

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 15, 1999

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

Present: Regents Atkinson, Davies, Espinoza, Johnson, Khachigian, Kozberg, Leach, Lee, Miura, Montoya, Parsky, Preuss, Sayles, and Willmon (14)

In attendance: Regents-designate Taylor and Vining, Faculty Representative Coleman, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice President Kennedy, Vice Presidents Darling, Gomes, and Hershman, Chancellors Bishop, Carnesale, Cicerone, Dynes, Greenwood, Orbach, Vanderhoef, and Yang, and Recording Secretary Nietfeld

The meeting convened at 9:50 a.m. with Chairman Davies presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Regent Khachigian, duly seconded, the minutes of the meeting of November 20, 1998 were approved.

2. REPORT OF THE PRESIDENT

President Atkinson commented on an article in the *Los Angeles Times* on the report "Facing Change: the Faculty of the Future," which was released by the American Association of State Colleges and Universities. The report found that public colleges and universities had not focused enough attention on post-tenure faculty evaluation. The President stressed that a strong peer-tenure review has been in place at the University of California for sixty years and that all promotions and merit increases are based upon this system. This fact places the University in a unique position among public universities.

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

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

Faculty Representative Coleman reported that the UC Merced task force had been formed, with Professor Emeritus Spiess, who was a member of the Site Selection Task Force, serving

as chair. Members of the task force have been meeting with Vice Provost Tomlinson-Keasey as planning continues for the new campus. The task force has forwarded to President Atkinson a list of colleagues for consideration as members of the chancellorial search committee. Professor Coleman continued that the Academic Senate has been working on new eligibility criteria and that the faculty look forward to discussing these criteria with the Regents in February. With respect to the transfer function, he reported that UC faculty have been working with faculty from the California State University and the community colleges on changes to the Intersegmental General Education Transfer Curriculum which will make it easier for students who are missing courses to transfer to the University from the community colleges.

Faculty Representative Coleman reported the establishment of a staff-faculty task force which will look at ways to improve the collaboration between faculty and staff.

3. **RESOLUTION IN APPRECIATION - CAROL R. CHANDLER**

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

WHEREAS, the Regents of the University of California wish to express their deep appreciation to Carol R. Chandler for her loyal service to her alma mater as a member of the Board of Regents; and

WHEREAS, after graduating from the Davis campus and earning a master's degree and a secondary teaching credential from the California State University, Fresno, with characteristic enthusiasm she embarked on a successful career in the teaching profession, thus acquiring a comprehensive perspective on the world of public education; and

WHEREAS, she has combined an exemplary career in business as co-owner of Chandler Farms with a long-held interest and participation in community and state affairs, serving as State Vice President of California Women for Agriculture, as the governor's appointee to the 21st District Agricultural Association Board of Directors, and as a member of the boards of the Coordinating Council of Valley Children's Hospital, the Community Hospital Cancer Services Advisory Board, and the Central Valley Women's Conference; and

WHEREAS, her knowledge of education and business have made her a particularly effective Regent and an invaluable resource to the Committees on Educational Policy, Health Services, and Oversight of the Department of Energy Laboratories, enriching their deliberations with her clear insight, integrity, experience, and wise counsel; and

WHEREAS, from the outset of her appointment to the Board of Regents, she has been an articulate and especially effective voice in bringing the concerns of the Central

Valley and California agriculture to the attention of her colleagues on the Board, and she has been a strong advocate for the establishment of the University of California, Merced, as well as a powerful champion for enhancing student outreach by the University in the Central Valley;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their deep affection and warm appreciation to Carol Chandler not only for her grace, wisdom, and guidance, which she has so generously shared with the Board, but most especially for her enduring loyalty to this great institution and for her effective service on its Board of Regents;

AND BE IT FURTHER RESOLVED that the Regents extend to Carol and Bill Chandler their heartiest good wishes for the future and direct that a suitably inscribed copy of this resolution be presented to them as a symbol of the Regents' friendship and esteem.

Regent Khachigian read the following statement from Regent Chandler:

Although I am not able to be with you in person, I would like to take this opportunity to say goodbye to the Regents, administration, Chancellors, and staff of one of the world's greatest public universities. During my short tenure on the Board, I have gained enormous respect for all that you do to make the University of California truly outstanding.

The most memorable event of the past year for me was the trek to the site of the University of California Merced campus. It was incredibly exciting to stand on the grassy hilltop and envision a world-class research university coming to the Central Valley. Your commitment to UC Merced and to the people of the Central Valley has been outstanding. I commend you for initiating a search for a Chancellor who has vision, enthusiasm, and a sense of adventure. It will be crucial in the years to come that the first Chancellor have the dynamic leadership qualities that have so impressed me in the other stellar individuals chosen to lead our campuses.

I most certainly appreciated being able to participate in the outreach efforts in the Central Valley and in other areas. As Dr. Pister has so eloquently stated, "Outreach is the new cooperative extension" of our land grant university. As we plant the seeds in the early years of schooling by improving the quality of education and providing incentives, we WILL be able to provide more students with the opportunity to attend the University of California. Improving community college transfer rates and articulation of courses will hopefully continue to be a goal of the outreach program.

University of California research has made a tremendous impact on the number one industry in our state...agriculture. It is my hope that you will continue your strong

commitment to improving the quality, quantity, and safety of our food and fiber. Cooperative extension has made an enormous impression on the lives of both rural and urban people in outreach from the ten UC field stations throughout the state. It is a key component of our land grant mission.

I will look forward to greeting you all in the future, and thank you for the wonderful memories that will be with me always.

4. **RESOLUTION IN APPRECIATION - JOHN F. HOTCHKIS**

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

WHEREAS, the members of the Board of Regents of the University of California wish to express their abiding gratitude to John F. Hotchkis for having faithfully and conscientiously carried out his responsibilities as a Regent and for his generous support of the University's endeavors; and

WHEREAS, having earned a bachelor's degree from Berkeley and a master's degree from UCLA, he is a loyal third-generation UC alumnus whose grandparents graduated from the Berkeley campus in 1898 and whose father served as president of the Alumni Association in 1936; and

WHEREAS, a man of many interests and commitments, he has made significant and lasting contributions to the advancement of culture, sports, and education through his dedicated and thoughtful service on numerous boards and commissions, from the World Affairs Council to the 1984 Olympic Citizens Advisory Commission to the Board of Directors of the Los Angeles Philharmonic Orchestra; and

WHEREAS, during his tenure as a Regent he brought to the Board the experience and wisdom achieved through his successful business career, providing valuable insight and expertise to the Board's Committees on Audit, Investments, and Oversight of the Department of Energy Laboratories; and

WHEREAS, throughout his distinguished career he has given unstintingly of his time and talent to his alma mater, endowing the John F. Hotchkis Chair in English, the naming of which reflects the high esteem in which he is held by the UC community, and serving as a co-chair of the \$1.1 billion capital campaign for the University of California at Berkeley,

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California do hereby express to John F. Hotchkis their profound thanks and deep appreciation for his service as a member of the Board and for his unflagging loyalty to the University;

AND BE IT FURTHER RESOLVED that the Regents extend to John and Joan Hotchkis their warm good wishes for the future and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's high regard and lasting friendship.

5. **RESOLUTION IN APPRECIATION - RALPH M. OCHOA**

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

WHEREAS, the Regents of the University of California wish to convey their deep appreciation to Ralph M. Ochoa for his exceptional service as a member of this Board; and

WHEREAS, after graduation from the UCLA School of Law, he went on to distinguish himself in many endeavors, serving as counselor to California's highest officials and earning the respect of state policymakers for his skill, experience, and insight; and

WHEREAS, he has served with distinction on two separate occasions as a Regent of the University of California, at all times discharging his responsibilities with exemplary vigor and enthusiasm and demonstrating his abiding commitment to the University and its students; and

WHEREAS, he has brought to the Board and its deliberations his expertise in helping formulate major public policy at both the state and federal level through his distinguished service to the Speaker of the California Assembly and to the National Advisory Council on Economic Development and has provided valuable perspectives during his service on the Audit, Grounds and Buildings, and Health Services committees of The Regents; and

WHEREAS, the University has been immensely enriched by his tireless efforts as a dynamic speaker and advocate for his alma mater, as president of the Alumni Associations of the University of California and as a member of the Western Association of Schools and Colleges, the UCLA Board of Visitors, and the UCLA Board of Trustees, leading to his recognition in 1997 as UCLA Latino Alumni Association Alumnus of the Year;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California do hereby express to Ralph M. Ochoa their warm appreciation for his generous service and valued contributions to the University of California;

AND BE IT FURTHER RESOLVED that the Regents extend to Ralph and Marty Ochoa their best wishes for the future and direct that a suitably inscribed copy of this

resolution be presented to them as an expression of the Board's gratitude and enduring friendship.

Regent Khachigian observed that the contributions made by Regents Chandler, Hotchkis, and Ochoa to the Board had been outstanding, and she expressed her appreciation for their service to the University.

Regent Montoya reported that Regent Chandler had been appointed to the California Postsecondary Education Commission.

Chairman Davies expressed his confidence that Governor Davis would appoint outstanding replacements for the outgoing Regents, but he also pointed out that their departure represents a genuine loss for the University. He suggested that the failure on the part of the Senate to confirm appointments made by a governor in his third year in office is a disturbing trend which should not continue, representing as it does a politicalization of appointments to the Board.

Regent Leach urged the Regents to encourage members of the Senate Rules Committee to use the confirmation process to review the qualifications of appointees rather than using it as a political litmus test. He noted that the outstanding commitment and dedication to the University on the part of the outgoing Regents was unusual and expressed concern that these well-qualified individuals had been denied the opportunity to serve on the Board for political reasons.

Regent Johnson also deplored the variation from the 126-year history of having Regents be confirmed once they are appointed by the Governor.

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

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program***

The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended to include Office of the President: A. University of California, Washington, D.C. Center.

B. ***External Financing for the University of California Washington, D.C. Center, Office of the President***

The Committee recommended, subject to amendment of the Budget for Capital Improvements and the Capital Improvement Program to include the University of California, Washington, D.C. Center project, that:

- (1) Funding for the Washington, D.C. Center be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
Funds available to the President	\$ 3,000,000
External financing	<u>22,286,000</u>
Total	\$25,286,000

- (2) The Treasurer be authorized to obtain external financing not to exceed \$22,286,000 to finance the construction of the Washington, D.C. Center, subject to the following conditions:
- a. Interest only, based upon the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. With regard to the residential portion of the project (\$14,523,000), repayment of the debt shall be made from net revenues of the University of California Housing System (UCHS) with the condition that so long as such portion of the debt is outstanding, the UCHS fees shall be established at levels sufficient to meet all requirements of the UCHS Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and related obligations of this portion of the proposed financing;
 - c. With regard to the non-residential portion of the project (\$7,763,000), repayment of the debt shall be paid from Opportunity Funds available to the President; and
 - d. 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 the interest paid by The Regents is exempt 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.

C. *Amendment of University of California Retirement Plan -- Change in Benefit Election Provisions*

The Committee recommended that the University of California Retirement Plan (UCRP or Plan) be amended as set forth in Attachment 1 to alter procedures relative to the administration of the Plan as follows:

- (1) Effective for a Retirement Date occurring April 1, 1999 or later, change the condition under which an election of Retirement Date, payment option, and designation of Contingent Annuitant becomes irrevocable to the later of the Retirement Date or 15 days following the date of the Plan Administrator's confirmation letter notifying the Member of the receipt of the Member's election.
- (2) Effective for a cashout date occurring April 1, 1999 or later, change the condition under which an election of Lump Sum Cashout becomes irrevocable to the later of the cashout date or 15 days following the date of the Plan Administrator's confirmation letter notifying the Member of the receipt of the Member's election.

With these changes, certain existing Plan language would be repositioned for purposes of clarity as is reflected in Attachment 1.

D. *Amendment of University of California Retirement Plan -- Authority of the President as Plan Administrator*

The Committee recommended that the University of California Retirement Plan, the Tax-Deferred 403(b) Plan, and the Defined Contribution Plan be amended effective January 1, 1999, as shown in Attachment 2, to expand the President's authority to make technical changes to these Plans, subject to the concurrence of the Chairman of the Board.

Upon motion of Regent Johnson, duly seconded, the report and recommendations of the Committee on Finance were approved.

7. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program*

The Committee recommended, subject to the concurrence of the Committee on Finance, that the 1998-99 Budget for Capital Improvements and the 1998-2001 Capital Improvement Program be amended to include the following project:

Office of the President: A. University of California, Washington, D.C. Center – total project cost – preliminary plans, working drawings, construction, and equipment – \$25,286,000 to be funded from external financing (\$22,286,000) and funds available to the President (\$3,000,000).

B. *Approval of Mitigated Negative Declaration and Approval of Design, Pierce Hall Addition, Riverside 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 Mitigation Monitoring Program and Findings.
- (3) Approval of the design of Pierce Hall Addition, Riverside campus.

[The Initial Study/Mitigated Negative Declaration and the 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.]

Upon motion of Regent Lee, duly seconded, the report and recommendation of the Committee on Grounds and Buildings were approved.

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

Establishment of a Limited Liability Corporation with Fremont-Rideout Health Group to Construct and Operate a Community Cancer Center, Medical Center, Davis Campus

The Committee recommended that the President, in consultation with General Counsel and the Vice President of Clinical Services Development, be authorized to:

- A. Execute documents to establish a limited liability corporation (LLC) to be capitalized up to \$3.92 million by The Regents (49 percent) and \$4.08 million (51 percent) by Fremont-Rideout Health Group (Fremont-Rideout) for the purpose of constructing and operating a community cancer center (Cancer Center) in conjunction with the Fremont-Rideout Hospital in Marysville. The Regents' contribution will be funded from UC Davis Medical Center reserves.
- B. Execute a groundlease between the LLC and Fremont-Rideout whereby the LLC will contract for the construction of the facilities of the Cancer Center and will lease equipment to Fremont-Rideout.
- C. Approve a facility lease and management services agreement whereby facilities, equipment, and management services are provided by the LLC to Fremont-Rideout for the operation of the Cancer Center under the Fremont-Rideout hospital license.

- D. Approve an employee lease between the LLC and Fremont-Rideout whereby Fremont-Rideout leases employees to the LLC for the provision of all services at the Cancer Center save and except radiation and medical oncology services.
- E. Execute agreements between The Regents and Fremont-Rideout whereby the UC Davis School of Medicine provides medical direction and oncology services.

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

9. **REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES**

Authorization to Approve and Execute Modification to the Department of Energy Contracts for Lawrence Berkeley National Laboratory, Lawrence Livermore National Laboratory, and Los Alamos National Laboratory to Amend Clauses as a Result of Changes in Federal Acquisition Regulations and DOE Acquisition Regulations

The Committee recommended that the President be authorized to approve and the Secretary be authorized to execute a modification to the provisions of contracts W-7405-ENG-36, DE-ACO3-76SF00098, and W-7405-ENG-48 in order to incorporate revisions to the following clauses:

Clause 1.2 - ORDER OF PRECEDENCE

Clause 5.9 - FOREIGN TRAVEL

Corrects Federal Acquisition Regulations (FAR) citation and date.

Clause 8.1 - CONTRACTOR PURCHASING SYSTEM

Updates the clause to include language regarding contractor self-assessment program and adds a paragraph at Bonds and Insurance.

Clause 8.2 - SUBCONTRACTOR COST OR PRICING DATA

Clause deleted.

Clause 8.5 - FLOWDOWN OF CONTRACT REQUIREMENTS TO SUBCONTRACTS

Updates as a result of changes to 8.1, 8.2, and changes to the Department of Energy Acquisition Regulations.

Clause 8.15 - RESTRICTIONS ON CERTAIN FOREIGN PURCHASES

Updates FAR clause. Adds Sudan to list of countries.

Clause 8.16 - SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS

Updates titles referenced in the FAR clause.

Clause 8.18 - PREFERENCE FOR PRIVATELY-OWNED U.S. FLAG COMMERCIAL VESSELS

Updates addresses referenced in the FAR clause.

As a result of these changes, the table of contents for each contract will be revised accordingly.

Upon motion of Regent Preuss, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was approved.

10. **REPORT OF THE NOMINATING COMMITTEE**

The Nominating Committee recommended the following appointments, effective immediately upon approval by the Board:

- A. Regent Bustamante be appointed to the Committees on Finance, Investments, and Oversight of the Department of Energy Laboratories.
- B. Regent Connerly be appointed as The Regents' representative to the California Postsecondary Education Commission.
- C. Regent Kozberg be appointed to the Committee on Health Services.
- D. Regent Lee be appointed to the Committee on Audit.
- E. Regent Parsky be appointed Vice Chair of the Committee on Audit.
- F. Regent Preuss be appointed Vice Chair of the Committee on Health Services.

Committee appointments are for the balance of the 1998-99 year. The CPEC appointment is for the two-year term ending June 30, 2000.

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

11. **REPORT OF COMMUNICATIONS**

Secretary Trivette presented summaries of communications received subsequent to the November 1998 meeting. The residency appeals were referred to the General Counsel, and the remaining communications were referred to the President for review and response as appropriate.

12. **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 for 1996-97. November 12, 1998. (Schedule of Reports)

To Members of the Committee on Finance

- B. Annual Financial Report of the University of California Retirement System (University of California Retirement Plan and the Defined Contribution Plan and Tax-Deferred 403(b) Plan for Fiscal Year Ended June 30, 1998). November 30, 1998. (Schedule of Reports)
- C. Annual Report on University Employee Housing Assistance Programs for 1997-98. December 8, 1998. (Schedule of Reports)

To Members of the Committee on Health Services

- D. The Activity and Financial Status Report on Hospitals and Clinics as of September 30, 1998. November 16, 1998. (Schedule of Reports)
- E. The Activity and Financial Status Report on Hospitals and Clinics as of October 31, 1998. December 11, 1998. (Schedule of Reports)
- F. The Activity and Financial Status Report on Hospitals and Clinics as of November 30, 1998. January 6, 1999. (Schedule of Reports)

The Regents of the University of California

- G. Annual actuarial valuation for the University of California Retirement Plan as of July 1, 1998. December 8, 1998.
- H. Total compensation survey report and the 1998 Chancellors' Compensation Survey Reports for the All University Set of 26 and the Comparison 8. December 17, 1998.
- I. Informational report (for period ended June 30, 1998) on due diligence review of contracted, third-party external vendors of investment options for University of California employees. January 5, 1998.

The meeting adjourned at 10:25 a.m.

Attest:

BOARD OF REGENTS

-14-

January 15, 1999

Secretary