

AGENDA

JOINT COMMITTEE ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 2:15 p.m., Tuesday, July 21, 2020
Glenn S. Dumke Auditorium

Committee on Finance

Jack McGrory, Chair
Peter J. Taylor, Vice Chair
Larry L. Adamson
Jane W. Carney
Rebecca D. Eisen
Wenda Fong
Maryana Khames
Jeffrey R. Krinsk
Hugo N. Morales
Lateefah Simon

Committee on Campus Planning, Buildings and Grounds

Jane W. Carney, Chair
Lateefah Simon, Vice Chair
Larry L. Adamson
Rebecca D. Eisen
Jeffrey R. Krinsk
Romey Sabalius
Peter J. Taylor

- Consent** 1. Approval of Minutes of the Meeting of March 24, 2020, *Action*
- Discussion** 2. California State University, Fullerton Student Housing Phase 4 - Approval to Amend the 2020-2021 Capital Outlay Program; Approval of Schematic Design; Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments, *Action*

**MINUTES OF THE JOINT MEETING OF THE
COMMITTEES ON FINANCE AND
CAMPUS PLANNING, BUILDINGS AND GROUNDS**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Auditorium*
401 Golden Shore
Long Beach, California**

March 24, 2020

Committee on Finance

Lillian Kimbell, Chair
Jack McGrory, Vice Chair
Larry L. Adamson
Rebecca D. Eisen
Jane W. Carney
Juan F. Garcia
Hugo N. Morales
Romey Sabalius
Lateefah Simon
Peter J. Taylor

**Committee on Campus Planning,
Buildings and Grounds**

Rebecca D. Eisen, Chair
Romey Sabalius, Vice Chair
Larry L. Adamson
Jane W. Carney
Wenda Fong
Maryana Khames
Jeffery R. Krinsk
Jack McGrory

Adam Day, Chair of the Board
Timothy P. White, Chancellor

Trustee Rebecca D. Eisen called the meeting to order.

Public Comment

There were no requests for public comment.

Approval of Minutes

The minutes of the January 28, 2020 joint committee meeting were approved as submitted.

***PLEASE NOTE: Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 issued on March 12, 2020 and March 17, 2020, respectively, all members of the Board of Trustees may participate in meetings remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor's Office staff, the May 12, 2020 meeting of the CSU Board of Trustees was conducted entirely virtually via Zoom teleconference.**

San Diego State University Multi-Use Stadium at Mission Valley - Approval to Amend the Capital Outlay Program; Approval of Schematic Plans; Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments

Updated information about plans for the San Diego State University Multi-Use Stadium at Mission Valley and financing was shared. The item requests approval to amend the capital outlay program, schematic design, and financing.

Following the presentation, the trustees asked questions about contingency plans for covering revenues in the event fundraising is insufficient, specifically, if any other campuses may be affected. Executive Vice Chancellor responded that several contingency plans have been worked out and no other campuses will be affected. Trustee Jeffrey Krinsk requested monthly updates on the project and President Adela de la Torre agreed to share the minutes from the Mission Valley Oversight Committee.

The committee recommended approval of the proposed resolution (RFIN/CPBG 03-20-02).

Trustee Eisen adjourned the joint meeting of the Committees on Finance and Campus Planning, Buildings and Grounds.

**JOINT COMMITTEE ON FINANCE AND
CAMPUS PLANNING, BUILDINGS AND GROUNDS**

California State University, Fullerton Student Housing Phase 4 - Approval to Amend the 2020-2021 Capital Outlay Program; Approval of Schematic Design; Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and Related Debt Instruments

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Framroze Virjee
President
California State University, Fullerton

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Summary

This agenda item requests the following actions by the California State University Board of Trustees with regard to the California State University, Fullerton Student Housing Phase 4 project:

- Amendment of the 2020-2021 Capital Outlay Program for the project
- Approval of the Schematic Design for the project
- Approval to Issue Trustees of the California State University Systemwide Revenue Bonds and related debt instruments for the project

Amend the 2020-2021 Capital Outlay Program

California State University, Fullerton wishes to amend the 2020-21 Capital Outlay Program to include \$122,504,000 for the design and construction of the 185,284 gross square foot (GSF) Student Housing Phase 4 (#55A-C¹).

Schematic Design

Project Architect: HMC Architects

Collaborative Design Builder: SUNDT Construction

Background and Scope

California State University Fullerton's Housing and Residential Engagement (HRE) department promotes a holistic approach to independent living, leadership development, personal growth, and collective responsibility through a series of programs, events, and initiatives within the community. CSU Fullerton HRE offers three styles of on-campus housing: 1,217 beds of Residence Halls (traditional residence hall-style: designed-double bedrooms), 436 beds of Single-Apartments (four individual bedrooms/unit), and 396 beds of Double-Apartments (three double-occupancy bedrooms/unit). Currently only first-time freshmen reside in the Residence Halls, accounting for 1,200 of the approximately 1,900 students who live in the community.

In March 2015 and 2018, the campus engaged Brailsford & Dunlavey, Inc. to conduct a Student Housing Market Analysis to analyze the need and demands of housing in the adjacent communities. The study concluded that on-campus living is invaluable to the student experience, CSU Fullerton has an unmet housing demand of approximately 1,100 beds, and demand was found for both semi and full-suite units as the existing housing inventory does not include these unit types.

Research shows that on-campus living, in conjunction with intentional and targeted approaches in the residential environment, contributes to student success because there is an increased sense of belonging, ease of access to community and campus resources, and prescribed community engagement opportunities. Aligning with this national data, the results from the programming and feasibility study yielded an expanded list of critical requirements that are vital for student success, including: a sense of community; a connection to existing housing, campus and surrounding environments; safety; and, ease of maintainability.

The proposed Student Housing Phase 4 project will construct a new 600-bed housing community, to increase housing retention and address unmet housing demand. The target population will be sophomore and junior students in semi-suite style living accommodations. Programming and staffing will support engagement efforts and will focus on academic and social development and student success.

¹ The facility number is shown on the master plan map and recorded in the Space and Facilities Database.

The proposed project will construct a 117,343 assignable square foot (ASF)/185,284 GSF, 6-story building complex (#55A-C). The program includes 600 student beds arranged in semi-suite style housing, 15 resident advisor (RA) rooms, 2 staff and graduate student apartments, and engagement spaces comprised of lounges, student leader program space, a multi-purpose room, and ground floor housing support functions including housing offices, housing police offices, landscape and custodial warehouses, laundry facilities, and mailroom. Floors 2 to 6 are student spaces consisting of student rooms, RA rooms (one per 40 student), living rooms (one per wing per floor) and study areas (one per wing per floor). The expanded outdoor spaces will provide residents and the campus with a vibrant social engagement space.

The new student housing building will be designed to be highly sustainable and energy efficient. The project will target Leadership in Energy and Environmental Design (LEED) silver equivalent. The following are key sustainable elements:

- High-performance envelope in excess of code and CSU standards
- Natural ventilation
- High efficiency water fixtures
- High efficiency electric laundry units
- Chilled water and heating hot water connected to the central plant taking advantage of campus thermal energy storage (TES) system which charges at off peak hours
- Drought-tolerant landscape

Over the previous five years, CSU Fullerton implemented an incentive for living in triple-occupancy units, minimized annual increases to on-campus housing rates, and developed an emergency housing program to respond to increased student demand for affordable housing. The campus currently has 2,039 total beds, with 638 (31 percent) occupied by low-income students. There is no live-on campus requirement, and approximately five percent of all students live on campus. There were 979 students on the waitlist for housing in Fall 2018. The average on-campus room rate is \$11,474 per year (10 months, double occupancy), and the average rent of a one-bedroom off-campus is \$20,234 per year (12 months, single occupancy). CSU Fullerton will continue to increase the number of affordable units in order to meet the projected demand based on anticipated enrollment growth over the next five years. The campus master plan revision supports a campus goal to double housing inventory.

Timing (Estimated)

Preliminary Plans Completed	August 2020
Working Drawings Completed	November 2020
Construction Start	February 2021
Occupancy	August 2022

Basic Statistics

Gross Building Area	185,284 square feet
Assignable Building Area	117,343 square feet
Efficiency	63 percent

Cost Estimate – California Construction Cost Index (CCCI) 6840²

Building Cost (\$498 per GSF)	\$92,343,000
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<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>
a. Substructure (Foundation)	\$ 20.17
b. Shell (Structure and Enclosure)	\$133.74
c. Interiors (Partitions and Finishes)	\$ 83.62
d. Services (HVAC, Plumbing, Electrical, Fire)	\$159.87
e. Built-in Equipment and Furnishings	\$ 6.03
f. Special Construction & Demolition	\$ 0.00
g. General Conditions and Insurance	\$ 94.95

Site Development	\$6,541,000
Construction Cost	\$98,884,000
Fees, Contingency, Services	<u>\$20,265,000</u>
Total Project Cost (\$643 per GSF)	\$119,149,000
Fixtures, Furniture & Movable Equipment	<u>\$3,355,000</u>
Grand Total	<u>\$122,504,000</u>

² The July 2016 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

Cost Comparison

The project's building cost of \$498 per GSF (\$153,905 per bed) is lower than \$591 per GSF (\$149,828 per bed) for Long Beach Housing Expansion Phase I project approved in July 2019 and the \$508 per GSF (\$115,383 per bed) cost for San José State University Campus Village II approved in May 2014, all adjusted to CCCI 6840. The slightly higher cost per bed results from project elements that support the overall housing enterprise, including housing department office spaces, housing police offices, and storage spaces for custodial and landscape functions. In addition to the housing enterprise elements, the proposed project includes spaces to support student learning and engagement for the whole student housing community, including a multipurpose room, lounge, Student Leader Resource Center, Academic Resource Center, and student workroom. The cost per bed is \$134,514 without including spaces that support housing enterprise and student learning and engagement.

California Environmental Quality Act (CEQA) Action

The proposed project is consistent with the 2003 Master Plan. As such, it is within the parameters considered in the Master Plan Update Final Environmental Impact Report (EIR) that was certified in March 2006. In addition, as supported by the substantial evidence provided in the 'Finding of Consistency Report' by Rincon Consultants, Inc. dated October 2019, the proposed project would have no new significant environmental effects beyond those identified in the Master Plan Update Final EIR. Based on these findings, the project is consistent with, and within the analysis parameters of, the Master Plan Update Final EIR. As such, additional environmental documentation is not required under CEQA.

Financing

The California State University, Fullerton Student Housing Phase 4 project will be financed with long-term Systemwide Revenue Bonds (SRB) and related debt instruments, including shorter term and variable rate debt, floating and fixed rate loans placed directly with banks, and bond anticipation notes (BANs) to support interim financing under the CSU commercial paper (CP) program, in a proposed aggregate amount not-to-exceed \$113,230,000. The not-to-exceed amount is based on a total project budget of \$122,504,000 with a housing program reserve contribution of \$20 million. Additional net financing costs, such as capitalized interest and cost of issuance, estimated at \$10,726,000, are expected to be funded from bond proceeds.

The following table summarizes key information about this financing transaction.

Not-to-exceed amount	\$113,230,000
Amortization	Approximately level debt service over 30 years
Projected maximum annual debt service	\$7,138,390
Projected debt service coverage including the new project: ¹	
Net revenue – All campus pledged revenue programs:	1.47
Net revenue – Campus housing program:	1.21

1. Based on campus pledged revenue program projections and a 2023-2024 first year of operations of the project with expected full debt service.

The not-to-exceed amount for the project, the maximum annual debt service, and the financial ratios above are based on an all-in interest cost of 4.91 percent, which includes a cushion for changing financial market conditions that could occur before the permanent financing bonds are sold. The financial plan assumes level amortization of debt service, which is the CSU program standard. Due to COVID-19, campus housing operations and other self-support enterprise operations have been adversely impacted for the 2019-2020 fiscal year and are expected to be adversely impacted in the 2020-2021 fiscal year. The campus will utilize reserves to support its housing and other self-support operations during this time frame with the expectation that operations will return to normal levels by the 2021-2022 fiscal year. As such, the campus financial plan projects a housing program net revenue debt service coverage of 1.21 in fiscal year 2023-2024, the first full year of operations, which compares favorably with the CSU benchmark of 1.10 for the program. When combining the housing program projections with the campus projections for all of its other self-support pledged revenue programs, the overall campus net revenue debt service coverage for the first full year of operations is projected to be 1.47 which compares favorably to the CSU benchmark of 1.35.

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University that:

1. The project before the Board of Trustees is consistent with the previously certified Master Plan Update Final EIR.
2. The 2020-2021 Capital Outlay Program is amended to include \$122,504,000 for preliminary plans, working drawings, construction, and equipment for the California State University, Fullerton Student Housing Phase 4 project.
3. The schematic plans for the California State University, Fullerton Student Housing Phase 4 project are approved at a project cost of \$122,504,000 at CCCI 6840.

4. Financing for the California State University, Fullerton Student Housing Phase 4 project as described in this Agenda Item 2 of the Joint Committees on Finance and Campus Planning, Buildings and Grounds at the July 21-22, 2020 meeting of the CSU Board of Trustees is approved. Orrick, Herrington & Sutcliffe LLP, as bond counsel, is preparing resolutions to be presented at this meeting that authorize interim and permanent financing for the Project described in this Agenda Item 2 and provide for the following:
 - a. Authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related debt instruments, including shorter term and variable rate debt, floating and fixed rate loans placed directly with banks, and bond anticipation notes (BANs) to support interim financing under the CSU commercial paper (CP) program, in an aggregate amount not-to-exceed \$113,230,000 and certain actions relating thereto.
 - b. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the revenue bonds or related debt instruments.
5. The chancellor or his designee is requested under the Delegation of Authority granted by the Board of Trustees to file the Notice of Exemption for the project.