. Specific Resource Plan Phase 1B Project
- (7) Authorize the President to modify, accept and approve revisions to the CLRDP Amendment #1, or design of one or more of the MSC Projects, to ensure consistency with the California Coastal Act, provided that any substantial changes in principles or policies of the CLRDP or design would be brought to the Regents for approval.

Committee Chair Makarechian stated that for any proposed action with unavoidable adverse environmental effects, the specific benefits of such action have been balanced against the environmental effects as reflected in the Findings proposed for adoption by the Committee.

Upon motion duly made and seconded, the Committee approved the President’s recommendations and voted to present the recommendations in A. and B. above to the Board.

The meeting adjourned at 5:15 p.m.

Attest:

Secretary and Chief of Staff