

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 18, 2002

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

Present: Regents Atkinson, Connerly, Davies, Hopkinson, Johnson, Kozberg, Lansing, Ligot-Gordon, Lozano, Marcus, Montoya, Moores, Sainick, Sayles, and Terrazas (15)

In attendance: Regents-designate Bodine and Seigler, Faculty Representatives Binion and Viswanathan, Associate Secretary Shaw, General Counsel Holst, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Drake and Hershman, Chancellors Berdahl, Córdova, Tomlinson-Keasey, Vanderhoef, and Yang, Executive Vice Chancellor Kelly representing Chancellor Bishop, and Recording Secretary Nietfeld

The meeting convened at 11:35 a.m. with Chairman Moores presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Regent Johnson, duly seconded, the minutes of the meetings of May 15 and 16, 2002 were approved.

2. PRESIDENT'S REPORT

President Atkinson presented the report concerning University activities and individuals.

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

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

At the President's invitation, Ms. Carol Miller, the Chair of the Council of University of California Staff Assemblies (CUCSA), presented the annual report. She introduced Ms. Maggie Souder, the incoming Chair, and Mr. David Bell, the Chair-elect. Ms. Miller reported that, at its meeting in early September, CUCSA had identified dependent education fee waivers, succession planning, and relative equity benefits as top priorities for the coming academic year. However, these priorities must be seen in relationship to the events of September 11, the down turn in the economy, and the challenges posed by Tidal Wave II. Ms. Miller continued that during the year CUCSA had focused on developing relationships

with staff at the campuses and the national laboratories and had learned of the University's connection with national defense. She commented on the fact that The Regents had approved the extension of survivor benefits to domestic partners, a policy supported by CUCSA. She recalled that Senior Vice President Mullinix had appointed a housing task force to address critical issues and expressed the Council's concern that staff may become commuter employees as home prices rise in communities in which the campuses are located. Ms. Miller reported that representatives from the Office of the President had met with the Council to discuss a new supervisor training project and the services provided by Human Resources. She noted that the Council believes that a dependent fee waiver would aid in the recruitment and retention of faculty and observed that this benefit is available at many of the University's comparison institutions.

At the President's invitation, Faculty Representative Viswanathan presented his remarks as the outgoing chair of the Academic Council. Professor Viswanathan recalled that, at the urging of his faculty advisor, he had accepted a position on the faculty at UCLA. Teaching and research complemented each other and contributed to the wealth of his experience. Professor Viswanathan reported that, after several years as a faculty member, he had become involved with the work of the Academic Senate and also had taken on administrative duties in the College of Engineering. He stressed the fact that the University's system of shared governance is a cornerstone of UC's eminence as one of the world's top research universities. Shared governance has made the faculty an integral part of the decision-making process in the University and has made the faculty feel responsible for the maintenance and enhancement of excellence. The partnership between the administration and the faculty has led to the acquisition and retention of outstanding faculty who, in turn, have established excellent academic programs and have attracted outstanding students and other faculty members. Professor Viswanathan observed that the authority vested in the Board of Regents is another important factor contributing to UC's eminence. The Board of Regents has helped to isolate the University from political processes and influences. He found the Regents to be focused on the welfare and excellence of the University. They are knowledgeable and come well prepared for discussions of issues. The Regents are highly respectful of the faculty and understand the significant role that the faculty plays in University administration. He thanked the Board for protecting the core values and rights of the UC system. In concluding his remarks, Professor Viswanathan also thanked the students and the faculty members with whom he had worked during his career at UCLA.

President Atkinson stated his intention to distribute a copy of Professor Viswanathan's remarks to the Regents.

Regent Lansing commented on how Faculty Representative Viswanathan made her proud to be a Regent and characterized him as a role model for the whole system. Regent Kozberg recalled that, upon the dedication of the School of Engineering at Irvine in his name, Mr. Henry Samueli had paid tribute to the role of Professor Viswanathan in his academic career. She complimented him on the contributions he had made to the work of the Regents as they considered changes to admissions policies. Regent Hopkinson commented on his

dignity. Regent Davies expressed his appreciation for having been invited by Professor Viswanathan to meet with the Academic Council.

Faculty Representative Binion expressed the Academic Senate's appreciation for Professor Viswanathan's work on behalf of the faculty.

3. **RESOLUTION IN APPRECIATION – C. BRUCE TARTER**

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

WHEREAS, the Board of Regents of the University of California wishes to commend and thank C. Bruce Tarter, who stepped down on June 30 as the eighth director of the Lawrence Livermore National Laboratory, for his outstanding service to the University and nation in meeting the country's vital responsibilities in the areas of science and technology; and

WHEREAS, during his thirty-five years of devoted service to the Laboratory as a noted theoretical physicist and scientific manager, he has embraced the concept of partnerships between the Laboratory and the campuses and has played an indispensable role in fostering scientific education at the University of California, Davis campus at Livermore; and

WHEREAS, he has carefully guided the Laboratory as it helped to create the scientific foundation of the historic Stockpile Stewardship Program and, under his able direction, Livermore's scientists have furthered an unprecedented collaboration with colleagues in the former Soviet Union to safeguard nuclear materials against theft; and

WHEREAS, he has brought to the directorship of the Lawrence Livermore National Laboratory a firm commitment to the highest standards of scientific inquiry, leading the Laboratory's outstanding team of scientists in the development of powerful and unprecedented scientific advances in such diverse fields as lasers, computations, materials science, biotechnology, the sequencing of human chromosome 19, and in the successful construction of the National Ignition Facility, which when completed will become the world's most powerful laser and a key component of the nation's Stockpile Stewardship program; and

WHEREAS, he has been an ardent and eloquent supporter of the role of the University of California in applying scientific and technological research of the highest quality to the nation's increasing need for reforms in homeland defense and national security, bringing Livermore's outstanding technical resources to bear on our nation's response to terrorism at home and abroad; and

WHEREAS, working diligently with the University of California and the United States Department of Energy, he has instituted reforms and improvements that have resulted in a steady rise in operational quality and the Lab's first overall "outstanding" rating in DOE's annual appraisals;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their heartfelt gratitude to C. Bruce Tarter for his invaluable service to the Laboratory, the University, and the nation, and offer their best wishes in his new role as Associate Director at Large;

AND BE IT FURTHER RESOLVED that the Regents extend to Bruce their warmest good wishes and direct that a suitably inscribed copy of this resolution be presented to him as a symbol of the Regents' high regard and appreciation.

Director Tarter expressed his appreciation to the Regents and the President for their high level of dedication to the Lawrence Livermore National Laboratory, noting that it will celebrate its fiftieth anniversary this fall. He spoke of the sense of loyalty to the University on the part of laboratory employees. Mr. Tarter recognized a number of present and former Regents who had taken a special interest in the laboratory during his tenure as Director. He recalled that ten years ago the University had been concerned about the lack of partnerships between the campuses and the national laboratories. Since that time, the situation has improved dramatically; for example, the laboratory now has a joint cancer center with the Davis campus. The laboratory is contributing to the development of UC Merced and is an active partner with UC Santa Cruz. Director Tarter recalled that over the past decade the University had been called upon to take a more active role in the management of the laboratories. He believed that overall it had succeeded, although work remains to be done. He stressed, however, that the role of the University had always been to provide intellectual freedom to scientists and to the directors. This freedom has played a large part in the national security of the United States because the laboratory directors have had the freedom to use their judgment and to provide their best scientific assessments independent of politics. He pointed out that the University's management of the laboratories was not in its own interest; rather, it acts to fulfill the University's mission of public service to the country and the world.

President Atkinson and Regents Davies and Montoya expressed their appreciation to Director Tarter for his leadership of the Lawrence Livermore National Laboratory.

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

A. ***Modification of Program Framework of the Mortgage Origination Program and the Eligibility and Participation Guidelines of the Supplemental Home Loan Program to Conform Continued Program Participation in the Event of the Death of the Eligible Participant to the University Retirement Plan Provisions***

The Committee recommended that, with the understanding that all other guidelines and parameters remain unchanged:

- (1) The Regents approve the modification of the Mortgage Origination Program Framework as detailed in **Attachment 1**.
- (2) The Regents approve the modification of the Supplemental Home Loan Program Eligibility and Participation Guidelines as detailed in **Attachment 2**.

B. ***Indemnification of Trustees of Campus Foundations***

The Committee recommended that The Regents indemnify and defend members of the Boards of Trustees of the Campus Foundations as to all claims and liability that may arise or occur in the course and scope of the performance of their duties in connection with the investment and reinvestment of assets held for the benefit of the University, including split-interest trusts and similar arrangements, to the same extent as afforded individual Regents; provided that actions giving rise to the claims or liability are in connection with the Campus Foundation investments which are invested in accordance with University policies and guidelines respecting the investments of Campus Foundations, and further provided that the indemnification and defense shall be secondary to any entitlement the trustees may have to indemnification and defense from insurance carried by the Campus Foundations. The President shall issue any necessary guidelines to implement the policy.

C. ***Proposed Increase in Nonresident Tuition for 2002-03***

The Committee recommended that the Nonresident Tuition Fee be increased for 2002-03 as follows:

- (1) For nonresident graduate students, effective fall term 2002, \$428 (4 percent) per academic year, from \$10,704 to \$11,132.
- (2) For nonresident undergraduate students:
 - a. Effective fall term 2002, \$1,070 (10 percent) per academic year, and;
 - b. Effective spring term 2003, an additional \$235, which is the amount equivalent to one academic quarter's share of an additional 6 percent annual increase, or \$706.

<u>Per Quarter</u>		<u>Per Semester</u>	
Fall	\$357 (10%)	Fall	\$535 (10%)
Winter	\$357 (10%)	Spring	\$770 (\$535 + \$235)
Spring	\$591 (\$356 + \$235)		

As a result of these actions, nonresident tuition for undergraduate students will increase by a total of \$1,305, from \$10,704 to \$12,009, for the 2002-03 academic year. Future increases in the Nonresident Tuition Fee will be calculated from an annual level of \$12,480, which is an increase of \$1,776, or 16 percent, over the 2001-02 nonresident tuition level.

Upon motion of Regent Hopkinson, duly seconded, the report of the Committee on Finance was approved, Regent Ligot-Gordon voting "no."

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

A. ***Certification of Environmental Impact Report and Approval of Design CNSI Court of Sciences Building, Los Angeles Campus***

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

- (1) Certification of the Environmental Impact Report.
- (2) Adoption of the Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program.
- (3) Approval of the design of the CNSI Court of Sciences Building, Los Angeles campus.

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

B. ***Adoption of Mitigated Negative Declaration and Approval of Design, La Jolla Playhouse Play Development and Education Center, San Diego Campus***

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

- (1) Adoption of the Initial Study and Mitigated Negative Declaration.
- (2) Adoption of the Mitigation Monitoring and Reporting Program and Findings.
- (3) Approval of the design of the La Jolla Playhouse Play Development and Education Center, San Diego campus.

[The Initial Study and Mitigated Negative Declaration, Mitigation Monitoring and Reporting Program, and Findings were mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Upon motion of Regent Marcus, duly seconded, the report of the Committee on Grounds and Buildings was accepted.

6. REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY

A. *Proposed Establishment of the School of Education, Davis Campus*

The Committee recommended that the School of Education be established on the Davis campus, effective immediately, and that 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 Education, at Davis, with curricula leading to the Degrees of Master of Arts, Master of Arts in Teaching, Master of Education, Doctor of Education, and Doctor of Philosophy.

* * *

B. *Proposed Establishment of Sixth College, San Diego Campus*

The Committee recommended that Sixth College be established on the San Diego campus, effective immediately, and that Section 10 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

10. Academic Colleges at San Diego

* * *

- (g) There is established at San Diego the Sixth College with undergraduate curricula leading to the degrees of Bachelor of Arts and Bachelor of Science.

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C. *Revision of Standing Order 105.1 – Organization of the Academic Senate Concerning Senate Membership for Lecturers and Senior Lecturers with Potential for Security of Employment*

The Committee recommended that:

- (1) Service of notice be waived.
- (2) Standing Order 105.1 be amended as shown below to grant Academic Senate membership to full-time Lecturers with Potential for Security of Employment and full-time Senior Lecturers with Potential for Security of Employment, effective immediately.

deletions shown by strikeout; additions by underlining

Standing Order 105.

ACADEMIC SENATE

105.1 Organization of the Academic Senate

- (a) The Academic Senate shall consist of the President, Vice Presidents, Chancellors, Vice Chancellors, Deans, Provosts, Directors of academic programs, the chief admissions officer on each campus and in the Office of the President, registrars, the University Librarian on each campus of the University, ~~each lecturer who has full-time teaching responsibilities in any curriculum under the control of the Academic Senate and whose academic title is Senior Lecturer with Security of Employment or Lecturer with Security of Employment~~, and each person giving instruction in any curriculum under the control of the Academic Senate whose academic title is Instructor, Instructor in Residence; Assistant Professor, Assistant Professor in Residence, Assistant Professor of Clinical (e.g., Medicine); Associate Professor, Associate Professor in Residence, Associate Professor of Clinical (e.g., Medicine), Acting Associate Professor; Professor, Professor in Residence, Professor of Clinical (e.g., Medicine), or Acting Professor; full-time Lecturer with Potential for Security of Employment, full-time Senior Lecturer with Potential for Security of Employment, full-time Lecturer with Security of Employment, or full-time Senior Lecturer with Security of Employment; however, Instructors and Instructors in Residence of less than two years' service shall not be entitled to vote. Members of the faculties of professional schools offering courses at the graduate level only shall be members also of the Academic Senate, but, in the discretion of the Academic Senate, may be excluded from participation in activities of the Senate that relate to curricula of other schools and colleges of the University. Membership in the Senate shall not lapse because of leave of absence or by virtue of transference to emeritus status.

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D. ***Authorization to Establish Foreign Nonprofit Organizations to Benefit the University***

The Committee recommended that the President be authorized to approve the establishment of foreign, nonprofit, University-affiliated corporations, foundations, associations, and/or trusts, the exclusive purpose of which would be to support the teaching, research, and public service mission of the University's activities throughout the world and in the respective countries of the entities created, each such entity to be operated pursuant to terms and conditions approved by the President which are appropriate for the jurisdiction in which these entities operate. The assets of these entities would, to the maximum extent permitted by the laws of the countries in which they are established and operate, be irrevocably dedicated to the University, and the governing board of these entities would at all times be comprised of a majority of University personnel or persons legally bound to act on behalf of the University. The President shall issue any necessary guidelines respecting the establishment and operation of such entities.

Upon motion of Regent Lansing, duly seconded, the recommendations of the Committee on Educational Policy were approved.

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

Authorization for School of Medicine and Medical Center, Los Angeles Campus, to Establish a Limited Liability Corporation with HealthSouth Corporation for the Purpose of Developing a Freestanding Acute Care Rehabilitation Hospital

The Committee recommended that:

- A. The President, in consultation with the General Counsel and the Vice President for Clinical Services Development, be authorized to execute documents necessary for The Regents, on behalf of the School of Medicine, Los Angeles campus, and the University of California, Los Angeles Medical Center, to form a limited liability company (LLC) with HealthSouth Corporation, a publicly traded rehabilitative health care services provider. The purpose of the LLC will be jointly to develop a HealthSouth-managed, 56-bed acute care rehabilitation hospital located in Santa Monica, to be known as the HealthSouth – UCLA Rehabilitation Hospital.
- B. The University's start-up capital contributions to the LLC shall not exceed \$1.2 million or 15 percent of the total initial capital investment. The University's funding for the proposed start-up capital will consist of in-kind contributions related to the transfer of the current value of the Medical Center's existing neuro-rehabilitation unit. HealthSouth will make an 85 percent capital contribution and will share gains and losses in an 85:15 ratio with the University.

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

8. **REPORT OF THE NOMINATING COMMITTEE**

The Nominating Committee recommended the following, effective immediately through June 30, 2003:

- A. That Regent-designate Bodine be appointed as an advisory member to the Committee on Educational Policy, the Committee on Grounds and Buildings, and the Committee on Oversight of the Department of Energy Laboratories.

- B. That Regent-designate Seigler be appointed as an advisory member to the Committee on Educational Policy, the Committee on Grounds and Buildings, and the Committee on Health Services.

Upon motion of Regent Davies, duly seconded, the report of the Nominating Committee was approved.

9. **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 for West Entry Parking Structure, Davis Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2002-03 Budget for Capital Improvements and the 2002-05 Capital Improvement Program be amended to include the following project:

Davis: West Entry Parking Structure – preliminary plans – \$1.6 million to be funded from parking reserves.

- B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Tower II, Phase 2, Davis Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2002-03 Budget for Capital Improvements and the 2002-05 Capital Improvement Program be amended as follows:

From: Davis: Tower II, Phase 2 – preliminary plans, working drawings, construction – \$19,971,000 to be funded from hospital reserves (\$5,826,000), State lease revenue bond funds (\$9,145,000), and State appropriation for teaching hospital infrastructure funds (\$5,000,000).

To: Davis: Tower II, Phase 2 – preliminary plans, working drawings, construction – \$23,431,000 to be funded from hospital reserves (\$9,286,000), State lease revenue bond funds (\$9,145,000), and State appropriation for teaching hospital infrastructure funds (\$5,000,000).

- C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for Computer Science Unit 3, Irvine Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2002-03 Budget for Capital

Improvements and the 2002-05 Capital Improvement Program be amended as follows:

From: Irvine: Computer Science Unit 3 – preliminary plans, working drawings, construction, and equipment – \$49,520,000 to be funded from State funds (\$34,822,000) and campus funds (\$14,698,000).

To: Irvine: Computer Science Unit 3 – preliminary plans, working drawings, construction, and equipment – \$50,620,000 to be funded from State funds (\$34,822,000), campus funds (\$3,000,000), and external financing (\$12,798,000).

- (2) The Committee on Finance recommended that the President be authorized to obtain external financing not to exceed \$12,798,000 to finance the Computer Science Unit 3 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 Irvine campus's share of the University Opportunity Fund; 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.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Northwest Housing and Parking, Phase II, Los Angeles Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2002-03 Budget for Capital Improvements and the 2002-05 Capital Improvement Program be amended as follows:

From: Los Angeles: Northwest Housing and Parking, Phase II – preliminary plans, working drawings, and construction – \$88,185,000

total project cost, to be funded from external financing (\$72,029,000), University of California Housing System reserves (\$16,056,000), and parking reserves (\$100,000).

To: Los Angeles: Northwest Housing and Parking, Phase II – preliminary plans, working drawings, and construction – \$98,772,000 total project cost, to be funded from external financing (\$72,029,000), University of California Housing System reserves (\$26,643,000), and parking reserves (\$100,000).

- (2) The Committee on Finance recommended that the financing actions approved by The Regents in August 2000 with respect to Northwest Housing and Parking, Phase II, Los Angeles campus, remain unchanged.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Amendment of External Financing for Commons Expansion, Riverside 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: Riverside: Commons Expansion – preliminary plans, working drawings, construction, and equipment – \$47,803,000 to be funded from external financing.

To: Riverside Commons Expansion – preliminary plans, working drawings, construction, and equipment – \$54,173,000 to be funded from external financing (\$51,923,000) and registration fees reserves (\$2,250,000).

- (2) The Committee on Finance recommended that the financing actions approved by The Regents in March 2002 with respect to Commons Expansion, Riverside campus, be amended, with the understanding that all other financing actions by The Regents regarding said project remain unchanged:
 - a. The Committee on Finance recommended to The Regents that the President be authorized to obtain external financing not to exceed \$51,923,000 to finance a portion of construction and related costs of the Commons Expansion, Riverside 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. Repayment of the Referendum portion of the debt (\$46,262,000) shall be from Commons Expansion Referendum student fees approved by student vote in April 2001 and by The Regents in July 2001, which shall generate net revenues sufficient to pay debt service and to meet all related financing requirements of the proposed funding;
 - iii. As long as the registration fees portion of the debt (\$5,661,000) is outstanding, net campus registration fee revenues will be committed in sufficient amounts to pay debt service and to meet all related financing requirements of the proposed funding; and
 - iv. 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.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for Student Resource Building, Santa Barbara Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2002-03 Budget for Capital Improvements and the 2002-05 Capital Improvement Program be amended to include the following project:

Santa Barbara: Student Resource Building – preliminary plans, working drawings, construction, and equipment – \$24,522,000 to be funded from external financing (\$19,202,000), University registration fee reserves (\$2,820,000), gift funds (\$250,000), President's matching child care funds (\$750,000), and student resource building fee reserves (\$1,500,000).
- (2) The Committee on Finance recommended that financing be obtained not to exceed \$19,202,000 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 Student Resource Building student fees approved by student vote in April 2001 and by The Regents in July 2001, and from \$300,000 of registration fees annually, which shall generate net revenues sufficient to pay debt service and to meet all related financing requirements of the proposed funding.
- (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.

G. ***Authorization of Leases and Agreements for Seismic Corrections at San Diego Campus Teaching Hospital Facilities***

The Committee on Finance recommended that subject to adoption by the State Public Works Board of a resolution authorizing the issuance of State Public Works Board Lease Revenue Bonds, and authorizing interim loans from the State's Pooled Money Investment Account or General Fund for the following projects:

San Diego campus:

- UCSDMC, Hillcrest Seismic Improvements, Phase 1
- UCSDMC, Hillcrest Seismic Improvements, Phase 2

- (1) The President or the Secretary be authorized to:
 - a. Execute an unsubordinated site lease from The Regents to the State Public Works Board (SPWB) for each project named above, said leases to contain provisions substantially as follows:
 - i. The site shall comprise the approximate size of the footprint for each building named above. Said lease shall also include a license to the SPWB for access from campus roads to the site during the term of the lease;
 - ii. The purpose of the lease shall be to permit construction of the project;

- iii. The term of the site lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full;
 - iv. The rental shall be \$1 per year;
 - v. The Regents shall have power to terminate the site lease in the event of default by the SPWB, except when such termination would affect or impair any assignment or sublease by the SPWB and such assignee or subtenant is duly performing the terms and conditions of the lease;
 - vi. The Regents shall provide to the SPWB and any assignee of the SPWB access to the site and such parking and utility services as are provided for similar facilities on the campus;
 - vii. The Regents shall waive personal or individual liability of any member, officer, agent, or employee of the SPWB;
 - viii. The Regents shall agree to pay assessments or taxes, if any, levied on the site or improvements attributable to periods of occupancy by The Regents; and
 - ix. In the event any part of the site or improvements is taken by eminent domain, The Regents recognizes the right of the SPWB to retain condemnation proceeds sufficient to pay any outstanding indebtedness incurred for the construction of the project.
- b. Execute an agreement between the State of California, as represented by the SPWB, and The Regents for each project named above, said agreements to contain the following provisions:
- i. The SPWB agrees to finance construction of the project, as authorized by statute; and
 - ii. The Regents agrees to provide and perform all activities required to plan and construct said project.

- c. Execute a facility lease from the SPWB to The Regents for each project named above, said leases to contain provisions substantially as follows:
- i. The purpose of the building's occupancy shall be to use it as a facility for acute care in-patient service and support-related functions in furtherance of the University's mission related to instruction, research, and public service;
 - ii. The SPWB shall lease the financed facility, including the site, to The Regents pursuant to a facility lease;
 - iii. The terms of the facility lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full;
 - iv. If the SPWB cannot deliver possession to The Regents at the time contemplated in the lease, the lease shall not be void nor shall the SPWB be liable for damages, but the rental payment shall be abated proportionately to the construction cost of the parts of the facility not yet delivered;
 - v. In consideration for occupancy during the term of the lease and after the date upon which The Regents takes possession of the facility, The Regents shall pay base rent in an annual amount sufficient to pay debt service on the bonds or other obligations of the SPWB issued to finance or refinance the facility and additional rent for payment of all administrative costs of the SPWB;
 - vi. The Regents covenants to take such actions as may be necessary to include in the University's annual budget amounts sufficient to make rental payments and to make the necessary annual allocations;
 - vii. During occupancy, The Regents shall maintain the facility and pay for all utility costs and shall maintain fire and extended coverage insurance at then current replacement cost

or an equivalent program of self-insurance, and earthquake insurance if available on the open market at a reasonable cost;

- viii. During occupancy, The Regents shall maintain public liability and property damage insurance, or an equivalent program of self insurance, on the facility and shall maintain rental interruption or use and occupancy insurance, or an equivalent program of self insurance, against perils covered in c.vii. above;
- ix. In the event of default by The Regents, the SPWB may maintain the lease whether or not The Regents abandons the facility and shall have the right to relet the facility, or the SPWB may terminate the lease and recover any damages available at law;
- x. The Regents shall be in default if the lease is assigned, sublet, or transferred without approval of the SPWB, if The Regents files any petition or institutes any proceedings for bankruptcy, or if The Regents abandons the facility;
- xi. The Regents shall cure any mechanics' or materialmen's or other liens against the facility and, to the extent permitted by law, shall indemnify the SPWB in that respect;
- xii. The Regents, to the extent permitted by law, shall indemnify the SPWB from any claims for death, injury, or damage to persons or property in or around the facility; and
- xiii. Upon termination or expiration of the lease, other than for breach or because of eminent domain, title to the facility shall vest in The Regents.

- (2) The President be authorized to identify assets to be leased in lieu of facilities constructed pursuant to a. and c. above, and to execute documents necessary to lease such assets.

Upon motion of Regent Hopkinson, 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 Regents' Policy on Appearances Before the Board and Committees - Public Comment Period*

The Special Committee recommended that the Policy on Appearances Before the Board and Committees – Public Comment Period be amended to provide as follows:

Members of the public are invited to address The Regents of the University of California whenever The Regents or any of its Committees meets in open session in accordance with the guidelines below. In addition, written communications to The Regents are always welcome.

- (1) On any day that The Regents or any of its Committees meets in open session, the first open meeting will be a twenty-minute meeting of the Committee of the Whole for the purpose of hearing public comment. Individual speakers will be permitted to speak for up to three minutes, depending on the number of individuals who have signed up to speak.
- (2) In order to accommodate those individuals wishing to speak when more people have signed up to address the Committee than can be heard, the Chairman may adjust the procedures at his/her discretion.
- (3) Speakers at the public comment sessions may address any University-related matter. When signing up to speak, speakers will identify the matter they wish to address.
- (4) A sign-up sheet is used to record those who wish to address the Committee of the Whole. Anyone who wishes to speak may call the Office of the Secretary after the Notice of Meeting for The Regents meeting has been published or may sign up on the day of the meeting. The sign-up sheet is made available at the meeting location at least one hour before the public comment period is scheduled, and members of the public must sign up prior to that scheduled time.
- (5) Three or more speakers may pool their time to provide up to seven minutes for a group representative. Those individuals intending to yield their time must be present at the meeting when their names are called to confirm their willingness to do so. If individual speaking times are reduced at the meeting, pooled times will also be reduced. Individuals who speak for less than their allotted time may not yield their remaining time to another speaker.
- (6) Written comments and materials brought for the Regents by speakers will be accepted during public comment and be available to the Regents during the duration of the meeting.

B. *Discharge of the Special Committee on UC Merced*

The Special Committee recommended that the Special Committee on UC Merced be discharged, effective immediately.

Upon motion of Regent Davies, duly seconded, the recommendations of the Special Committee on Regents' Procedures were approved.

11. REPORT OF INTERIM ACTIONS

Associate Secretary Shaw 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 and the President of the University approved the following recommendations:

A. *University of California Retirement Plan, Tax-Deferred 403(b) Plan, and Defined Contribution Plan—Adoption of Economic Growth and Tax Relief Reconciliation Act of 2001 Provisions*

- (1) That the University of California Retirement Plan (UCRP) be amended effective July 1, 2002, as set forth in [Attachment I](#), to adjust the limit on annual compensation that can be taken into account for purposes of determining retirement benefits, pursuant to Internal Revenue Code (IRC) §401(a)(17)(A), and allow that limit to be also applied to prior Plan Years for purposes of calculating a Member's Highest Average Plan Compensation (HAPC) for separations on or after July 1, 2002 as permitted by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).
- (2) The Tax-Deferred 403(b) Plan (403(b) Plan) be amended effective January 1, 2002:
 - a. As set forth in [Attachment II](#), to allow Active Participants to roll Eligible Rollover Distributions from IRC §401(a) and governmental 457(b) plans into the 403(b) Plan as permitted by EGTRRA. In addition, to amend the 403(b) Plan to allow that Rollover Contributions include contributions made to the 403(b) Plan by an Inactive Participant, which consist of Eligible Rollover Distributions from UCRP;
 - b. As set forth in [Attachment III](#), to incorporate reference to §414(v), which allows Participants age 50 and older to make additional Catch-Up contributions as permitted by EGTRRA, and IRC §402(g) and §415, which specify federal contribution limitations.
- (3) The Defined Contribution Plan (DC Plan) be amended:

- a. Effective January 1, 2002, as set forth in [Attachment IV](#), to allow Active Participants to roll Eligible Rollover Distributions from IRC §403(b) and governmental 457(b) plans into the DC Plan as permitted by EGTRRA;
- b. Effective July 1, 2002, as set forth in [Attachment V](#), to increase the limit on annual compensation for purposes of determining Employer Pickup Contributions, pursuant to IRC §401(a)(17)(A) as amended by EGTRRA.

B. *Approval of Modification of the Los Alamos National Laboratory and the Lawrence Livermore National Laboratory Contracts*

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 are responsible for modifications thereof, except for funding modifications and modifications of Appendices, which may be executed by the President.

12. REPORT OF PERSONNEL ACTION

In accordance with Bylaw 14.7(b), Associate Secretary Shaw reported that the following personnel action was taken at a Special Meeting on June 4, 2002. A roll call vote was taken (roll call vote required by State law on all actions taken in meetings held by teleconference.)

Appointment of Michael Anastasio as Director of the Lawrence Livermore National Laboratory, 100 percent, effective July 1, 2002. The roll call vote was as follows: Regents Atkinson, Blum, Davies, T. Davis, Johnson, Kozberg, Lee, Lozano, Marcus, Montoya, Moores, Pattiz, Preuss, and Seymour voting “aye” (14).

13. REPORT OF COMMUNICATIONS

Associate Secretary Shaw presented summaries of communications received subsequent to the May 2002 meeting. The residency appeals will be referred to General Counsel Holst, and the remaining communications will be referred to President Atkinson for response as appropriate.

14. 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 Report on Paid Service on Corporate Boards by Officers of the University and Officers of The Regents. May 21, 2002.
- B. List of Health Sciences Compensation Plan (HSCP) participants' compensation that exceeds the reporting threshold of \$592,400 for calendar year 2001. May 21, 2002.
- C. Annual Report on Compensation: Principal Officers of The Regents and Officers of the University. June 25, 2002. (Schedule of Reports)

To Members of the Committee on Health Services

- D. The Activity and Financial Status Report on Hospitals and Clinics as of April 30, 2002. June 4, 2002. (Schedule of Reports)
- E. The Activity and Financial Status Report on Hospitals and Clinics as of May 31, 2002. July 2, 2002. (Schedule of Reports)

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- F. Report on graduation rates at the University of California. May 28, 2002.
- G. Brief analysis concerning the gap between the number of science and engineering degrees being produced and rising demands by industry for skilled workers in these fields. July 9, 2002.

The meeting adjourned at 12:16 p.m.

Attest:

Associate Secretary

