

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

February 19, 1998

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

Present: Regents Atkinson, Bagley, Brophy, Bustamante, Chandler, Connerly, Davies, Gonzales, Hotchkis, Johnson, Khachigian, Leach, Lee, Levin, McClymond, Montoya, Nakashima, Ochoa, Parsky, Preuss, Sayles, and Soderquist

In attendance: Regents-designate Miura and Willmon, Faculty Representatives Dorr and Weiss, Secretary Trivette, General Counsel Holst, Treasurer Small, Provost King, Senior Vice President Kennedy, Vice Presidents Broome, Darling, Gomes, Gurtner, Hershman, and Hopper, Chancellors Berdahl, Carnesale, Dynes, Greenwood, Orbach, Vanderhoef, and Yang, Vice Chancellor Bainton representing Chancellor Debas, and Recording Secretary Bryan

The meeting convened in Closed Session at 4:15 p.m. with Chairman Khachigian presiding.

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The Board went into Open Session at 4:20 p.m.

**1. APPROVAL OF THE MINUTES OF PREVIOUS MEETING**

Upon motion of Regent Montoya, duly seconded, the minutes of the meeting of January 16, 1998 were approved.

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

***External Financing for the 1998-99 Universitywide Deferred Maintenance and Facilities Renewal Program***

The Committee recommended that:

- 1. Funding for the 1998-99 Universitywide Deferred Maintenance and Facilities Renewal program be approved in an amount not to exceed \$66 million.
- 2. The Treasurer be authorized to obtain external financing in an amount not to exceed \$66 million to finance the Universitywide Deferred Maintenance and Facilities Renewal program, subject to the following conditions:

- (21 Annual debt service shall not exceed \$6 million.
  - (22 Repayment of the debt shall be from nonresident tuition income.
  - (23 The general credit of The Regents shall not be pledged.
- 3. The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
  - 4. The Officers of The Regents be authorized to execute all documents in connection with the above.

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

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

A. ***Approval of Financing for UCSF Stanford Health Care Construction Projects and Restructuring of Existing Debt***

The Committee recommended the approval of financing contemplated by UCSF Stanford Health Care in the amount of approximately \$338.4 million, of which approximately \$103.8 million relates to facilities at UCSF-Mt Zion and approximately \$234.6 million relates to facilities at Stanford Medical Center and Lucile Salter Packard Children's Hospital.

B. ***Approval of Amendments to the UCSF Stanford Health Care Bylaws Concerning Board Meetings, Committees, and Appointment of Ex Officio UC Director***

The Committee recommended approval of the following changes to the bylaws of UCSF Stanford Health Care:

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

BYLAWS  
OF  
UCSF-STANFORD HEALTH CARE

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ARTICLE III  
MEMBERSHIP

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Section 12. Powers of the Members.

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(c) **The incurrence of indebtedness containing any conditions, covenants or other terms or provisions that may restrict the operation of Section 9.2 of the Consolidation Agreement entered into by the University of California and Stanford University as of November 1, 1997 in any manner, whether by third-party consent requirements or otherwise, shall require the written approval of the Members.**

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ARTICLE IV  
BOARD OF DIRECTORS

Section 1. Board of Directors.

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(b) Composition.

(1) Initial Board. The initial directors shall consist of the ten persons elected by the incorporator (the "Initial Elected Directors") and the persons holding the following positions, who shall serve ex officio with vote ("Initial Ex Officio Directors"): the Dean of the UCSF School of Medicine; the Dean of the Stanford University School of Medicine; the President of Stanford University; the President of the University of California; the Chancellor of UCSF; the President of the corporation and the Chief Medical Officer of the corporation (collectively, the "Initial Directors"). Notwithstanding any provision of these Bylaws to the contrary, for so long as the Dean of the UCSF School of Medicine is also the acting Chancellor of UCSF or such offices are otherwise held by one and the same person, whether in an acting or permanent capacity, there shall exist a vacancy in the number of Initial Ex Officio Directors, which may be filled as follows: The University of California, acting as the UC Class Member, may appoint any individual otherwise qualified under these Bylaws to serve as a Director to fill such vacancy in the Initial Ex Officio Directors temporarily, such appointment to expire automatically when the offices of Dean of the UCSF School of Medicine and of Chancellor of UCSF

shall be held by different individuals. Such temporary appointee shall be treated as an Initial Ex Officio Director for all purposes of these Bylaws. **In addition, the President of the University of California may be replaced as an initial Ex Officio Director by action of the Regents Class appointing, to serve in the President's stead, a vice president of the University of California selected by the Regents Class to serve for a term coincident with his term as vice president or for such term as determined by the Regents Class; provided, however, that if the term of that vice president ends by reason of expiration of this term as vice president, resignation or otherwise, the then President of the University of California shall automatically be restored to the board unless the Regents Class designates another vice president to serve in his stead.**

(2) Subsequent Boards. Upon expiration of the terms of the Initial Elected Directors, as specified in Article IV, Section 3, and thereafter, the board of directors shall consist of 17 directors, seven of whom shall serve ex officio with vote ("Ex Officio Directors") and ten of whom shall be elected by the Members ("Elected Directors"). The Ex Officio Directors shall consist of the persons occupying the following offices from time to time: the Dean of the UCSF School of Medicine; the Dean of Stanford University School of Medicine; the Chancellor of UCSF; the President of Stanford University; the President of the University of California; **or a vice president of the University of California selected by the Regents Class to serve in lieu of the said President for a term coincident with his term as vice president, or for such term as determined by the Regents Class; provided, however, that if the term of the vice president ends by reason of expiration of his term as vice president, resignation or otherwise, the then President of the University of California shall automatically be restored to the board unless the Regents Class designates another vice president to serve in his stead;** the President of the corporation; and the Chief Medical Officer of the corporation. The ten Elected Directors shall consist of: three individuals elected by the UC Class (the "UC Directors"), two of whom at the time of their election are Regents, and one of whom shall be a member of the faculty of UCSF School of Medicine; four individuals elected by the Stanford Class (the "Stanford Directors"), at least two of whom at the time of their election are Trustees, a third person who may but need not be a Trustee and a fourth person who is a member of the faculty of the Stanford University School of Medicine; and three other persons who are not employees of either University or of the corporation, Regents, Trustees or "interested persons" within the meaning of this Article IV, Section 1(c). Directors shall serve without compensation for service in their capacity as directors.

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ARTICLE V  
MEETINGS AND COMMITTEES OF THE BOARD OF  
DIRECTORS

Section 1. Place of Meetings.

Meetings (whether regular, special or adjourned) of the board of directors shall be held at the principal office for the transaction of business of the corporation or at such other place **which is freely accessible to the public** as may be designated from time to time by the board of directors.

Section 2. Regular Meetings.

Regular meetings of the board of directors, ~~of which no notice need be given,~~ may be held at such time and place as shall be designated by the board of directors. A schedule of regular meetings will be established by the directors and distributed to the directors within 30 days after the annual meeting. **Agendas for such meetings shall be posted in advance of the meeting as required by law.**

Section 3. Special Meetings.

Special meetings of the board of directors may be called at any time by the Chair or by any two or more directors. Due notice of any special meeting shall be given to the directors by mail at least four days before the meeting or, if by personal delivery, facsimile or telephone, at least ~~48~~ **72** hours before the meeting. The recital by the Secretary in the minutes that due notice was given **to the directors** shall be sufficient evidence of the fact. **In addition, the agenda for such a meeting shall be posted as required by law.**

Section 4. Quorum: Action by Vote.

At any meeting of the directors, ~~13~~ **a majority of the** directors then in office shall constitute a quorum. The affirmative vote of nine directors present and voting at a meeting at which a quorum exists shall decide any question, including the election of officers, unless otherwise provided by law, the Articles of Incorporation or these Bylaws. The directors present and voting at a duly called or held meeting at which a quorum initially exists may continue to transact business notwithstanding the withdrawal of enough directors to leave less than a quorum if any action thereafter taken is approved by at least the number of directors necessary to carry a matter.

Section 5. Adjournment.

Whether or not a quorum exists, a majority of the directors present and voting at a meeting may adjourn the meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of such adjournment shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment. **In addition, a notice of adjournment shall be posted in the same manner as the agenda (if any) for the meeting was posted.**

Section 6. Committees.

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(e) Proceedings of Committee Meetings.  
**Determinations concerning the procedures for the conduct of meetings of the committees shall be made by the Chair of the committee, consistent with the Charge of the Committee, the provisions of these Bylaws and applicable law.**

Section 7. Telephone Meetings.

Members of the board of directors may participate in a meeting of the board of directors **or a committee** by means of a conference telephone or by any other means of communication by which all persons participating in the meeting **and the public if required by statute** are able to hear one another at the same time. Participation in a meeting by such means shall constitute presence in person at the meeting. **At least one location, specified in the posted agenda (if any) for such a meeting shall be a principal place of business of the corporation. Actions at such meetings shall be by roll-call vote.**

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ARTICLE VI  
OFFICERS OF THE CORPORATION

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Section 4. Secretary.

The Secretary shall keep, or cause to be kept, the minutes of all meetings of the board of directors and of the Members and shall perform such other duties as the board of directors may prescribe. **Separate minutes shall be kept of any closed sessions.** The Secretary shall report to the President. The Assistant Secretary, if any, shall act in the absence of the Secretary and perform such other duties as the Secretary or the President of the corporation may prescribe. The

Secretary and Assistant Secretary, if any, shall be subject to removal by the President of the corporation.

Upon motion of Regent Davies, duly seconded, the recommendations of the Committee on Health Services were approved.

4. **REPORT OF THE NOMINATING COMMITTEE**

The Nominating Committee recommended the following, effective March 1, 1998 through June 30, 1998:

- A. Regent Connerly be appointed Chair of the Committee on Educational Policy.
- B. Regent Montoya be appointed Vice Chair of the Committee on Educational Policy.
- C. Regent Johnson be appointed Chair of the Committee on Finance.
- D. Regent Lee be appointed Vice Chair of the Committee on Finance.
- E. Regent Hotchkis be appointed to the Committee on Investments replacing Regent Davies.

Upon motion of Regent Connerly, duly seconded, the recommendations of the Nominating Committee were approved.

5. **RESOLUTION IN APPRECIATION OF CRUZ M. BUSTAMANTE**

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

WHEREAS, the Regents of the University of California wish to express their profound appreciation to Cruz M. Bustamante for the distinguished service he has rendered to the cause of education as Speaker of the Assembly and as a member of this board; and

WHEREAS, he has worked tirelessly to secure the future of higher education in this state, laboring with unquenchable energy and eloquence to establish long-term support for UC and the California State University, a stable policy on student fees, and safe and state-of-the-art classrooms and laboratories for the education of the next generation, to the lasting benefit of California's students for many years to come; and

WHEREAS, with unwavering commitment and steadfast determination, he has been at the forefront of efforts to establish an historic tenth UC campus in the San Joaquin Valley, securing key funding for its planning and development, and

demonstrating visionary leadership in urging the State to build a university for the twenty-first century that will serve California and its great Central Valley in the next millenium; and

WHEREAS, for over two decades he has devoted himself to public and community service, a commitment evident in his decision to study public administration as a student at California State University, Fresno, in his spirited involvement in countless volunteer and civic activities, in his able service in the offices of U.S. congressmen, and in his legislative efforts as a member of the State Assembly to improve the lot of Californians struggling to overcome the obstacles of poverty and educational disadvantage; and

WHEREAS, he has touched the lives of many young people throughout California, first in serving at the outset of his career as director of a youth employment program providing summer jobs for thousands of teenagers in the Central Valley, and more recently in establishing the "You Can Too" program, giving generously of his time to visit classrooms throughout the state, fostering an appreciation for education and encouraging children to set goals, stay in school, and prepare to be tomorrow's leaders;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California convey to Cruz M. Bustamante their deep respect, admiration, and gratitude for the dedication of his service, the strength of his leadership, and the depth of his friendship for the University of California;

AND BE IT FURTHER RESOLVED that the Regents extend to Arcelia and Cruz Bustamante their warmest best wishes for the future and direct that a suitably inscribed copy of this resolution be presented to them as a symbol of the Board's lasting appreciation and enduring friendship.

Speaker Bustamante expressed his regret that his legislative efforts to establish stable funding for the University had been unsuccessful. He thanked the President and his staff and the Regents for their service to the University.

**6. RESOLUTION IN APPRECIATION OF ALICE J. GONZALES**

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

WHEREAS, the Regents of the University of California wish to express their deep gratitude and sincere appreciation to Alice J. Gonzales, an esteemed friend and colleague, for her eight years of illustrious service to the University and to the people of California as a member of this board; and

WHEREAS, throughout her tenure as a Regent she has willingly and generously given of her time and energy to promoting the best interests of the



University of California throughout the system and over the length and breadth of California, bringing the University's message to countless constituencies, thereby earning the University many new friends and supporters; and WHEREAS, she served with great distinction as The Regents' representative to the California Postsecondary Education Commission and on numerous regental standing committees including Educational Policy, Health Services, Oversight of the Department of Energy Laboratories, and Grounds and Buildings, displaying a keen and special interest in the University's hospitals and medical centers, consistently exhibiting in all her duties an unfailing interest in improving every aspect of University life; and

WHEREAS, she brought to the Board's deliberations a valued and distinctive perspective and unfailing dignity, thoughtfulness, warmth, and calm, attributes which served the Board well through many difficult and intense discussions and;

WHEREAS, this daughter of a migrant farm worker has had a lifelong commitment to public service, and her devotion to those in need was reflected in her appointments as the director of the California Department of Aging and as director of the State Employment Development Department, as well as in her involvement with California Women in Government, the San Mateo County Criminal Justice Council, the United Way, the American Cancer Society, the Comprehensive Employment Training Act Commission, the Human Service Capacity Building Task Force, and the State Council on Development Disabilities;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California extend to Alice J. Gonzales their sincere appreciation for the pleasure of her company, for her skills, her insights, and her uncompromisingly high standards as a Regent, along with the hope that her retirement from the Board will in no way alter her status as a friend of the University and a continuing supporter of its activities;

AND BE IT FURTHER RESOLVED that the Regents extend to Alice their warmest and affectionate best wishes and direct that a suitably inscribed copy of this resolution be presented to her as a symbol of the Board's enduring friendship and esteem.

Regent Gonzales recalled some of the events during her eight years as a Regent. She believed that the Regents' competence and their love for the institution will steer the University safely through all future challenges.

7. **RESOLUTION IN APPRECIATION OF ROY T. BROPHY**

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

WHEREAS, the Regents of the University of California wish to pay well-deserved tribute to their friend and colleague, Roy T. Brophy, for his twelve years of committed and dedicated service to the University of California and for his lifelong contributions to higher education; and

WHEREAS, in 1967 he decided to run for the San Juan Unified School Board, a decision that was to foreshadow thirty-one years of active participation in the education of California's youth, including appointments to the Board of Governors of the California Community Colleges, the Board of Trustees of the California State University, and finally appointment to the University of California Board of Regents, an unparalleled record of service that made him the first person in California's history to act as a trustee in all segments of public education in the state and gave him a unique understanding of the complex issues facing education; and

WHEREAS, a builder of homes and a builder of dreams, his experience in real estate development has been invaluable to the University as it prepares its existing campuses for the new century and as it endeavors to build an historic tenth campus in the Central Valley; and

WHEREAS, independent in thought and zealous in the promotion of the University and its welfare, he was twice called upon by his fellow Regents to assume the chairmanship of the Board, and his knowledge and understanding of higher education made him a highly effective member of the committees on Grounds and Buildings, Audit, Health Services, Educational Policy, Finance, and Investments and, over the course of his illustrious career, as a valued advisor on twenty-seven executive search committees, including two University of California presidential search committees; and

WHEREAS, his staunch advocacy of the University, combined with his insistence on maintaining the principles of shared governance and autonomy, gained him the admiration of many; his interest and experience in higher education combined with his personal commitment to its well-being resulted in his selection as the recipient of the Association of Governing Board's 1998 Distinguished Service Award in Trusteeship; and in his being named a member of the California Postsecondary Education Commission; and he is widely recognized throughout the state for his effective and powerful championship of the ideals of California's Master Plan for Higher Education; and

WHEREAS, with a commanding presence, a reputation for plain talking, and a mischievous Irish sense of humor, he has brought to the Board's deliberations the courage of his convictions, integrity of the highest order, shrewd leadership, and a generous spirit, all of which will be sorely missed;

NOW, THEREFORE, BE IT RESOLVED that the Regents express their deep appreciation for the many services rendered by Roy T. Brophy to the Board, the University, and the people of California and their gratitude for his professional skill, ethical sense, and personal commitment, all of which were the hallmarks of his term as a Regent;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be presented to Becky and Roy Brophy as a symbol of the Regents' appreciation of their many contributions to the enhancement of the University and as a token of the Board's lasting friendship and affection.

Regent Brophy commented that his interest in the educational process had been lifelong. He urged the Regents to strive to increase the public's awareness and appreciation of the value of the University of California. He urged them to ask questions when confronted by issues on which they will be asked to vote and to guard the Board's responsibility for setting policy and the faculty's authority to govern itself. He noted that the vote taken by the Board two years previously to abolish preferences in University admissions and contracting went against the best advice of the President of the University and all of its chancellors. He believed that in so doing the Board made an egregious error, and he hoped that a precedent had not been set. He concluded by describing his term as a Regent as invigorating and fulfilling.

Among the comments made by several chancellors and Regents was the observation by Regent Johnson that during his three decades of participation on its governing boards, Regent Brophy had made a significant contribution to California's system of higher education.

The meeting adjourned at 5:00 p.m.

Attest:

Secretary