

# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 19, 1999

The Regents of the University of California met on the above date at Covell Commons, Los Angeles campus.

Present: Regents Atkinson, Bagley, Davies, Hopkinson, O. Johnson, S. Johnson, Khachigian, Kozberg, Lansing, Leach, Lee, Montoya, Moores, Pannor, Preuss, Sayles, Taylor, and Vining (18)

In attendance: Faculty Representatives Coleman and Cowan, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice President Kennedy, Vice Presidents Broome, Darling, Gurtner, and Hershman, Chancellors Cicerone and Yang, and Recording Secretary Nietfeld

The meeting convened at 11:05 a.m. with Chairman Davies presiding.

## 1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Upon motion of Regent Preuss, duly seconded, the minutes of the meetings of September 17 and October 14, 1999 were approved.

## 2. REPORT OF THE PRESIDENT

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

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

At the President's invitation, Faculty Representative Coleman reported that the faculty are considering what effects the projected growth in enrollment will have on the University. Issues include the ability to hire many more faculty than is normal and ways in which to maintain the quality of the institution. Another consideration is the possibility of year-round operations. The faculty task force on UC Merced is working closely with Chancellor Tomlinson-Keasey in planning the academic enterprise, and it has been delegated the authority to approve courses and curriculum for the new campus. A Committee on Academic Personnel has been created to approve the appointment of faculty at UC Merced.

**3. REPORT OF THE COMMITTEE ON FINANCE*****Endorsement of School Facilities Bond Initiative for March 2000 Ballot***

The Committee recommended that the Board take a position in support of Proposition 26 on the March 2000 Primary Election ballot, which amends the California Constitution to allow passage of local school bond issues with a simple majority rather than the two-thirds vote currently required.

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

**4. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS****A. *Approval of Negative Declaration and Approval of Design, Sprague Hall, Irvine Campus***

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

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

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

**B. *Approval of Negative Declaration and Approval of Design, Parking and Transportation Improvements Program, Step 5, Irvine Campus***

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

- (1) Approval of the Tiered Initial Study/Negative Declaration.
- (2) Adoption of the Mitigation Monitoring Program and Findings.
- (3) Approval of the design of the Parking and Transportation Improvements Program, Step 5, Irvine Campus.

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

C. ***Approval of Negative Declaration and Approval of Design, Engineering Building Unit 3A – Bioengineering, San Diego Campus***

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

- (1) Approval of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of Engineering Building Unit 3A – Bioengineering, San Diego campus.

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

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

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

A. ***Adoption of Governance Structure for Investment Function***

The Committee recommended that there be created an Investment Advisory Committee with special expertise in the current or proposed investment activities of The Regents to provide advice to the Committee on Investments and the Treasurer in connection with management of the investments of the Corporation, subject to the following:

Function: The Investment Advisory Committee shall function in an oversight and evaluative role providing advice to The Regents with respect to all aspects of the investment program, including, but not limited to, investment strategies, policies and procedures; investment performance; investment personnel in the Office of the Treasurer; external investment advisors; and Office of the Treasurer budget.

- Authority:** The Committee on Investments has authority under Regents Bylaw 12.5 for management of investments of the Corporation, and the Advisory Committee shall have no management or action authority except in the event of express delegation by The Regents or the Committee on Investments.
- Composition:** The Advisory Committee shall have not more than nine and not fewer than seven members of which not more than four nor fewer than three shall be Regents (one of whom shall be Chairman of the Committee on Investments and one of whom shall be the President of the University who may be represented by an Officer of the University who would serve as his designee). Members of the Advisory Committee and its Chairman (who may be a Regent) shall be appointed by the Board of Regents upon recommendation of the Nominating Committee. Members of the Advisory Committee shall serve for an initial term of four years and may serve a second term of four years.
- Meetings:** Meetings of the Advisory Committee shall be noticed and conducted in accordance with the provisions of the Bagley-Keene Open Meeting Act. Meetings shall be held at least quarterly, and may be held more frequently as required, for review of investment performance and other matters.
- Reports:** The Advisory Committee may request the Treasurer, other University of California staff, and such external sources as the Committee shall determine advisable to provide reports on investment matters. The Advisory Committee shall provide through its Chairman periodic reports to the Board and the Committee on Investments on the activities of the Advisory Committee.
- Consultant:** The Advisory Committee may recommend to the Committee on Investments that one or more consultants be retained from time to time to advise the Advisory Committee and the Committee on Investments.
- Conflicts:** Members of the Advisory Committee shall upon taking and leaving office and annually during their terms disclose all existing and potential conflicts of interest and shall abstain from voting on any such matters.
- Expenses:** Members of the Advisory Committee shall receive no compensation for their services. They shall be reimbursed for expenses associated with service on the Advisory Committee in accordance with policies applicable to members of the Board.

B. ***Treasurer's Annual Report***

The Committee forwarded the **Treasurer's Annual Report** for the fiscal year ended June 30, 1999 to The Regents.

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

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

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

A. ***Approval of Revised Purchase Price for Sale of Dialysis Program Assets to Golden Gate Renal Partners, School of Medicine, San Francisco Campus***

The Committee recommended that the President, in consultation with the General Counsel and the Vice President for Clinical Services Development, be authorized to approve and execute documents necessary to effectuate a sale at a revised purchase price of the assets of the UCSF School of Medicine Renal Center located at San Francisco General Hospital to Golden Gate Renal Partners.

B. ***Proposed Winding Up of the UCSF Stanford Merger***

The Committee recommended that The Regents:

- (1) Approve the winding up of UCSF Stanford Health Care in accordance with procedures for unwinding the merger as described in Article IX of the Consolidation Agreement and terminate the various merger agreements including the Consolidation Agreement, the Assignment and Assumption Agreement, the Professional Services Agreements, the Affiliation Agreements, the leases, and the inter-entity agreements, in order to return management and operation of Moffitt Long Hospital, UCSF/Mount Zion, and associated clinical enterprises to UCSF under the governance of The Regents.
- (2) Authorize the President, in consultation with the General Counsel, the Vice President of Clinical Services, and the Chancellor of UCSF, to execute all agreements and to take such steps as are necessary to carry out the procedures for winding up, including, but not limited to, the transfer of assets, liabilities, management, and appropriate workforce and financial operations of UCSF Stanford Health Care back to the respective Members.

- (3) Authorize the President, in consultation with the General Counsel, the Vice President of Clinical Services, and the Chancellor of UCSF, either to dissolve UCSF Stanford Health Care or to use the 501(c)(3) public benefit corporate structure for purposes of those joint activities or shared services which the Members may elect to retain at some future date and to execute those agreements necessary for carrying out those joint activities or shared services.
- (4) Authorize the Treasurer to take such steps as may be necessary for The Regents to become a replacement borrower for the 1998 Series A Bonds issued by California Health Financing Authority for the benefit of UCSF Stanford Health Care in accordance with the terms of the 1998 Series A Indenture; or if The Regents is unable to become a replacement borrower in accordance with the terms of the 1998 Series A Indenture, to negotiate external financing not to exceed \$105 million to defease the 1998 Series A Bonds, subject to the following:
  - a. Repayment of any indebtedness assumed or negotiated shall be from the gross revenues of the UCSF Medical Center;
  - b. The general credit of The Regents shall not be pledged; and
  - c. The Officers of The Regents be authorized to execute all documents and agreements as may be necessary in connection with the above.
- (5) Require regular reporting to the Board of Regents by the General Counsel, the Chancellor of UCSF, and the Vice President of Clinical Services regarding the status of those activities necessary to achieve a timely unwinding of the merger.

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

## 7. **REPORT OF THE COMMITTEE ON AUDIT**

### *Appointment of External Auditor for Fiscal Years 2000-2002*

The Committee recommended that The Regents select PricewaterhouseCoopers LLP as the University's External Auditor for the three-year period beginning with the 1999-2000 fiscal year.

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

8. **JOINT REPORT OF THE COMMITTEE ON FINANCE AND THE COMMITTEE ON GROUNDS AND BUILDINGS**

A. *External Financing for Royce Hall Seismic Corrections, Los Angeles Campus*

The Committee on Finance recommended that:

- (1) Funding for the Royce Hall Seismic Corrections project, Los Angeles campus, estimated at \$56,059,000, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
Federal funds	\$39,157,000
State matching funds	4,351,000
External financing	9,245,000
Gifts	3,010,000
Campus funds	<u>296,000</u>
Total	\$56,059,000

- (2) The Treasurer be authorized to obtain financing not to exceed \$9,245,000 to finance the Royce Hall Earthquake Seismic Corrections project, subject to the following conditions:
- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - b. Repayment of the debt shall be from the Los Angeles campus' share of the University Opportunity Fund; and
  - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Southwest Campus Staging Building, Los Angeles Campus*

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program be amended to include the following project:

Los Angeles: C. Southwest Campus Staging Building – preliminary plans, working drawings, construction, and equipment – \$15,420,000 total project cost, to be funded from external financing (\$10,420,000), federal funds (\$4,500,000), and State matching funds (\$500,000).

C. *External Financing for Southwest Campus Staging Building, Los Angeles Campus*

The Committee on Finance recommended that:

- (1) Funding for the Southwest Campus Staging Building project, Los Angeles campus, estimated at \$15,420,000, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
External financing	\$10,420,000
Federal funds	4,500,000
State matching funds	<u>500,000</u>
Total	\$15,420,000

- (2) The Treasurer be authorized to obtain financing not to exceed \$10,420,000 to finance a portion of the Southwest Campus Staging Building project, subject to the following conditions:
- Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - Repayment of the debt shall be from the Los Angeles campus' share of the University Opportunity Fund; and
  - The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.



- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

**D. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, University Village Expansion, Los Angeles Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program be amended to include the following project:

Los Angeles: D. University Village Expansion – preliminary plans, working drawings, construction, and equipment – \$26,280,000 to be funded from external financing (\$25,780,000) and UCLA campus housing reserves (\$500,000).

**E. *External Financing for University Village Expansion, Los Angeles Campus***

The Committee on Finance recommended that:

- (1) Funding for the University Village Expansion project, Los Angeles campus, estimated at \$26,280,000, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
External financing	\$25,780,000
UCLA campus housing reserves	<u>500,000</u>
Total	\$26,280,000

- (2) The Treasurer be authorized to obtain external financing not to exceed \$25,780,000 to finance a portion of the construction of the University Village Expansion project, Los Angeles campus, subject to the following conditions:
- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - b. As long as the debt is outstanding, rents from the University Village facility and, if necessary, from other Los Angeles campus housing facilities, shall be established at levels sufficient to pay the debt service and to meet the related debt service requirements of the proposed loan; and
  - c. The general credit of The Regents shall not be pledged.

- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Southwest Campus Housing and Parking, Phase 1, Los Angeles Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 1999-2000 Budget for Capital Improvements and 1999-2002 Capital Improvement Program be amended to include preliminary plans funding for the following project:

Los Angeles: E. Southwest Campus Housing and Parking, Phase 1 – Preliminary plans – \$4,977,000 to be funded from UCHS, Los Angeles campus reserves (\$3,997,000), and parking service capital reserves (\$980,000).

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Seismic Safety Corrections, Stanley Hall Replacement, Berkeley Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 1999-2000 Budget for Capital Improvements and the 1999-2003 Capital Improvement Program be amended to include preliminary plans funding for the following project:

Berkeley: B. Seismic Safety Corrections, Stanley Hall Replacement – preliminary plans – \$6,675,000 to be funded from gifts.

H. ***Approval of University of California 2000-01 Budgets for Current Operations and for Capital Improvements***

- (1) The Committee on Finance recommended that the expenditure plan included in the *2000-01 Budget for Current Operations* be approved.
- (2) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements

be approved as presented in the document titled *2000-01 Budget for Capital Improvements*.

- (3) The Committee on Finance reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2000-01 Budget for Capital Improvements be approved as presented in the document titled *2000-01 Budget for Capital Improvements*.

[The budget documents were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Upon motion of Regent S. Johnson, duly seconded, the recommendations of the Committees on Finance and Grounds and Buildings were approved.

#### 9. **REPORT OF PERSONNEL ACTION**

In accordance with Bylaw 14.7(b), Secretary Trivette reported a personnel action taken at the September 1999 meeting of The Regents. There was no roll call vote on this action.

Appointment of Chang-Lin Tien as University Professor, Department of Mechanical Engineering, Berkeley campus, effective immediately upon approval by The Regents.

#### 10. **REPORT OF COMMUNICATIONS**

Secretary Trivette presented summaries of communications received subsequent to the September 1999 meeting. The residency appeals were referred to the General Counsel, and the remaining communications were referred to the President for response as appropriate.

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

#### 11. **REPORT OF THE PRESIDENT**

President Atkinson reported that on the dates indicated, the following informational reports were mailed to The Regents or to Committees:

##### **To Members of the Committee on Educational Policy**

- A. Annual Report on Student Financial Support, 1997-98. October 21, 1999. (Schedule of Reports)
- B. Annual Report on Organized Research Units. November 3, 1999

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

- C. Activity and Financial Status Report on Hospitals and Clinics as of August 31, ~~September~~ 30, 1999. (Schedule of Reports)
- D. UCSF Stanford Health Care unaudited financial statement for fiscal year ended August 31, 1999. October 12, 1999. (Schedule of Reports)
- E. Activity and Financial Status Report on Hospitals and Clinics for fiscal year ended June 30, 1999 and the first quarter ended September 30, 1999. November 8, 1999. (Schedule of Reports)

**The Regents of the University of California**

- F. UCSF Stanford Health Care October 1999 Report to President Richard Atkinson. November 4, 1999.

The meeting adjourned at 11:15 a.m.

Attest:

Secretary