

# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 15, 2001

The Regents of the University of California met on the above date at the James E. West Alumni Center, Los Angeles campus.

Present: Regents Atkinson, Connerly, Davies, Fong, Hopkinson, O. Johnson, S. Johnson, Kohn, Kozberg, Lansing, Lee, Marcus, Miura, Montoya, Moores, Parsky, Preuss, and Sayles (18)

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 and Hershman, Chancellors Berdahl, Dynes, Tomlinson-Keasey, and Vanderhoef, Laboratory Director Shank, and Recording Secretary Nietfeld

The meeting convened at 3:00 p.m. with Chairman S. Johnson presiding.

## 1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Upon motion of Regent Lansing, duly seconded, the minutes of the meetings of January 17 and January 18, 2001 were approved.

## 2. 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.]

In response to a question from Regent Lansing regarding the faculty's response to President Atkinson's proposal to eliminate the SAT from the University's admissions requirements, Faculty Representative Cowan reported that the Board on Admissions and Relations with Schools (BOARS) was focusing its attention on the President's proposal with respect to the dual admissions program. The campuses are reviewing the proposal which is being circulated by BOARS, and BOARS is in the process of incorporating campus responses into a revised proposal which will come to the Academic Council at its April meeting. If the Council approves the BOARS proposal, it will come before the Academic Assembly at its meeting in May. If the proposal is approved, it will be presented to The Regents at the July meeting. Professor Cowan anticipated that the faculty process with respect to President Atkinson's proposal concerning the SAT could

take as long as 12 months. He offered to provide updates as the proposal progresses through the Senate process.

Faculty Representative Cowan suggested that it might be helpful to have a briefing session with Regents, faculty, and administrators to discuss the issues pertaining to the SAT. Regent Lansing suggested that one session be held in San Francisco and one in Los Angeles. She also requested that the President distribute a sample copy of the test to all Regents. Professor Cowan reported that the faculty members of BOARS intended to take the SAT exam.

Regent Sayles asked why the faculty review process was so lengthy. Faculty Representative Cowan referred to the dual admissions proposal as an illustration of the time table. As noted in his response to Regent Lansing, once the President had made his proposal to the Academic Senate, it was referred to BOARS, which raised a series of questions and requested additional data. This process can take two to three months as BOARS becomes familiar with the issues. BOARS then prepares a preliminary proposal which is presented to the Council for consideration. Once the Council supports the BOARS proposal, it is subjected to review at the campus level; this review, which is under way, is taking four months. He stressed that it is a complex process which involves many faculty members on each of the campuses. When the process is short-circuited, there is likely to be a decision that is not in the best interest of the University.

President Atkinson stated that as data are generated at the request of the Board on Admissions and Relations with Schools, they will be distributed to the Regents.

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

#### ***Approval of Student-Sponsored Increase in Associated Students Fee to Support the Environmental Affairs Board, Santa Barbara Campus***

The Committee recommended that, effective with the fall quarter 2001, the Associated Students Fee at the Santa Barbara campus be increased by \$0.25 from \$45.00 to \$45.25 per undergraduate student per quarter.

Upon motion of Regent Preuss, duly seconded, the recommendation of the Committee on Finance was approved.

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

#### **A. *Certification of Environmental Impact Report and Approval of Design, the Jackson Laboratory JAX West 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 reported 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 Jackson Laboratory, JAX West 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.]

**B. *Certification of Environmental Impact Report and Approval of Design, Center for Companion Animal Health, Davis 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 and Mitigation Monitoring Program.
- (3) Approval of the design of the Center for Companion Animal Health 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.]

**C. *Amendment of Long Range Development Plan and Approval of Design, USDA Western Human Nutrition Research Center, Davis Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Initial Study/Negative Declaration approved by the Provost and Executive Vice Chancellor in November 1999 when the groundlease for this project was executed, the Committee recommended that The Regents:

- (1) Amend the 1994 Long Range Development Plan to change the land use designation on 2.2 acres from *Parking* to *High Density Academic and Administrative*.
- (2) Approve the design of the USDA Western Human Nutrition Research Center, Davis campus.

D. ***Adoption of Negative Declaration and Approval of Design, Hewitt Hall, Irvine Campus***

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

- (1) Adoption of the Tiered Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of Hewitt Hall, Irvine 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.]

E. ***Adoption of Mitigated Negative Declaration and Approval of Design, Computer Science and Engineering Building Unit 3B, San Diego Campus***

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

- (1) Adoption of the Tiered Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Mitigation Monitoring Program and Findings.
- (3) Approval of the design of the Computer Science and Engineering Building Unit 3B project, 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.]

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

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

*Appointment of Investment Consultant*

The Committee recommended that the Officers of The Regents be authorized to execute an agreement with Wilshire Associates Incorporated to serve as the University's general consultant in connection with the ongoing review of the University of California's investment program. The consultant services will be conducted for a term of three years.

Upon motion of Regent Hopkinson, duly seconded, the recommendation of the Committee on Investments was approved.

6. **REPORT OF THE COMMITTEE ON AUDIT**

*Approval of External Audit Plan for the Year Ending June 30, 2001*

The Committee recommended that the annual external audit plan for the year ending June 30, 2001 be approved.

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

Upon motion of Regent Connerly, duly seconded, the report of the Committee on Audit was approved.

7. **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, and Approval of External Financing for Croul Hall, Irvine 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 as follows:

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

To: Irvine: Croul Hall – preliminary plans, working drawings, construction, and equipment – \$26,807,000 to be funded from campus funds (\$2,156,000), funds available to the President (\$2,000,000), gift funds (\$8,310,000), and external financing (\$14,341,000).

- (2) The Committee on Finance recommended that the funding approved by The Regents in July 2000 and November 2000 with respect to Croul Hall, Irvine campus, be amended as shown below:

**deletions shown by strikeout, additions by shading**

<u>Fund Source</u>	<u>Amount</u>	<u>Amount</u>
Campus funds	\$ 2,156,000	\$ 2,156,000
Funds available to the President	2,000,000	2,000,000
Gift funds	<del>19,600,000</del>	8,310,000
External financing	<u>0</u>	<u>14,341,000</u>
Total:	<del>\$23,756,000</del>	<u>\$26,807,000</u>

- (3) The Treasurer be authorized to obtain external financing not to exceed \$14,341,000 to finance a portion of the construction of Croul Hall, Irvine campus, subject to the following conditions:
- Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - Repayment of the debt shall be from the Irvine campus' share of the University Opportunity Fund; and
  - 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.

**B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for Cal-(IT)<sup>2</sup> Facility, San Diego 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:

San Diego: Cal-(IT)<sup>2</sup> Facility – preliminary plans, working drawings, construction, and equipment – \$102.5 million, to be funded from the State through the California Institutes of Science and Innovation program (\$66.5 million), external financing using the “Garamendi” funding mechanism (\$20 million), and gifts funds (\$16 million).

- (2) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed \$20 million to finance the Cal-(IT)<sup>2</sup> Facility 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 the debt shall be from the San Diego campus’ share of the University Opportunity Fund;
  - 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.

**C. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Amendment of External Financing for Eleanor Roosevelt College Housing and Dining Facilities, San Diego 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 as follows:

From: San Diego: Eleanor Roosevelt College Housing and Dining Facilities – preliminary plans, working drawings, construction, and equipment – \$83,323,000 to be funded from external financing (\$76,176,000), University of California Housing System net revenue funds (\$5,061,000), and gift funds (\$2,086,000).

To: San Diego: Eleanor Roosevelt College Housing and Dining Facilities – preliminary plans, working drawings, construction, and equipment – \$106,020,000 to be funded from external financing (\$95,804,000), University of California Housing System net revenue funds (\$7,316,000), and campus funds (\$2,900,000).

- (2) The Committee on Finance recommended that the financing actions approved by The Regents in March 1999 with respect to Eleanor Roosevelt College Housing and Dining Facilities, San Diego campus, be amended as shown below, with the understanding that all other financing actions of The Regents regarding said project remain unchanged:

**deletions shown by strikeout, additions by shading**

That the Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed ~~\$76,176,000~~ **\$95,804,000** to finance the Eleanor Roosevelt College Housing and Dining Facilities project, subject to the following conditions:

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**D. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Increase of 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 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended as follows:

From: 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).

To: Santa Barbara A. San Rafael Student Housing Addition – preliminary plans, working drawings, construction, and equipment – \$65,158,000 to be funded from external financing (\$60,658,000) and University of California Housing System net revenue funds (\$4,500,000).

- (2) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed ~~\$54,860,000~~ \$60,658,000 to finance the San Rafael Student Housing Addition project, subject to the following conditions:

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E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for Infill Apartments, Santa Cruz 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 as follows:

From: Santa Cruz: A. Infill Apartments – preliminary plans – \$2,221,000 to be funded from campus University of California Housing System net revenue funds (\$2,221,000).

To: Santa Cruz: A. Infill Apartments – preliminary plans, working drawings, construction, and equipment – \$56,162,000 to be funded from external financing (\$54,062,000) and University of California Housing System net revenue funds (\$2,100,000).

- (2) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed \$54,062,000 to finance the Infill Apartments 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, University of California Housing System fees 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

- 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.

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

## 8. **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 Chairman of the Board and the President of the University approved the following recommendations:

- (1) *Approval to Amend UCSF Medical Center License by Activating from Suspense Thirty (30) Inpatient Beds at Mount Zion Hospital, Medical Center, San Francisco Campus*

That the Chancellor of the University of California, San Francisco, in consultation with the Vice President for Clinical Services Development, be authorized to remove from license suspense thirty (30) inpatient beds at Mount Zion Hospital.

- (2) *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for Aquatics Center, Davis Campus*

- a. That the President amend the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement program to include the following project:

Davis: Aquatics Center – preliminary plans, working drawings, construction, and equipment – \$7.3 million to be funded from gift funds (\$1.3 million) and external financing (\$6 million).

- b. That the President approve and the Treasurer be authorized to obtain financing not to exceed \$6 million to finance a portion of the Aquatics Center 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 Aquatics Center portion of the Facilities and Campus Enhancement student fees approved by student vote in February 1999 and by The Regents in May 1999, the Aquatics Center portion of the Legal Education Enhancement and Access Program fee approved by student vote in April 1999 and by The Regents in May 1999, facility user fees, and a portion of the Davis campus Registration Fee, which shall generate net revenues sufficient to pay debt service and to meet all related financing requirements; 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 exempt from 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.
- B. 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 concurred in the following recommendation:

***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for the Intercollegiate Athletics Building, Santa Barbara Campus***

- (1) That the President amend the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program to include the following project:

Santa Barbara: Intercollegiate Athletics Building – preliminary plans, working drawings, construction, and equipment – \$15,017,000, to be funded from external financing (\$13,717,000) and from student-approved mandatory student fee reserves (\$1,300,000).

- (2) That the President approve and the Treasurer be authorized to obtain external financing not to exceed \$13,717,000 to finance the project listed above, 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 the debt shall be from the Intercollegiate Athletics Facility Fee approved by student vote in April 2000 and by The Regents in July 2000, which shall generate net revenue sufficient to pay debt service and to meet all related financing requirements; and
  - c. The general credit of The Regents shall not be pledged.
- (3) 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.
- (4) That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.

9. **REPORT OF COMMUNICATIONS**

Secretary Trivette reported summaries of communications received subsequent to the January 2001 meeting. The residency appeals were referred to the General Counsel, and the remaining communications were referred to the President for response as appropriate.

10. **REPORT OF THE PRESIDENT**

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

**To Members of the Committee on Audit**

- A. Report of audit of Hastings College for the year ended June 30, 2000. January 19, 2001.

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

- B. Activity and Financial Status Report on Hospitals and Clinics as of November 30, 2000. January 19, 2001. (Schedule of Reports)
- C. Activity and Financial Status Report on Hospitals and Clinics for the second quarter ended December 31, 2000. February 22, 2001. (Schedule of Reports)

Regent Hopkinson recalled that the Regents had received a report on revenue and expenditure projections for all funds for all campuses. She asked that there be a discussion of this report at the next meeting.

The Regents went into Closed Session at 3:15 p.m.

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The meeting adjourned at 5:05 p.m.

Attest:

Secretary