



OFFICE OF THE PRESIDENT

Robert C. Dynes
President

1111 Franklin Street
Oakland, CA 94607-5200
Phone: (510) 987-9074
Fax: (510) 987-9086
<http://www.ucop.edu>

June 30, 2005

**ACTION UNDER PRESIDENT'S AUTHORITY—AMENDMENT OF THE BUDGET
FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT
PROGRAM AND APPROVAL OF STAND-BY FINANCING FOR ALUMNI HOUSE,
SANTA BARBARA CAMPUS**

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2004-05 Budget for Capital Improvements and the Capital Improvement Program as follows:

Santa Barbara: Alumni House - preliminary plans, working drawings and construction - \$7,000,000 to be funded from gift funds

Pursuant to Standing Order 100.4(nn)

- (2) The President authorize obtaining of stand-by financing not to exceed \$3,000,000 prior to awarding a construction contract, for any gift funds not received by that time and subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. Repayment of any debt shall be from gift funds, and in the event such gift funds are insufficient, from the UC Santa Barbara share of the University Opportunity Fund; and
 - c. The general credit of The Regents shall not be pledged.
- (3) 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.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

A Key to abbreviations and the project description are attached.

KEY
Capital Improvement Program Abbreviations

S	Studies
P	Preliminary Plans
W	Working Drawings
C	Construction
E	Equipment
-	State Funds (no abbreviation)
F	Federal Funds
G	Gifts
HR	Hospital Reserve Funds
I	California Institutes for Science and Innovation
LB	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By, Interim and Bank Loans)
LR	Regents' Loans (Internal Loans)
N	Reserves other than University Registration Fee (Housing and Parking Reserves)
R	University Registration Fee Reserves
U	Regents' Appropriations (President's Funds, Educational Fund)
X	Campus Funds
CCCI	California Construction Cost Index
EPI	Equipment Price Index

2004-05 Budget for Capital Improvements and
Capital Improvement Program
Scheduled for
Regents' Allocations, Loans, Income Reserves,
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds
(\$ in thousands)

Campus and Project Title (Total Cost)	Approved <u>2004-05</u>		
<u>Santa Barbara</u>			
Alumni House			
(\$7,000)	P	451	G
	W	495	G
	C	6,054	G

DESCRIPTION

This action requests stand-by financing of \$3,000,000 authorization for the Alumni House project at the Santa Barbara campus. The campus proposes to construct the new 9,871 asf building project to meet the needs of the UCSB Alumni Association.

Background

In December 2003, an administrative approval was given to amend the 2003-04 Non-State Capital Improvement Budget to include the Alumni House at the Santa Barbara campus with a total project cost of \$7,000,000 to be funded by gifts. Concurrently, the project received schematic design and CEQA approvals. During subsequent design phases, the parking facilities that were originally proposed were removed from the project.

Project Description

The project as approved provides a new 9,871 asf building to house the Alumni Association, which presently occupies the Hollister Research Center building located two miles away from the main campus. The Alumni House will provide growth space for current and future programs and staff. Approximately 40 percent of the proposed new space will accommodate staff and office support functions, and 60 percent will support alumni programming activities; examples include multipurpose rooms, which are designed for conferencing, receptions, fundraisers, reunions, banquets and awards ceremonies. A library is also proposed with multi-use capabilities; it is envisioned as a campus "living room," a place to welcome alumni, friends, visitors, guests, and students. These multipurpose facilities will also be available to support campus community events and activities.

Construction is expected to begin early Summer 2005, with occupancy planned in Fall 2006.

Environmental Consideration

In accordance with University of California guidelines for the implementation of the California Environmental Quality Act, the Senior Vice President adopted the final initial study/mitigated negative declaration concurrent with design approval. The California Coastal Commission reviewed and approved the project's environmental submittal in July 2004.

Financial Feasibility

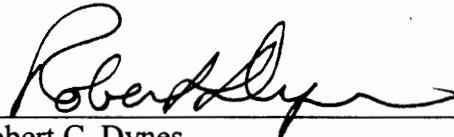
As approved, the total project cost of this 100% gift-funded project is \$7,000,000 at CCCI 4019. The campus has successfully raised the full amount needed. Below is the summary of the fundraising. Currently, the campus has \$4,000,000 in hand and \$3,000,000 in pledges.

As of April 2005 the status of gifts is as follows:

Gifts in Hand	\$ 4,000,000
Gifts Pledged (to be received by bid date)	\$
Gifts Pledged (to be received by occupancy)	\$ 3,000,000
Gifts To Be Raised	\$ <u>0</u>
	\$ 7,000,000

As gift funds are to be collected over time, Santa Barbara requests approval for stand-by financing of \$3,000,000 in order to meet Regents' Policy requiring all funds to be in-hand prior to bid advertisement. It is expected that all gift funds will be collected prior to the end of construction. In the event that project fundraising is insufficient, the campus will return to The Regents to seek approval for long term financing. Including this project, total campus commitments pledging Opportunity Funds total 56%.

Approved:



Robert C. Dynes
President of the University

Attachments

ATTACHMENT 1

**PROJECT STATISTICS
ALUMNI HOUSE
CAPITAL IMPROVEMENT BUDGET
SANTA BARBARA CAMPUS
CCCI 4019**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	80,000	1.1
Construction	3,994,000	57.1
Exterior Utilities	161,000	2.3
Site Development	752,000	10.7
Fees	901,000	12.9
A&E/PP&C	475,000	6.8
Surveys, Tests, Plans	98,000	1.4
Special Items ^(a)	189,000	2.7
Contingency	<u>350,000</u>	<u>5.0</u>
Total	7,000,000	100.0
Group 2 & 3 Equipment	<u>0</u>	0.0
Total Project	7,000,000	

Statistics

Gross Square Feet (GSF)	23,562
Assignable Square Feet (ASF)	9,871
Ratio ASF/GSF (%) ^(b)	42%

^(a) Special Items include cost peer, scheduling and roofing consultant, seismic and agency reviews, environmental/coastal commission reports, and value engineering and constructability reviews.

^(b) Approximately 3,000 gsf is shelled space, when completed efficiency would increase to 54.6%

ATTACHMENT 2

SUMMARY OF FINANCIAL FEASIBILITY ANALYSIS

Project Title: Alumni House

Estimated Project Cost: \$ 7,000,000

Proposed Sources of Funding:

Gifts	\$ 7,000,000
Total	\$ 7,000,000

Project Financing Terms:

Stand-by Financing --	\$ 3,000,000
Interim Financing --	\$ 0
Total	\$ 3,000,000

Interest Rate: 7.125%

Campus Opportunity Fund Information (2008-09): ⁽¹⁾

Opportunity Fund Allocation	\$ 6,430,000
Garamendi	\$ 3,791,000
Total	\$ 10,221,000

Estimated Average Annual Debt Service: ⁽¹⁾

Garamendi	\$ 3,791,000
Potential Project Debt Service On Interim Financing	\$ 166,000
Other Approved Projects	\$ 1,647,000
Planned Projects Not Yet Approved	\$ 123,000
Total Estimated Debt Service	\$ 5,727,000

Percentage of Opportunity Funds Pledged for Debt: 56%

Debt Service Coverage 1.78

⁽¹⁾ Fiscal Year 2008-09 would be the first full year of principal and interest for project if converted to long term debt.