

The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS

March 13, 2013

The Committee on Grounds and Buildings met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents De La Peña, Rubenstein, Ruiz, Stein, and Zettel; Ex officio members Lansing and Yudof; Advisory members Feingold, Jacob, and Schultz; Staff Advisors Barton and Smith

In attendance: Regents Gould, Island, Pattiz, Reiss, and Varner; Regent-designate Flores, Faculty Representative Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Duckett, Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Katehi, Khosla, Leland, and Yang, Acting Chancellor Conoley, and Recording Secretary McCarthy

The meeting convened at 9:05 a.m. with Regent Ruiz presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 16, 2013 were approved.

2. UPDATE ON IMPLEMENTATION OF THE 2020 PROJECT, MERCED 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.]

Vice President Lenz stated that UC Merced faces the challenge of funding its capital facility needs, particularly given the overwhelming demand for enrollment at the campus. He said that UC Merced has taken this opportunity to propose a unique development model that may have future applications at other campuses.

Chancellor Leland recalled that she had been interested in coming to UC Merced because of the extreme importance of the success of the campus to the people of the San Joaquin Valley and to the people around the nation whom the San Joaquin Valley serves. She stated that the campus has done an outstanding job in beginning to fulfill its mission in the seven years since it first accepted students. UC Merced currently serves more than 5,600 full-time-equivalent undergraduate and graduate students, who are predominantly

first-generation, low-income, and minority students. Of UC Merced's undergraduate students, 58 percent receive Pell Grants and 59 percent are first-generation college students. Chancellor Leland emphasized that 49 percent of UC Merced's graduates receive degrees in STEM (science, technology, engineering, and mathematics) disciplines.

UC Merced has faced the challenge of the unavailability of funds for capital development during the economic recession in California. As a result, the campus' lack of facilities is altering its growth trajectory. UC Merced's enrollment has grown at an average rate of 750 students each year, but the campus currently must reduce that number to an increase of 300 students per year. Chancellor Leland said that enrollment growth could become static if new facilities are not in development in the upcoming three years.

Chancellor Leland said that she had enlisted national and international experts through the Urban Land Institute to help the campus find ways to meet its capital development needs. She stated that the strategy UC Merced hopes to pursue would be twofold: (1) to build the physical capacity to grow to approximately 10,000 students by focusing on the buildable space supported by the campus' current infrastructure, thus avoiding many millions of dollars in costs of developing new infrastructure; and (2) to consolidate administrative support and outreach functions in a single off-campus location, preferably in downtown Merced. She stated that the campus would come back to the Regents with an amendment to the campus' Long Range Development Plan (LRDP) that would propose creation of a multi-use district as part of an integrated master plan development on a smaller footprint than originally proposed. This process would achieve cost savings by developing clusters of buildings at once, containing revenue-generating facilities along with academic and research facilities. Chancellor Leland stated that, since this project model is unique for the University, she had involved Executive Vice President Brostrom and Chief Financial Officer Taylor from the earliest stages.

President Yudof stated that this proposal is innovative because it would avoid the large infrastructure costs necessitated by expanding the campus out to undeveloped land. Chancellor Leland's proposal of a higher density land use would save development costs of more than \$500 million that could be applied directly to student services and academic facilities. Chancellor Leland added that, since the space that could be supported by the existing infrastructure would be insufficient to accommodate the staff needed to expand the campus to 10,000 students, administrative space would be consolidated in a central location off-campus in downtown Merced, which would benefit from UC's presence.

Regent Zettel commended Chancellor Leland for consulting the Urban Land Institute to find ways to fund campus development with limited resources. She asked whether any proceeds from bond sales would be available in the near future. Mr. Lenz said that, while he had not ruled out the potential for some November 2014 general obligation bonds in which UC could be a participant, at this time any State funds would be very limited. Regent Zettel commented that, while investing in facilities in downtown Merced would be good for the local economy, having administrative functions off-campus would be challenging. Chancellor Leland said that campus administration was already dispersed

throughout the community and the County because of lack of space on campus. UC Merced already holds classes six days a week and late into the night because of lack of space. As-needed leasing of space throughout the community has increased transportation and public safety protection costs, and non-recoverable funds have been spent on capital improvements to leased buildings that do not benefit the University in the long term. Consolidating that space in a single location as a downtown campus would limit transportation and public safety costs, and would help create community among staff who cannot be on the main campus.

Staff Advisor Barton applauded UC Merced for its progress in the face of great challenges, particularly in providing educational opportunities for students who would not otherwise be able to attend UC. She asked about the effect on staff collaboration of being scattered at many locations. Chancellor Leland said that staff collaboration has been hurt, partly because the use of off-campus space has not been a planned implementation, but rather done piecemeal, as space was needed for direct student support functions. Putting appropriate groups together with appropriate technology to enable easy communication would facilitate collaboration.

Regent Ruiz asked what risk was involved in using this new model for development. He requested regular updates on the progress of the Merced 2020 Project, and suggested that the project have the constant involvement of UC Office of the President financial staff. Mr. Taylor agreed that the scale of the project would be unique, but added that the proposed financing mechanisms have been used on a smaller scale for many projects on other campuses. Chancellor Leland agreed that the Regents should be briefed regularly on the project's progress, since using this development model for a project of this scale is unique for UC. Regent Ruiz said that using a private/public partnership for a LRDP is unique. He thanked Chancellor Leland for her effort to devise an alternate plan to enable UC Merced to expand to 10,000 students by 2020, and to 25,000 students by 2030. He expressed hope that this unique model would be successful and enable other campuses to explore similar opportunities using public/private partnerships. Regent Ruiz noted the importance of this project to the Central Valley.

Regent Feingold asked whether students had been consulted about this update to the 2020 Project. Chancellor Leland said she has been communicating regularly with students through written updates and is planning a town hall meeting on campus prior to proposing an update to the LRDP to the Regents.

3. APPROVAL OF PRELIMINARY PLANS FUNDING, SAN JOAQUIN APARTMENTS, SANTA BARBARA CAMPUS

The President recommended that the 2012-13 Budget for Capital Improvements be amended to include the following project:

Santa Barbara: San Joaquin Apartments – Preliminary Plans – \$7.76 million, to be funded from Housing Auxiliary Reserves.

[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.]

Regent Ruiz explained that this item requested approval of funding for preliminary plans for the San Joaquin Apartments on the Santa Barbara campus.

Chancellor Yang said that the Santa Barbara Campus would present two projects that would be developed as part of the campus' Long Range Development Plan (LRDP) Mitigation and Settlement Agreement with Santa Barbara County and the City of Goleta. The campus seeks approval of preliminary plans funding for the San Joaquin Apartments, which would house approximately 1,000 undergraduate students. The second project to be considered in the subsequent item would seek approval of the budget following action pursuant to the California Environmental Quality Act and approval of external financing for the Sierra Madre Apartments.

Regent Zettel asked whether all of the University's costs for the project would be recovered by the rental of the apartments at the rates proposed, which she noted were substantially below market rates for private apartments in the area. UCSB Senior Associate Vice Chancellor Marc Fisher responded that all costs and services connected with the apartments would be covered by students' rent payments, which include utilities and high-speed internet.

Regent Zettel expressed concern that the California Coastal Commission had not yet approved the San Joaquin Apartments. She asked whether the campus had received support letters for the project from the City of Goleta and Santa Barbara County. Mr. Fisher said the campus has very strong support for its LRDP from the County and City, as well as several environmental groups. These groups want the campus to build housing quickly enough to absorb its increased number of students, as the campus grows to 25,000 students. While the campus does not have a specific letter of support for the San Joaquin Apartments, regular meetings are being held with local groups to ensure that they remain fully vested in the project as it develops. Regent Zettel suggested that the campus bring community supporters to the Coastal Commission meetings.

Regent Rubenstein asked why some housing in the Sierra Madre Apartments would be set aside for staff and faculty, rather than devoted entirely to students. Mr. Fisher said that housing for staff and faculty was also a pressing issue for the Santa Barbara campus, given the area's very expensive cost of living. He reported that the campus had recently finished 22 units of faculty housing, with another 37 units underway. As part of the LRDP Mitigation Agreement, the campus agreed to absorb a certain amount of its faculty and staff housing growth within campus boundaries.

Regent Ruiz complimented Chancellor Yang and his staff for exploring a public/private partnership for the project, even though that option was finally rejected.

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

4. **APPROVAL OF THE BUDGET FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT AND APPROVAL OF EXTERNAL FINANCING, SIERRA MADRE APARTMENTS, SANTA BARBARA CAMPUS**

The President recommended that:

- A. The 2012-13 Budget for Capital Improvements be amended to include the following project:

Santa Barbara: Sierra Madre Apartments – Preliminary Plans, working drawings, construction, and equipment – \$80 million to be funded from external financing (\$70 million) and Housing Auxiliary Reserves (\$10 million).

- B. The scope of the Sierra Madre Apartments shall entail constructing approximately 220,325 gross square feet (168,209 assignable square feet) in new apartment-style housing units (“Project”). The Project shall include approximately 151 units, common spaces, and site improvements, including parking, landscaping, sidewalks, site utilities, and utility connections.

- C. In conjunction with the Regents approving Recommendations A and B herein, the Regents make a determination of California Environmental Quality Act (CEQA) compliance based on review and consideration of the 2004 certified Final Environmental Impact Report for the Faculty and Family Student Housing, Open Space Plan and for Amendment of the Long Range Development Plan and Addendum #2 thereto, and the adoption of CEQA Findings.

- D. The President be authorized to obtain external financing in an amount not to exceed \$70 million to finance the Sierra Madre project. The President shall require that:

- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- (2) As long as the debt is outstanding, the general revenues of the Santa Barbara campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- (3) The general credit of the Regents shall not be pledged.

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Vice President Lenz said that the UCSB Sierra Madre Apartments had a budget of \$80 million, with \$70 million coming from external financing and \$10 million from

housing reserves. This item requested approval of the California Environmental Quality Act (CEQA) Findings and approval of the \$70 million external financing.

Regent Zettel asked for an explanation of the campus' debt capacity. Mr. Lenz said that a concern had been raised about UCSB's debt capacity, since its debt model includes other anticipated external financing projects. However, that concern has been alleviated, since the State Department of Finance recently confirmed a March bond sale that would include \$71.4 million in State funding for the Davidson Library.

Regent Ruiz 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 and any comments 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 CEQA Findings proposed for adoption by the Committee.

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

5. **APPROVAL OF DESIGN FOLLOWING ACTION PURSUANT TO CALIFORNIA ENVIRONMENTAL QUALITY ACT, TEACHING AND LEARNING CENTER FOR HEALTH SCIENCES, LOS ANGELES CAMPUS**

The President recommended that, upon review and consideration of the environmental consequences of the proposed Teaching and Learning Center for Health Sciences project, the Committee on Grounds and Buildings:

- A. Adopt the tiered Mitigated Negative Declaration under the California Environmental Quality Act.
- B. Adopt the Mitigation Monitoring and Reporting Program and California Environmental Quality Act Findings.
- C. Approve the design of the Teaching and Learning Center for Health Sciences project, Los Angeles 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.]

Vice President Lenz stated that this item requested adoption of the Mitigated Monitoring and Reporting Program and California Environmental Quality Act (CEQA) Findings, and approval of the design of the Teaching and Learning Center for Health Sciences at UCLA.

Campus Architect Jeffrey Averill explained that the Teaching and Learning Center would be located on the southeast edge of the UCLA campus. The six-story building would contain a central courtyard, open-air walkways on the lower levels, and a wide variety of teaching space, including small problem-based learning rooms, a clinical skills suite, a large lecture hall, case study rooms, seminar rooms, teaching laboratory space, informal learning areas, student lounges, and administrative offices. Mr. Averill said the building's exterior, using the UCLA four-color blend of brick, would be highly articulated and stepped down to the adjacent botanical gardens. Stairs in the building have been designed to be open and inviting to encourage their use in support of UCLA's Healthy Campus Initiative. The project would aim for Leadership in Energy and Environmental Design Gold Certification with energy consumption reduced through the use of open-air circulation, natural ventilation, daylighting controls, and enhanced commissioning to verify systems' performance.

Regent Pattiz asked about the project's funding source. Vice Chancellor Steve Olsen responded that the source would be a campus fundraising drive with a goal of \$120 million. The campus has advanced \$60 million from the Ronald Reagan UCLA Medical Center to ensure the necessary cash flow.

Regent-designate Schultz asked whether the building's clinical skills center would take advantage of technological advancements similar to those used by the UC San Diego School of Medicine's Simulation Training Center. Dr. A. Eugene Washington, Dean of the David Geffen School of Medicine, confirmed that the project's designers had closely examined advancements made at UC San Diego, UC Irvine, and UC Davis medical centers.

Chairman Lansing expressed her support for the project.

Regent Ruiz said 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 and any comments 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 CEQA Findings proposed for adoption by the Committee.

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

Regent Stein asked when the Annual Report on Sustainable Practices would be presented to the Committee on Grounds and Buildings, since it had been put over from the January agenda. Vice President Lenz said the Report was sent to all Regents as part of the January agenda material and would not be on the May agenda.

The meeting adjourned at 9:45 a.m.

Attest:

Secretary and Chief of Staff