The Regents of the University of California

COMMITTEE ON GROUNDS AND BUILDINGS
July 18, 2006

The Committee on Grounds and Buildings met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Coombs, Hopkinson, Johnson, Kozberg, Ledesma, Ruiz, Schilling, and Schreiner; Advisory members Brown and Miller

In attendance: Acting Secretary Shaw, Acting General Counsel Blair, Vice President Hershman, and Recording Secretary Bryan

The meeting convened at 12:05 p.m. with Committee Chair Kozberg presiding.

1. **PUBLIC COMMENT**

Committee Chair Kozberg announced that there were no requests to speak.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of May 16, 2006 were approved.

3. **APPROVAL OF AMENDED STATE CAPITAL IMPROVEMENTS BUDGET CONSISTENT WITH THE FINAL 2006-07 BUDGET ACT**

The President recommended that the State Capital Improvements Budget for 2006-07 be amended as follows:

A. Delete $24,616,000 for working drawings and construction for the Berkeley campus, Seismic Safety Corrections Giannini Hall project.

B. Add $24,616,000 for construction for the Santa Barbara campus, Education and Social Sciences Building project.

It was recalled that the 2006-07 State-funded capital improvements budget approved by The Regents in November 2005 was amended in the final 2006 State Budget Act approved by the Governor and the Legislature. It is proposed that The Regents amend the 2006-07 State-funded Capital Improvements Budget to reflect these changes.

The 2006-07 Capital Improvements Budget included $24,616,000 in State bond funds for working drawings and construction for the Seismic Safety Corrections Giannini Hall project at the Berkeley campus to improve the seismic resistance of the historic building and provide mandatory accessibility and fire and life safety corrections. The campus had

intended to use campus funds to address other necessary building renewal work to be undertaken in conjunction with the project; however, costs for the additional renewal work were significantly higher than originally projected. As a result, the campus requested that the project be deferred. The project remains a priority for the campus and will be included in the future when sufficient funds are available.

State funding of $49,706,000 for construction for the Education and Social Sciences Building project at the Santa Barbara campus was included in the 2004 Budget Act. Recognizing the volatility of current market conditions, the campus maintained a vigorous value-engineering effort during design to attempt to deliver the project within available funds. The initial bids received were significantly higher than the pre-bid estimate. The project was re-bid in an effort to reduce the overage. The bid results received in February 2006 were over by approximately $25 million. The campus evaluated several options for responding to the bid overages, including reducing space in each of the new buildings, but this was determined to be unfeasible as it would significantly reduce the functionality of the new facilities. The campus also considered deferring construction of the building intended to house the Gevirtz Graduate School of Education, but this option would leave growth pressures in the programs of humanities, social sciences, and education unaddressed. After careful consideration, the campus proposed to proceed with the project in its entirety and to request an augmentation of $24,616,000 to the budget. The additional funding is dependent upon passage of the 2006 Kindergarten-University Public Education Facilities Bond measure in November.

Committee Chair Kozberg asked how the bond monies are allocated among campuses and within campus priorities. Vice President Hershman recalled that there is an agreement with the Governor under the Compact for $345 million a year for the basic program. Each campus is given a five-year allocation from the State program for capital purposes. Those allocations are related to enrollment expansion and to the size of the existing plant and typically are used for life safety, seismic, and rehabilitation projects. Through consultation, the campuses develop priorities which are fit into a total overall program year to year and are checked for consistency with State guidelines.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

4. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM AND AMENDMENT OF EXTERNAL FINANCING FOR UCSD MEDICAL CENTER CARDIOVASCULAR CENTER AND THORNTON HOSPITAL EXPANSION, SAN DIEGO CAMPUS**

The President recommended that:

A. The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Deletions shown by strikeout, additions by underscore

San Diego: UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion – preliminary plans, working drawings, construction, and equipment – ~~$136,476,000~~ $171,476,000 to be funded from external financing (~~$65,000,000~~ $90,000,000), gifts (~~$30,000,000~~ $38,000,000), ~~and~~ hospital reserves (~~$41,476,000~~) ($33,476,000), and capitalized leases ($10,000,000).

B. The President be authorized to obtain external financing not to exceed ~~$65,000,000~~ $90,000,000 to finance the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion project, subject to the following conditions:

(1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

(2) Repayment of the debt shall be from gross revenues of the UC San Diego Medical Center funds.

(3) The general credit of The Regents shall not be pledged.

C. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

D. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

The Committee was informed that approval of the recommendation will enable the campus to build out the project at one time. The project has been included in the Five-Year Capital Program Non-State and State Funds since 2004-05.

In May 2004, The Regents amended the Budget for Capital Improvements and the Capital Improvement Program to include preliminary plans for the UCSD Medical Center

Cardiovascular Center and Thornton Hospital Expansion project for $3.5 million, to be funded from hospital reserves. In January 2006, The Regents amended the Budget for Capital Improvements and Capital Improvement Program to include a total budget for the project of $136,476,000, to be funded through external financing ($65 million), gift funds ($30 million), and hospital reserves ($41,476,000). The project design was approved at the March 2006 meeting.

The project approved in January 2006 included 34 percent shelled space (based on gross square feet of project), which at the time could not be built out due to funding constraints. The Regents' item noted that the space would be completed in the future when additional funds became available. In May 2006, The Regents authorized the formation of a new Academic Medical Center Pooled Revenue Bond indenture. With this favorable financing available, the campus proposes to increase the external financing for this project in order fully to build out the project at one time, acquire the additional equipment through capitalized leases, and eliminate the need to shell space.

Project Description

The original project totaled 75,180 asf, including 46,850 asf of built out space and 28,330 asf of unfinished space. The proposed increase in scope presented in this recommendation would fully build out the project. The proposed budget augmentation would allow for additional exam rooms for the cardiovascular outpatient clinic, additional operating rooms, cardiac catheterization laboratories, and intermediate medical unit (IMU) beds, and additional academic offices as follows:

- 10 exam rooms in the cardiovascular outpatient clinic
- Treatment stations, observation beds, and a larger waiting room for the non-invasive cardiology suite
- 2 operating rooms
- 1 cardiac catheterization laboratory
- 12 daybeds for the pre- and post-cardiac procedure unit
- 10 inpatient beds for the intensive care and intermediate medical units
- 45 academic offices

Including the scope described above, at project completion 28 licensed beds would be added to the existing 119 beds and 24 "daybeds" would be added for pre- and post-surgery procedures.

Construction is expected to begin in August 2007, with completion in June 2010.

Green Building Policy and Clean Energy Standard

While the University's Policy for Green Building Design and Clean Energy Standards does not apply to acute care facilities such as this project, the project will incorporate principles of energy efficiency and sustainability to the extent possible, consistent with budgetary constraints and regulatory and programmatic requirements.

CEQA Classification

In accordance with University of California guidelines for the implementation of the California Environmental Quality Act (CEQA), a Tiered Initial Study-Mitigated Negative Declaration was adopted by The Regents at the March 2006 meeting in conjunction with the project design review and approval. The Tiered Initial Study-Mitigated Negative Declaration analyzed full build out of the project.

Financial Feasibility

The total project cost of $171,476,000 would be funded from external financing ($90 million), gift funds ($38 million), hospital reserves ($33,476,000), and capitalized leases ($10 million).

As of May 2006, the status of gifts for the Cardiovascular Center project is

Gifts in Hand	$10,400,000
Gifts Pledged	18,925,000
Gifts to be Raised	8,675,000
Total Gifts	$38,000,000

Of the total gift funds, it is anticipated that $19 million will be in hand at the time of construction bidding. If all of the gift funds are not in hand at the time of construction bidding, the Medical Center will provide hospital reserves necessary to comply with Regental policy regarding bid and award so that the project may proceed, and will fund any shortfall of the gift collections during the construction period.

Based on long-term debt of $90 million amortized over 30 years at 6.125 percent interest, the estimated annual debt service would be $6,626,000. The campus has pledged gross revenues of the UCSD Medical Center as the source of repayment.

Projected Financial Performance

The financial projections are based on actual experience for the first ten months of FY2006, which include an increase in the estimated amount of Medi-Cal funding available under Certified Public Expenditure reimbursement, the Safety Net Care Fund, and the Disproportionate Share Fund, increased outpatient revenues, and higher than originally projected labor and supply costs. The projections are based on assumptions

from the Office of the President where available, local assumptions for years beyond 2005, and the opening of the proposed project by the end of fiscal year 2010. The local assumptions are based on a review of: (1) UCSD's recent service mix and financial performance; (2) the occupancy and outpatient volume levels experienced in the past few years; (3) projections of continued revenue/program enhancements, including those provided by the project; and (4) projections of increased patient volume due to the area's population based on data provided by the San Diego Association of Governments. It is anticipated that the Medical Center would maintain its overall market share during the forecast period.

Average inpatient daily census will increase from 349 in 2005 to 397 in 2013 as a result of continued program enhancements, including those provided as a result of the project and projected population growth in UCSD's service area. Ambulatory clinic and emergency room visits will increase from 523,000 in 2005 to over 650,000 by 2013 as a result of population growth, the opening in early 2006 of the Moores UCSD Cancer Center, and the continued trend toward outpatient treatment. In addition, Thornton Hospital emergency room visits will increase as the project provides additional emergency room treatment stations.

Total revenue will increase from $544 million in 2005 to $884 million in 2013 as a result of projected patient volume growth, some changes in payer mix due to the aging of the population, and ongoing strategies to optimize reimbursement through improved revenue capture and contracting efforts. The forecasted revenue includes the Office of the President Division of Clinical Services Development's estimate of the impact of Medi-Cal financing reform, including the amount of funds available under Certified Public Expenditures-based reimbursement, the Safety Net Care Fund, and the Disproportionate Share Fund.

Projected operating expenses will increase from $487 million in 2005 to $824 million in 2013 due to increases in patient volumes and the impact of inflation. Projected salary and benefit increases will average 5 percent to 6 percent annually. Medical and other supplies, as well as pharmaceuticals and blood products, are projected to increase 4 percent to 6 percent annually. The proposed financing and building costs for the project have been incorporated into the depreciation and interest expense.

To be conservative, the projections include assumptions on employer contributions for the retirement system beginning FY2008.

Projected net income will increase from $38 million in 2006 (6.7 percent margin) to $48 million (6.6 percent margin) in 2010, the year before the opening of the project. Net income will decline slightly to $41 million (5.3 percent margin) in 2011 with the opening of the project, when additional depreciation and interest expense are incurred.

Throughout the projection period, the Medical Center's key financial ratios remain strong. Days Cash on Hand is projected to decline to 64 days in 2010 as a result of funding the project but will grow to 77 days by 2013.

Sensitivity analyses were performed to evaluate the impact on income and other key financial indicators of selected changes in revenues and expenses. Although the analyses indicate that a reduction in projected commercial contract rate increases and an increase in the assumed rate of labor and supply inflation in 2007 will result in a deterioration of the key ratios during the forecast period, these ratios are still strong. Total margin will remain at or above 4 percent during the forecast period and will improve to 4.8 percent in 2013; Days Cash on Hand will decline to 53 in 2010 but will reache 62 by 2013.

In all of the financial projections, the costs and benefits of future capital projects included in the Medical Center's capital plans, including the cost of medical equipment, are factored into the calculations. The plan includes projects which have not yet been approved, and which would be regularly re-evaluated as to need, scope, and cost. Future projects would be deferred or eliminated as appropriate and necessary to ensure the Medical Center's financial viability.

In response to a question asked by Regent Hopkinson, Assistant Vice Chancellor Hellmann reported that the strategy of using hospital reserves is a way to manage the Medical Center's debt capacity and days of cash available. Assistant Treasurer Young added that the reason the debt capacity level was increased was to allow the Medical Center to complete the build out of the project; the allocation of the additional $30 million of debt obviated the need to use the $8 million in reserves. Reserves will be used for equipping the hospital in future years. Vice President Hershman believed that, while it remained important to limit debt, in this case it may be prudent to consider increasing the use of reserves.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

5. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR UNIVERSITY HOUSE – MEETING CENTER AND CHANCELLOR RESIDENCE, SAN DIEGO CAMPUS**

The President recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

> San Diego Campus: University House – Meeting Center and Chancellor Residence – preliminary plans, working drawings and construction – $7,852,000 to be funded from gifts ($6,402,000) and University funds ($1,450,000).

The Committee was informed that the San Diego campus proposes to demolish 55-year-old University House, which has been vacated due to significant facility and code

deficiencies, and construct a new, 10,800 gsf University House – Meeting Center and Chancellor Residence on the existing site. The project would provide public space that would be used to host a variety of University academic, community outreach, and development activities, and private living quarters for the chancellor. This project is included in the Five-Year Capital Program Non-State and State Funds 2005-06 to 2009-10.

University of California policy requires that campus chancellors reside in University-designated housing on or near the campus to carry out administrative, ceremonial, and development-related duties. In 1967, the University purchased the residence of William Black, a prominent La Jolla developer, to serve as University House for the San Diego campus. Constructed in 1952, the one-story residence was designed by William T. Lumpkins, a noted Santa Fe-based architect. Included in the 130-acre purchase were 46 acres that are now part of the UC Natural Reserve System, 23 acres that comprise the Blackhorse Farms residential facilities and conference center, 19 acres of coastal bluffs, 35 acres that were later subdivided and sold by the University, and 7 acres for University House, of which only 3.92 acres are developable due to the site's sloped terrain and canyon bluffs.

For nearly forty years, UCSD chancellors have resided in this University House and hosted events in support of the campus. Over the decades, the house has undergone modifications and additions to the public and private spaces. Currently, the facility is 11,400 gsf divided between public spaces (7,400 gsf) and private living quarters (4,000 gsf).

In January 2004, UCSD hired Island Architects to conduct an investigative study of University House. Island Architects retained Sharratt Construction and 13 independent consultants, with expertise in geotechnical, structural, electrical, environmental, and other sub-specialties, to complete an extensive assessment. The study disclosed a multitude of life safety and code compliance issues. Among the most critical were seismic code deficiencies, slope destabilization due to erosion and improper drainage, deficiencies in major system components (e.g., plumbing, electrical, HVAC), and mold. The structure was deemed uninhabitable and in need of significant and costly renovation or redevelopment. As a result, when Chancellor Fox arrived in August 2004, a private house was rented for her at a cost of $6,500 per month as authorized in a delegation of authority to the President in an approved June 2004 Regental action under interim authority. At the July 2006 meeting, an extension to an exception to policy on University-Provided Housing will be recommended which seeks approval for the San Diego campus to continue the current housing arrangement until a new University House can be constructed.

In summer 2004, Senior Vice President Mullinix charged a work group to develop and evaluate options to remedy the documented deficiencies at University House. The work group was chaired by Senior Vice President Emeritus Kennedy and included UCSD students, staff, faculty, and alumni representatives.

The work group evaluated a number of renovation and redevelopment options. The lowest cost renovation option was estimated at approximately $4.8 million and raised a number of concerns. First, consultants advised that costs could easily exceed an additional $1 million once contractors were able to probe more deeply into the existing conditions of the facility; renovation projects of this magnitude are very likely to have some unknowns come to light only after work on the project has begun. Second, the investigative study did not address impacts beyond a five-foot boundary of the existing facility. If a renovation of the facility were undertaken, it is clear that additional site utility infrastructure improvements would be required, adding substantially to the project cost. Third, the Island Architects investigative study did not consider the functionality of the current facility. The original structure was built as a private residence, and although, over time, the University added space to accommodate public events, these modifications did not fully mitigate the fact that the house was designed to be a private residence only. For example, the current public space has two single-stall lavatories, and during public functions, the lines can become embarrassingly long. Merely renovating the property would require a significant investment in the existing facility and produce a modernized but still functionally obsolete facility. The work group thus concluded that the most cost-effective option would be to redevelop the existing University House property by constructing a new facility at the current location, provided that sufficient private funds could be raised for this purpose.

Senior Vice President Mullinix accepted the work group's recommendation in September 2004, and fundraising activity began. In May 2005, the Office of the President reluctantly directed the campus to initiate the sale of the University House property because the campus had been unsuccessful in its initial efforts to secure private gifts for the project. Potential donors indicated that at that time they were more interested in supporting the many academic priorities contained in the campus' billion dollar capital campaign. The campus hoped that proceeds from the sale of the property would finance construction of a new University House on other University land.

When the intention to sell University House property became public, the UCSD community – faculty, staff, and friends – expressed a strong sentiment that the campus should strive to keep the property, which has played an important role in the development of the campus. In response, some long-time supporters of the campus offered to help UCSD save the property and gave leadership gifts of approximately $5 million. Their generosity allowed the campus to halt the sale of the property.

With lead gifts in hand, Senior Vice President Mullinix then charged a Building Advisory Committee (BAC), comprised largely of University House work group members and chaired again by Senior Vice President Emeritus Kennedy, to oversee the planning, design, and construction of a new University House – Meeting Center and Chancellor Residence. Project scope, design, and budget would be subject to the approval of The Regents. The BAC's first task was to develop a detailed program for the new facility.

Project Description

University House has served dual roles as a public space used to host a variety of University academic and development events and programs and as the private living quarters for the chancellor. This project proposes continuation of these dual roles in a new, slightly smaller facility that would maintain the same approximate proportions of public and private space found in the existing structure.

The original University House was designed in the pueblo revival style. The design concept for the new structure does not intend to replicate this style but rather to retain its essence while reflecting the current place and time; therefore, it is anticipated that select fragments of the existing architecture (including segments of adobe foundations, wrought iron gates, corbels, tile work, etc.) will be retained to complement exterior spaces such as entry courts, gardens, and terraces.

Public Venue

Since 2004, when the University House was deemed uninhabitable and subsequently vacated, the campus' ability to conduct academic, development, and community outreach events has been greatly diminished. Without this facility, the campus has been compelled to use other venues, including off-campus facilities, to accommodate public events that otherwise would have been held at University House. Few of these alternative venues provide a welcoming non-institutional environment for hosting high-profile University events, and often include charges associated with furniture and equipment rentals, setups, and decorating.

The programming phase for the new structure has defined a facility of 10,800 gsf, with approximately 6,425 gsf allotted to the public venue space. The proposed space program fulfills the functional requirements of the public venue with approximately 1,000 gsf less space than its original counterpart. The proposed program excludes the basement and BBQ service areas (approximately 1,200 gsf) found in the existing facility. Also, exterior terraces and courtyards will provide additional public space for major events and thereby reduce the need for more costly interior space.

It is expected that the public venue will provide an appropriate setting for a wide range of activities in support of the University's mission. The space will be flexible to accommodate a range of group sizes without losing the personal and intimate quality of a private home. Such events include intimate gatherings of twelve that honor UC donors to receptions of up to 250 persons honoring Nobel Laureates; receptions welcoming newly appointed deans, faculty, students, and alumni; and campus celebrations that mark important milestones such as the establishment of UCSD's 100th Endowed Chair.

In addition to dining areas, other important space elements include the provision of adequate lavatory space, a commercial kitchen with catering/service areas, a public office/library, storage with capacity for tables, chairs, and decorating and serving supplies, and a staff office.

Private Residence

The private residence must meet the needs of today's professional couple, with accommodations for an average-sized family and room for guests. The four-bedroom residence includes a master bedroom suite, a kitchen, a family/living/dining area, a garage/storage area, and office space, with a recommended space program totaling approximately 3,775 gsf of living space and 600 gsf for a garage.

The proposed space program for the private residence reflects a decrease of 225 gsf from the existing facility. Key spaces that were non-existent in the original residence or inadequate in size are addressed in the proposed program, including a dining area, an expanded kitchen, and an office that will enable the chancellor to work at home. The fourth bedroom could double as an office for the chancellor's spouse. The space program for the residence is anticipated to provide the current and future chancellors and their families with a functional and comfortable home during their tenure.

Construction of the redeveloped University House – Meeting Center and Chancellor Residence is expected to begin in October 2007, with occupancy scheduled for January 2009.

Key Project Considerations

It is important to remember that the University House – Meeting Center and Chancellor Residence project is primarily a public facility with a private residence component. This is confirmed in the space program described above that allocates two-thirds of the space to the public venue.

Additionally, approximately 11 percent of the project construction costs can be tied to project elements not typically addressed in a private residential project. For example, the facility will meet ADA requirements, apply building codes used for public facilities rather than private homes, feature a commercial kitchen, and provide parking for at least 37 cars. Other project costs include consultant fees, application of sustainability standards, and UC management oversight fees.

The campus is sensitive to two important environmental considerations that must be assessed as the project moves forward – the historical designation of the house and the archaeological features of the property. The Environmental Impact Report, including relevant mitigation strategies and associated costs, will address these issues in detail; however, it is important to note that the campus is committed to a redevelopment project that is respectful of the site's place in history.

Finally, functional adjacencies between the public and residential components of the project are important to avoid conflicts between the official duties of the chancellor and the need for privacy and normal family life. For example, access to the private wing should be accomplished without entering the public space, and the residential space

should be arranged in such a way as to permit normal family activity to continue while a public function is under way.

Green Building Policy and Clean Energy Standard

This project will comply with the Presidential Policy for Green Building Design and Clean Energy Standards dated June 16, 2004. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Specific information regarding energy efficiency and sustainability will be provided when the project is presented for design approval.

CEQA Classification

In accordance with the University of California guidelines for the implementation of the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) is being prepared. The EIR will be presented for consideration by The Regents in conjunction with the project design review and approval at a future meeting.

Financial Summary

The total project cost of $7,852,000 will be funded from gift funds of $6,402,000 and University funds (Searles funds) of $1,450,000. As stated previously, University of California policy requires that chancellors reside in University-designated housing on or near the campus to carry out administrative, ceremonial, and development-related duties. The University has a limited amount of funding (Searles funds) to support the policy and the maintenance of University-designated housing.

As of June 2006, the status of gifts is as follows:

Gifts in Hand	$3,000,000
Gifts Pledged	1,900,000
Gifts To Be Raised	1,502,000
	$6,402,000

If all of the gift funds are not in hand at the time of construction bidding, the campus will provide the funds necessary to comply with Regental policy regarding bid and award so that the project may proceed. The campus has committed to raise all gift funds ($6,402,000) by the occupancy date of January 2009.

While select pieces of furniture retained from the public venue of the original house will be used, additional furniture and furnishings will likely be required. It is anticipated that any new purchases of furniture and furnishings for the public space will be provided by gift funding not to exceed $250,000. As is customary, the chancellor will provide his or her personal furniture and furnishings for the private residence.

Assistant Vice Chancellor Hellmann presented slides of the project.

Mr. Hellmann reported that the campus had received a letter related to the University's interactions with the Kumeyayy Cultural Repatriation Committee. He noted that only amendment of the capital project is sought so that project planning may proceed. Approval for the project will be sought later. Ultimately, the project approval, including certification of the Environmental Impact Report and other environmental documentation, will be presented for certification in conjunction with a request for design approval. The campus intends to work with the community and the Kumeyayy Cultural Repatriation Committee to resolve any issues to the mutual satisfaction of all parties.

In response to a question asked by Regent Johnson, Mr. Hellmann recalled that a fundraising campaign had raised $3 million between August 2004 and November 2005. Regent Johnson noted that a portion of the house would be used by the public for meetings or other events. She asked whether there is a charge for that use. Mr. Hellmann responded that the University does not offer the chancellor's house for public use; the chancellor uses the facility to host public events related to his or her official duties. The houses are used particularly for fundraising activities.

Regent Coombs asked whether there could be significant savings in the campus general fund when in 2009 University House is operative again and it is no longer necessary to incur expenses to hold events at other venues. Mr. Hershman responded that the campus will be saved at least the $6,500 a month rental of a residence for the chancellor once University House is completed.

Regent Hopkinson stressed the importance to the University of being able to hold events and activities regularly at the chancellor's residence.

Regent Kozberg noted that the current chancellor did not participate in the decision to replace University House.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

6. **AMENDMENT OF THE BUDGET FOR CAPITAL IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR UC STEM CELL PROJECTS, ALL CAMPUSES**

The President recommended that the following projects be approved as a delegation of authority to the President:

All Campuses: UC Stem Cell projects – preliminary plans – not to exceed $1.5 million per campus.

The Committee was informed that the Office of the President is requesting delegated authority from The Regents to approve requests from campuses to proceed with the preliminary plans (P) phase for a Stem Cell project, with the cost of this phase, for each campus, not to exceed $1.5 million. The P phase would allow a campus to begin the preliminary planning for a proposed project eligible to compete for grant funding, when available, from the California Institute for Regenerative Medicine (CIRM).

In November 2004, California voters passed Proposition 71, the California Stem Cell Research and Cures Initiative. The initiative amended the California Constitution to establish the California Institute for Regenerative Medicine and authorized a total of $3 billion in general obligation bonds, for a 10-year period, to fund stem cell research. A maximum of 10 percent of the total, $300 million, may be allocated to grants to build scientific and medical research facilities. Until recently, lawsuits challenging the constitutionality of the California Stem Cell Research and Cures Initiative have prevented the release of CIRM funds. It is expected that CIRM will issue facility grants awards once the legal challenges to their constitutionality are resolved.

The California Stem Cell Research and Cures Initiative requires that grantees secure matching funds, other than CIRM, equal to at least 20 percent of the award. Additionally, the Initiative stipulates that in any single year, any new research funding to a single grantee for any program year may not exceed 2 percent of the total bond authorization.

Most importantly, CIRM has indicated that projects which will be available for research no more than two years after the grant award shall receive priority consideration. In an effort to position their projects to meet the two-year timetable, campuses with a high probability of receiving a facilities grant from CIRM should be allowed to plan accordingly. It is with this unusual situation in mind that the Office of the President is requesting this delegated authority so that campuses may begin planning and design development and be ready to submit an application and, if successful in receiving an award, be prepared to commence construction.

CEQA Compliance

Each campus would prepare building-specific environmental analyses for review and approval in conjunction with project design approval.

Funding Plan

Each campus, with the approval from the President, would fund up to $1.5 million of the preliminary plans cost. These funds will be taken from a pool not otherwise available for use by the University in performing its general educational and research mission. For example, gift funds would be appropriate as a fund source. Campuses will assume the risk of expending such funds and not receiving a CIRM facilities grant.

Future Regental Action

At a future Regents' meeting, each campus would request Regental approval of the proposed total project cost and funding of the building or renovation, including preliminary plans, working drawings, construction, and equipment.

In response to a question asked by Regent Hopkinson, Vice President Hershman reported that not every campus will propose a project. The projects of those that do will be reviewed to ensure they have a funding source and that the campus is in a position to become competitive. The President must approve any new program, and Regental approval will be sought for any new construction.

Vice President Hershman confirmed an observation by Regent Schilling that stem cell research is not permitted to be supported by federal funds.

Committee Chair Kozberg suggested that this Committee and the Committee on Health Services review the stem cell initiative, which encompasses both research and capital construction.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

7. **APPROVAL OF DESIGN, ANTEATER RECREATION CENTER, STEP 3, IRVINE CAMPUS**

The President recommended that the Committee approve the design of the Anteater Recreation Center, Step 3, Irvine campus.

It was recalled that to address demand from growing enrollments, a 20,000 asf expansion is proposed for the existing 64,135 asf Anteater Recreation Center (ARC). In May 2006, The Regents amended the Capital Budget to include this project at a total cost of $16,397,000, to be funded from $8,297,000 of ARC reserves and $8,100,000 of external

financing. The project, the third component of development, will provide additional weight training, fitness, and multipurpose space.

Responding to strong student demand for intramural and recreation space, a referendum was placed before the student body in May 1996 proposing that a quarterly fee be approved to provide funds for construction of new recreation facilities. The referendum was overwhelmingly approved, with more than 89 percent of students voting. Subsequently, a master plan was developed for recreation facilities, which included phased development based on need and funding availability. The initial component of development was construction of the 64,135 asf Anteater Recreation Center, which opened its doors in January 2000. The second component, completed in 2001, developed 23 acres of open land adjacent to the ARC for playing fields and outdoor courts.

Since the ARC was opened, general campus enrollment has increased by nearly 36 percent. Based on the current enrollment plan, the student body is projected to continue growing by approximately 1,000 students a year through the end of the decade. Demand for recreational services has remained high during this growth period and is anticipated to continue to grow.

The ARC's popularity is evidenced by steadily increasing use. During the center's first year of operation, approximately 400,000 entries were recorded. Peak use occurs from 4 p.m. to 11 p.m. on weekdays and during a major part of the day on weekends. During these times, the facilities are extremely overcrowded and cannot meet the needs of the users. The most highly used space is the Fitness Lab – a 10,000 asf weight training and conditioning space. In an effort to provide additional weight training and conditioning space, fitness equipment has been installed in every available space in the building, including hallways and lobbies. In spite of these efforts, demand still far exceeds the number of available stations. Multipurpose activity rooms, used for purposes such as classes in dance, martial arts, indoor sports, fitness, first aid instruction, and wellness are also in high demand. Space constraints have severely limited the number of class offerings in these high-demand program areas.

Project Site

The proposed project site is east of and adjoining the existing Anteater Recreation Center. The expansion will not be visible from the main entry or parking lot. The relatively flat site is currently planted with ground cover. The site is in conformance with the campus 1989 Long Range Development Plan.

Project Design

The 26,650 gsf addition will provide approximately 10,000 asf of weight training and fitness space, approximately 7,700 asf of multipurpose activity space, and approximately 2,300 asf of storage and support space. The two-story expansion will be constructed of concrete masonry units, corrugated metal panels, and a pre-finished standing seam metal

assembly to form a gable roof. Windows will have steel sun awnings. Architecturally, the expansion will be visually seamless with the existing facility due to the use of materials and colors, fenestration type, and scale that match the existing ARC. Building utilities will be supplied by existing systems and will include relocations and connections as necessary. The project is expected to be completed in February 2008.

Green Building Design and Clean Energy Standards

This project will comply with the Presidential Policy for Green Building Design and Clean Energy Standards. The project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements. Sustainable design strategies for this project include low impact site development, natural storm water strategies, passive solar design, energy efficient design, renewable energy strategies, indoor environmental quality, water conservation measures, environmentally preferable building materials, and waste reduction and recycling.

Environmental Impact Summary

The proposed ARC Step 3 project would add 20,000 asf of new activity space to the existing 64,135 asf. The ARC was analyzed in a previously prepared and certified Environmental Impact Report (East Campus Student Recreation Center, State Clearinghouse No. 97021053, or "Project EIR"), which evaluated an overall project program of 180,000 gsf (135,000 asf) to be constructed in multiple phases. The proposed ARC Step 3 is consistent with the scope and program analyzed in the Project EIR for the Anteater Recreation Center; the proposed expansion would not exceed the total project size or footprint evaluated in the Project EIR.

University staff reviewed the proposed ARC Step 3 in light of the previously prepared and certified Project EIR and determined that, consistent with Section 15162 of the Guidelines for Implementation of the California Environmental Quality Act (CEQA Guidelines), the ARC Step 3 would not result in substantial changes that will require major revisions to the Project EIR and would not involve new significant environmental effects or increase the severity of significant effects previously identified in the Project EIR. Furthermore, the University has not identified any new information of substantial importance which was not known at the time of the certification of the Project EIR.

Further review has determined that the ARC Step 3 would not result in changes or additions to the Anteater Recreation Center project as described in the Project EIR that would require the preparation of an addendum to the Project EIR as described in Section 15164 of the CEQA Guidelines.

On the basis of this review of the proposed ARC Step 3 and Sections 15162 and 15164 of the CEQA Guidelines, the University has determined that the proposed project is consistent with the scope and program analyzed in the Project EIR, and there is no

substantial evidence that would require preparation of a subsequent EIR or an addendum to the Project EIR.

Findings

The Regents has previously adopted Findings and a Mitigation Monitoring Program for the Anteater Recreation Center in conjunction with the certification of the Project EIR for that project. Those Findings and Mitigation Monitoring Program apply to the proposed ARC expansion; no new Findings or Mitigation Monitoring Program need to be adopted for the proposed expansion project.

Assistant Vice Chancellor Gladson showed slides of the project.

Upon motion duly made and seconded, the Committee approved the President's recommendation.

8. **SEISMIC PLAN UPDATE, BERKELEY CAMPUS**

Vice Chancellor Denton reported that the seismic program for the Berkeley campus is so large that it needs to be presented in the context of a capital plan with which it is intertwined. The campus is developing a comprehensive plan to help set a foundation for the next ten years. A solid capital plan can provide a framework to help make investment decisions and can help to balance the needs of individual programs with the needs of the campus as a whole. Capital funding is complicated by the fact that not all funding sources are compatible with all types of projects. For example, as a rule it is difficult to raise gift funds for a seismic upgrade or infrastructure improvement. There is a need to make sure that the menu of potential projects presented to the donor community reflects the academic priorities of the campus.

Mr. Denton observed that the plan is being driven by campus growth over the last several years, by academic initiatives such as the projects under way in health sciences and physical sciences, by the age and conditions of buildings on the campus, and by seismic safety requirements. Virtually all of the campus' State funds for the past several years have been directed toward seismic upgrades. When those are complete, building code deficiencies such as universal access must be addressed. Age and condition also affects building performance not just because building systems do not last forever but also because much of the research being done requires a level of performance that older buildings were not designed to provide. The capital plan needs to help make sure every investment is the best possible one for the long-term future of the campus not just in terms of money but also land, a limited and precious resource for an urban campus.

More than for other campuses, the seismic program has been a major driver of capital investment at Berkeley for ten years. The Hayward Fault runs directly through the campus at the eastern edge, which requires buildings anywhere on campus to be designed for "near fault conditions," adding considerably to cost. Berkeley is the oldest campus

in the system. Most campus space was built before the major advances in building codes that took place in the late 1960s and early 1970s. As a result of a Regents' policy on seismic safety established decades ago, the campus has completed 29 seismic projects that together represent 16 percent of the current space inventory. In 1997, the campus established the SAFER program in an attempt to reassess buildings in light of new knowledge learned from the Northridge and Kobe earthquakes. Once the entire inventory was reevaluated, it was discovered that over 100 buildings, or 27 percent of current space inventory, were rated "Poor" or "Very Poor." Since then, 67 percent of all space in these categories has been retrofitted or is under construction or in design.

Mr. Denton reported that life safety hazards are measured by a factor called Equivalent Continuous Occupancy. Eighteen of the top 25 campus buildings that pose the greatest threat to life safety, based on this formula, have been or are being corrected. Large central campus buildings are high priority because of their size and intensive use, but those same factors make them very difficult to vacate so as to allow seismic upgrade work to proceed. Evans Hall and Tolman Hall, for example, will be huge challenges just because of their size. The seismic replacement building that was completed in 2003 has helped establish a surge space reserve on campus which will be used for a series of projects undertaken over the next ten years, but because the reserve is not large enough to accommodate the occupants of those two buildings, the campus is considering using a third-party developer to help construct generic space that initially would be used as surge space but, when no longer required for that, would house campus units that are now in leased space.

Mr. Denton noted that the biggest challenge to the Berkeley campus' seismic program is funding. The pace at which the campus is able to continue upgrading its buildings depends primarily on State funds. Over the past decade, the distribution of State capital funds within the University has overwhelmingly favored the growth campuses. This was a necessary response to the impact of Tidal Wave II on University facilities, but as the enrollment curve begins to level out in the coming decade, the capital plan has been built on the assumption that Berkeley will receive a more proportional share of State funds. Also, Berkeley has some buildings, such as the student union complex, that require seismic upgrades but are not eligible for State funds. To ensure that the capital plan is realistic, projections have been made of what each source of capital funds might yield over the next ten years. Capital funds from the State have been and will continue to be consumed almost entirely by seismic projects. While great progress has been made, a number of buildings remain to be done. The most reasonable projection of future State capital funds is roughly $35 million a year, representing 10 percent of the target figure in the Governor's Compact with the University. For gift funds, a conservative projection for the next ten years is $2 billion, which is less than the average of nearly $280 million a year over the past three years. The campus expects the $2 billion in gifts to yield about $350 million in capital funds, which is in addition to the already $200 million in gifts committed to individual projects. For the capital plan, the campus intends to have a portfolio of gift projects equal to the value of 150 percent of the projected yield of the

campaign, or about $525 million. Each project in the plan is an integral part of a strategic academic initiative.

Another way to fund capital projects is through long-term financing. It is the hardest source to predict, however. All campuses have very restrictive limits regarding taking on additional debt. Long-term financing is critical to auxiliary programs such as housing and parking and is used to help finance many academic projects, including providing bridge financing during construction.

Another way to fund capital projects is to join with another public or private sector organization. This strategy works best on projects that have counterparts in the private sector. Partnerships need a revenue stream to provide a return to the partner and must be structured in a way that the bond rating agencies and the University's auditors do not consider them a potential liability.

Vice Provost Koshland discussed the academic rationale underlying the capital plan. The capital program at the Berkeley campus is a portfolio of projects made up of three critical elements: a group of strategic initiatives, an annual projects fund, and a campus renewal program. The major strategic initiatives promote fields of inquiry that the campus determines have exceptional promise and importance. A primary source of the initiatives is the UC Berkeley Academic Plan that was developed as part of the Long Range Development Plan. These strategic initiatives are reviewed every two or three years to fine tune individual projects.

There is a group of smaller projects that address critical needs that are not part of a current strategic initiative. Half of the projects anticipated by the Deans for the upcoming capital campaign are under $5 million. They address specific upgrading of facilities to make teaching and research more productive on the campus.

The campus renewal program addresses infrastructure needs such as new steam lines and landscape improvements.

Ms. Koshland listed some strategic initiatives, the first of which was established several years ago in health science. She reported that improvements to Barker Hall have been completed, and the Stanley Hall replacement building is to be occupied in November 2006. It is an interdisciplinary building to house bioengineering, molecular and cell biology, chemistry, and physics. Another initiative, the Warren Hall replacement building, is undergoing schematic design.

Also under consideration is an initiative to develop a community health campus that would combine the schools of public health, optometry, neuroscience, and parts of clinical psychology in a small campus that would interact with downtown Berkeley.

The area that has contributed most significantly to UC Berkeley's preeminence is physics. An academic program review a few years ago disclosed the inadequacy of facilities to

support 21st century physics research. An initiative was begun in 2003 to correct this situation. LeConte hall improvements will be completed shortly, Birge Hall is undergoing renovation, and ultimately Campbell Hall, which is seismically deficient, will be replaced.

The CITRIS Building, a strategic initiative in nanotechnogy, is under construction. It will allow the campus to make headway in nanoscience and to engage colleagues in the social sciences.

In the arts, the campus is undertaking a strategic academic initiative in new media that involves interaction among faculty in rhetoric, film studies, information, computer science, industrial engineering, and operations research. It is an unusual plan that brings humanities, engineering, and physical sciences together.

There is a strategic initiative to construct a building between the law and business schools to be called the Law and Business Connection. It will include improvements to Haas School of Business and Boalt School of Law and the development of an executive education center. The building will foster interdisciplinary research among units such as the Center of Law and Technology and the Center for Law, Business, and the Economy.

Concerning student life, the campus plans to improve Hearst Gym, a Julia Morgan building in need of seismic upgrade and general improvements, by making it a more vital and welcoming student center for traditional fitness programs, thereby broadening the range of places for students to gather. King Union and Eshleman Hall were designed in the 1950s, well before current seismic codes, and will require substantial capital investment, probably both from gifts and student fee initiatives.

Ms. Koshland reported that the academic strategic plan identified housing as a critical need at both the graduate and undergraduate levels. The campus has completed recently over 1,200 new student housing beds through infill housing projects. Long-term academic plans call for adding another 2,600 beds by 2020, but before that, it will be necessary to improve the Kerr Campus, which has had no significant reinvestment since it was acquired in 1982. The 2020 Long Range Development Plan shows the need also for a significant increase in campus parking. While UCLA has about 20,000 spaces, the Berkeley campus has only 5,000 and must develop parking alternatives. The Maxwell Field parking structure will be built as part of the Memorial Stadium initiative, which will include the construction of a new student athlete center independent of the stadium. Subsequent stadium phases will include seismic retrofits and improvements to fan amenities as well as a new regulation-sized field.

Nearly all projects being undertaken to address life safety issues involve seismic as well as strategic improvements. The three critical buildings that are not part of any academic initiative that are next on the priority list are Tolman, Mulford, and Evans. The campus is evaluating a number of strategies for creating the surge space that will be necessary in order to proceed with an initiative to correct or replace these buildings.

Vice Provost Koshland reported that the ten-year portfolio for campus construction is about $1.5 billion. The strategic initiatives part of that would entail $350 million in State funds, $200 million in committed gift funds, $450 million in new gift funds, and $350 million in campus equity and debt. For the annual projects portion of $100 million, the campus would use $50 million in campus equity and $50 million in new gift funds. A campus renewal program of about $50 million will be supported by $25 million in campus equity and $25 million in new gift funds. The projected $350 million in State funds will be directed to six projects, five of which will repair or replace seismically deficient buildings and the sixth of which will improve Durant Hall so that it may house campus units relocated when Campbell Hall is demolished.

Vice Chancellor Denton stated that work on 67 percent of campus space identified as seismically poor is complete or under way and that within ten years 79 percent will have been done. He believed that the campus has made significant headway in addressing its capital needs and is moving forward in a responsible manner.

In response to a question asked by Regent Johnson, Vice Provost Koshland stated that students vote on referenda to improve funding for selected projects. Vice President Hershman noted that the University has an agreement with the State to use State money for academic and basic support facilities and not for recreation or auxiliary enterprises. Student funds may be used for those. He added that under Regental policy a chancellor may implement a student fee for life safety purposes if necessary.

Regent Hopkinson believed that presenting a ten-year capital plan in conjunction with an academic plan provided a good example for the other campuses. She suggested that in the future the strategic academic plan include an articulation of the existing priorities and focuses of the campus.

Regent Ruiz noted that the Berkeley campus' ten-year expenditure would amount to $1.5 billion, yet enrollment would remain static. Vice Chancellor Denton responded that the campus made $900 million of capital expenditures in just the past five years, most of which provided for seismic upgrading to improve safety. Now that enrollment has nearly reached capacity, more money can be put into enhancing and building needed facilities. Regent Ruiz agreed with Regent Hopkinson's observation concerning the importance of developing a plan that looks ten years into the future.

Regent Coombs asked about the status of the relationship between the campus and the City of Berkeley. Vice Chancellor Denton responded that City representatives participate in facilities planning. He reported that he meets monthly with the Mayor and City Planning Director to address any concerns. Vice Provost Koshland added that the campus is in active discussions with City representatives concerning the area envisioned for the community health campus and the relocated art museum.

Regent Ledesma was pleased to see the campus' acknowledgment of the importance of developing social spaces and a campus climate that nurture students.

Committee Chair Kozberg noted that plans for Giannini Hall were no longer listed as a priority. Ms. Koshland reported that during the strategic academic planning process that took place between 2000-2002 in preparation for the Long Range Development Plan, it was determined that, although it must be addressed at some point, Giannini did not meet the requirements as an academic or seismic priority. Regent Kozberg commended the campus for reassessing its priorities and for blending the academic and capital plans.

Faculty Representative Brown asked about changes in assignable square footage with respect to the ten-year plan. Ms. Koshland responded that, while it may remain the same for renovated projects, when buildings are replaced they may be expanded if funding is available. She noted that plans for increasing the size of Warren, Campbell, and Stanley Halls were well within LRDP expectations.

Staff Advisor Miller commended the campus for its presentation and for creating a ten-year plan. He reported that staff at the Berkeley campus had been satisfied by the campus' responses to concerns they had expressed.

Committee Chair Kozberg believed it would be helpful to have a future presentation on the status of SB 1953.

9. **UPDATE ON IMPLEMENTATION OF COST REDUCTION STUDY RECOMMENDATIONS**

Vice President Hershman recalled that the Committee had been presented previously with a study that contained recommendations on how to build more cost effectively. He provided an update on implementation of the recommendations made by the group of consultants that had advised the University with respect to reducing construction costs for capital projects. He reported that the campuses had taken a fresh look at every aspect of their operations with a view toward saving additional money. He believed it was important in terms of implementing the recommendations to view each campus individually, as they differ in organization and processes. All have processes, for instance, that should lead to projects' being completed to a high standard using the available resources. These resources are limited, however. The campuses have targets; if more is spent on one project, less must be spent on another. There is no reward for bad performance. Projects within a five-year target are assessed to determine which can move forward quickly.

Mr. Hershman reported that as part of the business case analysis recommended by the consultants, the campuses evaluate every project and its alternatives. Also, State-funded projects are reviewed individually by the Department of Finance, the Legislative Analyst, and the Legislature. The Legislature has acknowledged that the University should be allowed to move quickly, but there is a problem in that legislative language requires projects to be on budget and on scope to qualify for fast tracking. In the current construction environment, that is not plausible. The University hopes to alleviate the

problem by seeking modifications from the Department of Finance and the Legislature that would allow some flexibility.

Assistant Vice President Bocchicchio reported that many of the consultants' recommendations are global and hinge on what is happening on the general organizational level. There is one in particular, however, on which good progress is being made. The task group had noted that the University was reputed to be unfriendly toward contractors and suggested that its contracts and documentation be reviewed. This review has resulted in a list of ten items most obviously in need of change. The list has been evaluated by the American Institute of Architects and the Association of General Contractors of California. The provisions of the University's contracts have been compared to those of other government agencies and institutions and measured against industry standards. Final draft language will be published in August. Over the years, the University's contracts had developed in ways that shifted risk from the owner to the general contractor and architects. The University has compared its risk allocation to other agencies and organizations and private developers. For example, provisions in UC's agreements that required the contractor to bear all the risk for unforeseen sight conditions have been modified to conform more closely to standard industry language. The University's adjustment of contract time based on rain delays was discovered to be restrictive compared to federal and State agencies and private developers, as was its assumption of risk on material price escalation, which was causing it to receive high bids. Formulae were added that would require inflation to be shared with bidders in a predictable way. Liquidated damages are being divided into a two-tier system so that rates are not so restrictive. These changes will make the agreements more contractor friendly, especially in this climate when there is so much activity it is difficult even to get bids.

Mr. Bocchicchio reported that under the State contract code, the University is mandated to take the lowest responsible bid, which may not be the best value. Other states and the federal government have changed that system and are allowed to rate and evaluate the contractor's ability to deliver the specific kind of project. UC is sponsoring Senate Bill 667, being carried by Senator Migden, which authorizes the use of a best value selection process. A second provision in the bill will increase the project threshold from $50,000 to $100,000 for the bidding requirements in the Stull Act. That lets UC policy take over for projects under $100,000, making them quicker and simpler to implement. A third provision will increase the threshold for informal bidding from $100,000 to $400,000, the level used by the California State University. UC statutes limit it to $100,000. If this were implemented, the University could go to informal bidding, speeding up the process and being more efficient, thereby saving money. The last part of Migden bill relates to advertising requirements. New provisions will allow UC to comply with the statute by advertising 60 days before the bids are due, thereby saving thousands of dollars.

Assistant Vice President Arditti reported that the bill had barely passed its policy committee in the Assembly. When the Legislature returns in August, the bill must pass

through one more Assembly committee and then return to the Senate for concurrence. The bill as it began would have authorized the University to use best value on all campuses indefinitely, but it was subjected to extensive opposition from contractors and labor groups. The best value provision was eventually reduced to cover only the San Francisco campus. The University is working to persuade the Assembly Appropriations Committee to approve the bill and, if possible, expand it.

Regent Ruiz expressed his frustration that the University seemed to be making only slow progress on saving on construction costs. He emphasized the importance of strong leadership in the Office of the President and among the chancellors. He was hopeful that UC could lead the process of showing the State that better ways for campus construction could be developed. Vice President Hershman believed that efforts must be focused individually on campuses where there are problems and issues and that those that are performing in exemplary fashion should be rewarded and encouraged. He stressed that individual Regents may be most effective in securing the help of the Legislature and the Administration to get laws changed.

In response to a request by Regent Ruiz, Mr. Hershman agreed to provide a schedule with time lines relative to each of the best practice issues. A series of priorities will be established for the next few years as to what it may be possible to accomplish from a legal standpoint. Faculty Representative Brown agreed that a list of the recommendations and a status report on what is being considered or implemented would be helpful.

Regent Kozberg commented that it was clear that an effort must be directed toward modifying the external forces that affect the University. She believed that Committee members and the University's alumni could be effective in this regard.

The meeting adjourned at 2:20 p.m.

Attest:

Acting Secretary