



OFFICE OF THE PRESIDENT

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April 2, 2014

The Honorable Jim Frazier
Chair, Assembly Accountability & Administrative Review Committee
1020 N Street, Room 357
Sacramento, CA 95814

RE: AB 2726 (Daly), as amended March 28, 2014
Scheduled for hearing April 9, 2014 in the Assembly Accountability & Administrative Review Committee
Position: Sponsor/Support

Dear Assembly Member Frazier:

On behalf of the University of California (UC), I am pleased to communicate our support for AB 2726 (Daly), a measure which will reduce administrative costs associated with the sale or other disposition of University-owned property. UC is the sponsor of this bill, and we believe it merits your support.

The Stull Act currently requires the University to accept the highest price that is offered when it sells UC-owned property. The University cannot consider other relevant factors, such as the ability of the highest bidder to close the transaction or to secure development entitlements, nor can the University negotiate non-monetary terms as part of a sale. This proposal would amend the Public Contract Code to allow UC to consider factors other than price and monetary terms when selling real property. For example, the University could take into account a potential buyer's financial capacity, ability to secure local zoning changes and other development entitlements, and/or ability to complete any needed rehabilitation of the property being offered for sale.

The Stull Act also requires UC to dispose of any surplus property worth more than \$500,000 through a competitive sealed bid process. This proposal would increase that threshold to \$1 million. This increase in the threshold limit (unchanged since 1998) would allow only a slightly larger percentage of UC-owned properties to be sold through a more efficient and conventional means. Because many properties in this price range are single family residences, this change would facilitate sales to the broader range of buyers represented by the traditional real estate brokerage community, easing administrative burden on UC staff, increasing the number of responsive buyers, and therefore increasing revenue realized from such sales. A third element of the proposal would allow an exemption from the sealed bid process for sales of real property that UC has acquired due to a mortgage default or as settlement of litigation. This change would allow UC to reap the financial benefits of settlements sooner, by reducing administrative burden and expediting the disposal of such properties.

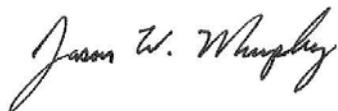
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We believe the changes outlined above will promote the efficient use of University staff time and financial resources, while allowing UC to seek the highest and best use of properties within its real estate portfolio. We hope you will agree, and we respectfully request that you support the bill when it is heard before your committee on April 9. Should you have any questions regarding the University's position on this measure, please don't hesitate to contact me at (916) 445-9924.

Sincerely,

A handwritten signature in cursive script that reads "Jason W. Murphy".

Jason Murphy
Legislative Director

cc: Assemblymember Tom Daly
Members, Assembly Accountability & Administrative Review Committee
President Janet Napolitano
Provost and Executive Vice President Aimée Dorr
Senior Vice President Daniel Dooley
Associate Vice President and Director Steve Juarez