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# Bonds sale to unlock door for UC San Francisco project

San Francisco Business Times - by [Ron Leuty](#)

With the sale of up to \$250 million in bonds from a little-known state entity, construction will start by the end of the month on a first-of-its-kind neuroscience research center on UCSF's Mission Bay campus.

**The California Infrastructure and Economic Development Bank**, or I-Bank, expected to sell the bonds March 19 through the state treasurer. Proceeds of the bond sale will funnel through a nonprofit group set up by the **University of California, San Francisco**, to private developer **Edgemoor/McCarthy Cook Partners LLC**.

Edgemoor/McCarthy Cook, which was set up by **Edgemoor Real Estate Services** and McCarthy Cook & Co., is subleasing the patch of ground from the nonprofit group that leased it from the UC Regents. Then Edgemoor/McCarthy Cook will lease the finished building to UC, whose rent payments over 30 years will pay principal and interest on the bonds.

The bonds were expected to be offered with an interest rate of 3 percent to 4 percent, said I-Bank Executive Director Stan Hazelroth.

The lease/lease-back arrangement allowed the UC system to use a competitive selection process rather than a strict lowest-bidder process, according to I-Bank documents. It also gives the Regents flexibility in terms of spreading out costs, construction scheduling and developer expertise.

"This one is a state-of-the-art public-private partnership," Hazelroth said.

**Clark Construction Co.** is the design-builder of the 237,000-square-foot structure, which will house about 500 UCSF employees and be ready for move-in by spring 2012. According to I-Bank documents, about 360 of those will be new neuroscience research jobs.

"From UC's point of view, they have little risk and they hope they will get the building faster," said Rudy Nothenberg, the former San Francisco County chief administrative officer who leads the nonprofit group. "To them, it's strictly a real estate deal."

UCSF is considering using this type of arrangement with other buildings, particularly ambulatory care facilities that will be built around the planned women's, children's and cancer hospitals on the Mission Bay campus.

"We hope it will work," Nothenberg said. "We'll see."