

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 16, 1998

The Regents of the University of California met on the above date at UCSF - Laurel Heights, San Francisco.

Present: Regents Atkinson, Bagley, Brophy, Chandler, Davies, Davis, Gonzales, Hotchkis, Johnson, Khachigian, Leach, Lee, Levin, McClymond, Montoya, Ochoa, Parsky, Preuss, Sayles, and Soderquist (20)

In attendance: Regent-designate Willmon, Faculty Representatives Dorr and Weiss, Secretary Trivette, General Counsel Holst, Treasurer Small, Provost King, Senior Vice President Kennedy, Vice Presidents Darling and Gomes, Chancellors Berdahl, Debas, Greenwood, Orbach, Vanderhoef, Wilkening, and Yang, and Recording Secretary Bryan

The meeting convened in Closed Session at 10:25 a.m. with Chairman Khachigian presiding.

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The Board went into Open Session at 10:35 a.m.

1. APPROVAL OF MINUTES OF NOVEMBER 21, 1997

Upon motion of Regent Montoya, duly seconded, the minutes of the meeting of November 21, 1997, were approved.

2. REPORT OF THE PRESIDENT

President Atkinson presented the report concerning University activities and individuals. In addition, he announced the following appointments:

- Anne C. Broome as Vice President for Financial Management
- Lawrence C. Hershman as Vice President for Budget
- Stephen A. Arditti as Assistant Vice President of State Governmental Relations
- B. Bradley Barber as Assistant Vice President of Institutional Advancement

Faculty Representative Weiss commented that the subjects of outreach and the University's budget were discussed during committee meetings the previous day. She noted that several Regents voiced their support of intersegmental collaboration. She reported that the Academic Senate plays a major role in those collaborations.

Its Intersegmental Committee was established in 1981 to create linkages that enhance further education. Senate leadership works in that group to make decisions and policy recommendations on a number of issues. The committee developed a general education transfer curriculum that was adopted by the community college system to prepare its students for transfer to the California State University or University of California systems. The Intersegmental Committee is evaluating the current transfer program. She mentioned that a conference to be held in March will bring together 100 faculty from all segments to address potential problem areas and make recommendations for improvements. The committee also works with the State Department of Education to enhance its standards for high school students.

Regent Ochoa commented on the community college transfer issue. He believed that the general education transfer curriculum program had not been very effective. He noted that out of 106 community colleges, only 22 are major feeders of transfer students to the larger systems. He wondered what is happening to students from the remaining community colleges who wish to transfer and what the University is doing to help them.

President Atkinson agreed that State universities should be drawing from a greater number of community colleges, but he believed that the situation had improved in the past decade.

Regent Davis asked whether it is known why students do not transfer from the majority of the community colleges. Professor Weiss responded that some of those schools are focused on vocational education because of the interests of their student populations.

Chairman Khachigian recommended that the subject of community college transfer opportunities be discussed in depth at a future meeting. Regent Brophy suggested inviting Chancellor Nussbaum to that meeting, and Regent-Designate Willmon suggested inviting the chair of the community college board of governors.

Then, upon motion of Regent Brophy, duly seconded, the President's report was accepted, and it was directed that notes of thanks be sent to the donors of the gifts mentioned in the report, that congratulations be extended to those faculty and staff members who have been awarded honors, and that notes of sympathy and regret be sent to the families of those whose deaths were reported.

[The report was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

3. ACKNOWLEDGMENT OF SERVICE OF RON THOMAS

Chairman Khachigian acknowledged Ron Thomas' 31 years of service to The Regents, noting that he had attended nearly every Regents' meeting during that time to provide audio technical support and audio taping.

4. RESOLUTION IN MEMORY OF YORI WADA

Upon motion duly made and seconded, the following Resolution was adopted:

WHEREAS, it was with sadness and a sense of great personal loss that the Regents learned of the death of Yori Wada, a distinguished Regent for fifteen years, dear friend, caring leader, and dedicated youth advocate; and

WHEREAS, his fifteen years as a Regent were marked by a strong desire to see the University effect far-reaching social and educational changes, not just within California but throughout the world, as well as a concern that the quality of higher education in California be maintained and enhanced in order to serve the best interests of the people of this state; and

WHEREAS, a man of extraordinary integrity and benevolence, which were manifested in the dedication of his life to the service of others, he stood as a shining example of the power of compassion coupled with commitment; and

WHEREAS, as a youth counselor at the Booker T. Washington Community Center and later as executive director of the Buchanan YMCA, with his trademark cigar in hand, he would gently but firmly cajole even the most recalcitrant youths into turning away from violence and crime and into taking control of their lives, becoming useful and productive citizens of the community; and

WHEREAS, in his role as a Regent and community leader he touched many lives and will always be remembered as a modest, unassuming man who quietly and without fanfare reached out to those in need, seeking to make a difference in not only their health and welfare but the health and welfare of all Californians;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their deep sorrow over the loss the University and San Francisco communities have sustained in the death of Yori Wada, a heroic community leader, a staunch friend of the University, a strong supporter of the state, and a consummate role model for the public;

AND BE IT FURTHER RESOLVED that the Regents extend to his wife Chiyo and the Wada family their heartfelt condolences over the loss they have sustained and direct that suitably inscribed copies of this resolution be sent to them as a symbol of the Regents' admiration, regard, and deep affection for Yori Wada.

5. **REPORT OF THE COMMITTEE ON FINANCE**

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program*

The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 1997-98 Budget for Capital Improvements and the 1997-2000 Capital Improvement Program be amended to include San Francisco: B. Mission Bay Off-Site Building 1A and Santa Barbara: A. San Rafael Student Housing Addition.

B. *Authorization of Agreement with the California Virtual University Foundation*

The Committee recommended that the University join with other postsecondary educational institutions in California to form the California Virtual University Foundation as a California public benefit corporation.

C. *External Financing for San Rafael Student Housing Addition, Santa Barbara Campus*

The Committee recommended that, subject to amendment of the Budget for Capital Improvements and the Capital Improvement Program to include the San Rafael Housing addition, Santa Barbara campus:

- (1) Funding for the San Rafael Student Housing Addition, Santa Barbara campus, be approved as follows:

External financing	\$42,000,000
University of California Housing System Net Revenue Fund	<u>3,000,000</u>
Total	\$45,000,000

- (2) The Treasurer be authorized to obtain external financing not to exceed \$42 million to finance the construction of the San Rafael Student Housing Addition, Santa Barbara campus, subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. As long as the debt is outstanding, University of California Housing System fees for the Santa Barbara campus shall be established at levels sufficient to meet all requirements of the University of California Housing System Indenture and to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed financing; and
 - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

D. ***Proposed Reduction in Educational Fee for Resident Undergraduate Students for 1998-99***

The Committee recommended that, effective with the fall term 1998, the Educational Fee be reduced by \$190, from \$3,086 to \$2,896 per year for resident undergraduate students only.

E. ***Proposed Increase in Nonresident Tuition for 1998-99***

The Committee recommended that, effective with the fall term 1998, the nonresident tuition fee be increased by \$400, from \$8,984 per year to \$9,384 per year.

F. ***University of California Retirement Plan--Annual Actuarial Valuation Report***

The Committee recommended that The Regents adopt and ratify the Consulting Actuary's opinion and statement of financial condition of the University of California Retirement Plan as of July 1, 1997, as reported in conformance with actuarial reporting requirements under §6059(b) of the Internal Revenue Code of 1986, as amended.

G. *Amendment of the University of California Tax-Deferred 403(b) Plan to Allow the Issuance of Required Minimum Distributions to Beneficiaries*

The Committee recommended that the University of California Tax-Deferred 403(b) Plan be amended to allow the payment of required minimum distributions to the beneficiary(ies) of deceased Participants, effective January 1, 1998.

H. *Amendment of the University of California Defined Contribution Plan to Eliminate Current Plan Limit and Clarify After-Tax Contribution Limit*

The Committee recommended that:

- (1) The University of California Defined Contribution Plan (DC Plan) After-Tax Account be amended to eliminate the current 10 percent Plan limit, effective January 1, 1998.
- (2) Section 3.03(b) of the DC Plan document be clarified to provide that, effective January 1, 1998, maximum annual after-tax voluntary contributions of an Active Participant, together with any annual additions as defined in Internal Revenue Code §415(c), shall not exceed the §415[®] limit.

Upon motion of Regent Brophy, the recommendations of the Committee on Finance were approved, Regents Davis, Lee, and Preuss voting "no" on Item E.

6. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS**

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program*

The Committee recommended, subject to the concurrence of the Committee on Finance, that the 1997-98 Budget for Capital Improvements and the 1997-2000 Capital Improvement Program be amended to include the following projects:

San Francisco: B. Mission Bay Off-Site Building 1A -- preliminary plans, \$2.4 million to be funded from external financing.

Santa Barbara: A. San Rafael Student Housing Addition -- preliminary plans, working drawings, construction, and equipment -- \$45 million to be funded from external financing (\$42 million) and University of

California Housing System Net Revenues
(\$3 million).

B. *Certification of the Final Environmental Impact Report and Approval of the Master Plan, University Village and Albany/Northwest Berkeley Properties, Berkeley Campus*

Upon review and consideration of the environmental consequences of the proposed project as evaluated in the Final Environmental Impact Report, the Committee recommended the following:

- (1) Certification of the Final Environmental Impact Report.
- (2) Adoption of the Findings and Statement of Overriding Considerations.
- (3) Approval of the Mitigation Monitoring Program.
- (4) Approval of the University Village and Albany/Northwest Properties Master Plan
- (5) Authorization of the President or his designee to modify the University Village and Albany/Northwest Berkeley Properties Master Plan, if required, provided that any substantial changes in principles or policies will be brought to The Regents for approval.

[The Final Environmental Impact Report, Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program were mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

C. *Certification of the Environmental Impact Report and Amendment of the Long Range Development Plan, North and West Campus Housing, Santa Barbara Campus*

Upon review and consideration of the environmental consequences of the proposed project as evaluated in the Environmental Impact Report, the Committee recommended the following:

- (1) Certification of the Final Environmental Impact Report.
- (2) Adoption of the Findings and Statement of Overriding Considerations.

- (3) Approval of the Mitigation Monitoring Program.
- (4) Amendment of the UCSB 1990 Long Range Development Plan to reflect changes indicated in the North and West Campus Long Range Development Plan Amendment and Open Space and Habitat Management Plan, and authorization of the President to make such minor changes as required by the California Coastal Commission for the amendment to be consistent with the California Coastal Act.

[The Final Environmental Impact Report, Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program were mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Upon motion of Regent Montoya, duly seconded, the recommendations of the Committee on Grounds and Buildings were approved, Regent Davies abstaining on Item A pertaining to the San Francisco campus Mission Bay Off-Site Building 1A.

7. **REPORT OF THE COMMITTEE ON HEALTH SERVICES**

Approval of UCSD Expansion of Knox-Keene License to Allow for UCSD Health Care Participation in Managed Medi-Cal Program in San Diego County

The Committee recommended that the President, in consultation with the General Counsel and the Vice President for Clinical Services Development and subject to the approval of the Chairs of the Committee on Health Services and the Committee on Finance, be authorized to proceed with UCSD Healthcare participation as a Health Plan in the Healthy San Diego Medi-Cal Geographic Managed Care Project involving:

- A. Authorization for the President, in consultation with the Vice President for Clinical Services Development and the General Counsel, to execute documents necessary to secure a Medi-Cal "risk" contract directly with the California Department of Health Services under the Medi-Cal Managed Care Division and negotiated with the California Medical Assistance Commission.
- B. Authorization for the President, in consultation with the Vice President for Clinical Services Development, to approve UCSD Healthcare's pursuit of a material modification to its Knox-Keene license from the California Department of Corporations to operate a health plan in which Medi-Cal beneficiaries will enroll under UCSD's Healthy San Diego Medi-Cal Geographic Managed Care Project.

- C. Authorization for UCSD to increase its designated fund by \$1 million to satisfy the California Department of Corporations' tangible net equity requirement that is a prerequisite to obtaining a material modification to its Knox-Keene license to operate a Medi-Cal contract.

Upon motion of Regent Davies, duly seconded, the recommendation of the Committee on Health Services was approved.

8. REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES

Authorization to Approve and Execute Modification to the Department of Energy Contracts for the Los Alamos National Laboratory, Lawrence Berkeley National Laboratory, and Lawrence Livermore National Laboratory to Amend Clause 8.1, Contractor Purchasing System

The Committee recommended that the President be authorized to approve and the Secretary be authorized to execute a modification to the provisions of contracts W-7405-ENG-36, DE-ACO3-76SF00098, and W-7405-ENG-48 for the purpose of modifying CLAUSE 8.1 CONTRACTOR PURCHASING SYSTEM, to increase the threshold for subcontracts requiring equal employment opportunity pre-award clearance from \$1 million to \$10 million.

Upon motion of Regent Preuss, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was approved.

9. REPORT OF THE NOMINATING COMMITTEE

The Committee recommended the following through June 30, 1998:

- A. Regent Chandler be appointed to the Committees on Educational Policy and Oversight of the Department of Energy Laboratories.
- B. Regent Hotchkis be appointed to the Committees on Audit and Educational Policy.
- C. Regent Ochoa be appointed to the Committees on Grounds and Buildings and Health Services.

Upon motion of Regent Montoya, duly seconded, the recommendations of the Nominating Committee were approved.

10. REPORT OF COMMUNICATIONS

Secretary Trivette presented summaries of communications received subsequent to the November 1997 meeting. The residency appeals were referred to General Counsel Holst, and the remaining communications were referred to President Atkinson for response as appropriate.

11. AMENDMENT OF STANDING ORDER 101.2(a) -- COMPENSATION

Pursuant to notice served at the November 21, 1997 meeting of The Regents of the University of California, Regent Brophy moved that Standing Order 101.2(a) be amended as shown below:

deletions shown by strikeout, additions by shading

STANDING ORDER 101.**FACULTY MEMBERS AND OTHER EMPLOYEES OF THE UNIVERSITY**

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101.2 Compensation.

- (a) Rate of compensation and subsequent changes in rate of compensation shall be determined by the Board upon recommendation of the President of the University or upon recommendation of the Secretary, Treasurer, or General Counsel of The Regents in their respective areas of responsibility through the Committee on Finance for:
- (1) A Regents' Professor at a salary rate above the approved range, and a faculty member, including a University Professor, at an ~~exceptional-above-scale salary rate of \$150,000 or more (academic year or fiscal year)~~. An ~~exceptional-above-scale salary rate~~ is defined as a salary rate that exceeds the maximum salary step of the applicable academic salary scale, as adjusted from time to time, by more than the percent difference between the maximum salary step of the Regular Ladder-Faculty Academic Year salary scale and the compensation approval level. The compensation approval level is defined as the dollar limit on the President's authority to approve salaries (\$156,100). The compensation approval level shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board;

The motion was duly seconded and unanimously approved, 20 Regents voting.

12. **REPORT OF THE PRESIDENT**

The President reported that, on the dates indicated, the following informational reports were mailed to The Regents or to Committees:

To Members of the Committee on Finance

- A. University of California Annual Financial Report, 1996-97, and the Annual Financial Report of the University of California Retirement System for the fiscal year ended June 30, 1997. November 13, 1997.
- B. 1997 Chancellors' Compensation Study. December 23, 1997.

To Members of the Committee on Health Services

- C. The Quarterly Report on Hospitals and Clinics as of October 31, 1997. November 25, 1997.
- D. 1996-97 Report on the University of California Clinical Enterprise Management Recognition Plan. December 16, 1997.

To Members of the Committee on Oversight of the Department of Energy Laboratories

- E. 1998-2003 Institutional Plan for Los Alamos National Laboratory. November 17, 1997.

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- F. Final report on the Bureau of State Audits' second review of the Breast Cancer Research program. November 24, 1997.
- G. Report of the Academic Planning Committee for the Tenth Campus. December 5, 1997.
- H. Report on the University's State legislative activities in 1997. December 16, 1997.
- I. Catalog from UC Press and a copy of *Imprints*. January 6, 1997.

The meeting adjourned at 11:10 a.m.

Attest: