

# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 20, 2000

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

Present: Regents Atkinson, Bagley, Connerly, Davies, Fong, Hertzberg, Hopkinson, O. Johnson, S. Johnson, Khachigian, Kohn, Kozberg, Lee, Miura, Montoya, Moores, and Sayles (17)

In attendance: Regents-designate Morrison and Seymour, Faculty Representatives Coleman and Cowan, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice Presidents Darling and Kennedy, Vice Presidents Drake, Gomes, Gurtner, Hershman, and Saragoza, Chancellors Cicerone, Dynes, and Yang, Vice Chancellor Bainton representing Chancellor Bishop, and Recording Secretary Nietfeld

The meeting convened at 2:50 p.m. with Chairman Johnson presiding.

## 1. **AMENDMENT OF BYLAWS 20.1 AND 21.4**

At the May 18, 2000 meeting of The Regents of the University of California, Regent Parsky served notice that at the next regular meeting he would move the following amendments of Bylaws 20.1 and 21.4 to change the reporting relationship of the Treasurer.

**deletions shown by strike-out, additions by shading**

BYLAW 20.

### OFFICERS OF THE CORPORATION

#### 20.1 Designation and Qualifications.

The Officers of the Corporation shall be President, Chairman, Vice Chairman, Secretary, Treasurer and Vice President for Investments (who also serves as an Officer of the University), General Counsel and Vice President for Legal Affairs (who also serves as an Officer of the University), and such associates and assistants of the foregoing Officers as the Board from time to time shall appoint. The President, Chairman, and Vice Chairman shall be members of the Board, but membership on the Board shall not be a necessary qualification for other Officers. Any Officer, other than the President, Chairman, and Vice Chairman, may hold as many offices as the Board shall determine.

BYLAW 21.

DUTIES AND RESPONSIBILITIES OF OFFICERS OF THE CORPORATION

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21.4 Treasurer

(a) The Treasurer, who shall also be an Officer of the University, shall have general charge of all investment matters pertaining to the Corporation and the University; shall advise the Corporation, its Committees and Officers, the President of the University, and other University Officers on investment matters; and shall, subject to the direction of the President of the University, oversee the provision of all investment services to the University.

(a)(b) ...

\* \* \*

(v)(w)

Upon motion of Regent Hopkinson, duly seconded, the recommendation was approved, 17 Regents voting "aye."

The meeting recessed at 2:55 p.m.

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The meeting reconvened at 3:15 p.m. with Chairman Johnson presiding.

Present: Regents Atkinson, Bagley, Connerly, Davies, Fong, O. Johnson, S. Johnson, Kohn, Kozberg, Lee, Miura, Montoya, Parsky, and Sayles (14)

In attendance: Regent-designate Seymour, Faculty Representatives Coleman and Cowan, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice Presidents Darling and Kennedy, Vice Presidents Drake, Gomes, Gurtner, and Hershman, Chancellors Cicerone, Dynes, and Yang, Vice Chancellor Bainton representing Chancellor Bishop, and Recording Secretary Nietfeld

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of May 17, 2000 were approved.

### 3. **REPORT OF THE PRESIDENT**

President Atkinson presented the report on University activities and individuals.

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

President Atkinson informed the Regents that the Task Force on Faculty and Staff had issued its final report and noted that a faculty/staff partnership statement had been distributed to the Board. Faculty Representative Coleman reported that the task force, which was composed of an equal number of representatives of the faculty and the staff, had had a productive working relationship and that each side had learned a great deal from the experience. Ms. Kathryn Day-Huh, immediate past chair of the Council of University of California Staff Assemblies, recalled that the concept of the task force had originated with President Atkinson. Some of the campuses have undertaken various activities in response to the recommendations contained in the task force report.

Upon motion of Regent Lee, 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.

At President Atkinson's request, Faculty Representative Coleman presented his farewell remarks to the Board. He reported that Professor Michael Cowan will succeed him as chair of the Academic Council, while Professor Chand Viswanathan will serve as vice chair. He observed that faculty, by their very nature, love learning new things and figuring out how things work. His experiences during two years with the Office of the President and with the Board of Regents presented a wonderful opportunity for that. Professor Coleman reported that he had learned that the Board of Regents is a truly dedicated group who cares equally about faculty, staff, and students. He expressed his appreciation to the Regents for their dedication to higher education, to the University of California, to the State of California, and to all of its people. Professor Coleman observed that the greatness of the University is due to the quality of its faculty. He mentioned the ways in which the University is able to attract and retain the best faculty. First, faculty always make an effort to hire colleagues who are better than they are in order to advance the faculty at the University of California. In addition, the faculty undergo continuous merit review, which leads to constant improvement in one's work. The third and very important element is shared governance, which allows faculty members to believe that they are the University and that

they provide central contributions to running the University. Shared governance is vigorously thriving, thanks in no small part to President Atkinson, Provost King, Senior Vice President Kennedy, Senior Vice President Darling, and everyone else at the Office of the President in Oakland and on the campuses.

In closing, he expressed his gratitude to his wife for her support and thanked his faculty colleagues for giving him the opportunity to serve as their representative.

President Atkinson requested that a copy of Faculty Representative Coleman's remarks be distributed to the Regents.

4. **RESOLUTION IN APPRECIATION—V. WAYNE KENNEDY**

Upon motion duly made and seconded, the following resolution was approved:

WHEREAS, The Regents of the University of California wish to express their heartfelt appreciation and gratitude to V. Wayne Kennedy, who has served with great distinction for seven years as the University's Senior Vice President—Business and Finance and has devoted a lifetime of service to the cause of American higher education; and

WHEREAS, he distinguished himself in a twenty-year career at UC San Diego, where he served for eight years as the senior officer for business and finance, and in 1993 declined a Fulbright fellowship to accept appointment as Senior Vice President—Business and Finance in the Office of the President, a position in which his personal talents and considerable professional skills have been brought to bear on a wide variety of issues and in which he has fostered a renewed emphasis on accountability and stewardship as the standards for the University's business practices; and

WHEREAS, ever mindful of the role of administration in serving the academic mission of the University, he has strengthened the audit, financial management, facilities administration, technology transfer, and Regents' agenda process functions, implemented the Partnership for Performance and Performance-Based Management programs, introduced Internet-based business systems, and overseen the completion of the New Business Architecture study, all of which will enable the University to move its business enterprise into the 21st century; and

WHEREAS, he is recognized nationally as an expert on issues related to the financing of research universities and medical education and was honored in 1995 by his peers throughout the country with the Society of Research Administrators' Distinguished Contribution to Research Administration Award; and

WHEREAS, he gives generously of his time and talents to numerous University boards and committees, among them the University of California Retirement System Board of Directors, the

President's Council on the National Laboratories, the Tenth Campus Coordinating Committee, and the Technology Transfer Advisory Committee and serves as the Chief Financial Officer of the Board of Directors of the California Association for Research in Astronomy; and

WHEREAS, respected throughout the University and beyond for his judgment, integrity, and high standards of personal and professional ethics, he has set new administrative standards to support the University's education mission and has left an indelible imprint on the way the University of California conducts its business;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California extend to V. Wayne Kennedy their respect and admiration for his broad vision, steady presence, remarkable judgment, and abiding commitment to the well being of the University of California;

AND BE IT FURTHER RESOLVED that the Regents extend to Wayne and Flo Kennedy their very good wishes for a rich and full life as they return to San Diego and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's warmest regard and continuing affection.

Mr. Kennedy expressed his appreciation to the Board for allowing him to serve as the Senior Vice President for Business and Finance at the world's finest public higher education institution. He recalled that, over the seven years of his tenure as Senior Vice President, the University had moved from the devastating budget reductions of the early 1990s, with their accompanying substantial workforce reductions and substantial student fee increases, to today's more sound financial times. This was brought about by better-than-average budgetary gains during the past few years, with accompanying student fee reductions and additional resources for a number of important new programs.

Senior Vice President Kennedy took the opportunity to thank all of the individuals at the Office of The President and on the campuses who had provided him with extraordinary support and loyalty over the past seven years as the University's business enterprise was raised to a new standard.

Mr. Kennedy observed that the media had generally not found achievements in stewardship and service to the University community to be newsworthy, choosing instead to report on more narrow issues. Fortunately, the academic accomplishments of the institution have commanded in large part the media's interest, and the University community has shared in the pride of those accomplishments. He briefly described a few milestones from his administration's achievements in the recent past, the first being the concept of accountability. Accountability is key in all aspects of the University's day-to-day business and academic operations. Accountability is key to the system of financial controls, which now has the staff and programs in place to provide oversight throughout the University community. Accountability is also key to the University's internal audit

program, which was reviewed recently by an outside peer group and rated to be of the highest quality.

The second is the manner in which the movement of technology was escalated out of the University's research facilities and into the private sector. This movement provided an enhancement to the state and national economies and generated a revenue flow back to the University, particularly in support of the faculty's research efforts. Recently, the magazine **Technology Review** ranked the University of California's technology transfer program as the most successful of all university programs in the nation.

The third milestone is the successful management of the largest capital program in University history. Mr. Kennedy noted, however, that his pride in bringing the Office of the President's headquarters to completion on time and on budget was short lived, as most people, including President Atkinson, now agree that the facility is a bit small to meet the needs of the Office of the President during the current period of rapid growth.

The fourth achievement deals with the successful merger of the Human Resources and Benefits operations into one department that is more efficient and effective. Through the use of technology, University faculty and staff have access to those resources 24 hours a day, seven days a week. Strides have also been made in changing the culture in the labor relations area, a work in progress that will continue to require great diligence in the coming months.

Finally, as the Regents learned from the May presentation on the Partnership for Performance Program and yesterday's discussion of the New Business Architecture, those most responsible for the University's corporate functions are hard at work planning and implementing the framework required by the business enterprise to meet the substantial growth challenge that will occur in the University during the next decade. The University's commercial activities are tracking the e-commerce movement permeating the business world.

In closing, Senior Vice President Kennedy expressed his appreciation to his wife and family for their support during the past 27 years.

President Atkinson recognized Vice President Kennedy for his understanding of the importance of maintaining a productive relationship with the faculty. The President recalled that Mr. Kennedy had accepted the position of Senior Vice President at a difficult period in the University's history; his presence was crucial to the successes that were achieved by former President Peltason. Mr. Atkinson expressed his appreciation to Vice President Kennedy for his long service to the University.

Regent Davies recalled that from 1979 to 1983 he served as the chair of the San Diego City Planning Commission and in this capacity worked with Mr. Kennedy, who was in charge of facilities administration for the San Diego campus.

Regent Connerly recalled that his first major responsibility as a Regent had been in 1994 when he began his term as chair of the Committee on Finance. At that time, the University faced many problems, a great number of which involved business and finance. Working with Senior Vice President Kennedy, they undertook a process of making sure that recommendations that came to the Board were essential. Regent Connerly stressed that the Regents had been wise to put their trust in Mr. Kennedy. The members of the Board will miss a valued and competent administrator.

Regent Lee acknowledged Senior Vice President Kennedy's many contributions to the University and expressed his gratitude to Mr. Kennedy for having familiarized him with the nine campuses.

Regent Parsky observed that the University is blessed with a number of people in the Office of the President who are not only dedicated but also highly competent. He recalled that his interaction with Senior Vice President Kennedy over the past two years had been focused on the investment policy and the spending policy. Mr. Kennedy's quality as an administrator was evident during that process.

Chairman Johnson acknowledged Mr. Kennedy's accomplishments with respect to the new business architecture and the performance-based measurements in the University's contracts with the Department of Energy.

President Atkinson stated his intention to distribute Senior Vice President Kennedy's remarks to the Regents.

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

### A. *Approval of Student-Sponsored Increases in Student Fees, Santa Barbara Campus*

The Committee recommended that fees for students at the Santa Barbara campus be approved as follows:

#### **Undergraduate students only:**

- (1) Effective with the fall quarter 2000, an increase of \$.25 in the Associated Students (A. S.) Fee from \$43.75 to \$44.00 per undergraduate student per quarter.
- (2) Effective with the fall quarter 2003, a new Intercollegiate Athletics Facility Fee of \$34.03 per undergraduate student per quarter.

**Undergraduate and graduate students:**

- (1) Effective with the fall quarter 2003, an increase of \$34.50 in the Recreation Center/Aquatics Complex/University Center Expansion Fee from \$44.70 to \$79.20 per student per quarter.

**B. *Approval of Student-Sponsored Increase in Graduate Student Health Insurance Fee, Santa Cruz Campus***

The Committee recommended that effective with the fall quarter 2000, the mandatory graduate student health insurance fee at the Santa Cruz campus be increased to provide vision services and dental services for graduate students, subject to the following conditions:

- (1) The cost of vision coverage shall not exceed \$25 per graduate student per quarter in the initial year and will be used for the sole purpose of providing vision insurance for graduate students.
- (2) The cost of dental coverage shall not exceed \$75 per graduate student per quarter in the initial year and will be used for the sole purpose of providing dental insurance for graduate students.
- (3) After the initial year, increases in premiums for vision and dental coverage will be incorporated into the campus' existing procedure for approving increases to the Graduate Student Health Insurance Fee and will not require additional student voter approval.

**C. *Endorsement of School Facilities Bond Initiative for November 2000 Ballot***

The Committee recommended that The Regents take a position in support of the Smaller Classes, Safer Schools and Financial Accountability Act that amends the California Constitution to allow passage of local school bond issues with a 55 percent vote, rather than the two-thirds vote currently required. The measure has been approved for the November 2000 general election ballot.

**D. *Disclosure and Disqualification Requirements Applicable to Members of Investment Advisory Committee Other Than Regents***

The Committee recommended that the President be authorized to adopt a disclosure and disqualification policy for non-Regent members of the Investment Advisory Committee.

E. ***Amendment of Policy on Settlement of Claims and Litigation***

The Committee recommended that The Regents adopt, effective immediately, the amended Policy on Settlement of Claims and Litigation (Attachment 1) establishing settlement authority of The Regents, the President, and the General Counsel, and requirements with respect to reporting of settlements.

F. ***Authorization to Adopt Resolution of Necessity for Proceeding in Eminent Domain Action, Santa Monica-UCLA Hospital, Los Angeles Campus***

The Committee recommended that the following Resolution of Necessity be adopted:

WHEREAS, it is desirable and necessary for The Regents of the University of California to acquire certain leasehold interests in real property more particularly described in Exhibit "A" (Attachment 2), attached hereto and made a part hereof by reference, in order to construct the extension of Santa Monica-UCLA Medical Center Facilities Reconstruction Plan Project. The names and addresses of the tenants whose leasehold interests are to be acquired are as follows:

Dr. Shanhrokh Dayyani  
1502 Wilshire Blvd., Suite 101  
Santa Monica, CA 90403

Stuart Labowe, D.D.S.  
1502 Wilshire Blvd., Suite 201  
Santa Monica, CA 90403

David D. Lytal, D.D.S.  
1502 Wilshire Blvd., Suite 206  
Santa Monica, CA 90403  
(For Goodwill Claim Only)

Ronni Cooper Medical, Inc.  
1502 Wilshire Blvd., Suite 210  
Santa Monica, CA 90403

Allen T. Pack, M.D.  
A Professional Corporation  
1502 Wilshire Blvd., Suite 300  
Santa Monica, CA 90403

Rikki L. Gordon, Ph.D.  
1502 Wilshire Blvd., Suite 201  
Santa Monica, CA 90403

Sara E. Watkin, M.D.  
1502 Wilshire Blvd., Suite 300  
Santa Monica, CA 90403

Aaron H. Sheily, D.D.S.  
1502 Wilshire Blvd., Suite 303  
Santa Monica, CA 90403

Brooke M. Barton, M.D.  
1502 Wilshire Blvd., Suite 305  
Santa Monica, CA 90403

Joseph Sciabbarrasi, M.D., Inc.  
1502 Wilshire Blvd., Suite 306  
Santa Monica, CA 90403

WHEREAS, The Regents of the University of California is vested with the power of eminent domain to acquire real property by virtue of Article IX, Section 9(f), of the Constitution of the State of California, and Sections 1235.190, 1235.200, 1240.110, 1240.120, 1240.160, 1240.240, 1240.510, 1240.610, 1240.640, and 1240.650 of the Code of Civil Procedure of the State of California, and Section 92040 of the California Education Code; and

WHEREAS, pursuant to the provisions of Section 1245.235 of the Code of Civil Procedure of the State of California, notice has been duly given to all persons whose property interests are to be acquired by eminent domain and whose names and addresses appear on the last County equalized assessment roll, all of whom have been given a reasonable opportunity to appear and be heard before The Regents of the University of California on the following matters:

- (1) Whether the public interest and necessity require the project;
- (2) Whether the project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (3) Whether the property sought to be acquired is necessary for the project; and
- (4) Whether the offer required by Government Code Section 7267.2 has been made to the owner(s) of record.

WHEREAS, pursuant to the provisions of Section 7267.2 of the Government Code of the State of California, The Regents of the University of California has made offers to the owners of the leasehold interests to acquire said interests for just compensation; and

WHEREAS, a Final Environmental Impact Report has been certified for the adoption of the Santa Monica-UCLA Medical Center Facilities Reconstruction Plan Project;

NOW, THEREFORE, IT IS FOUND, DETERMINED, AND ORDERED as follows:

- (1) The public interest and necessity require the Project which is the Santa Monica-UCLA Medical Center Facilities Reconstruction Plan Project;
- (2) The Project is planned and located in the manner which will be most compatible with the greatest public good and the least private injury;
- (3) The property sought to be acquired is necessary for the project;

- (4) The offers required by Section 7267.2 of the Government Code of the State of California have been made to the owners of the leasehold interests of the real property;
- (5) On March 19, 1999, The Regents of the University of California certified the Final Environmental Impact Report for the Santa Monica-UCLA Medical Center Facilities Reconstruction Plan Project pursuant to the California Environmental Quality Act. The Notice of Determination for the Final Environmental Impact Report was filed with the Office of Planning and Research on March 19, 1999;
- (6) The General Counsel of The Regents of the University of California or his duly authorized designee is hereby authorized and directed to institute and conduct to conclusion an action in eminent domain for the acquisition of the estates and interests aforesaid and to take such action as he may deem advisable or necessary in connection therewith; and
- (7) An order for prejudgment possession may be obtained in said action and a warrant issued to the State Treasury Condemnation Fund, in the amount determined by the Court to be so deposited, as a condition to the right of immediate possession.

Upon motion of Regent Connerly, duly seconded, the recommendations of the Committee on Finance were approved.

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

### A. *Certification of Environmental Impact Report and Approval of Design, Veterinary Medicine Laboratory Facility, Davis Campus*

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Final Environmental Impact Report, the Committee reports its:

- (1) Certification of the Final Environmental Impact Report.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the Veterinary Medicine Laboratory Facility, Davis campus.

[The Final Environmental Impact Report, Findings, and Mitigation Monitoring program were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary of The Regents.]

B. *Approval of Negative Declaration and Approval of Design, School of Medicine Research Facility, San Diego Campus*

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Tiered Initial Study/Negative Declaration, the Committee reports its:

- (1) Approval of the Tiered Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the School of Medicine Research Facility, San Diego campus.

[The Tiered Initial Study/Mitigated Negative Declaration, Findings, and Mitigation Monitoring Program were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary of The Regents.]

Upon motion of Regent Kozberg, duly seconded, the reports of the Committee on Grounds and Buildings were approved.

7. **REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY**

*Establishment of the School of Pharmacy, San Diego Campus*

The Committee recommended that effective immediately, Section 14(a) of The Regents' provisions as covered under Standing Order 110.1—Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, be amended as follows:

**additions shown by underlining**

\* \* \*

14. Professional Schools

- (a) There are established the following schools, with curricula based on two or more years of undergraduate work:

\* \* \*

School of Pharmacy, at San Diego, with curricula leading to the degrees of Doctor of Pharmacy and Doctor of Philosophy.

\* \* \*

Upon motion of Regent Montoya, duly seconded, the recommendation of the Committee on Educational Policy was approved.

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

*Authorization to Approve and Execute Modifications to the Department of Energy Contracts for Lawrence Berkeley National Laboratory, Lawrence Livermore National Laboratory, and Los Alamos National Laboratory to Amend Clauses as a Result of Changes to Federal Acquisition Regulations and DOE Regulations*

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 in order to incorporate revisions to the following clauses:

CLAUSE 3.9 — Administration of Cost Accounting Standards

- Minor change which clarifies and reduces redundancy.
- c Date change in title from APR 1996 to NOV 1999.

CLAUSE 6.9 — Clean Air and Water

- c Removed and reserved.

CLAUSE 8.9 — Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns

- c Title change deletes “small, small disadvantaged, and women-owned.” Adds hubzone language.
- c Date change in title from OCT 1995 to OCT 1999.

CLAUSE 8.10 — Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan

- c Title change to “Small Business Subcontracting Plan.” Addition of hubzone language and expansion of definitions and sourcing information.
- Date change in title from AUG 1996 to OCT 1999.

**CLAUSE 8.11 — Liquidated Damages - Subcontracting Plan**

- c As a result of changes to Clause 8.10, there are wording changes. Paragraph (b) adds a statement regarding performance measurement.
- c Date change in title from OCT 1995 to JAN 1999.

**CLAUSE 8.13 — Buy American Act - Supplies**

- c Adds “Balance of Payments Program.”
- Change from DEAR 952.225-3 to FAR 52.225-1
- c Date change in title from JAN 1994 to FEB 2000.

**CLAUSE 8.14 — Buy American Act — Construction Materials**

- Adds “Balance of Payments Program” to title. Clarifies definitions, establishes factor for determination of unreasonable under Balance of Payments Program.
- c Date change from JUN 1997 to FEB 2000.
- c FAR citation change from 52.225-5 to 52.225-9.

**CLAUSE 8.15 — 52.225-11 — Restrictions on Certain Foreign Purchases**

- c Changes in wording which removes the express provision that allows for exceptions to be made by contracting officers.
- c Date change in title from AUG 1998 to FEB 2000.
- c FAR citation change from 52.225-11 to 52.225-13

As a result of the changes, the table of contents for each contract will be revised accordingly.

Upon motion of Regent Miura, 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 that the following appointments be made to the California Postsecondary Education Commission, effective immediately:

- A. Regent Montoya as The Regents’ representative, replacing Regent O. Johnson.
- B. Regent Preuss as The Regents’ alternate, replacing Regent Montoya.

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

10. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS AND THE COMMITTEE ON FINANCE**

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Croul Hall, Irvine Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-2001 Budget for Capital Improvements and the 2000-2003 Capital Improvement Program be amended to include the following project:

Irvine: Croul Hall – preliminary plans, working drawings, and construction – \$23,756,000 total project cost to be funded from campus funds (\$2,156,000), funds available to the President (\$2,000,000), and gift funds (\$19,600,000).

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and External Financing for Undergraduate Student Housing Expansion 2, Riverside Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-2001 Budget for Capital Improvement and the 2000-2003 Capital Improvement Program be amended to include the following project:

Riverside: Undergraduate Student Housing Expansion 2 – preliminary plans, working drawings, construction, and equipment – \$42,798,000 to be funded from external financing (\$40,820,000) and University of California Housing System Net Revenue Funds (\$1,978,000).

- (2) The Committee on Finance recommended that:

- a. The Treasurer be authorized to obtain financing not to exceed \$40,820,000 to finance a portion of the construction and related costs of the Undergraduate Student Housing Expansion 2 project, subject to the following conditions:

- i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;

- ii. as long as the housing portion of the debt (\$40,820,000) is outstanding, University of California Housing System fees for the Riverside campus shall be established at levels sufficient to meet all requirements of the University of California Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and to meet the related requirements on this proposed financing, and;
  - iii. the general credit of The Regents shall not be pledged.
- b. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (3) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

**C. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and External Financing for Cancer Center Facility, San Diego Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-2001 Budget for Capital Improvements and the 2000-2003 Capital Improvement Program be amended to include the following project:
- San Diego: UCSD Cancer Center Facility – preliminary plans, working drawings, construction, and equipment – \$87,109,000 to be funded from gifts (\$67,879,000) and external financing (\$19,230,000).
- (2) The Committee on Finance recommended that:
- a. The Treasurer be authorized to obtain external financing not to exceed \$19,230,000 to finance the project listed in (1) above, subject to the following conditions:
    - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period; and
    - ii. repayment of the debt shall be from the gross revenues of the UC San Diego Medical Center funds.

- b. The Treasurer be authorized to obtain standby financing not to exceed \$20,900,000 and interim external financing not to exceed \$22,979,000, for a total of \$43,879,000, prior to awarding a construction contract, for any gift funds not received at that time and subject to the following conditions:
  - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period; and
  - ii. repayment of the debt shall be from gift funds and, in the event such gift funds are insufficient, from the UC San Diego campus' share of the University Opportunity Fund.
- c. The general credit of The Regents shall not be pledged.
- d. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- e. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and External Financing for San Rafael Student Housing Addition Program, Santa Barbara Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the appropriate Budgets for Capital Improvements and Capital Improvement Programs be amended to reflect the following changes:

From: Santa Barbara: A. San Rafael Student Housing Addition – preliminary plans, working drawings, construction, and equipment – \$46,951,000 to be funded from external financing (\$43,951,000) and University of California Housing System Net Revenue Funds (\$3,000,000).

To: Santa Barbara: A. San Rafael Student Housing Addition – preliminary plans, working drawings, construction, and equipment – \$57,860,000 to be funded from external financing (\$54,860,000) and University of California Housing System Net Revenue Funds (\$3,000,000).

- (2) The Committee on Finance recommended that the financing actions approved by The Regents in January 1998 and amended in September 1998 with respect to the San Rafael Student Housing Addition project, Santa Barbara campus, be amended as shown, with the understanding that all other financing actions by The Regents regarding said project remain unchanged:

**Deletions shown by strikeout, additions by shading**

- a. The Treasurer be authorized to obtain financing not to exceed ~~\$43,951,000~~ \$54,860,000 to finance a portion of the construction and related costs of San Rafael Student Housing Addition, Santa Barbara campus, subject to the following conditions:
- i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - ii. as long as the housing portion of 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 UC Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and related requirements on the proposed financing;

\* \* \*

**E. *Adoption of Final 2000-01 Budgets for Current Operations and for Capital Improvements***

- (1) The Committee on Finance recommended that the 2000-01 Budget for Current Operations, as modified by actions of the Legislature and the Governor, be adopted.
- (2) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the funding proposed for the 2000-01 Budget for Capital Improvements, as modified by actions of the Legislature and the Governor, be adopted. Consistent with Regents' policy, approval by The Regents for specific projects funded in the final State budget will be sought as projects are developed and ready for approval.

Upon motion of Regent Kozberg, duly seconded, the recommendations of the Committee on Grounds and Buildings and the Committee on Finance were approved.

## 11. REPORT OF INTERIM ACTIONS

Secretary Trivette reported that, in accordance with authority previously delegated by The Regents, interim action was taken on routine or emergency matters as follows:

- A. The President of the University approved the following recommendation:

***Approval of External Financing for Crown College Dining Hall Renovations, Santa Cruz Campus***

**Pursuant to Standing Order 100.4(q)**

- (1) That the President approve funding for Crown College Dining Hall Renovations, Santa Cruz campus, at an estimated total cost of \$2,222,000, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
External financing	\$1,650,000
UC Housing System Net Revenue Funds	<u>572,000</u>
Total	\$2,222,000

**Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)**

- (2) That the President approve and the Treasurer be authorized to obtain financing not to exceed \$1,650,000 to finance a portion of the construction and related costs of Crown College Dining Hall Renovations, Santa Cruz 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 Cruz campus shall be established at levels sufficient to meet all requirements of the University of California Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and related requirements on the proposed financing; and
  - c. The general credit of The Regents shall not be pledged.

- (3) That the Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is exempt from federal income taxation under existing law.
  - (4) That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.
- B. The Chairman of the Board and the President of the University approved the following recommendation:

***Approval of an Exception to the Normal Definition of “Eligible Population” for the Mortgage Origination Program for Victims of the Recent Cerro Grande Fire, Los Alamos, New Mexico***

That the Mortgage Origination Program eligible population definition be amended, on an emergency exception basis, to allow for the making of home loans to any University employee who experienced the loss of a home in the Cerro Grande fire. Additionally, the normal restrictions prohibiting refinance loans and loans to persons who owned a home within the past 12 months would be suspended for any of these exception loans. All other program parameters would apply for purposes of loan qualification.

- C. The Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, the Chairman of the Committee on Finance, and the President of the University approved the following recommendations:
- (1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for College-Durant Student Housing, Berkeley Campus***

**Pursuant to Standing Order 100.4(q)**

- a. That the President, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, amend the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program to include the following project:

Berkeley: C. College-Durant Student Housing – preliminary plans, working drawings, construction, and equipment – \$11,430,000 to be funded from external financing (\$10,655,000) and the Berkeley campus

share of the University of California Housing System Net Revenue Fund (\$775,000).

**Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)**

- b. That the President approve and the Treasurer be authorized to obtain, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, financing not to exceed \$10,655,000 to finance the project listed in a. above, subject to the following conditions:
  - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - ii. as long as this debt is outstanding, University of California Housing system fees for the Berkeley campus shall be established at levels sufficient to meet all requirements of the University of California Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed financing; and
  - iii. the general credit of The Regents shall not be pledged.
- c. That the Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- d. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.

(2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for Functional Magnetic Resonance Imaging Center, San Diego Campus***

**Pursuant to Standing Order 100.4(q)**

- a. That the President, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, amend the 1999-2000 Budget

for Capital Improvements and the 1999-2002 Capital Improvement Program to include the following project:

San Diego: D. Functional Magnetic Resonance Imaging Center – preliminary plans, working drawings, construction, and equipment – \$14,640,000, total project cost to be funded from University funds (\$1,050,000), grants (\$950,000), gifts (\$600,000), and external financing (\$12,040,000).

**Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)**

- b. That the President approve and the Treasurer be authorized to obtain, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, financing not to exceed \$12,040,000 to finance the project listed in a. above, subject to the following conditions:
  - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction periods;
  - ii. repayment of the debt shall be from the San Diego campus share of the University Opportunity Funds; and
  - iii. the general credit of The Regents shall not be pledged.
- c. That 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.
- d. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.

(3) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of Financing for UCDNET2 Communications Infrastructure, Davis Campus***

**Pursuant to Standing Order 100.4(q)**

- a. That the President, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, amend the 1999-2000 Budget

for Capital Improvements and the 1999-2002 Capital Improvement Program to include the following project:

Davis: UCDNet2 Communications Infrastructure (UCDNet2) – preliminary plans, working drawings, construction, and equipment – \$10,943,000 to be funded from external financing (\$9,880,000), campus funds (\$513,000), and registration fee reserves (\$550,000).

**Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)**

- b. That the President approve and the Treasurer be authorized to obtain financing not to exceed \$9,880,000 to finance the UCDNet2 Communications Infrastructure project, subject to the following conditions:
  - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - ii. repayment of the debt shall be from the Davis campus share of the University Opportunity Fund; and
  - iii. the general credit of The Regents shall not be pledged.
- c. That the Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- d. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.

**12. REPORT OF PERSONNEL ACTIONS**

In accordance with Bylaw 14.7(b), Secretary Trivette reported the following personnel action taken at the May 2000 meeting. There was no roll call vote on this action.

Appointment of Michael Langham as Regents' Professor, Department of Theater, Los Angeles campus, for the winter quarter of the 2000-01 academic year.

**13. REPORT OF COMMUNICATIONS**

Secretary Trivette reported summaries of communications received subsequent to the May 2000 meeting. The residency appeals were referred to the General Counsel, and the remaining communications were referred to the President for response as appropriate.

#### 14. **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. Report on Health Compensation Plan Participants' compensation threshold for 1999 calendar year. July 5, 2000.

##### **To Members of the Committee on Health Services**

- B. Activity and Financial Status Report on Hospitals and Clinics as of April 30, 2000. June 8, 2000. (Schedule of Reports)
- C. Activity and Financial Status Report on Hospitals and Clinics as of May 31, 2000. July 5, 2000. (Schedule of Reports)

##### **The Regents of the University of California**

- D. Annual Report on Community College Transfer Students at the University of California. May 11, 2000.
- E. Report on computer and network security in the University of California. May 15, 2000.
- F. Copy of the new Partnership Agreement between the state and the University of California. May 19, 2000.
- G. Copy of *Technology Transfer in U.S. Research Universities: Dispelling Common Myths*. June 2, 2000.
- H. Report from the Kellogg Commission on the Future of State and Land-Grant Universities. June 29, 2000.

- I. University of California Police Department Annual Report and Crime Statistics for 1999. July 5, 2000.
- J. Status Report on Medical Center Systemwide Purchasing Efforts and Opportunities. July 7, 2000.

The meeting adjourned at 4:00 p.m.

Attest:

Secretary