

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

May 18, 2006

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

Present: Regents Dynes, Gould, Hopkinson, Island, Juline, Kozberg, Moores, Parsky, Pattiz, Preuss, Rominger, Rosenthal, Ruiz, Schilling, and Wachter (15)

In attendance: Regents-designate Coombs, Ledesma, and Schreiner, Faculty Representatives Brown and Oakley, Secretary Trivette, General Counsel Holst, Interim Treasurer Berggren, Acting Provost Hume, Senior Vice President Darling, Vice Presidents Gomes and Hershman, Chancellors Carnesale, Córdova, Fox, Vanderhoef, and Yang, and Recording Secretary Bryan

The meeting convened at 3:20 p.m. with Chairman Parsky presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Upon motion of Regent Hopkinson, duly seconded, the minutes of the meetings of March 2006 were approved.

2. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

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

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

3. RESOLUTION IN APPRECIATION – ALBERT CARNESALE

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

WHEREAS, on June 30, 2006, Albert Carnesale will step down as the eighth Chancellor of the University of California, Los Angeles following nine years of distinguished service to the campus and the University, having provided academic and administrative leadership of the highest order in leading one of the state's finest institutions of higher education to ever greater levels of accomplishment and prestige; and

WHEREAS, recognizing UCLA's extraordinary place in the pantheon of the great universities in history and warmly embracing the spirit of the campus, he has been steadfast in his determination to ensure UCLA's stature among the world's preeminent research universities, seeking out the finest scholars, advancing its renowned research programs that benefit humanity, enriching the undergraduate experience by bringing top faculty and undergraduates together in small classes, placing increased emphasis on undergraduate research, and expanding UCLA's international studies program; and

WHEREAS, a skilled, creative, and forceful leader, he has been ardent in his efforts to provide a UC education to students of widely varying backgrounds, exemplified most notably in UCLA's having recorded the largest percentage of low-income Pell Grant students among the 62 members of the American Association of Universities, while the academic qualifications of UCLA's student body has significantly increased; and

WHEREAS, the campus will be ever in his debt for his dedication to ensuring its financial stability through his careful oversight of the most successful fund-raising campaign in the history of higher education, one in which more than \$3 billion was raised, funds that will continue its essential capital projects, as well as deepen and broaden the campus's already superlative achievements in education, research, community service, and health care; and

WHEREAS, an eminent scholar, he is internationally renowned as an authority on nuclear proliferation and the effects of technological change on foreign and defense policy, one who has been called upon to serve as a consultant to presidents and as a United States representative in negotiations on defense and energy issues, including the Strategic Arms Limitations Talks;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their sincere gratitude and warm appreciation to Albert A. Carnesale for the valuable contributions he has made to the University, the state, and the nation, and extend to him every best wish as he returns to his academic endeavors;

AND BE IT FURTHER RESOLVED that the Regents extend to Al and Robin Carnesale their affectionate good wishes for a future rich in the satisfaction of a job well done and direct that a suitably inscribed copy of this resolution be presented to them as a token of the Regents' warm friendship and lasting esteem.

4. RESOLUTION IN APPRECIATION – WINSTON C. DOBY

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

WHEREAS, Winston C. Doby will retire on June 30 as Vice President–Student Affairs, having devoted his life and distinguished career to advancing the educational opportunities for California’s disadvantaged and at-risk youths, always exhibiting enormous understanding and commitment to the great challenges involved in making higher education accessible to all; and

WHEREAS, his long and remarkable association with the University of California is deeply rooted, extending back over three decades when, as a student at UCLA, he undertook a rigorous course of study, earning not only a bachelor’s degree in mathematics, but also a master’s degree in education and a doctorate in higher education, thus becoming the quintessential role model for minority and disadvantaged teens throughout California and the nation; and

WHEREAS, a modest man, whose warmth and humanity have been the hallmark of a remarkable career, his deep compassion for the youth of California has found expression in his role as a forthright advocate for the educational rights of the underprivileged, always principled in action and singularly steadfast in his commitment to opening wide the doors of opportunity to the poor and educationally disadvantaged of the state; and

WHEREAS, he spent the majority of his professional career at UCLA, rising rapidly through the ranks to become Vice Chancellor for Student Affairs, a position in which he diligently sought to make a meaningful difference in the lives of those seemingly overlooked by the K-12 educational system by extending a welcoming hand and encouraging message to youngsters who might never have considered the possibility of attending college, creating a pilot program to improve competency in mathematics among middle school students, creating UCLA’s Academic Advancement Program, establishing the Career-Based Outreach Steering Committee, co-founding the Young Black Scholars Program, founding a charter school for high school dropouts, and initiating the Black Male Achievement Project and the Los Angeles Sports Academy; and

WHEREAS, in his current role as the University’s Vice President–Student Affairs, a position he has held since 2002, he has provided visionary leadership of the highest order to the University in enhancing and bringing innovation to its ambitious academic outreach activities, worked diligently to ensure students from all walks of life receive the preparation necessary for college-level academic work, and ably led the University’s efforts in coordinating with K-12 educators throughout California to improve teacher quality and student performance, all of which have contributed to increasing the state’s

competitiveness in a global economy where educational attainment is a paramount requirement for success;

NOW, THEREFORE BE IT RESOLVED, the Regents note with regret that Winston Doby's retirement from the University of California marks the departure of a devoted, insightful, and inspiring educational leader, a true beacon of hope for the less fortunate of the state, whose pioneering efforts have changed for the better the lives of thousands and increased California's awareness of the need for greater educational opportunity for all, one whose idealism, caring, and dedication will be sorely missed by the Board and his colleagues;

AND BE IT FURTHER RESOLVED that the Regents express their regard for Winston Doby and extend their heartfelt good wishes that the years ahead are enjoyable and filled with accomplishment of the kind that has so clearly marked his professional career, and direct that a suitably inscribed copy of this resolution be presented to him as a token of the Regents' friendship and gratitude.

Regent Rosenthal expressed thanks to Vice President Doby for his many years of dedicated service to the University and his unwavering efforts to make a difference in the lives of many young people. He has championed the message that a UC education is attainable to students who may never have considered the possibility of attending college.

5. **RESOLUTION IN APPRECIATION – ERIC G. JULINE**

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

WHEREAS, Eric G. Juline will complete his term on the Board of Regents of the University of California on June 30, 2006, having served the past two years as a Regent-designate and as an Alumni Regent with great dedication, ability, enthusiasm, and an unflagging loyalty to his beloved Alma Mater; and

WHEREAS, his service as a Regent is the capstone of a long and fruitful association with the University, which began almost four decades ago when he joined the UCLA community, where he earned a bachelor's degree in economics and a master's degree in business administration, thereafter becoming an ardent booster of the campus, serving as President of the UCLA Alumni Association, President of the Bay Area Bruins, as well as a member of the boards of the Sacramento Area UCLA Alumni, UCLA Club of San Diego, and the Anderson Alumni Association San Diego Chapter; and

WHEREAS, a highly respected leader in the corporate community, the judgment and perception he used so ably in his long and successful tenure at PricewaterhouseCoopers LLP have added immeasurably to the Board's

deliberations in which he was always steadfast in his commitment to advancing the cause of public higher education in the Golden State and to ensuring that the University remains accessible and affordable for all students, and

WHEREAS, his considerable business acumen, intellect, and pragmatic understanding of the University of California have been invaluable assets to the Board and the University's administration as they have sought to maintain academic quality in the face of sometimes difficult challenges, thus making him an invaluable resource to the Committees on Finance, Grounds and Buildings, Oversight of the Department of Energy Laboratories, and Educational Policy; and

WHEREAS, a man passionately committed to the well being of the University, he has been devoted in his efforts to enhance and strengthen every aspect of its historic mission of teaching, research, and public service;

NOW, THEREFORE, BE IT RESOLVED that the Regents express their gratitude to Eric Juline for the many valuable contributions he has made to the Board over the past two years, for his steadfast attention to finding solutions to complex and difficult issues facing the University, and for the high ideals and strength of commitment that he has brought to the Board of Regents;

AND BE IT FURTHER RESOLVED that the Regents extend to Eric and his wife, E, their best wishes and direct that a suitably inscribed copy of this resolution be presented to them as a lasting expression of the Board's regard and friendship.

6. **RESOLUTION IN APPRECIATION – RICHARD E. ROMINGER**

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

WHEREAS, on June 30, 2006, Richard E. Rominger will conclude his term as an Alumni Regent of the University of California, having fulfilled his duties in an exemplary manner, bringing to the Board's endeavors during an especially difficult period for the University and public higher education an exceptional combination of knowledge and experience; and

WHEREAS, a proud summa cum laude graduate of the University of California, Davis, he has served the campus and the University with distinction as a member of the Board of the Cal Aggie Alumni Association, Director of the UC Davis Foundation, and as Secretary and now President of the Alumni Associations of the University of California; and

WHEREAS, a lifelong family farmer and highly respected agricultural leader, he has brought his considerable talent and knowledge to bear upon the critical

agricultural issues and challenges facing the state and the nation, serving with great distinction and honor as Secretary of Agriculture for California, U.S. Deputy Secretary of Agriculture, and as a member of the California Agriculture Executives Roundtable and the Board of the American Farmland Trust; and

WHEREAS, in addition to his noted efforts in the formulation of State and national agricultural policy, he has served as an invaluable link between the University and California's vitally important agricultural industry, thoughtfully lent his expertise as an agricultural advisor to the Davis and Riverside campuses, and worked tirelessly to ensure California's stature as the premier leader in the agricultural field, nationally and internationally; and

WHEREAS, as a Regent of the University of California, a role he has undertaken with great enthusiasm, he has worked diligently to promote a greater awareness of the contributions of the University to the state and the world and as a member of the Regents' Committees on Audit, Health Services, and Oversight of the Department of Energy Laboratories, he has brought a thoughtful perspective and wise counsel to the Committees' deliberations, all of which are testimony to his profound loyalty to the University, as well as to his abiding interest in the critical issues facing the University and all of higher education;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California commend Richard Rominger on his exemplary service, express their deep respect for his devotion to the cause of higher education in California, and convey their warm appreciation for the knowledge and wisdom he has brought to the Board's deliberations;

AND, BE IT FURTHER RESOLVED that the Regents extend to Richard and Evelyne their best wishes for a rich and full life and direct that a suitably inscribed copy of this resolution be presented to them as a symbol of the Regents' continuing friendship and esteem.

7. RESOLUTION IN APPRECIATION – ADAM ROSENTHAL

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

WHEREAS, Adam Rosenthal, a doctoral candidate in jurisprudence on the Davis campus, will complete his term as the 31st student Regent on June 30, 2006, having brought to the Board a fresh perspective, high energy, and wholehearted dedication; and

WHEREAS, his regental appointment followed an impressive record of accomplishment in education in which he combined intellectual achievement with practical experience, acquiring two teaching credentials, participating for

two years as a teacher in Oakland with Teach for America and serving as a member of the UC Davis Law School Committee on Educational Policy, all with an eye toward making K-12 education more effective; and

WHEREAS, always passionate in his beliefs and holding firm to the courage of his convictions, he can look back with great pride on his determined efforts to have the Board of Regents divest from companies conducting business in Sudan, secure in the knowledge that his principled viewpoints were extremely valuable and highly influential in ensuring passage of this historic item; and

WHEREAS, in addition to his invaluable contributions to the University on a wide range of challenging and vital issues that affect higher education, including affordability, student mental health, student diversity, the possible reopening of the Education Abroad Program in Israel, enhancement of K-12 education in California, and the future of UC's professional schools, he has also contributed an articulate, thoughtful, and impassioned point of view to the Regents' Committees on Educational Policy, Health Services, and Investments; and

WHEREAS, his idealism, diplomacy, and devotion to making higher education a grand reality rather than a dream for qualified students from across the state have not only benefitted California's youth but have added immeasurably to the Board's discussion of the various avenues of making public higher education accessible and affordable;

NOW, THEREFORE, BE IT RESOLVED that the Regents express to Adam Rosenthal their warmest appreciation for his committed service, keen vision, tact, and dedication to the highest ideas of public service;

AND BE IT FURTHER RESOLVED that the Regents direct that a suitably inscribed copy of this resolution be present to Adam and Jami as an expression of their Regents' lasting friendship and warmest good wishes for success in their future.

8. **RESOLUTION IN APPRECIATION – PATRICIA LEIGH TRIVETTE**

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

WHEREAS, it is with great pleasure, tinged with a hint of regret, that The Regents of the University of California express their deep appreciation and warmest gratitude to Patricia Leigh Trivette, Secretary of The Regents, a treasured friend and esteemed colleague, who is retiring after 26 years of devoted service to the University, 13 of which as a Principal Officer of The Regents; and

WHEREAS, it was the Board's very good fortune when Leigh joined the Secretary's Office in 1982 as Assistant to the Secretary, a position in which her knowledge of higher education, perceptive mind, and business acumen were brought to bear upon a variety of concerns, thus earning her the lasting respect of her colleagues and of the Regents; in recognition of those exceptional abilities she was later appointed to the positions of Assistant Secretary of The Regents and Associate Secretary of The Regents, before her selection in 1993 as Secretary of The Regents; and

WHEREAS, throughout her tenure as Secretary, she has worked seamlessly with three Presidents, eight Chairmen, and scores of Regents in order that the Board's numerous logistical, administrative, and legal requirements were consistently met, thereby ensuring the effective administration of this renowned institution, all of which were accomplished with the same six dedicated and talented staff members, whose admiration of and devotion to her are testimony not only to her sterling leadership qualities, but, most especially, to her warmth and humanity; and

WHEREAS, with a profound understanding of the unique character of the Board, uncommon sensitivity to its needs, detailed knowledge of the issues facing the University and higher education, and unflagging energy, she has calmed many a volatile meeting with a temperate approach, tact, good humor, and, not the least of which, southern charm; and

WHEREAS, in recognition of her notable contributions to her profession as a leader, member, and contributor for the Association of Governing Boards of Universities and Colleges' programs and publications, as a role model and mentor for colleagues in colleges and universities throughout the country, as well as for her thoughtful insights on higher education board governance, her peers on the Board Professional Staff Planning Committee of the Association of Governing Boards have elected to honor her for outstanding service at their next annual conference;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California take pleasure in honoring Leigh Trivette and in conveying to her their heartfelt appreciation for the pleasure of her company and friendship, which Regents past and present have been privileged to enjoy, for her singular devotion to the highest ideals of The Academy, as well as for her steadfast service to the Board and to higher education, all of which have benefitted enormously from her devoted service;

AND BE IT FURTHER RESOLVED that the Regents extend to Leigh and her husband, Rick Malaspina, their best wishes for a life rich in the company of cherished family and good friends, and further direct that a suitably inscribed copy of this resolution be presented to them as a remembrance through the years of the Regents' abiding, esteem, affection, and friendship.

Regent Preuss observed that every member of the Board shared his regret that they would no longer be serving with Secretary Trivette, who he noted has worked with efficiency, grace, common sense, and near infinite patience. She has been a friend and advocate for every Regent and will be missed by all.

Secretary Trivette commented that she had enjoyed her 23 years of service to the Board. She thanked the Regents for the trust they had placed in her and her office and for their friendship and their devotion to the University.

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

A. *Authorization of Leases and Agreements for Seismic Corrections, San Francisco Campus Medical Center Facilities*

The Committee recommended that, subject to adoption by the State Public Works Board of a resolution authorizing the issuance of State Public Works Board (SPWB) Lease Revenue Bonds and authorizing interim loans from the State's Pooled Money Investment Account or General Fund for the UCSF Medical Center SB 1953 Moffitt/Long 2008 project at the San Francisco campus:

- (1) The President or the Secretary be authorized to:
 - a. Execute an unsubordinated site lease from The Regents to the SPWB for the project named above, said lease to contain provisions substantially as follows:
 - i. The site shall comprise the approximate size of the footprint for the 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. 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.
 - 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 the project named above, said agreement to contain the following provisions:
- i. The SPWB agrees to finance construction of the project, as authorized by statute.
 - 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 the 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 re-let 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 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.
 - 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 the President or the Secretary be authorized to execute documents necessary to lease such assets.

B. *Authorization to Establish Indenture for Academic Medical Center Pooled Revenue Bonds to Finance and Refinance Debt for UC Medical Centers and, Subject to the Concurrence of the Chairman of the Board and the Chair of the Committee on Finance, to Execute Interest Rate Swaps Where Appropriate to Reduce Interest Rate Expense of Such Bonds*

The Committee recommended that:

- (1) The President be authorized to establish an indenture to refinance existing debt of the University of California medical centers and to finance and refinance debt for new medical center projects, subject to the following:
 - a. Revenues of all UC medical centers be pooled and used to pay debt service on bonds issued under the indenture, regardless of which medical center uses proceeds of borrowing.
 - b. Bonds may be issued as fixed rate bonds or variable-rate bonds, or as taxable or tax exempt bonds or with such other terms and conditions as may be determined in supplemental indentures.
- (2) The President be authorized, where appropriate and subject to the concurrence of the Chairman of the Board and the Chair of the Committee on Finance, to execute interest rate swaps based on receiving either a percentage of the Bond Market Association Tax-exempt Index, the taxable LIBOR index, or similar indices to achieve a lower synthetic fixed rate for the bond issue or otherwise to achieve the desired interest rate risk profile.
- (3) The Officers of The Regents be authorized to execute all documents, including the indenture, necessary in connection with the above.

C. *Authorization and Approval of University Co-Guarantee of Workers' Compensation Obligations of Los Alamos National Security LLC*

The Committee recommended that the President or his designee be authorized to take such actions and execute such documents as are necessary for the University to act as co-guarantor, along with Bechtel National, Inc., of the workers' compensation obligations of Los Alamos National Security, LLC arising from its management of the Los Alamos National Laboratory under contract with the United States Department of Energy, National Nuclear Security Administration.

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

The Committee recommended the amendment of the Policy on Settlement Claims and Litigation and its renaming as the Policy on Settlement of Litigation and Non-Employee Claims (*attached*).

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

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

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Anteater Recreation Center (ARC), Step 3, Irvine Campus*

The Committee recommended that:

Pursuant to Standing Order 100.4(q) and Standing Order 100.4(nn)

- (1) The 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Irvine: Anteater Recreation Center (ARC), Step3 – preliminary plans, working drawings, and construction – \$16,397,000 to be funded from ARC Reserves (\$8,297,000) and external financing (\$8,100,000).

- (2) External financing be approved not to exceed \$8,100,000 to finance the project listed in (1) 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. As long as debt is outstanding, University of California Student Recreation Center Fees at the Irvine campus, approved by student vote in May 1996 and approved by The Regents in March 1997, shall generate excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed financing.

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.

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Housing 3, Merced Campus***

The Committee recommended that the 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Merced: Housing 3 – preliminary plans – \$1.6 million to be funded from the Merced campus' share of the UC Housing System Net Revenue Reserves.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvements and the Capital Improvement Program and Amendment of External Financing for Davis Hall North Replacement Building, Berkeley Campus***

The Committee recommended that:

- (1) The 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by strikeout, additions by underscore

Berkeley: Davis Hall North Replacement Building – preliminary plans, working drawings, construction, and equipment – ~~(\$161,490,000)~~ (\$176,830,000), to be funded from the State through the California Institutes for Science and Innovation program (\$87,325,000), gifts ~~(\$54,165,000)~~ (\$58,670,000), and external financing ~~(\$20,000,000)~~ (\$29,735,000), and campus funds (\$1,100,000).

- (2) The President be authorized to obtain external financing not to exceed ~~\$20,000,000~~ \$29,735,000 to finance the Davis Hall North Replacement Building 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 Berkeley campus' share of the University Opportunity Fund.
 - c. The general credit of The Regents shall not be pledged.

- (3) The President be authorized to obtain standby financing not to exceed ~~\$18,754,000~~ \$28,000,000 and interim financing not to exceed \$12,050,000, for a total of ~~\$30,804,000~~ \$40,050,000, 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 the Berkeley campus' share of the University Opportunity Fund.
 - 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.

D. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Amendment of External Financing for San Diego Supercomputer Center Expansion, San Diego Campus*

The Committee recommended that:

- (1) The 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by strikeout, additions by underscore

San Diego: San Diego Supercomputer Center Expansion – preliminary plans, working drawings, construction, and equipment – ~~\$41,738,000~~ \$48,860,000, to be funded from external financing (~~\$40,738,000~~) (\$47,860,000) and campus funds (\$1,000,000).

- (2) The President be authorized to obtain external financing not to exceed ~~\$40,738,000~~ \$47,860,000 to finance the project listed in (1) 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 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.

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

The Committee recommended that:

- (1) The 2005-06 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by ~~strikeout~~, additions by underscore

Los Angeles: Kinsey Hall Seismic Correction, Phase 2 – preliminary plans, working drawings and construction – ~~\$37,523,000~~ \$34,900,000 to be funded from State funds ~~(\$19,016,000)~~ (\$18,922,000) (\$18,992,000), federal funds (\$3,950,000), ~~gift funds~~ external financing (\$7,524,000), and campus funds ~~(\$7,033,000)~~ (\$4,434,000).

- (2) ~~The Committee on Finance recommend to The Regents that the Treasurer be authorized to obtain interim financing not to exceed \$7,524,000 to finance the Kinsey Hall Seismic Corrections, 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.~~
 - c. ~~The general credit of The Regents shall not be pledged.~~

Pursuant to Standing Order 100.4 (nn)

- (2) The President be authorized to obtain external 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 Los Angeles Campus Opportunity Funds.
 - 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.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Amendment of External Financing for Health Sciences Seismic Replacement Building 2, Los Angeles Campus***

The Committee recommended that:

- (1) The 2005-2006 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by strikeout, additions by underscore

Los Angeles: Health Sciences Seismic Replacement Building 2 – preliminary plans, working drawings, construction and equipment – ~~\$60,105,000~~ \$67,798,000 total project cost, to be funded from State funds (\$29,725,000), ~~and gift funds (\$30,380,000) (\$1,757,000)~~ (\$1,000,000), and external financing ~~(\$36,316,000)~~ (\$37,073,000).

- (2) ~~The President be authorized to obtain interim financing not to exceed \$26,123,000 for any gift funds not received during the construction period and subject to the conditions that:~~
- (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 gift funds and in the event such gift funds are insufficient, from the School of Medicine quasi-endowments to be identified and confirmed with the President.~~
- (c) ~~The general credit of The Regents shall not be pledged.~~

Pursuant to Standing Order 100.4 (nn)

- (2) The President be authorized to obtain external financing not to exceed \$37,073,000 to finance the Health Sciences Seismic Replacement Building 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 the Los Angeles 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.

G. ***Adoption of Mitigated Negative Declaration and Approval of Design, Social and Behavioral Sciences Building, Irvine Campus***

Upon review and consideration of the environmental consequences of the proposed project as evaluated in the 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 the Social and Behavioral Sciences Building, Irvine campus.

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

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

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

The Committee recommended that the following resolution be adopted to express appreciation on behalf of The Regents to the trustees of the campus foundations and the board members of the campus alumni associations:

WHEREAS, over the past ten years, private support of the University of California has grown from \$607 million to \$1.2 billion, a record unmatched by any university in the nation; and

WHEREAS, the need for additional private support will continue to grow in the coming years in order to maintain the excellence of the University and preserve opportunities for students and the people of the State of California; and

WHEREAS, success in this area requires the active participation and involvement of alumni and non-alumni volunteers; and

WHEREAS, the trustees of the ten campus foundations and the board members of the nine campus alumni associations have been essential to the success of the University's private support efforts and public involvement in communities throughout California; and

WHEREAS, these alumni board members and foundation trustees are individuals of both great personal accomplishment and dedication to the University, who bring to it a wealth of experience and professional expertise as well as contribute generously of their time and considerable talents as goodwill ambassadors and selfless volunteers on the University's behalf; and

WHEREAS, the officers, board members, and trustees of the University's alumni associations and campus foundations will continue to be at the forefront of the many successful fundraising campaigns that will be necessary to maintain the quality of the University;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California extend their sincere appreciation to the trustees of the University of California campus foundations and the board members of the campus

alumni associations for their loyal and generous dedication to the University and those it serves, and for the advancement of the University through their philanthropic endeavors and enthusiastic advocacy;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be presented to the trustees of the campus foundations and the board members of the campus alumni associations as an expression of the Regents' enduring gratitude for their continuing and extraordinarily successful efforts on the University's behalf.

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

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

A. ***General Endowment Pool Asset Allocation and Benchmarks***

The Committee recommended that the asset allocation and benchmarks for the University of California General Endowment Pool, as shown in the attached Investment Policy Statement, be approved, effective July 1, 2006.

B. ***Approval of Treasurer's Office Annual Incentive Plan Recommended Changes to Performance Objectives for FY 2006-07***

The Committee recommended that the incentive program asset class investment performance objectives be modified as indicated in the attached Performance Objectives.

C. ***Approval of Investment Policy Statement for UC Retirement Savings Program***

The Committee recommended that the attached Investment Policy Statement for the UC Retirement Savings Program be approved, effective immediately upon approval.

Upon motion of Regent Wachter, the recommendations of the Committee on Investments were approved.

13. **REPORT OF THE COMMITTEE ON AUDIT***Approval of Annual Report, Internal Audit Plan 2006-07*

The Committee recommended that the Annual Report, Internal Audit Plan 2006-07, be approved.

[The annual report was mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Upon motion of Regent Ruiz, duly seconded, the recommendation of the Committee on Audit was approved.

14. **REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**A. *Amendment of Bylaw 20: Designation of Associates and Assistants of the Principal Officers of The Regents, Including University Counsel, as Corporate Officers*

The Committee recommended that:

- (1) Service of notice be waived.
- (2) Bylaw 20 be amended as follows:

Deletions shown by strike out, additions by underscore

BYLAW 20

OFFICERS OF THE CORPORATION

20.1 Designation and Qualifications.

The Officers of the Corporation shall be President of the Board (who shall be the Governor of the State); ~~;~~ Chairman; ~~;~~ Vice Chairman; ~~;~~ the following who shall collectively be known as the Principal Officers of The Regents: Secretary, Treasurer and Vice President for Investments (who also serves as an Officer of the University), General Counsel and Vice President for Legal Affairs (who also serves as an Officer of the University); ~~;~~ and such associates and assistants of the foregoing Principal Officers as the Board from time to time shall appoint they may from time to time designate in their respective areas of responsibility as Officers of the Corporation. The President, Chairman, and Vice Chairman shall be members of the Board, but membership on the Board shall not be a necessary qualification for other Officers. Any Officer, other than the President, Chairman, and Vice Chairman, may hold as many offices as the Board shall determine.

20.2 Election.

The Board shall elect ~~at~~ the Chairman, Vice Chairman, and Principal Officers except the President, who shall be the Governor of the State. The Chairman and Vice Chairman shall be elected at the May meeting of the Board and shall hold office for one year commencing on July 1 and until their successors are elected. In event of an interim vacancy in the office of Chairman, the Vice Chairman shall hold office until a successor is elected. The Chairman of the Board shall not be elected for more than two consecutive years plus an immediately preceding unexpired term, if any. The Vice Chairman of the Board shall not be elected for more than one term plus an immediately preceding unexpired term, if any. All other Officers shall be elected at such times as vacancies may occur and shall hold office at the pleasure of the Board. The election and removal of ~~at~~ the Chairman, Vice Chairman, and Principal Officers of the Corporation shall be by the affirmative vote of a majority of the members of the Board, except that the election of a Chairman Pro Tempore shall be by the vote of a majority of the members of the Board present and voting at any regular or special meeting of the Board at which such election takes place.

B. *Evaluation of Regents' Standing Committees – Organization and Responsibilities*

The Committee recommended that a working group be established to evaluate the organization and responsibilities of the Standing Committees. The working group will make recommendations to The Regents for amendments to the Bylaws and Standing Orders based on its study.

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

15. REPORT OF THE SPECIAL COMMITTEE ON COMPENSATION**A. *Approval of Treasurer's Office Annual Incentive Plan Recommended Changes to Performance Objectives for FY 2006-07***

The Committee recommended that the Performance Objectives for the Office of the Treasurer's Annual Incentive Plan be modified to reflect the 2006-07 asset class investment performance objectives as indicated in the Attachment as approved by the Committee on Investments.

B. ***Amendment of the University of California Retirement Plan to Facilitate the Transition of the Los Alamos National Laboratory to the Los Alamos National Security, LLC and to Clarify the UCRP Fiduciary Oversight Structure***

The Committee recommended that, effective June 1, 2006, UCRP be amended as necessary to:

- (1) Allow all active LANL employees who are UCRP members, including those who previously retired and suspended their UCRP retirement income upon reemployment, to take advantage of any of the retirement options provided for by the RFP and/or contractual obligations with LANS and the DOE/NNSA. Such options include:
 - Voluntary transfer of accrued benefits and service credit under UCRP through May 31, 2006 (with the exception of the CAP benefit) to the LANS defined benefit plan, on the condition that such transferred service credit may not be re-established upon subsequent employment with UC and that such transfer extinguishes all rights to further UCRP benefits (other than CAP).
 - Retain rights to UCRP benefits, if eligible, by either retiring or electing inactive membership under UCRP.
 - If the second option is chosen, retain rights to have unused sick leave converted to UCRP service credit upon retiring under UCRP (within 120 days of separation of UC employment) by electing to leave unused sick leave at UC or waiving such rights by transferring unused sick leave to LANS.
- (2) Provide that if a LANL member elects to participate in the LANS defined benefit plan, and a designated payee named in a domestic relations order (DRO) is entitled to a share of the member's UCRP benefits, the designated payee may elect to have his or her benefits retained in UCRP and distributed under UCRP terms, including the lump sum option, which is not available in the LANS defined benefit plan.
- (3) Provide the appropriate UCRP service credit for LANL employees returning from military leave.
- (4) Allow subsequent transfers of UCRP assets and liabilities to the LANS defined benefit plan on behalf of UC employees who transfer employment to LANS after June 1, 2006 for reasons deemed critical to LANL's ongoing mission.

- (5) Retain the CAP benefit in UCRP for LANL members who transfer their UCRP accrued benefit and service credit to the LANS defined benefit plan and, based on Internal Revenue Service (IRS) guidance, prohibit distribution of their CAP benefits until they separate employment with LANS.

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

16. **REPORT ON PERSONNEL ACTIONS**

In accordance with Bylaw 14.7(b), Secretary Trivette reported the following personnel action taken at the March 15, 2006 meeting. There was no roll call vote taken on this action.

Appointment of George H. Miller as Interim Director, Lawrence Livermore National Laboratory, 100 percent, effective March 16, 2006.

17. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary Trivette presented summaries of communications received subsequent to the March 2006 meeting. The residency appeals were referred to the General Counsel, and the remaining communications were referred to the President for response as appropriate.

[A copy of the Report of Communications Received is on file in the Office of the Secretary.]

18. **SUPPLEMENTAL REPORT ON COMPENSATION**

A. ***Compensation for Anne L. Shaw as Acting Secretary of The Regents***

The Special Committee on Compensation recommended that an administrative stipend of \$14,800 per year (15 percent) be approved for Anne L. Shaw as Acting Secretary of The Regents, bringing her total annual salary from \$98,500 to \$113,300, 100 percent time, effective June 28, 2006.

Additional items of compensation include:

- Standard Pension and Health and Welfare Benefits

B. ***Contract Appointment and Compensation for Lawrence C. Hershman as Vice President–Budget, Office of the President***

The Special Committee on Compensation recommended that the following be approved for Lawrence C. Hershman as Vice President–Budget, Office of the President, effective July 17, 2006:

- (1) A 12-month contract with a 60-day termination clause by either party.
- (2) A total annual salary not to exceed \$150,000.
- (3) Reimbursement of reasonable and actual business-related travel and entertainment expenses.

All pension accrual as well as participation in the Senior Management Supplemental Benefit Program will cease as of June 16, 2006.

Mr. Hershman will receive his normal benefits in addition to his retirement income.

C. ***Compensation for Albert Carnesale as Professor of Public Policy and Mechanical and Aerospace Engineering, Los Angeles Campus***

The Special Committee on Compensation recommended that the following appointment compensation be approved for Albert Carnesale as Professor, Step IX off scale, in the Departments of Public Policy and Mechanical and Aerospace Engineering, Los Angeles campus, 100 percent time:

- (1) For the period July 1, 2006, through June 30, 2007, total salary of \$323,600 while he is on sabbatical leave. This is his current base salary as Chancellor and is consistent with the provisions of Academic Personnel Policy 758, which govern these types of leaves.
- (2) Effective July 1, 2007, total academic salary of \$201,700, as Professor, Step IX off scale.

Additional items of compensation include:

- Mortgage Origination Program loan of up to \$1.5 million;
- Actual moving costs from University house to his personal residence, split between Los Angeles and Boston (papers, books and research materials to be used in Boston during sabbatical to prepare for returning to UCLA as Professor), not to exceed \$12,000.

Upon motion of Regent Hopkinson, duly seconded, the Supplemental Report on Compensation was approved.

19. REPORT OF THE PRESIDENT: MAILINGS BETWEEN MEETINGS

On the dates indicated, the following were mailed to The Regents or to its Committees:

To Members of the Committee on Audit

- A. Internal Audit Activity report for the quarter ended December 31, 2005. March 14, 2006. (Schedule of Reports)
- B. Annual Audit Report of Hastings College of the Law for the year ended June 30, 2005. March 22, 2006

To Members of the Committee on Educational Policy

- C. *Statistical Summary of Students and Staff for Fall 2005*. March 28, 2006 (Schedule of Reports)

To Members of the Committee on Health Services

- D. Activity and Financial Status Report for the UC Medical Centers for the six months ended December 31, 2005. March 2, 2006. (Schedule of Reports)
- E. Activity and Financial Status Report for the UC Medical Centers for the seven months ended January 31, 2006. March 23, 2006. (Schedule of Reports)
- F. Activity and Financial Status Report for the UC Medical Centers for the eight months ended February 28, 2006. April 11, 2006. (Schedule of Reports)

The Regents of the University of California

- G. Testimony by Chairman Parsky before the State Senate Education Committee and Senate Budget Committee Subcommittee on Education concerning UC Compensation. February 22, 2006.
- H. *UCOP Office of Financial Management Risk Services Annual Report 2004/2005*. March 8, 2006.
- I. Comprehensive systemwide academic planning process the University has begun that builds upon existing campus activities. March 14, 2006
- J. Fee levels for self-supporting professional degree programs approved for 2003-2004, as provided by Regental action at the November 1998 meeting. March 23, 2006

- K. Letter from Chairman Parsky and President Dynes to the Governor and to all members of the California State Legislature regarding actions taken to strengthen Regental oversight, accountability, and public disclosure of executive compensation and related matters. April 5, 2006
- L. Statement by Chairman Parsky setting a separate meeting date on April 24th to consider the PricewaterhouseCoopers' audit report. April 10, 2006
- M. UC Press release entitled "President Dynes Announces Steps in Response to Task Force Recommendations." April 17, 2006
- N. Fall 2006 freshman admission process data. April 19, 2006
- O. PricewaterhouseCoopers' report entitled "Examination of Compensation and Other Employment Arrangements," and Report of the Task Force on UC Compensation, Accountability and Transparency. April 21, 2006
- P. Statements by Chairman Parsky and President Dynes on the PricewaterhouseCoopers' Audit of UC Compensation. April 24, 2006
- Q. Report of the Bureau of State Audits on the Audit of UC Compensation. May 2, 2006
- R. Statements by Chairman Parsky and President Dynes on the Audit of UC Compensation by the Bureau of State Audits. May 2, 2006
- S. Statements by Chairman Parsky and President Dynes in response to statements by Senators Maldonado, Romero and Denham. May 3, 2006
- T. Report on referendum-based student fees for 2005-06. May 3, 2006

The meeting adjourned at 3:40 p.m.

Attest:

Secretary