



SENIOR VICE PRESIDENT –  
BUSINESS AND FINANCE

OFFICE OF THE PRESIDENT  
1111 Franklin Street, 12<sup>th</sup> Floor  
Oakland, California 94607-5200

February 10, 2005

**EXECUTIVE VICE CHANCELLORS  
VICE CHANCELLORS FOR ADMINISTRATION  
VICE CHANCELLORS FOR BUDGET AND PLANNING**

**RE: Authorization for Acquisitions, Dispositions or Ground Lease of Real Property**

In accordance with University policy, campuses have been required to request authorization and assignment of OP staff from the Senior Vice President—Business and Finance prior to commencing with negotiations for any real property acquisitions, dispositions or ground leases (“Authorization Request”). These are the transactions for which the Office of the President retains negotiating authority. In addition, given the effect on debt capacity, please also submit a request for authorization with appropriate information for any space lease (University as tenant) that may need to be recorded as a capital lease on the University’s balance sheet.

With the increasing complexity of transaction terms, budget requirements and financing mechanisms, we want to update this process by having campuses:

- (i) submit the Authorization Request as early as possible in the process, and
- (ii) include sufficient conceptual-level information about the program, project and funding parameters to fully understand the proposed transaction.

The earlier the Authorization Request is submitted, the more opportunity there will be to collaborate on and confirm policy, budget and financing parameters. Early OP involvement will minimize delays resolving fundamental business and policy issues and, when those issues aren’t resolvable, avoid spending significant time on a form of transaction that is ultimately not feasible and identify workable alternatives.

All future Authorization Requests should be addressed to Assistant Vice President Bocchicchio with a copy to Deputy to the Senior Vice President Hoffman and include the following information:

- **Programmatic Purpose:** Provide a description of the purpose of the transaction, how it serves the University’s mission, and the programmatic rationale for the real estate requirement. If programmatic considerations support basing some or all of the transaction on other than market terms (e.g., no rent or below market rent for a ground lease), include a justification for this programmatic offset.

- **Project Description:** Provide an abstract of the proposed transaction including the fundamental terms, preliminary schedule through approval, parties to the transaction and their respective roles, and a description of the property including any improvements with area, use and condition information. Provide a discussion of the other properties or transaction alternatives (e.g., on campus vs. off campus, new vs. existing, and lease vs. acquisition) that have been considered and indicate why the selected alternative is preferred. If construction or remodeling is required, a description of the planned work and the estimated cost (however preliminary) should be included. Also, note any special issues or concerns, such as political, environmental, or community relations sensitivities, and any related transactions (e.g., the University leasing back space in a project to be developed on its land pursuant to a ground lease).
- **Funding, Financing and Feasibility:** For acquisitions, or ground leases with the University as lessee, provide a summary of the total cost of acquisition (or ground rent) and the estimated cost of any improvements or renovations. Summarize funding sources and University financing required for the project through completion, including a preliminary financial feasibility in the one page format accompanying Regents' Items. For dispositions, or ground leases with the University as lessor, provide a description of the property, estimated price, summary of any debt or restrictions applicable to the property and use of proceeds. For dispositions, please also indicate why the property is surplus to the University's needs. For ground leases on University land in particular, indicate the proposed use and term and how that use fits within the campus LRDP and also specify the preferred form(s) of consideration for the use of the University's land.

The content of the request for authorization will vary with the type and complexity of the proposed transaction. Dispositions would typically require less information than acquisitions or ground leases. Business and Finance Bulletin 55 (BUS-55) provides additional guidance on information that may be appropriate to include with your request. OP staff are available to assist you in pre-authorization strategic planning, transaction design, and developing information to be included in the request for Authorization Request.

We understand that many transactions will undergo significant changes from the conceptual stage through ultimate transaction approval. The benefits of early OP involvement noted above, however, far outweigh any duplication of effort that may result from such changes, and in any case, authorization to proceed is required prior to a significant action (e.g., issuance of a letter of intent, MOU, or RFQ/RFP), or the commitment of significant University resources.

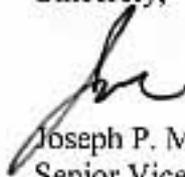
Following receipt of the Authorization Request, Assistant Vice President Bocchicchio will either (i) send a letter authorizing the campus to proceed and assigning appropriate OP staff to complete formal negotiations and advance the transaction process through final approval, or (ii) request additional information and clarifications necessary to concluding whether such authorization is warranted. In some instances, he may also request an all hands meeting with appropriate campus and OP staff to review the proposed transaction.

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I would be pleased to discuss any concerns or questions you might have regarding this process. Specific questions concerning a given transaction may be addressed directly to Assistant Vice President Bocchicchio or Director Schanck. We look forward to working with you to facilitate a more efficient and effective process for real estate transactions.

Sincerely,



Joseph P. Mullinix  
Senior Vice President

cc: Assistant Vice President Bocchicchio  
Assistant Treasurer Young  
Deputy to the Senior Vice President Hoffman  
Deputy Assistant Vice President Mathews  
Director Schanck