

AGENDA

JOINT COMMITTEE ON FINANCE AND CAMPUS PLANNING, BUILDINGS AND GROUNDS

Meeting: 2:50 p.m. Tuesday, May 21, 2024
Glenn S. Dumke Auditorium

Committee on Finance

Julia I. Lopez, Chair
Jack McGrory, Vice Chair
Larry L. Adamson
Douglas Faigin
Mark Ghilarducci
Leslie Gilbert-Lurie
Anna Ortiz-Morfit
Jose Antonio Vargas
Darlene Yee-Melichar

Committee on Campus Planning, Buildings and Grounds

Jack McGrory, Chair
Diana Aguilar-Cruz, Vice Chair
Larry L. Adamson
Raji Kaur Brar
Mark Ghilarducci
Leslie Gilbert-Lurie
Anna Ortiz-Morfit
Darlene Yee-Melichar

- Consent** 1. Approval of Minutes, *Action*
- Discussion** 2. California State University, Fullerton Student Housing, Phase 5 Schematic Design and Debt Issuance Approval, *Action*

**MINUTES OF THE MEETING OF THE
JOINT COMMITTEE 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**

January 31, 2024

Committee on Finance

Julia I. Lopez, Chair
Jack McGrory, Vice Chair
Larry L. Adamson
Douglas Faigin
Mark Ghilarducci
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Jose Antonio Vargas
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**Committee on Campus Planning Building
and Grounds**

Jack McGrory, Chair
Diana Aguilar-Cruz, Vice Chair
Larry L. Adamson
Raji Kaur Brar
Mark Ghilarducci
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Anna Ortiz-Morfit
Darlene Yee-Melichar

Wenda Fong, Chair of the Board
Mildred García, Chancellor

Trustee Jack McGrory called the meeting to order.

Public Comment

Public comment took place at the beginning of the meeting's open session, prior to all committees. No public comments were made pertaining to the joint committee agenda items.

Approval of the Consent Agenda

The minutes of the November 2023 joint meeting of the Committees on Finance and Campus Planning, Buildings and Grounds were approved as submitted.

Because the meeting was behind schedule, the presentation was abbreviated.

California State University, Sacramento Placer Center Master Plan, Environmental Impact Report and Partnership Approval

This agenda item requested the following actions by the California State University Board of

Trustees for the proposed Sacramento State – Placer Center Master Plan and public-public partnership development at Placer Center:

- Certification of the Final Environmental Impact Report (FEIR) dated January 2024
- Adoption of the Findings of Fact and Statement of Overriding Considerations dated January 2024
- Adoption of the Mitigation Monitoring and Reporting Program dated January 2024
- Approval of the Placer Center Master Plan (Master Plan), including the enrollment projection to 12,000 FTES

Following the abbreviated presentation, it was asked if the donor set time requirements to build the new campus, and it was explained that the first threshold was to have the master plan approved within three years which has been met.

The committee recommended approval of the proposed resolution (RFIN/CPBG 01-24-01).

Trustee McGrory 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 5 Schematic Design and Debt Issuance Approval

Presentation By

Steve Relyea
Executive Vice Chancellor and Chief Financial Officer

Alexander Porter
Vice President, Administration and Finance and Chief Financial Officer
California State University, Fullerton

Paul Gannoe
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 (CSU) Board of Trustees with regard to the California State University, Fullerton (Cal State Fullerton) Student Housing, Phase 5 project:

- Approval of the Schematic Design for the project
- Approval to Issue Trustees of the California State University Systemwide Revenue Bonds (SRB) and related debt instruments for the project

Schematic Design – Student Housing, Phase 5

Collaborative Design-Build Contractor: SUNDT Construction

Project Architect: HMC Architects

Background and Scope

California State University, Fullerton proposes to design and construct a six-story, 98,883 assignable square feet (ASF)/154,710 gross square feet (GSF) Student Housing, Phase 5

building (#54¹) (the “Project”) on the site of to-be-demolished Jewel Plummer Cobb Residence Halls (#24A-#24C), located at the northeast corner of the campus and south of the Arboretum. This Project was approved for funding in 2022-2023 through the State’s Higher Education Student Housing Grant Program (HESHGP) to provide affordable student housing. As part of the 2023-2024 state budget, the Higher Education Student Housing Grant will be replaced with CSU Systemwide Revenue Bonds supported by ongoing state appropriation and as approved by the Board of Trustees at the July 2023 meeting. The grant program allows affordable beds to be located across the university inventory of new beds and the existing student housing inventory.

Cal State Fullerton is a vibrant, diverse university community with nearly 42,000 students with an existing on-campus housing capacity of 2,196 beds or approximately 5 percent of the student population, leaving more than 1,500 students on the housing waitlist. As one of the largest CSU universities and the only campus in Orange County, Cal State Fullerton is a primary driver of workforce and economic development in the region. Cal State Fullerton is recognized as a national model for supporting student success, especially for its success in supporting first-generation and underrepresented students and preparing all students to become leaders in the global marketplace. The majority of students at Cal State Fullerton receive financial aid. Fifty-five percent of students are underrepresented, and 32.3 percent of undergraduate students are first-generation college students.

The university’s vision is to provide access to affordable housing for students to improve graduation rates and support student success. This proposed project is aligned with the university’s Strategic Plan goals of Enhancing Support for Student Access, Learning, and Academic Success and Fostering Student Engagement and Well-Being, and will provide much-needed affordable housing to designated low-income students, reducing the total cost of attendance, bolstering direct access to affordable student housing for those students in the most need, and improving student retention and graduation rates.

The Project will construct 510 apartment-style beds, including 390 affordable and 120 standard rate beds, allowing the housing program to accommodate approximately 30 percent of the students on the current waitlist. The first floor will provide study spaces, staff offices, a staff apartment, a grab-and-go marketplace, mailroom, and laundry facilities. The five upper residence floors are identical and include student housing units, shared study area, and space for a resident advisor. Shared common spaces on each floor will foster student engagement and a sense of community. Outdoor hardscape and landscape areas will provide additional space for studying, outdoor student life programs, and recreation.

The new student housing building is a six-story reinforced concrete building currently designed to meet the CSU’s Sustainability Policy requirements. Notable sustainability features include low-flow plumbing fixtures, high quality air filtration, high insulation values for walls and roofs, double-glazed windows, sun shading fins, drought-tolerant landscaping, efficient irrigation systems, and groundwater retention and infiltration elements.

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

Jewel Plummer Cobb Residence Halls (#24A-#24C) are the original student housing built in 1979. All three buildings currently have a combined over \$32 million in deferred maintenance and capital renewal needs. In addition, these buildings have significant deficiencies in fire/life safety, critical building infrastructure, ADA compliance, energy efficiency, and general code compliance. Jewel Plummer Cobb Residence Halls will be demolished as part of this project to provide the site for the new Project. Utilities infrastructure will be modified and upgraded to separate the Jewel Plummer Cobb Residence Halls from other student residence halls on campus and allow those buildings to be fully operational.

Timing (Estimated)

Preliminary Plans Completed	July 2024
Working Drawings Completed	August 2024
Construction Start	December 2024
Occupancy	August 2026

Basic Statistics

New Construction:

Gross Building Area	154,710 square feet
Assignable Building Area (CSU ²)	98,883 square feet
Net Useable Building Area (FICM ³)	149,375 square feet
Efficiency (CSU)	64 percent
Efficiency (FICM)	96 percent

Demolition:

Gross Building Area	107,320 square feet
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Cost Estimate – California Construction Cost Index (CCCI) 8287⁴

New Building Cost (\$665 per GSF)		\$102,887,000
<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>	
a. Substructure (Foundation)	\$	38.08
b. Shell (Structure and Enclosure)	\$	190.74

² Assignable building area is based on CSU policy.

³ Net usable building area is greater than assignable building area by including corridors, restrooms, mechanical rooms, etc., based on the definitions of the Postsecondary Education Facilities Inventory & Classification Manual (FICM).

⁴ The July 2022 *Engineering News-Record* California Construction Cost Index (CCCI). The CCCI is the average Building Cost Index for Los Angeles and San Francisco.

c. Interiors (Partitions and Finishes)	\$ 106.47	
d. Services (HVAC, Plumbing, Electrical, Fire)	\$ 194.51	
e. Built-in Equipment and Furnishings	\$ 11.84	
f. General Requirements/Conditions and Insurance	\$ 123.40	
Demolition Building Cost (\$60 per GSF)		\$6,519,000
<i>Systems Breakdown</i>	<i>(\$ per GSF)</i>	
a. Special Construction & Demolition	\$ 51.28	
b. General Requirements/Conditions and Insurance	\$ 9.47	
Site Development (New Building)		\$12,071,000
Site Development (Demolition)		<u>4,731,000</u>
Construction Cost		\$126,208,000
Fees, Contingency, Services		<u>27,840,000</u>
Total Project Cost		\$154,048,000
Fixtures, Furniture & Movable Equipment		<u>\$3,900,000</u>
Grand Total		<u>\$157,948,000</u>

Cost Comparison

The student housing building’s cost of \$665 per GSF is lower than the \$760 per GSF for the West Campus Green Student Housing and Health Center at San Francisco State approved in January 2023, and the \$689 per GSF for the Affordable Student Housing Buildings #22 and #23 at CSUN approved in July 2022, and the \$685 per GSF for the Hillside North Student Housing project at Cal State Long Beach approved in September 2023, all adjusted to CCCI 8287.

During the value engineering process, Cal State Fullerton saved approximately \$5 million in direct construction costs through several revisions, including an efficient stacked design with the same size and type of apartments throughout the entire building and utilizing the campus centralized chilled and heating water systems for the building HVAC needs in lieu of installing stand-alone equipment.

California Environmental Quality Act (CEQA) Action

The proposed Project is consistent with the 2020 Master Plan and parameters considered in the Master Plan Update Final Environmental Impact Report (EIR) that was certified by the Board of Trustees in July 2020. In addition, the proposed project would have no new significant

environmental effects beyond those identified in the Master Plan Update Final EIR. No additional environmental documentation is required under CEQA.

Project Funding and Financing

This affordable student housing Project was approved for funding of \$88,900,000 in fiscal year 2022-2023 from the State’s Higher Education Student Housing Grant Program (HESHGP). The funding from the HESHGP was initially expected to be in the form of a one-time cash grant. However, the fiscal year 2023-2024 state budget for the CSU clawed back the cash grants for all previously awarded CSU projects in the HESHGP and replaced them with an increase in CSU’s annual ongoing appropriation in an amount sufficient to support the issuance of CSU SRB debt that will generate proceeds to replace the cash grants. This SRB funding in the amount of \$88.9 million for the Project was approved by the Board of Trustees during its July 2023 meeting and will be repaid from the additional support appropriation from the state (rather than campus resources).

In addition to the HESHGP component of funding, the Project will also be funded with CSU SRB debt supported by ongoing campus housing revenues, as well as campus housing program reserves. The financing action requested in this agenda item is for the SRB debt to be supported by ongoing campus housing revenues.

The not-to-exceed principal amount of the proposed bonds to be supported by ongoing campus housing revenues is \$63,705,000, based on a total project budget of \$157,948,000 with funding of \$88.9 million from the HESHGP and \$12.45 million from housing program reserves. Additional net financing costs, such as capitalized interest and cost of issuance (estimated at \$7,107,000), are expected to be funded from bond proceeds. The Project is scheduled to start construction in December 2024 with completion expected in August 2026.

The following table summarizes key information about this financing transaction.

Not-to-exceed principal amount	\$63,705,000
Amortization	Approximately level debt service over 30 years
Projected maximum annual debt service	\$4,392,050
Projected debt service coverage ratio including the new project:	
Net revenue – Fullerton pledged programs: *	1.20
Net revenue – Projected campus housing program:	1.22

*Combines projected 2027-28 information for all campus pledged revenue programs with 2027-28 information for the project.

The not-to-exceed principal amount for the Project, the maximum annual debt service, and the financial ratios above are based on an estimated all-in true interest cost of 5.71 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. The campus financial plan projects a housing program debt service coverage of 1.22 in fiscal year 2027-2028, the first full year of operations of the Project, which is better than the CSU benchmark of 1.10 for the program. When combining the project financial forecast with information for all campus pledged revenue programs, the campus's overall debt service coverage for the first full year of operations is projected to be 1.20, which is below than the CSU benchmark of 1.35 for a campus. However, the campus financial plan forecasts that the campus debt service coverage will improve and exceed the benchmark after five years. Given the importance of the Project to the campus and the availability funding from the HESHGP, staff recommends approval of the financing.

Recommendation

The following resolution is presented for approval:

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

1. The California State University, Fullerton Student Housing, Phase 5 project will benefit the California State University.
2. Applicable mitigation measures adopted in conjunction with Campus Master Plan Update approval and EIR certification in 2020 shall be implemented, monitored, and reported in accordance with the requirements of CEQA (Cal. Pub. Res. Code § 21081.6).
3. The schematic plans for the California State University, Fullerton Student Housing, Phase 5 project are approved at a project cost of \$157,948,000 at CCCI 8287.
4. The financing resolutions for the California State University, Fullerton Student Housing, Phase 5 project as described in this Agenda Item 2 of the Joint Committees on Finance and Campus Planning, Buildings and Grounds at the May 19-22, 2024, meeting of the CSU Board of Trustees are approved. In coordination with CSU's Office of General Counsel, Orrick, Herrington & Sutcliffe LLP, as outside bond counsel, has prepared resolutions to be distributed to the Board prior to this meeting that authorize interim and permanent financing for the project described in this agenda. The proposed resolutions will achieve 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 Systemwide Revenue Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate principal amount not-to-exceed \$63,705,000 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 bond anticipation notes, the revenue bonds, and the related debt instruments.