

**BRIEF**

**Action Item**

Agenda Item 6  
May 9-10, 2000

**COMMITTEE ON FINANCE**

**Real Property Development Projects—Revision of Policy**

**Presentation By**

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Financial Services

**Summary**

This item requests the Board of Trustees to take action to revise the policy for the development of real property projects.

**Recommended Action**

Approval of the resolution.

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### COMMITTEE ON FINANCE

#### **Real Property Development Projects—Revision of Policy**

##### **Background**

This item revises the policy of the Board of Trustees approved in March 1994 governing the development of public/private or public/public real estate partnerships. Based on the experience of the ensuing six years, the current item is presented to more clearly state the points of responsibility and to specify the steps necessary to allow the projects to proceed in an orderly manner. The policy does not alter the process for those projects that are normally reviewed and funded as part of the CSU capital outlay process.

##### **Purpose**

This policy applies to projects involving long-term contractual relationships that use or develop campus real property to further the educational mission of the campus through the acquisition of physical assets, income, and/or educationally related opportunities for students and faculty.

##### **Roles and Procedures**

Campus presidents are responsible for the planning and execution of all matters related to real property development projects on their respective campuses. The executive vice chancellor and chief financial officer is responsible for assisting campuses in planning projects and for staff review and analysis prior to action by the Board of Trustees. The chancellor and the executive vice chancellor and chief financial officer shall make the decision if there are questions as to the applicability of the policy to a specific project.

##### **Approval of Concept**

Early in the process, the campus will present a conceptual plan to the Board of Trustees for approval describing the campus aspirations for a real property development project.

The process leading to ultimate approval of the project by the Board of Trustees requires early and continuing involvement of the Chancellor's Office; therefore, the campus should contact the land development review committee established by the executive vice chancellor and chief financial officer that includes finance, campus planning and legal staff at the beginning of the conceptual phase. Upon notification of the project, the executive vice chancellor and chief financial officer will issue a set of specific procedures to be used by the campus in developing the project. The letter will indicate the steps and process to be followed leading to approval of the development plan. Campuses will be responsible for notifying the land development committee of project developments as they occur.

### **Approval of Development Plan**

Before execution of any commitments for use of the property, the campus will seek final approval of the real property development project from the trustees. An action item will be presented to the Board of Trustees that will provide detailed information on the project including:

1. an update of the conceptual plan presented to the trustees,
2. the results of due diligence studies including an assessment of risks associated with the project,
3. a summary of the important terms and conditions of all proposed substantive agreements, and
4. a multi-year financial plan.

The campus will seek approval of the trustees for the development plan after all terms and conditions have been negotiated by the campus, finalized in appropriate legal documents, and reviewed and analyzed by the Chancellor's Office. Further approvals by the board will be sought as necessary to accommodate master plan changes and schematic design review and approval.

The following resolution is recommended for approval:

**RESOLVED**, By the Board of Trustees of The California State University, that the policy and procedures for public/private (public/public) real estate partnerships approved at the March 22-23, 1994, meeting is rescinded and the chancellor is directed to issue policies and procedures regarding projects involving real property development consistent with the principles contained in Agenda Item #6 of the Committee on Finance at the May 9-10, 2000, meeting of the Board of Trustees.