

The Regents of the University of California

SPECIAL COMMITTEE ON REGENTS' PROCEDURES

October 14, 1999

The Special Committee on Regents' Procedures met on the above date at UCSF-Laurel Heights.

Members present: Regents Atkinson, Connerly, Davies, Hopkinson, S. Johnson, Parsky, Preuss, and Vining

In attendance: Regents Bagley, Bustamante, O. Johnson, Khachigian, Lansing, Leach, Montoya, Moores, Pannor, Sayles, and Taylor, Regent-designate Kohn, Faculty Representatives Coleman and Cowan, Secretary Trivette, General Counsel Holst, Assistant Treasurer Young, Provost King, Senior Vice President Kennedy, Vice Presidents Broome, Darling, Gomes, Gurtner, and Hershman, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Dynes, Greenwood, Orbach, Tomlinson-Keasey, Vanderhoef, and Yang, and Recording Secretary Nietfeld

The meeting convened at 10:40 a.m with Committee Chair Preuss presiding.

1. **AMENDMENT OF BYLAWS AND STANDING ORDERS RELATED TO BOARD PRACTICES AND PROCEDURES**

It was recommended that:

- A. Service of notice be waived.
- B. Amendment of relevant Bylaws and Standing Orders, as indicated in the Attachments, be approved in order to decrease the volume of routine administrative matters presented to The Regents and to further streamline the Board's practices and procedures.

Chairman Davies recalled that since July 1993 a series of amendments to the Bylaws and Standing Orders and Regental policies has been adopted by The Regents in order to improve the functioning of the Committees and the Board, decrease the volume of routine administrative matters in favor of consideration of major policy and long-range planning issues, and achieve an improved balance between the Board's need for information and the capacity of the administration to provide the information base. These changes were intended to create more time on the Board's agenda to foster the discussion of critical policy issues.

Chairman Davies recalled that at the July meeting he had proposed that the number of Regents meetings be reduced from the current nine meetings per year to six meetings per year, beginning with the January 2000 meeting. This proposal was approved by The Regents, and it was decided that the six meetings would be held for a full day on Wednesday and Thursday rather than the

current full day on Thursday and half day on Friday. At the same meeting, he proposed an increase in the threshold for salaries which met with some opposition, and as a result that recommendation has been withdrawn from the proposal. Chairman Davies noted that the proposal was modified following the discussion at the July meeting to include the concurrence of the Chairman of the Board and other appropriate committee chairs to ensure adequate oversight for actions falling between the \$10 million and \$20 million range and to report the action to the Board.

Chairman Davies informed the Committee of a minor change to the proposed amendment of Bylaw 21.4(d), which pertains to the duties of the Treasurer. Because external financing falls under the authority of the Committee on Finance, the Chairman of the Committee on Finance will also be asked to concur.

The recommendations before the Special Committee are the following:

Capital Improvement Program

(1) *It is proposed that The Regents increase the President's authority to approve capital improvement projects and amendments, as follows:*

- *The President shall continue to have the authority to approve projects and amendments of \$10 million or less.*
- *For projects in excess of \$10 million, up to and including \$20 million, the President is authorized to approve projects and amendments, provided that concurrence is obtained from the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, and also provided that all actions taken under this authority be reported at the next following meeting of the Board.*
- *Projects in excess of \$20 million shall require Regental approval.*

Currently, the President has authority to approve projects of \$10 million or less.

External Financing and Borrowing Authority

(2) *It is proposed that The Regents establish borrowing authority for the President and the Treasurer, in their respective areas of responsibility, as follows:*

- *For amounts up to and including \$10 million, the President shall have the authority to approve external financing and borrowing.*

- *For amounts in excess of \$10 million, up to and including \$20 million, the President shall have the authority to approve external financing and borrowing, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken under this authority be reported at the next following meeting of the Board.*
- *The Treasurer shall have corresponding authority, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Investments for amounts in excess of \$10 million, up to and including \$20 million, and also provided that all actions taken under this authority be reported at the next following meeting of the Board.*
- *Amounts in excess of \$20 million shall require Regental approval.*

Currently, all borrowing must be approved by The Regents.

Real Property/Rental Agreements

- (3) *It is proposed that The Regents increase the President's and the Treasurer's authority, in their respective areas of responsibility, as follows:*
- *The President shall continue to have the authority to approve leases which have an initial base annual rent not to exceed \$500,000 and an aggregated base rent over the lease term not to exceed \$10 million.*
 - *The President shall also have the authority to approve leases which have an initial base annual rent in excess of \$500,000, up to and including \$1 million, and an aggregated base rent over the lease term in excess of \$10 million, up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken under this authority be reported at the next following meeting of the Board.*
 - *The Treasurer shall have corresponding authority, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Investments for amounts in excess of \$500,000, up to and including \$1 million for an initial base annual rent, and in excess of \$10 million, up to and including \$20 million for an aggregated base rent over the lease term, and also provided that all actions taken for these amounts under this authority be reported at the next following meeting of the Board.*

- *Amounts in excess of the \$1 million and \$20 million described above shall require Regental approval.*

Acquisitions and Sales of Real Property

(4) *It is proposed that The Regents increase the President's and the Treasurer's authority, in their respective areas of responsibility, as follows:*

- *The President shall have the authority to approve acquisitions and sales of real property not to exceed \$10 million.*
- *The President shall also have the authority to approve acquisitions and sales of real property in excess of \$10 million, up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken under this authority be reported at the next following meeting of the Board.*
- *The Treasurer shall have corresponding authority, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Investments for amounts in excess of \$10 million, up to and including \$20 million, and also provided that all actions taken under this authority be reported at the next following meeting of the Board.*
- *Amounts in excess of \$20 million shall require Regental approval.*

Chairman Davies confirmed for Regent Hopkinson that, in addition to the six Regents meetings, it is the intention that three campus visits be scheduled each year.

In response to a question from Regent Hopkinson regarding the scope of the proposal with respect to the Capital Improvement Program, Senior Vice President Kennedy explained that the President has the authority to amend the capital budget and to approve the financing and the design for capital projects under \$10 million. A project requiring an Environmental Impact Report (EIR) must be presented to The Regents. Under the proposal, the President shall continue to have the authority to approve projects and amendments of \$10 million or less. For projects in excess of \$10 million, up to and including \$20 million, the President will be authorized to approve projects and amendments, provided that concurrence is obtained from the Chairman of the Board and from the chairmen of the appropriate committees.

Regent Hopkinson expressed concern that the President would be given the authority to approve \$20 million capital projects that are not in the capital budget which is approved by The Regents. Senior Vice President Kennedy noted that he would envision that most of these projects would be generated by non-State funding. If a campus were to receive a private gift in support of a building, the President would be able to amend the capital budget to include the project up to \$20 million, in contrast to his current authority of \$10 million.

Regent Leach pointed out that all such approvals will be reported to the Board at its next meeting, which offers an opportunity for the Regents to voice their objection to any of the projects which the President has approved. Mr. Kennedy added that the first formal action that is taken when a new capital project is conceived is the amendment of the capital budget to include that project.

Regent Hopkinson continued to express concern about the level of authority that is proposed to be granted to the President with respect to capital projects.

Regent Montoya agreed with the concerns expressed by Regent Hopkinson, noting that the Regents had recently been asked to approve several controversial parking structures that were below \$20 million. She supported a more streamlined process, with the financing and design of a project being presented at the same meeting. Vice President Kennedy noted that the administration must go through a series of steps for each capital project which results in the sequential scheduling of these items.

Regent Bagley noted that the role of the Board is not to oversee the construction of capital projects but rather the educational mission of the University. He proposed that the Regents may wish to consider delegating the approval of EIRs to the President. General Counsel Holst confirmed that the California Environmental Quality Act requires the preparation of an environment review document. Deputy General Counsel Morrison noted that the approval of an EIR is at the University's discretion. Delegating such responsibility to the President, however, could result in negative public reaction when major or controversial projects were involved. President Atkinson expressed his intention to consult with the General Counsel regarding the delegation of approval for EIRs.

In response to a question from Regent Preuss, Mr. Kennedy estimated that the capital budget is amended five or six times per year. The administration strives to include every known project in the capital budget when it is presented to The Regents for approval in November. Regent Hopkinson stressed that of the 36 projects in the 2000-2001 capital budget, only nine are more than \$20 million. Vice President Kennedy responded that the budget will continue to list all of the known capital projects.

Regent S. Johnson stated that she was unable to support a delegation to the President which would remove the Board's authority to approve the design of a \$20 million building. Vice President Kennedy noted that under the present policy the design is approved by the Committee on Grounds

and Buildings and is forwarded to the Board as part of the environmental impact review. He believed that it would be reasonable for the Committee on Grounds and Buildings to continue to have a role in the approval of the design of a building.

Regent Montoya commented on the pre-meeting design review at the Office of the President which is attended by the Chair and the Vice Chair of the Committee on Grounds and Buildings. At this design review the administration previews the projects which will be presented to the Regents at the upcoming meeting, and changes do result from this process. She believed that this process should continue.

Chairman Davies stated his opinion that the Regents should be spending their time on policy matters. While the proposal before the Committee is not intended to change the process for design review, he stressed that the Regents are not experts in this area and should be devoting their time to educational matters. Regent S. Johnson pointed out that the Regents hold the public trust in these matters. In the past, significant changes to a building's design have been made in response to concerns raised by the Regents.

General Counsel Holst pointed out that a provision in the Standing Orders delegates to the President the authority to approve designs except for those projects which The Regents have indicated must be reviewed and approved by the Committee on Grounds and Buildings. Today's proposed action has no effect on design review.

Upon motion duly made and seconded, the Committee approved the recommendation, with the amendment to Attachment 1 as indicated by Chairman Davies above, and voted to present it to the Board, Regent Hopkinson voting "no" on the recommendations pertaining to the Capital Improvement Program outlined in section (I) above.

2. **REPORT OF THE PRESIDENT OF THE UNIVERSITY**

President Atkinson reported that he intends to establish an advisory panel on the governance and organizational structure of the University of California in light of the major expansion which is anticipated over the coming decade. The organization of the institution was last reviewed in the 1950s. He stated his intention to provide the Regents with a draft statement of the charges to this advisory group and would seek their reactions to the proposal. It is anticipated that the organizational review would take approximately one year.

The meeting adjourned at 11:15 a.m.

Attest:

Secretary

BYLAWS

deletions shown by strikeout, additions by shading

BYLAW 10.

COMMITTEES OF THE BOARD OF REGENTS

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10.2 Nominating Committee.

- (a) The Chairman of the Board ~~in April~~ **no later than March** of each year shall appoint five members of the Board to the Nominating Committee for the ensuing year...

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Said Nominating Committee, following consultation with the Chairman of the Board and the President of the University, shall nominate at the regular meeting in ~~June~~ **May** a Chairman and a Vice Chairman of the Board and a Chairman, a Vice Chairman, and members of each Standing Committee for the ensuing year and,...

* * *

- (c) The Regents' representative and alternate representative to the California Postsecondary Education Commission shall be nominated by the Nominating Committee and upon approval by the Board the persons so nominated shall be deemed appointed as such representative and alternate representative, respectively. The representative and alternate representative shall be nominated by the Nominating Committee at the regular meeting in ~~June~~ **May** of each year for a two-year term commencing on July 1. Vacancies shall be...

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BYLAW 12.

RESPONSIBILITIES OF STANDING COMMITTEES

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12.3 Committee on Finance.

The Committee on Finance shall:

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- (e) Except as otherwise provided in ~~the Bylaw 12.7~~ **Bylaws and Standing Orders**, consider ~~all~~ matters relating to the external financing of projects as defined in **Bylaw 21.4(d) and Standing Order 100.4(nn)**, and recommend for confirmation by the Board the external borrowing of funds by the Corporation.

* * *

- (i) Except as otherwise provided in the Bylaws or the Standing Orders, consider and recommend to the Board ~~all~~ matters relating to the purchase, sale, or lease of real property, and review and report to the Board on the recommendations of the Committee on Educational Policy as to the acceptance, use, and allocation of gifts of real property.

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BYLAW 20.

OFFICERS OF THE CORPORATION

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20.2 Election.

The Board shall elect all Officers except the President, who shall be the Governor of the State. The Chairman and Vice Chairman shall be elected at the ~~June~~ **May** meeting of the Board and shall hold office for one year **commencing on July 1** and until their successors are elected...

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BYLAW 21.

DUTIES AND RESPONSIBILITIES OF OFFICERS OF THE CORPORATION

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21.3 Secretary.

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- (f) The Secretary, acting alone, is authorized, in the name of the Corporation, to enter into and execute the following:

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- (2) Documents involving real estate transactions which are necessary to implement programs or policies approved by the President of the University or the Treasurer of the Corporation in their respective areas of authority and responsibility, provided, however, that the following shall be subject to approval by the Board or by a Committee thereof empowered to act (see also **Bylaw 21.4(v)** and Standing Order 100.4(cc)):

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21.4 Treasurer.

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- (d) The Treasurer is authorized to provide for external financing for amounts up to and including \$10 million for the construction, acquisition, equipping, and improvement of projects approved by the President. The Treasurer is also authorized to provide for external financing for amounts in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board, the Chairman of the Committee on Finance, and the Chairman of the Committee on Investments, and also provided that all actions taken in excess of \$10 million up to and including \$20 million under this authority be reported at the next following meeting of the Board. External financing in excess of \$20 million requires Board consideration. The Treasurer, in general, shall be the manager of all external financing of the Corporation and, except as otherwise provided in the Bylaws and Standing Orders, subject to control and direction of the Board and its Committee on Finance, which...

* * *

- (t) The Treasurer is authorized to approve the purchase, sale, or receipt by gift of real property held or acquired for investment purposes when the consideration is \$5 \$10 million or less;. The Treasurer is also authorized to approve the purchase, sale, or receipt by gift of real property held or acquired for investment purposes when the consideration is in excess of \$10 million up to and including \$20 million, provided that concurrence is

obtained from the Chairman of the Board and the Chairman of the Committee on Investments, and also provided that all actions taken in excess of \$10 million up to and including \$20 million under this authority be reported at the next following meeting of the Board. Amounts in excess of \$20 million require Board approval. The Treasurer is authorized to approve acceptance of conveyances releasing or otherwise eliminating liens or encumbrances affecting title to investment property; and to approve licenses, easements, and rights-of-way with respect to real property held or acquired for investment purposes when the consideration is \$5 \$10 million or less.

- (v) The Treasurer is authorized to approve and execute on behalf of the Corporation contracts, real property rental agreements, and other documents pertaining to real property held or acquired for investment purposes provided that base annual rent shall not exceed \$500,000 for the initial year, and that, when the rent is aggregated over the lease term, the total base rent will not exceed \$10 million. Provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Investments, the Treasurer is also authorized to approve and execute contracts, real property rental agreements, and other documents, as described above, for amounts in excess of \$500,000 up to and including \$1 million for the initial year, and for amounts in excess of \$10 million up to and including \$20 million for aggregated base rent over the lease term, and also provided that all actions taken under this authority be reported at the next following meeting of the Board. Amounts in excess of the \$1 million and \$20 million described above require Board approval. Beginning July 1, 1996, the The maximum initial year base rent and the maximum aggregate rent specified above shall each be increased annually by a percentage equal to the percentage increase in the National Consumer Price Index for all Urban Consumers (CPI-U all items) for the preceding year.

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STANDING ORDERS

STANDING ORDER 100.

OFFICERS OF THE UNIVERSITY

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100.4 Duties of the President of the University.

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- (q) The President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed \$10 million. The President is also authorized to approve amendments to the Capital Improvement Program for projects exceeding \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, and also provided that all actions taken in excess of \$10 million up to and including \$20 million under this authority be reported at the next following meeting of the Board. However, the following shall be approved by the Board: (1) the addition of a new projects with a total cost in excess of \$10 \$20 million, (2) for projects in excess of \$10 \$20 million, any modification in project cost over standard cost-rise augmentation in excess of 25%, or (3) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications.

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- (cc) The President is authorized to approve and execute on behalf of the Corporation contracts, real property rental agreements, and other documents pertaining to the use of facilities for academic, research, or public service programs of the University, or for related administrative support activities with a term of no more than ten years, including option periods provided that base annual rent (exclusive of operating expenses and all concessions to the University) shall not exceed \$500,000 for the initial year, and annual rent increases for subsequent years shall be limited to either (i) the actual annual percentage increases in the Consumer Price Index for all Urban Consumers (CPI-U all items), or (ii) such amounts that, when the rent is aggregated over the lease term, the total base rent does not exceed \$10 million. Provided that concurrence is obtained from the Chairman of the

Board and the Chairman of the Committee on Finance, the President is also authorized to approve and execute contracts, real property rental agreements, and other documents, as described above, provided that base annual rent shall not exceed \$1 million for the initial year, and that, when the rent is aggregated over the lease term, the total base rent does not exceed \$20 million, and also provided that all actions taken for these amounts under this authority be reported at the next following meeting of the Board. Amounts in excess of the \$1 million and \$20 million described above require Board approval. Beginning July 1, 1996, The maximum initial year base rent and the maximum aggregate rent specified above shall each be increased annually by a percentage equal to the percentage increase in the National Consumer Price Index for all Urban Consumers (CPI-U all items) for the preceding year, said increase to be reported annually to the Committee on Finance.

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- (gg) The President is authorized to approve the sale, purchase, receipt by gift, or other acquisition of real property when such real property (1) is used, held, or to be acquired for campus-related purposes as defined in (ff) above, and the consideration does not exceed \$5 \$10 million, (2) consists of for-sale housing units within an approved University for-sale housing program, (3) is acquired through foreclosure, deed-in-lieu of foreclosure, or otherwise in realization of a security interest under an approved University home loan program, or (4) is the former residence of a recently recruited employee acquired pursuant to an established personnel policy for covered moving expenses. The President is also authorized to approve the sale, purchase, receipt by gift, or other acquisition of real property, as described above, when the consideration is in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken for these amounts under this authority be reported at the next following meeting of the Board. Amounts in excess of \$20 million require Board approval.

* * *

- (jj) The President is authorized to approve and execute licenses, easements, and rights-of-way with respect to real property held or acquired for campus-related purposes when (1) the consideration does not exceed \$5 \$10 million or (2) such instruments are revocable with 120 days' notice.

* * *

- (nn) The President is authorized to approve external financing for amounts up to and including

\$10 million for the construction, acquisition, equipping, and improvement of projects in the President's areas of responsibility. The President is also authorized to approve external financing for amounts in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken in excess of \$10 million up to and including \$20 million under this authority be reported at the next following meeting of the Board. External financing in excess of \$20 million requires Board approval.

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