

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 18, 2001

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, Hopkinson, O. Johnson, S. Johnson, Khachigian, Kohn, Kozberg, Lansing, Lee, Marcus, Miura, and Preuss (16)

In attendance: Regents-designate T. Davis, Morrison, and Seymour, Faculty Representatives Cowan and Viswanathan, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Gomes, Gurtner, and Hershman, Chancellors Dynes, Greenwood, Vanderhoef, and Yang, Laboratory Directors Browne and Tarter, and Recording Secretary Bryan

The meeting convened at 2:55 p.m. with Chairman S. Johnson presiding.

1. **READING OF NOTICE OF MEETING**

For the record, it was confirmed that notice had been given in compliance with the Bylaws and Standing Orders for a Special Meeting of The Regents to be held concurrently with the regularly scheduled meeting of The Regents for the purpose of considering the Report of the Committee on Oversight of the Department of Energy Laboratories.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meetings of November 15 and 16, 2000 were approved, with a correction reflecting that Regent Davies had abstained from voting on Item B, *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and External Financing for Southwest Campus Housing and Parking Phase 1, Los Angeles Campus*, of the Report of the Committee on Grounds and Buildings and the Committee on Finance on November 16 in order to avoid the appearance of a conflict of interest.

3. **REPORT OF THE PRESIDENT**

President Atkinson noted that, as the report concerning University activities and individuals had been distributed, he would not offer additional remarks.

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

4. RESOLUTION IN APPRECIATION OF MEREDITH J. KHACHIGIAN

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

WHEREAS, Meredith J. Khachigian has served her alma mater with untiring dedication, exceptional loyalty, and great distinction as a student and alumni leader and, for the past fourteen years, as a member of the Board of Regents, giving richly of herself to the lasting benefit of the University and the people of California; and

WHEREAS, since her appointment to the Board in 1987, she has served the University in many capacities, having been elected chairman of the Board of Regents three times, having served as vice chairman of the Board, and having been a member of all seven of the Board's standing committees, where she provided leadership as chairman of the Committees on Educational Policy and Health Services and vice chairman of the Committees on Grounds and Buildings and Health Services; and

WHEREAS, she can always be counted on as a voice of calm and reason, most notably during her chairmanships when she patiently guided the meetings with quiet strength, firm in the courage of her convictions and in her deep concern for the welfare and well-being of this institution; and

WHEREAS, her keen insight and wise counsel have been sought after by presidents, chancellors, and fellow Regents alike, her advice as a member of the UCSF Stanford Health Care Board of Directors was invaluable to both organizations, and her leadership on the site selection task force and the special committee on UC Merced has been instrumental in the birth of the University's tenth campus; and

WHEREAS, throughout her tenure on the Board she has graciously served as an energetic and eloquent goodwill ambassador for UC and the Regents, traveling the length and breadth of the state speaking to community and professional organizations, elected officials, faculty, staff, and students, thereby greatly enhancing the public's appreciation of the University's mission and contributions to the welfare of California;

NOW, THEREFORE BE IT RESOLVED that the Regents of the University of California extend to Meredith J. Khachigian their high regard for her dedicated years of service to the University, their sincere regret that they will not share in the pleasure of her company to the same degree in the future, and their heartfelt gratitude for her generosity of spirit;

AND BE IT FURTHER RESOLVED that the Regents extend to Meredith and Ken their warmest and affectionate good wishes and direct that a suitably

inscribed copy of this resolution be presented to them as a symbol of the Board's enduring friendship and esteem.

Regent Khachigian presented a historical perspective of her 14 years on the Board. She recalled that she was appointed in 1987 by Governor George Deukmejian to a two-year term and subsequently was reappointed to a full twelve-year term.

Regent Khachigian noted that the first significant issue during her term was the decision to build another campus. She served on the site selection committee that went through the process of examining all the options and narrowing the choice to a location in the Central Valley, which lacks University representation appropriate to its needs. She hoped that the current governor, Gray Davis, would consider appointing a Regent from Orange County to take her place.

She recalled that in 1991 the University was dealing with budget cuts which forced salaries to be cut for the first time since the Depression, student fees to be raised 75 percent in two years, and three early retirement packages to be offered to employees. She noted that, having been a struggling student in the '60s, she had found it particularly difficult to approve the fee increases.

She recalled the resignation of President Gardner following the death of his wife, and then soon thereafter, the issue of his retirement package, which garnered national headlines. That issue took most of the year to resolve. The same year, Berkeley campus police discovered bomb-making materials and a list of Regents' home addresses in the possession of two People's Park activists, necessitating the issuance of a warning to Regents regarding their personal safety. Soon thereafter, Jack Peltason was chosen as the next President of the University. The Regents and President Peltason instituted major changes in the public disclosure of salaries and worked hard together to patch the wounds left by the Gardner retirement issue.

In 1995, Merced was chosen as the tenth campus site. In the same year, irregularities at the Center for Reproductive Health at UCI Medical Center emerged. The resultant lawsuits are still being settled. That year will be remembered for a bigger issue, however, the proposed ban of the use of affirmative action in admissions. The Board's deliberations about affirmative action received nationwide attention, and its meetings were covered by an army of press and a never-ending array of students and activists. In July, the Board spent nine hours listening to testimony and was forced to retreat to an alternate site to cast its vote, which was in favor of the ban.

President Atkinson was selected as president in August of 1995. Regent Khachigian described him as a remarkable president who represented the kind of talent that can be found within the University's walls.

Following the ban on affirmative action in admissions and contracting, the University embarked on an outreach effort to encourage high school students to prepare for college in order to help equalize educational opportunity and to increase the pool of minority

students who are eligible for admission. Regent Khachigian noted that she had never wavered from her decision to strike down the use of preferences in admissions, and she urged the current Board members to continue to examine the realities of the issue and not to be swayed by misinformation, emotional rhetoric, or intimidation. She believed that the University's efforts to reach out to underrepresented students eventually will benefit far more students than the limited few who were benefitting from preferential admissions.

Regent Khachigian recalled that she had surprised a lot of people by supporting a proposal to grant health benefits to domestic partners, an issue which came up during her third term as chair along with the issue of full payout from endowment funds, which took many years to resolve. Regent Davies was elected as Chairman after this term, while she became Chair of the Committee on Health Services, making her a member of the UCSF-Stanford hospital board, which was in the throes of trying to make the merger between the UCSF and Stanford clinical enterprises work. When Stanford decided to end the affiliation, the board had to oversee the process of pulling the merger apart.

Regent Khachigian expressed her appreciation to Governor Deukmejian for giving her the opportunity to serve as a Regent. She stated that her service had changed her life, making it more rich and meaningful and providing her with many opportunities she would never have had otherwise, among them attending the dedication of the Keck telescope, representing the Board in the establishment of the American University of Armenia, touring the national laboratories, and discussing health care issues of importance to the University with legislators, senators, congress, and staff members. Her service on numerous search committees had impressed upon her the fact that many employees who could earn higher salaries at other jobs choose to come to the University based on its good reputation. She thanked her family and her University family for their support and for working closely with her over the years.

Chairman Johnson commented that Regent Khachigian had been a wonderful ambassador who was truly devoted to the University.

Regent Bagley stated that she was a credit to Governor Deukmejian.

Regent Connerly noted that she had been a stabilizing force for the University following the decision on affirmative action.

Regent Kozberg noted her accessibility and her successful trips to Washington.

Regent Davies recalled how impressed he had been with her intelligence and calm demeanor over the years.

Regents Hopkinson, Miura, Kohn, and Seymour recalled that she had been compassionate and helpful to them on their joining the Board.

Regent Lee noted that she had focused her efforts on all campuses equally.

Regent O. Johnson stated that she looked forward to seeing her as they worked on issues of interest to the Central Valley in the future.

Regent Preuss thanked her for her hard work, sense of responsibility, and dedication to the University.

Regent Marcus commented that her remarks were inspirational and suggested that they be provided to all Regents as they joined the Board.

Chairman Johnson read a letter from Governor Deukmejian in which he praised Regent Khachigian for her outstanding contributions to the University.

President Atkinson remarked that he would distribute Regent Khachigian's remarks to all Regents past and current and to senior Officers. He noted that the staff and faculty respected her for her drive. He characterized her as one of the great Regents in the history of the University.

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

A. ***The University of California Retirement Plan: Proposed Benefit Changes Concerning Age Factors and Cost of Living Adjustments***

The Committee recommended that:

- (1) The University of California Retirement Plan (UCRP or Plan) be amended effective January 1, 2001 to revise the age factors for Members with and without Social Security and Tier Two under Alternative 5 as follows:

For Members with and without Social Security, the Alternative 5 factors will start at 1.1 percent at age 50, increasing in linear increments of .14 per year to 2.5 percent at age 60 and remaining constant thereafter. UCRP Tier Two age factors will be one-half of these factors.

- (2) The University of California Retirement Plan be amended to provide a one-time ad hoc Cost of Living Adjustment to restore purchasing power to the 85 percent level, effective January 1, 2001, for annuitants with retirement dates July 1, 1985 and earlier.
- (3) The University of California Retirement Plan be amended effective January 1, 2001 to allow Active Tier Two Members the option, on an ongoing basis, of returning to their original UCRP membership classification by making payment equal to the amount of UCRP Member contributions they would have made under their original Member

classification, plus interest to the date of completion of payment, subject to Internal Revenue Code limitations.

- (4) The University of California Retirement Plan be amended effective January 1, 2001 to allow Members with a Plan 02 Noncontributory balance to eliminate the balance by making a lump-sum payment on an after-tax basis, subject to Internal Revenue Code limitations.

B. *Proposed Authority for the UCLA School of Theater, Film and Television to Enter into an Affiliation Agreement with the Australian Film, Television and Radio School and the National Film and Television School of Great Britain to Form the Global Film School, Inc., Los Angeles Campus*

The Committee recommended that:

- (1) The President be authorized to approve, following resolution of terms satisfactory to the President of all remaining business issues, and to execute an affiliation agreement among The Regents, on behalf of the UCLA School of Theater, Film and Television; the Australian Film, Television and Radio School; and the National Film and Television School of Great Britain, specifying the conditions for an inter-school Consortium that will create the Global Film School, Inc., a multi-faceted, for-profit, distance-learning program in film, television, and new media.
- (2) The President be authorized to approve and execute other agreements and such amendments to the affiliation agreement and those agreements as may be necessary to carry the provisions of the affiliation agreement into effect.
- (3) The President be authorized to determine whether to proceed with either one or both of the two schools or other schools of comparable quality.
- (4) The affiliation agreement shall contain the following provisions:
 - a. The three film schools authorize the formation of the Global Film School, Inc. (GFS) as a separate legal entity, in which each of the schools shall be an equal owner;
 - b. Potential conflicts of interest and commitment for School of Theater, Film and Television personnel and University personnel with line or advisory roles pertaining to the GFS will be precluded and/or managed in an appropriate manner;

- c. Under a separate fee agreement, the three film schools engage counsel acceptable to the General Counsel and agreed to by GFS and the schools as counsel to GFS;
- d. GFS will initially be capitalized by third-party financial and strategic investors, to be unanimously agreed upon by the three film schools. Equity granted to these investors will dilute the initial equity acquired by the three film schools;
- e. The three film schools will license their names, trademarks, service marks, and logos to GFS in partial consideration of GFS's agreement that oversight and final approval over the curriculum, courses, faculty, and educational content of GFS will be retained by the three film schools;
- f. All courses, educational materials, and content made available by GFS will be commissioned and owned or licensed by GFS. If GFS wishes to acquire content, materials, faculty, staff, or other resources from any of the three film schools, GFS and the relevant school will enter into separate negotiations and agreements for the same;
- g. During the term (initially five years), all distance-learning initiatives of the three film schools in the content area via the Internet will be exclusively offered through GFS except their regular curriculum to their regularly-enrolled students. Faculty or staff of each film school are not confined to rendering their services via the Internet through GFS;
- h. GFS will be structured as follows:
 - i. Each of the film schools shall be entitled to appoint one member of the GFS Board of Directors;
 - ii. The three film schools shall retain complete control over academic content and curriculum through the creation of a separate, autonomous Curriculum Review Board (CRB). Every course or program offered by GFS shall be approved by the CRB, whether produced by the three film schools or others. Each of the film schools shall have two representatives on the CRB, one of whom shall be a regular faculty member;
 - iii. The three film schools shall recommend unanimously to the GFS Board of Directors the appointment of the initially-engaged GFS Chief Executive Officer, Chief

Operating Officer, Chief Financial Officer, and Chief Technical Officer, all of whom will be appointed and paid by GFS;

- iv. Producers will be entities that deliver courses to GFS in a form suitable for Internet distance education. Authors are those individuals who supply the content of those courses. GFS may contract with either producers or authors under terms and conditions (including issues of intellectual property) to be a matter of separate negotiation and contract between producers and authors on the one hand and GFS on the other;
- v. The three film schools shall enter into one or more agreements with GFS in which each of the following criteria shall be satisfied and assured:
 - 1. their financial liability shall be strictly limited, and they shall be fully indemnified;
 - 2. they shall retain control over the use of their names and marks except in a factual description of GFS and its programs;
 - 3. they shall approve strategic partners of GFS and any future investors or equity holders of GFS prior to the closing of the second stage financing;
 - 4. the CRB shall have a veto over advertising and sponsorship of GFS; and
 - 5. all approvals by the three film schools shall be unanimous.
- i. The three film schools will also enter into stockholder agreements among the GFS stockholders and a representation agreement with counsel acceptable to the General Counsel and agreed to by GFS and the Schools;
- j. GFS may be financed in two stages. The first stage is the raising of Series A "soft seed money," anticipated to be in the approximate amount of \$1 million. The second stage is the pursuit of Series B financing from international sources, anticipated to be in the approximate amount of \$20 million to \$25 million.

C. *Authority of the General Counsel to Retain Outside Counsel*

The Committee recommended that the General Counsel be authorized to retain outside counsel, subject to the availability of appropriate and authorized funding sources, for all University purposes requiring the services of counsel outside the Office of the General Counsel.

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

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

A. *Adoption of Mitigated Negative Declaration and Approval of Design, Activity and Recreation Center, Davis Campus*

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

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the Activity and Recreation Center, Davis campus.

[The 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.]

B. *Certification of Environmental Impact Report and Approval of Design, Southwest Campus Housing and Parking Phase I, Los Angeles Campus*

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

- (1) Certification of the Final Environmental Impact Report.
- (2) Adoption of the Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program.
- (3) Approval of the design of Southwest Housing and Parking Phase 1 project, Los Angeles campus

[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 copies are on file in the Office of the Secretary.]

C. ***Adoption of Mitigated Negative Declaration and Approval of Design, Physical Sciences 1, Riverside Campus***

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

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of Physical Sciences 1, Riverside campus.

[The 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.]

D. ***Adoption of Negative Declaration and Approval of Design, Undergraduate Student Housing Expansion 2, Riverside Campus***

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

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of Undergraduate Student Housing Expansion 2, Riverside campus.

[The 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.]

Upon motion of Regent Kozberg, duly seconded, the reports of the Committee on Grounds and Buildings were accepted, and it was noted for the record that, in order to avoid the appearance of a conflict of interest, Regent Davies had abstained from voting on Item B, *Certification of Environmental Impact Report and Approval of Design, Southwest Campus Housing and Parking Phase 1, Los Angeles Campus*.

7. REPORT OF THE COMMITTEE ON INVESTMENTS**A. *Proposed Revision of Private Equity Investment Approval Procedures***

The Committee recommended that the procedures for the approval of and commitment to private equity investments be revised from those authorized by the Board at its March 20, 2000 meeting to authorize the Treasurer to invest in private equity, provided that:

- (1) Both the Office of the Treasurer and The Regents' private equity consultant approve the investment.
- (2) The Regents' private equity consultant's approval or recommendation of the investment is made under a mutually acceptable certification of due diligence.
- (3) All investments are reported with a summary description to the Investment Advisory Committee and The Regents' Committee on Investments.

B. *Adoption of Policy to Exclude Securities of Companies Manufacturing Tobacco Products from Index Funds and to Continue Existing Exclusion from Actively Managed Funds*

The Committee recommended that:

- (1) The Treasurer, using the standards established for the Russell 3000 Tobacco Free Index and the MSCI EAFE Tobacco Free Index, shall continue the current practice of not directly investing in tobacco products companies.
- (2) The Russell 3000 Tobacco Free Index and the MSCI EAFE Tobacco Free Index, which exclude the stocks of tobacco products companies, be adopted as the index funds authorized by the Asset Allocation Plan.
- (3) Should the Treasurer determine at any time that The Regents' investment objectives are compromised by this policy, a report describing the circumstances shall be prepared by the Treasurer with appropriate recommendations.

This action is taken in recognition of the convergence of a number of factors, specifically, the negative financial risk and liability circumstances affecting the stocks of tobacco products companies, the related health issues, the small percentage such stocks represent of total index funds, the current practice of the Treasurer of excluding investment in the stocks of tobacco products companies

for the actively invested funds, and the availability of established tobacco-free index funds, all such factors being specific to this set of facts.

Upon motion of Regent Hopkinson, duly seconded, the recommendations of the Committee on Investments were approved.

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

Approval of Modifications to Contracts for Operation of the Los Alamos National Laboratory and the Lawrence Livermore National Laboratory

The Department of Energy having notified the University of its decision unilaterally to extend the subject contracts to September 30, 2005 pursuant to the current contracts, the Committee recommended that the President be authorized to approve and the Officers of The Regents be authorized to execute a modification of the contracts for the management of the Los Alamos National Laboratory, W-7405-ENG-36, and the Lawrence Livermore National Laboratory, W-7405-ENG-48, said contracts providing that The Regents is responsible for modifications thereof, except for funding modifications and modifications of Appendices, which may be executed by the President.

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

9. **COMMITTEE ON GROUNDS AND BUILDINGS AND COMMITTEE ON FINANCE**

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Center for the Medical Investigation of Neuro-Developmental Disorders (M.I.N.D. Institute), Davis Campus*

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Davis: UC Davis Center for the Medical Investigation of Neurodevelopmental Disorders (M.I.N.D. Institute) – preliminary plans (\$1.6 million), funded from long-term debt to be repaid from State funds appropriated annually for support of the center.

B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Tower II Phase III Project, Davis Campus*

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Davis: UCDMC Tower II, Phase III Project – preliminary plans, working drawings, construction, and equipment – \$26,858,000 to be

funded by hospital reserves (\$18,593,000) and State lease revenue bond funds (\$8,265,000).

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of Financing for Kaufman Hall Seismic Renovation and Program Improvement Project, Los Angeles Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Los Angeles: Dance Building Seismic Renovation (Kaufman Hall) – preliminary plans, working drawings, and construction – \$36,282,000 to be funded from federal funds (\$1,264,000), campus funds (\$2,487,000) gift funds (\$17,534,000) and State funds (\$14,997,000).

- (2) The Committee on Finance recommends that the Treasurer be authorized to obtain standby financing not to exceed \$12,889,000 prior to awarding a construction contract for any gift funds not received by that time and 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. Repayment of any financing shall be from gift funds, and in the event such gift funds are insufficient, from Los Angeles Campus Opportunity Funds; and
 - b. The general credit of The Regents shall not be pledged.
- (3) 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.
- (4) 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 Intramural Field Parking Structure Project, Los Angeles Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for

Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Los Angeles: Intramural Field Parking Structure – preliminary planning, working drawings, and construction – \$35,192,000 to be funded from funds available to the School of Medicine (\$3,000,000) and external financing (\$32,192,000) to be repaid from Parking System net revenues. (In addition to the \$35,192,000, \$8,400,000 will be included in the project cost as previously approved by The Regents in the September 2000 Westwood Replacement Hospital project.)

- (2) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed \$32,192,000 to finance the Intramural Field Parking Structure project, 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, the Los Angeles campus Parking System fees shall be established at levels to provide excess net revenues sufficient to pay debt service and to meet the requirements of this 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 to the lender 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.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of Financing for Kinsey Hall Seismic Correction, Phase 2 Project, Los Angeles Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Los Angeles: Kinsey Hall Seismic Correction, Phase 2 – preliminary plans, working drawings, and construction – \$32,260,000 to be funded from federal funds (\$3,950,000), gift funds (\$7,524,000) campus funds (\$1,770,000) and State funds (\$19,016,000).

- (2) The Committee on Finance recommends that the Treasurer be authorized to obtain interim financing not to exceed \$7,524,000 to finance the Kinsey Hall Seismic Correction, Phase 2 project, 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. Repayment of any financing shall be from gift funds, and in the event such gift funds are insufficient, from Los Angeles Campus Opportunity Funds; and
 - c. The general credit of The Regents shall not be pledged.
- (4) 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.
- (5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Infill Apartments Project, Santa Cruz Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Santa Cruz: A. Infill Apartments – preliminary plans – \$2,221,000 to be funded from the campus UCHS Net Revenues (\$2,221,000).

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, California Institutes of Science and Innovation, Office of the President***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following projects:

Institute for Bioengineering, Biotechnology and Quantitative Biomedical Research

San Francisco: Mission Bay Building 24C – predesign studies and preliminary plans – \$4.7 million to be funded by the State through the California Institutes of Science and Innovation program.

Berkeley: Stanley Hall – preliminary plans – \$5,787,000 to be funded by the State through the California Institutes of Science and Innovation program.

Santa Cruz: Physical Science Building Upgrade – preliminary plans, working drawings, and construction – \$500,000 to be funded by the State through the California Institutes of Science and Innovation program.

Santa Cruz: Engineering Building Addition A – predesign studies and preliminary plans – \$192,000 to be funded by the State through the California Institutes of Science and Innovation program.

California NanoSystems Institute

Los Angeles: Court of Sciences Building – predesign studies and preliminary plans – \$2,995,000 to be funded by the State through the California Institutes of Science and Innovation program.

Los Angeles: CNSI/Engineering 1 Replacement Building – predesign studies and preliminary plans – \$1,424,000 to be funded by the State through the California Institutes of Science and Innovation program.

Santa Barbara: CNSI Building – predesign studies and preliminary plans – \$3,051,000 to be funded by the State through the California Institutes of Science and Innovation program.

(\$1,971,000), gift funds (\$80,000), and parking reserves (\$1,000,000).

California Institute for Telecommunications and Information Technology

San Diego: Cal-(IT)² Facility at San Diego – predesign studies and preliminary plans – \$3,644,000 to be funded by the State through the California Institutes of Science and Innovation program.

Irvine: Cal-(IT)² Facility at Irvine – preliminary plans – \$2,153,000 to be funded by the State through the California Institutes of Science and Innovation program.

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

10. **REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**

A. *Amendment of Standing Orders Related to Board Practices and Procedures – Real Estate*

The Committee recommended that:

- (1) Service of notice be waived.
- (2) The amendment of Standing Order 100.4 (cc), (ff), (gg), (hh), (ii), (jj), and (kk) and the addition of Standing Order 100.4 (oo) be approved, as shown in the Attachment, in order to further decrease the volume of routine administrative matters presented to The Regents, to further streamline the Board's practices and procedures, and to clarify the applicability of certain Standing Orders to real estate and related matters.

B. *Dates and Locations of Regents' Meetings for 2002*

The Committee recommended that the following dates of Regents' meetings for 2002 be approved. (Tentative locations are also provided, but are subject to change.)

2002

January 16-17	Los Angeles Campus
March 13-14	San Francisco - Laurel Heights
May 15-16	San Francisco - Laurel Heights
July 17-18	San Francisco - Laurel Heights
September 18-19	Los Angeles Campus
November 13-14	San Francisco - Laurel Heights

Campus Visits

February 13-14	Santa Cruz Campus
April 17-18	Berkeley Campus
October 16-17	San Diego Campus

There being an insufficient number of Regents in attendance to waive notice on the recommendation contained in paragraph A., it was determined that notice of intent to amend the standing order had been served and that the recommended amendments may be placed on the agenda of the full Board at its March meeting and may be adopted with the approval of the majority of The Regents.

Upon motion of Regent Khachigian, duly seconded, the recommendation of the Special Committee on Regents' Procedures contained in paragraph B. was approved.

10. **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:

The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, the Chair of the Committee on Finance, and the President of the University approved the following recommendation:

Amendment of the Budget for Capital Improvements and the Capital Improvement Program, La Jolla Playhouse Play Development and Education Center, San Diego Campus

That the President, subject to the concurrence of the Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the Chair of the Committee on Finance, amend the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program to include the following project:

San Diego: La Jolla Playhouse Play Development and Education Center – preliminary plans, working drawings, construction, and equipment – \$14,736,000 to be funded entirely from gifts.

11. **REPORT OF COMMUNICATIONS RECEIVED**

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

12. **REPORT OF THE PRESIDENT**

President Atkinson 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. Annual Financial Report of the University of California Retirement System. November 13, 2000. (Schedule of Reports)
- B. Annual Report on Insurance and Self-Insurance Programs. December 18, 2000. (Schedule of Reports)
- C. Annual Report on University Employee Housing Assistance Programs for 1999-2000. December 18, 2000. (Schedule of Reports)

To Members of the Committee on Health Services

- D. Final Hospital Activity and Financial Status Report on Hospitals and Clinics for the fourth quarter and the year ended June 30, 2000, and the Activity and Financial Status Report on Hospitals and Clinics for the first quarter ended September 30, 2000. November 13, 2000. (Schedule of Reports)
- E. Activity and Financial Status Report on Hospitals and Clinics as of October 31, 2000. November 28, 2000. (Schedule of Reports)

The Regents of the University of California

- F. Report on Western Health Advantage reflecting the results of operations as of June 30, 2000. November 22, 2000.
- G. Report featuring highlights of the National Aeronautics and Space Administration (NASA) research portfolio at the University of California. November 30, 2000.
- H. Special Report on Medical Student Diversity. December 5, 2000.
- I. The UCSF Stanford Health Care Audit Report prepared by independent auditors Arthur Andersen. December 8, 2000.
- J. Individual Academic Planning Guide for students in the EAOP, MESA, and Puente Programs. December 12, 2000.
- K. Report on the first year of implementation of the Eligibility in the Local Context (“Top 4%”) program. December 12, 2000.
- L. Audited financial statements for UC San Francisco Medical Center for the three months ended June 30, 2000. December 19, 2000. (Schedule of Reports)

The meeting adjourned at 3:50 p.m.

Attest:

Secretary

STANDING ORDERS

STANDING ORDER 100.

OFFICERS OF THE UNIVERSITY

* * *

Additions shown by shading; deletions shown by strikeout

* * *

(cc) Except as otherwise specifically provided in the Bylaws and Standing Orders:

- (1) The President is authorized to approve and execute on behalf of the Corporation contracts, real property rental agreements, and other documents pertaining to the use of facilities for ~~academic, research, or public service programs of the University, or for related administrative support activities with a term of no~~ **University-related purposes with a term (excluding options) of not** more than ten years, ~~including option periods provided that base annual rent (exclusive of operating expenses and all concessions to the University)~~ **provided that base rent** shall not exceed \$500,000 for the initial year, and annual rent increases for subsequent years shall be limited to either (i) the actual annual percentage increases in the Consumer Price Index for all Urban Consumers (CPI-U all items), or (ii) such amounts that, when the rent is aggregated over the lease term, the total base rent does not exceed \$10 million.
- (2) Provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, the President is also authorized to approve and execute contracts, real property rental agreements, and other documents, ~~as described above~~ **pertaining to the use of facilities for University-related purposes with a term (excluding options) of not more than ten years,** provided that base ~~annual~~ **rent** shall not exceed \$1 million for the initial year, and **annual rent increases for subsequent years shall be limited to either (i) the actual annual percentage increases in the CPI, or (ii) such amounts** that, when the rent is aggregated over the lease term, the total base rent does not exceed \$20 million, and also provided that all actions taken for these amounts under this authority be reported at the next following meeting of the Board. Amounts in excess of the \$1 million and \$20 million **limits** described above require Board approval.
- (3) ~~The~~ **For the purpose of computing the** maximum initial year base rent and the maximum aggregate rent specified in (1) and (2) above, rent shall exclude (i) the effect of free or reduced rent periods or similar concessions, and (ii) operating expenses or other costs (including tenant improvement costs) paid by tenant in addition to base rent.

(4) Beginning November 1, 2000, the maximum initial year base rent and the maximum aggregate rent specified in (1) and (2) above shall each be increased annually by a percentage equal to the percentage increase in the National Consumer Price Index for all Urban Consumers (CPI-U all items) CPI for the preceding year, said increase to be reported annually to the Committee on Finance.

As used in these Standing Orders, the term University-related purposes refers to real property and interests therein held and used by the University in furtherance of its mission, but excluding real property held for investment purposes.

* * *

- (ff) The President is authorized to negotiate the sale, purchase, receipt by gift, or lease of all interests in real properties property which are used, held, or to be acquired for campus used for University-related purposes, and to administer all such properties; which are defined as properties within the boundaries of a campus of the University and other properties used, held, or to be acquired for student and employee housing, parking, athletic programs, research, public service, educational programs, or administrative staff purposes of the University and interests.
- (gg) The President is authorized to approve the sale, purchase, receipt by gift, or other acquisition of real property when such real property (1) is used, held, or to be acquired for campus-related purposes as defined in (ff) above, and all interests in real property used or to be used for University-related purposes when the consideration does not exceed \$10 million, (2) consists of for-sale housing units within an approved University for-sale housing program, (3) is acquired through foreclosure, deed-in-lieu of foreclosure, or otherwise in realization of a security interest under an approved University home loan program, or (4) is the former residence of a recently recruited employee acquired pursuant to an established personnel policy for covered moving expenses. The President is also authorized to approve the sale, purchase, receipt by gift, or other acquisition of all such interests in real property, as described above, when the consideration is in excess of exceeds \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken for these amounts under this authority be reported at the next following meeting of the Board. Amounts in excess of exceeding \$20 million require Board approval.
- (hh) In furtherance of the authority authorities set forth in (ff) and (gg) above, the President is authorized to execute all documents, except those conveying title; provided, however, that any such documents executed prior to approval by the Board or by a Committee thereof empowered to act, or by the President required in accordance with (gg) above; shall be conditioned upon obtaining such approval.
- (ii) The President shall be the custodian of all contracts of sale, mortgages, and deeds of trust for all real property held or acquired for campus-related purposes and of all purchase and sale, gift agreements, leases, licenses, easements and rights of way, ground leases, mortgages, deeds of trust, insurance policies and other documents

relating to ~~such instruments~~ real property transactions for University-related purposes custody for which is not established elsewhere in the Bylaws and Standing Orders.

- (jj) The President is authorized to approve and execute licenses, easements, and rights-of-way with respect to real property ~~held or acquired for campus-~~ used or to be used for University-related purposes when (1) the consideration does not exceed \$10 million or (2) such instruments are revocable with 120 days' notice.
- (kk) The President is authorized to approve leases, ~~assignment~~ assignments of leases or subleases, and related amendments of such documents for mineral rights, including gas, oil, and other hydrocarbons, or geothermal resources as to real property ~~held or acquired campus-~~ used or to be used for University-related purposes if the land rent does not exceed \$500,000 per year during the primary lease term.

* * *

- (oo) The President is authorized to administer University participation in corporations, companies, and partnerships, provided that such participations have been approved by the Board for University-related purposes, and to execute all documents in connection therewith on behalf of the University. The President shall be the custodian of all documents related to such participations.

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