

July 28, 2009

TO: Deans, Directors and Specified Faculty

FROM: Gene Lucas, Executive Vice Chancellor  
 Joel Michaelsen, Chair, Academic Senate

RE: Ocean Walk at North Campus - Faculty Housing Update

This is an update on Ocean Walk at North Campus, our newest planned faculty housing community. Our primary goals have been to deliver affordable, quality housing in a timely manner to meet the needs of our faculty. Our selected third party partner, The Olson Company, like all major housing developers, is suffering from the severe decline in the housing construction market and the tightening of the credit market. Both Olson and the campus have worked diligently to move the project forward. Olson has completed the construction documents for all 161 homes and associated infrastructure. However, during the last few months, due to the significant number of issues that remain to be negotiated, it has become apparent that if we continue to proceed with Olson, we would miss the window of opportunity we have to start construction before November 2009. As a result of the current very favorable housing construction market, the campus has determined that it can deliver the first phase of 22 homes, to be built on the Marymount side of Phelps Creek, at the same selling prices more quickly, by building it as a University project. We will be evaluating the best ways to proceed with the rest of the development.

The campus therefore has decided to assume control of the project from The Olson Company including control over all of the contracts of all current consultants working on the project. Our goal is to have the site under construction in October. Below are the actions necessary to meet this goal and their current status:

ACTION	STATUS
Approval of Capital Project and Short-term financing by Office of President	Item has been submitted to Office of President for processing. Expect approval August 2009
Submission of project drawings and supporting material to the California Coastal Commission to obtain their approval to award bid	Submission packet was delivered to the Coastal Commission on July 15 <sup>th</sup>
Submittals to Army Corp of Engineers for approval of wetland restoration	Submitted week of July 6 <sup>th</sup>
Construction to start on first increment of infrastructure	October 2009
Construction to commence on first 22 units	End of October/early November 2009
Planned Occupancy	Fall 2010

As you can see from the list above there is much work to be done to ensure that this very important project is under construction this Fall. Everyone involved is committed to meeting the schedule and working closely with outside agencies to gain all necessary approvals. We will be providing you with frequent updates on our progress.

We want to end this update by noting that a great deal of hard work and effort by both our campus and The Olson Company have helped bring us to where we are today, which is much closer to our objective of providing affordable, quality housing. The plans and drawings completed by The Olson Company will provide our campus with an outstanding group of homes. The reality of our current economy has made it necessary for us to change course at this time. However, by moving forward with just the first 22 homes (home types shown below), the campus is able to finally get this project started and keep options open on how to complete the next phases. Thus we are well positioned to take advantage of changes that are likely to occur in the market place over time and be able to maximize our goal of affordable, quality homes.

<b>Unit No.</b>	<b>Type</b>	<b>Average Square Feet</b>
8	1-Story Single-family Detached	2,100
3	2-Story Duplex Townhome	1,796
3	2-Story Duplex Townhome	1,387
4	2-Story Quadplex Townhome	1,750
4	2-Story Quadplex Townhome	1,384

If you have any questions please contact us, or any of the following people: Assistant Chancellor Todd Lee, Director Karen Rothberg or Director Martie Levy.

Cc: Chancellor Yang  
Assistant Chancellor Lee  
Senior Associate Vice Chancellor Fisher  
Director Levy  
Director Rothberg