

State Bond Sales Unfreeze Two Construction Projects at UC San Diego

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The March and April sales of State of California bonds have enabled UC San Diego to restart construction of two major projects: the Engineering Building Unit IV building and the expansion of the Rady School of Management campus. Both projects had been frozen since December 2008 due to the state's poor cash position.

The sale in March of \$5.9 billion in State of California general-obligation bonds enabled construction of the \$83.3 million Engineering Building Unit IV building, among other projects, to resume. In addition, the sale of \$271 million in State of California lease-revenue bonds that closed in April will provide the necessary funds for the expansion of the Rady School of Management campus. Both buildings will meet *Leadership in Energy and Environmental Design* (LEED) "Silver" certification standards.

"The recent bond sales will enable two of our most vital, proven and entrepreneurial academic programs to expand," said Gary Matthews, UC San Diego's vice chancellor of Resource Management and Planning. "The students who come here and the state economy will be the ultimate beneficiaries because these programs will be training the kind of engineering and business leaders California desperately needs to prosper in the 21st century."

In December 2008, the State of California's Pooled Money Investment Board, which is composed of the State Treasurer as chairperson, the State Controller, and the Director of Finance, froze disbursements of capital outlay funds for state and local government entities. Sixty-eight University of California projects totaling \$983 million were initially halted or suspended as a result of the freeze. A combination of state general-obligation bond sales and UC's sale of short-term commercial paper to purchase a privately placed State of California general-obligation bond, allowed 44 projects to restart. But funding for the remaining 24 projects totaling \$413 million, including UC San Diego's Engineering Building Unit IV building and the Rady School expansion project, had remained suspended until the successful bond offerings in March and April.

The bonds offered for sale in March by the California State Treasurer's office were voter-approved State General-obligation bonds. The State of California Public Works Board issued lease-revenue bonds in April to finance acquisition and construction projects that are authorized by the Legislature. Both issues featured tax-exempt bonds along with taxable Build America Bonds, on which the U.S. Treasury subsidizes 35 percent of UC's qualifying interest costs. Build America Bonds were created as part of the American Recovery and Reinvestment Act that President Obama signed into law on February 2009.

Rady School of Management Expansion

Although the Rady School expansion project was able to finish design with use of gift funds, the project was not able to proceed to construction without the release of state funds. The \$47 million, 50,000 assignable-square-foot project will be financed by approximately \$27 million in state lease-revenue bonds and \$20 million in private donations, including a \$5 million gift from Wells Fargo Bank matched by \$5 million from Ernest Rady. The expansion should be completed in May 2012.

The Rady School expansion will hold a classroom for 185 students, two tiered classrooms for 75 students each, 45 faculty offices, room for the Rady School Ph.D. program, three flat classrooms holding 30 to 50 students each and 18 team-study rooms holding five to 10 students each for undergraduate and MBA use.

The new building will be a five-story structure that connects with Otterson Hall on four levels. It will complete the interior courtyard constructed as part of the earlier project with pedestrian walkways, landscaping and an outdoor seating area.

Engineering Building Unit IV

Engineering Building Unit IV will be a four-story 110,000 assignable-square-foot energy-efficient structure with office and laboratory space for 50 faculty serving 1,100 students and will house structural engineers, nano-engineers and visual artists.

The newest Jacobs School of Engineering building will house the Structural Engineering Department and NanoEngineering Department. About 18 percent of the building is dedicated to studios and design space for UC San Diego's Visual Arts faculty and students. Research labs anticipated for the new building include those for structural engineering researchers working on advanced composites important for aircraft safety, a new data visualization lab, and labs dedicated to nanoengineering diagnostic and characterization research.

The \$83.3 million total cost of the project includes design, equipment and construction. UC San Diego will seek private support to augment state funding to outfit the building. The building is located at the intersection of Voigt Drive and Lyman Avenue, and is expected to be completed by early 2013.

Live webcam of construction: http://smeb-bldg.ucsd.edu/view/viewer_index.shtml?id=1189

Additional Campus Projects Currently Under Construction

In addition to the new buildings at the Jacobs School of Engineering and Rady School of Management, UC San Diego is currently constructing six additional major projects with a combined total cost of \$568 million. No state taxpayer funds are involved in five of those projects:

Four student apartment projects will be financed with a total of \$269.6 million in low-interest University of California bonds to be repaid by student housing fees, plus \$7.1 million from campus housing reserve funds.

The fifth project, the \$227 million UCSD Medical Center's Sulpizio Family Cardiovascular Center, is funded with \$129.9 million in UC bonds, \$38 million in gifts, \$21.7 million from hospital reserves, and \$37.7 million from capitalized leases.

The sixth project, the \$65 million Medical Education and Telemedicine Center, will be paid for with \$30 million in fundraising and debt financing and \$35 million in state funds made available by Proposition 1D, a measure approved by California voters in 2006 that set aside \$10.4 billion for public schools, community colleges and universities for construction and renovation, repairs of aging buildings and upgrades for labs and other scientific facilities.

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