

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

September 14, 2000

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

Present: Regents Atkinson, Connerly, Davies, Fong, Hopkinson, S. Johnson, Kohn, Lee, Miura, Montoya, and Preuss (11)

In attendance: Regents-designate T. Davis, Morrison, and Seymour, Faculty Representatives Cowan and Viswanathan, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Gomes, Gurtner, and Hershman, Chancellors Greenwood and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 3:55 p.m. with Chairman S. Johnson presiding.

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

Upon motion of Regent Preuss, duly seconded, the minutes of the meetings of July 2000 were approved.

2. **REPORT OF THE PRESIDENT**

President Atkinson presented his report concerning University activities and individuals.

Upon motion of Regent Preuss, 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.]

3. **RESOLUTION IN APPRECIATION, CAMPUS ALUMNI ASSOCIATION DIRECTORS AND CAMPUS FOUNDATION TRUSTEES**

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

WHEREAS, private financial support and the active involvement of alumni volunteers have become increasingly important in maintaining the excellence of the University of California; and

WHEREAS, the trustees of the campus foundations and the directors of the campus alumni associations have been crucial to the success of the University's private support efforts and public involvement in communities throughout California; and

WHEREAS, these alumni directors and foundation trustees are individuals of great personal accomplishment, who bring to the University a wealth of experience and professional expertise and who contribute generously of their time and considerable talents as goodwill ambassadors and selfless volunteers on the University's behalf; and

WHEREAS, the University received a record \$1.2 billion in private support for the 1999-2000 fiscal year, an extraordinary accomplishment unmatched by any other institution of higher learning and a reflection of the high esteem in which the public of this great state holds its university; and

WHEREAS, the officers, directors, and trustees of the University's alumni associations and campus foundations have been at the forefront of the many successful fundraising campaigns that have enriched the life of the University and are responsible in large measure for the extraordinary good will and support UC has enjoyed in recent years;

NOW, THEREFORE, BE IT RESOLVED that the Regents extend their sincere appreciation to the trustees of the University of California campus foundations and the directors of the campus alumni associations for their loyal and generous dedication to the University and those it serves, and for their advancement of the University through their philanthropic endeavors and enthusiastic advocacy;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be presented to the current and immediate past presidents and chairs of the campus alumni associations and campus foundations as an expression of the Board's enduring gratitude for their continuing and extraordinarily successful efforts on the University's behalf.

4. REPORT OF THE COMMITTEE ON FINANCE**A. *Revision of the Memorandum of Understanding Between the State Bar of California and the University of California for Joint Sponsorship of the Continuing Education of the Bar***

The Committee recommended that the President be authorized to sign a new Memorandum of Understanding with the California State Bar for the joint sponsorship of the Continuing Education of the Bar (CEB), with the basic provisions of the agreement as follows:

- (1) The University shall make available appropriate administrative services, retain authority to ensure that CEB operates in a financially responsible manner, ensure that CEB's operations and products conform to UC policies and purposes, and manage or dispose of CEB in a fashion that protects the assets of the University.
- (2) The State Bar shall permit the use of its journal for announcements concerning CEB and the use of its name, mailing list, and similar facilities to promote CEB and facilitate its mission and encourage participation of its sections, of local bar associations, and of members of the State Bar in CEB activities and in facilitating CEB's mission.
- (3) CEB shall be budgeted on a self-supporting nonprofit basis, and title of all assets acquired through CEB, including copyrights, shall be in the name of The Regents.
- (4) A Governing Committee consisting of nine voting members shall consist of the University Provost (or designee) as Chair, an attorney in active practice in California appointed by the State Bar as Vice Chair, the Executive Director of the State Bar (or designee); two members who shall be attorneys actively practicing in California appointed by the State Bar; and four other members appointed by the University. Appointments shall normally be for renewable terms of two years.
- (5) The Governing Committee shall be responsible for review and approval of: (a) CEB's annual publishing and educational program; (b) CEB's updated strategic plans and objectives; (c) the annual budget; (d) recommendations of the Director on overall operation of CEB; and (e) CEB's long-term plans for investment and new products.
- (6) The Governing Committee shall meet as needed, but not less than quarterly, and shall submit to the University and the State Bar an annual report setting forth a review of operations of CEB for the preceding fiscal year and a statement of CEB's plans for the current year. It may

create such advisory committees and procedures as it deems appropriate.

- (7) Either party may terminate the Agreement by giving the other party at least three months' prior written notice of such termination.

B. ***Authority to Establish a Student-Operated Noncommercial Low Power FM Radio Station, San Diego Campus***

The Committee recommended that the President be authorized to submit on behalf of The Regents an application to the Federal Communications Commission for authority to operate a 100-watt, noncommercial low power FM radio station to be constructed on the San Diego campus, said facility to be operated by the Associated Students of the University of California, San Diego (ASUCSD) under the supervision and control of the Chancellor or designee, with operating costs provided by the ASUCSD.

C. ***Approval of Student-Sponsored Increase in Undergraduate Student Government Fees, Los Angeles Campus***

The Committee recommended that effective fall quarter 2000, the Undergraduate Students Association Fee at the Los Angeles campus be increased by \$1.09 per undergraduate student per quarter, from \$23.00 to \$24.09 per student per quarter, to support activities of the University of California Student Association (UCSA) and campus expenses related to UCLA student participation in the UCSA and the United States Student Association.

D. ***Modification of Program Framework and Loan Parameters for University of California Mortgage Origination Program***

The Committee recommended that:

- (1) The Regents approve modifications to the Mortgage Origination Program Framework as detailed in Attachment 1.
- (2) The Regents approve modifications to the Mortgage Origination Program Loan Parameters as detailed in Attachment 2.

E. ***Modification of Program Eligibility and Participation Guidelines and Program Loan Parameters for University of California Supplemental Home Loan Program***

The Committee recommended the approval of modifications to the Supplemental Home Loan Program Loan Parameters as detailed in Attachment 3.

Upon motion of Regent Preuss, duly seconded, the recommendations of the Committee on Finance were approved.

5. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS

A. *Approval of Negative Declaration and Approval of Design, Campus Surge Building, Riverside Campus*

Upon review and consideration of the environmental consequences of the 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 the Campus Surge Building, Riverside 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.]

B. *Approval of Negative Declaration and Approval of Design, Cancer Center Facility, San Diego Campus*

Upon review and consideration of the environmental consequences of the project as indicated in the Tiered Initial Study/Mitigated Negative Declaration, 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 the Cancer Center Facility, San Diego 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.]

C. *Certification of Environmental Impact Report, Amendment of Long Range Development Plan, and Approval of Design, Seismic Replacement Building 1 and Oxford Tract Parking Facility, Berkeley Campus*

Upon review and consideration of the environmental consequences of the project as indicated in the Final Environmental Impact report, the Committee recommended:

- (1) Certification of the Environmental Impact Report.
- (2) Adoption of the Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program.
- (3) Amendment of the 1990 University of California Berkeley Long Range Development Plan to provide for parking at the site of the Seismic Replacement Building 1 at Oxford and Hearst Streets, in place of parking expansion proposed in the LRDP at the University Hall parking structure.
- (4) Approval of the design of the Seismic Replacement Building 1 and the design of the Oxford Tract Parking Facility, Berkeley campus.

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

6. COMMITTEE ON EDUCATIONAL POLICY

Establishment of Mandatory Health Insurance as a Non-Academic Condition of Enrollment for All Undergraduates

The Committee recommended that the President be authorized to require proof of health insurance coverage as a non-academic condition of enrollment for all University undergraduate students, effective with the fall term 2001.

Upon motion of Regent Montoya, duly seconded, the recommendation of the Committee on Educational Policy was approved, Regent Hopkinson voting "no."

7. COMMITTEE ON INVESTMENTS

A. *Selection of Index Fund Manager*

The Committee recommended that State Street Global Advisors be selected as The Regents' Index Fund Manager.

B. *Authorization to Execute Certain Agreements for Investment Processing and Research That Contain Indemnification Language Requiring Assumption of Third-Party Liability*

The Committee recommended that the President and his delegates, after consultation with the Office of the General Counsel, be authorized to enter into

agreements with real time data providers and analytical and trade processing systems providers, notwithstanding the fact that such agreements may require the University to indemnify, defend, and hold the providers harmless from claims of third parties.

Upon motion of Regent Hopkinson, duly seconded, the recommendations of the Committee on Investments were approved.

8. **REPORT OF THE NOMINATING COMMITTEE**

The Committee recommended that:

- A. Regent O. Johnson be appointed to the Committee on Educational Policy.
- B. Regent-designate T. Davis be appointed as an advisory member to the Committees on Educational Policy, Grounds and Buildings, and Investments.

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

9. **REPORT OF THE COMMITTEE GROUNDS AND BUILDINGS AND THE COMMITTEE ON FINANCE**

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and External Financing for Central Dining and Office Facility, Berkeley Campus*

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Berkeley: Central Dining and Office Facility – preliminary plans, working drawings, construction, and equipment – \$41,593,000 to be funded from external financing (\$22,000,000) and the Berkeley campus share of the University of California Housing System Net Revenue Fund (\$19,593,000).

- (2) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed \$22,000,000 to finance the Central Dining and Office Facility 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. As long as this debt is outstanding, University of California Housing System fees for the Berkeley campus shall be established at levels sufficient to meet all requirements of the University of California Housing System Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed financing; 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, Broad Art Center, Seismic Reconstruction and Expansion, Los Angeles Campus*

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Los Angeles: G. Broad Art Center Seismic Reconstruction and Expansion – preliminary plans – \$1,068,000 to be funded from Los Angeles campus funds (\$374,000) and FEMA funds (\$ 694,000).

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

10. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS, COMMITTEE ON FINANCE, AND COMMITTEE ON HEALTH SERVICES**

- A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of Financing for Health Sciences Seismic Replacement Building 1, Los Angeles Campus*
- (1) With the concurrence of the Committee on Finance, the Committees on Grounds and Buildings and Health Services recommended that the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program be amended as follows:

From: Los Angeles: Health Sciences Seismic Replacement Building 1 – preliminary plans, working drawings, construction, and equipment – \$57,697,000 total project cost to be funded from State funds (\$23,768,000) and gift funds (\$33,929,000).

To: Los Angeles: Health Sciences Seismic Replacement Building 1 – preliminary plans, working drawings, construction, and equipment – \$59,177,000 total project cost to be funded from State funds (\$23,768,000) and gift funds (\$35,409,000)

- (2) The Committee on Finance recommended that:
- a. The Treasurer be authorized to obtain standby financing not to exceed \$32,444,000 prior to awarding a construction contract for any gift funds not received by that time and subject to the conditions that:
 - i. interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period;
 - ii. repayment of any financing shall be from gift funds and, in the event such gift funds are insufficient, from the School of Medicine quasi-endowments to be identified and confirmed with the President; and
 - iii. the general credit of The Regents shall not be pledged.
 - b. 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.
 - c. 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, and Approval of Changes in Funding Sources for Westwood Replacement Hospital and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure, Los Angeles Campus*

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings and the Committee on Health Services recommended that:

- (1) The 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended as follows:

From: Los Angeles: (TBD). Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$597.7 million to be funded from federal funds (\$432.9 million), State matching funds (\$44.1 million), hospital reserves (\$9 million), and external financing (\$111.7 million).

To: Los Angeles: (TBD). Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$672.7 million to be funded from federal funds (\$432.9 million), State matching funds (\$44.1 million), and gift funds and State lease revenue bond funds (\$195.7 million).

From: Los Angeles: (TBD). Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$205,861,000 to be funded from federal funds (\$72,200,000), hospital reserves (\$31,901,000), gift funds (\$20,800,000) and external financing (\$80,960,000).

To: Los Angeles: (TBD). Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$230,861,000 to be funded from federal funds (\$72,200,000), hospital reserves (\$14,900,000), and gift funds and State lease revenue bond funds (\$143,761,000).

- (2) The above action includes \$100,000,000 for medical equipment recognized in previous Regents' items but not approved in the budgets. The sources will be from the \$159,461,000 gift funds to be approved as a funding source instead of the allocation of hospital revenues and, as appropriate, from the \$180,000,000 in State lease revenue bonds.
- (3) The \$180,000,000 State lease revenue bond funds be approved as funding sources for the project instead of the issuance of long-term external financing in the form of hospital revenue bonds, which were previously approved by The Regents.

Upon motion of Regent Preuss, duly seconded, the recommendations of the Committees on Grounds and Buildings, Finance, and Health Services were approved.

11. SUPPLEMENTAL REPORT ON EXECUTIVE COMPENSATION

Recommended 2000-01 Salary Increases for Certain Officers of the University, Officers of The Regents, and Other Employees as Required by Bylaws and Standing Orders

- A. The Committee on Finance recommended that, pursuant to Standing Order 100.3(a), the 2000-01 salary rate be approved for the President of the University as shown below, effective October 1, 2000:

<u>Name and Title</u>	<u>Current Salary Rate</u>	<u>October 1, 2000 Salary Rate</u>
Richard C. Atkinson President of the University	\$337,300	\$349,100

- B. The Committee on Finance recommended that salary rates be approved for certain Officers of the University and Officers of The Regents, pursuant to Bylaw 12.3(m)(1) and Standing Order 100.3(b), as shown on Attachment 4, effective October 1, 2000.

Upon motion of Regent Preuss, duly seconded, the recommendations of the Committee on Finance were approved, Regent Fong voting "no."

12. **REPORT OF INTERIM ACTIONS**

Secretary Trivette reported that, in accordance with authority previously delegated by The Regents, interim action was taken on routine or emergency matters as follows:

- A. The Chairman of the Board and the President of the University approved the following recommendations:

(1) ***Renaming of the Dickson Art Center [Broad] and Naming of Parterres and Associated Roadway [Dickson], Los Angeles Campus***

- a. That the Dickson Art Center, Los Angeles campus, be renamed the Edye and Eli Broad Art Center in recognition of the pledge of \$20 million from Edythe and Eli Broad and The Broad Foundation, contingent on fulfillment of that pledge.
- b. That the two grass parterres located between Perloff and Schoenberg Halls and the roadway which runs between them collectively be known as Dickson Court.

(2) ***Change in Source of Repayment for the Purchase of 10280 North Torrey Pines Road Office Building, San Diego Campus***

That the financing actions approved by The Regents in September 1987, January 1992, and June 1998 with respect to the purchase of an office building at 10280 North Torrey Pines Road, La Jolla, San Diego campus, be amended as shown below, with the understanding that all

other financing actions approved in connection with said project remain unchanged.

deletions shown by strikeout; additions by shading

* * *

4. That the Treasurer be authorized to refinance the existing loan from ~~Aetna Life Insurance Company~~ in the original principal amount of ~~\$21,225,000~~ **\$19,570,000** to finance, in part, the purchase of the McKellar Research Center building, subject to the following conditions:

(1) Repayment of principal and interest shall be from ~~the gross income of the building and, to the extent necessary, from discretionary funds available to the Chancellor of the San Diego campus~~ **share of the University Opportunity Fund.**

~~(2) That the McKellar Research Building be pledged as sole security for this borrowing.~~

* * *

B. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, the Chair of the Committee on Finance, and the President of the University approved the following recommendations:

(1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Interstate 5/Gilman Drive Advanced Technology Bridge, San Diego Campus***

That the 2000-2001 Budget for Capital Improvements and the 2000-2003 Capital Improvement Program be amended to include the following project:

San Diego: Interstate 5/Gilman Drive Advanced Technology Bridge – preliminary plans – \$858,000, to be funded by a combination of federal grant funds (\$512,000) and funds available to the campus (\$346,000).

(2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for the Campus Surge Building, Riverside Campus***

- a. That the 2000-2001 Budget for Capital Improvements and the 2000-2003 Capital Improvement Program be amended to include the following project:

Riverside: Campus Surge Building – preliminary plans, working drawings, and construction – \$15,885,000 to be funded from an internal loan (\$13,000,000), external financing (\$2,385,000), and registration fee reserves (\$500,000).
 - b. That the Treasurer be authorized to obtain financing not to exceed \$2,385,000 to finance the project listed above, subject to the following conditions:
 - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - ii. repayment of the debt shall be from University registration fees; and
 - iii. the general credit of The Regents shall not be pledged.
 - c. That the Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - d. That the Officers of The Regents be authorized to execute all documents and agreements in connection with the above.
- (3) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for the Recreation Center Expansion, Santa Barbara Campus***
- a. That the 2000-01 Budget for Capital Improvements and the 2000-03 Capital Improvement Program be amended to include the following project:

Santa Barbara: Recreation Center Expansion – preliminary plans, working drawings, construction, and equipment – \$16,945,000, total project cost to be funded from external financing (\$14,950,000) and Recreation Center/Aquatics Complex/University Fee reserves (\$1,995,000).

- b. That the President approve and the Treasurer be authorized to obtain financing not to exceed \$14,950,000 to finance the project listed in a. above, subject to the following conditions:
 - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction periods;
 - ii. repayment of the debt shall be from the increase in the Recreation Center/Aquatics Complex/University Fee approved by student vote in April 2000 and approved by The Regents in July 2000, and, if necessary, from the University Registration Fee, which shall generate net revenues sufficient to pay debt service and to meet all related financing requirements; and
 - iii. the general credit of The Regents shall not be pledged.
- c. That 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.
- d. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.

13. REPORT OF PERSONNEL ACTIONS

In accordance with Bylaw 14.7(b), Secretary Trivette reported that the following personnel action was taken at the July 2000 meeting. There was no roll call vote on this action.

Appointment of Roger V. Short as Regents' Professor, Departments of Anthropology and Sociology, Institute of Toxicology and Environmental Health, and California Regional Primate Research Center, Davis campus, for the winter quarter of the 2000-01 academic year.

14. REPORT OF COMMUNICATIONS

Secretary Trivette presented summaries of communications received subsequent to the July 2000 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.

15. 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. Report on Matters Relating to the California Postsecondary Education Commission. August 22, 2000. (Schedule of Reports)

To Members of the Committee on Finance

- B. Report on percentage of increase in compensation levels in accordance with the Consumer Price Index. July 27, 2000.

To Members of the Committee on Health Services

- C. The unaudited Activity and Financial Report on Hospitals and Clinics for the fiscal year ended June 30, 2000. August 9, 2000. (Schedule of Reports)

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- D. Update on the University's student housing status. July 27, 2000.
- E. The Fall 2000 catalog from UC Press and a copy of *Imprints*, the newsletter of the Press' friends group, the Associates of the University of California Press. July 27, 2000.
- F. Annual summary of University-operated housing fees to be charged in fiscal year 2000-01. August 22, 2000.
- G. Report on the fee levels for self-supporting professional degree programs approved for 2000-01. September 5, 2000.

The meeting adjourned at 4:00 p.m.

Attest:

Secretary

(deletions shown by strike-out; additions underscored)

MORTGAGE ORIGINATION PROGRAM FRAMEWORK

1. The eligible population for the Mortgage Origination Program consists of full-time University appointees who are members of the ~~Executive Program~~ Senior Management Group; ~~or who~~ are members of the Academic Senate; or who hold academic titles equivalent to titles held by such members; or hold the title of Acting Assistant Professor; except that the President is authorized to make exceptions to the above categories based upon the essential recruitment and retention needs and goals of the institution.
2. The Program is further restricted to eligible appointees who do not currently own, and, within the 12-month period preceding the issuance of the loan have not owned, a principal place of residence within a reasonable distance of their campuses.
3. From the eligible population, the Chancellor's Office will select eligible individuals for participation in the Program based on each campus' determination of its requirements for recruitment and retention.
4. Mortgage loans under the Program will be available for residences that are:
 - owner-occupied, single-family residences, including condominium units;
 - the principal place of residence for the participant;
 - used primarily for residential, non-income-producing purposes; and
 - 50% or more participant-owned.

5. Because the Program is designed to help eligible appointees enter the housing market near their campuses for the first time, refinancing loans are not part of this Program, except for loans made to repay short-term construction or bridge loans.
6. Direct construction loans are not eligible under this Program; however, Program loans may be used to refinance commercial construction loans upon completion of the residence.
7. In order to maximize the number of loans available, an individual may receive only one mortgage loan under the Program.
8. Program participation may continue for the term of employment by the University of California:
 - When the University employment is terminated or, in the case of academic appointees, there is a permanent change to an appointment status not considered to be in full-time service to the University, the mortgage loan is to be repaid within six months of such date of separation or change in status, except that
 - participation can continue when separation is due to disability or retirement and
 - participation can continue for a surviving spouse (or, in the absence of a spouse, for an eligible child, as that term is defined by the University of California Retirement Plan Plan Document) in the event of the death of the participant.

9. Exceptions, in an amount not to exceed 10% of a campus's cumulative allocations for all allocation periods beginning with July 1, 1988 through June 30, 2000, and not to exceed 15% of all cumulative allocations for allocation periods beginning with July 1, 2000, may be made under items 2, 5, and 7 for otherwise eligible appointees who are unable to retain ownership of a current residence as a result of medical circumstances, natural disaster, a qualified domestic relations order or other judgements rendered by a court of law, or for other reasons which, in the judgement of the Chancellor, warrant such an exception based upon the essential academic recruitment or retention needs of the campus. With respect to an exception for refinancing, the loan cannot be for an amount greater than the outstanding balance of the prior loan and accrued expenses nor can the loan be used to pay off loans secured by second trust deeds if those loans were used for non-housing-related expenses or mortgages on other properties.

(deletions shown by strike-out; additions underscored)

MORTGAGE ORIGINATION PROGRAM LOAN PARAMETERS

1. A minimum down payment of 10% is required to be provided by the participant; however, the maximum loan-to-value ratio (LTV) of a Program loan is to be determined as follows:
 - for loans up to ~~\$250,000~~\$350,000, the maximum LTV is 90% when the loan does not include any financing of closing costs and 92% with financing of documented closing costs;
 - for loans greater than ~~\$250,000~~ \$350,000 up to ~~\$400,000~~\$550,000, the maximum LTV is 90%; and
 - for loans greater than ~~\$400,000~~\$550,000, the maximum LTV is 85%.

loans greater than \$1,000,000 shall require the concurrence of the Chairman of the Board.

An exception to the 85% maximum LTV for loans in excess of ~~\$400,000~~\$550,000 to no more than 90% may be granted upon recommendation by the President, with approval of the Chair of the Committee on Finance and the Chair of the Board of Regents. The value of the residence is, in all cases, defined as the lesser of the purchase price or current appraised value. The above dollar threshold amounts for determining the maximum LTV shall be adjusted annually based upon increases in the all-campus average sales price from the annual zip code study performed by the Office of Loan Programs.

2. Up to a 30-year mortgage amortization term.

3. The mortgage interest rate will be equal to the base rate, defined as the most recently available average rate of return earned by the Short-Term Investment Pool (STIP) for the four quarters preceding the issuance of a loan commitment letter for funding of the mortgage loan, plus an administrative fee component:
- the President shall determine annually the level of the administrative fee component of the rate up to an amount not to exceed 0.25%;
 - the mortgage interest rate will be adjusted annually on the anniversary date of the loan;
 - the maximum amount of adjustment up or down of the base rate will be 1% per year;
 - there will be no cap on total amount of adjustment over the term of the loan;
 - ~~and~~
 - in the event a loan commitment letter is issued and the base rate subsequently decreases prior to the loan funding, the borrower will receive the more favorable rate; and
 - the difference between the weighted average rate of return of the Program mortgage portfolio versus that of STIP will be calculated monthly annually, with any ~~cumulative~~ earnings shortfall in the Program portfolio being covered by the Faculty Housing Program Reserve, ~~after taking into account any prior years' excess earnings.~~ Any earnings excess will be retained in the Faculty Housing Program Reserve. The Faculty Housing Program Reserve will reimburse STIP for any principal losses resulting from portfolio loan losses.

4. Monthly mortgage payments may not exceed 40% of the participant's household income.
5. When administratively feasible, mortgage payments will be made by payroll deduction while on salary status.
6. Mortgage loans under this Program are not assumable.
7. Mortgage loans under this Program carry no prepayment penalty.
8. Mortgage loans under this Program carry no balloon payments.

(deletions shown by strike-out; additions underscored)

SUPPLEMENTAL HOME LOAN PROGRAM LOAN PARAMETERS

1. Program loans shall be used primarily for the purchase of a participant's primary residence, or to provide short-term bridge financing; however, at the discretion of the Chancellor or DOE Laboratory Director, Program loans also may be used for:
 - renovation;
 - refinancing of existing housing-related debt secured by the primary residence;

2. Program loans shall be secured, using a recorded Deed of Trust or other appropriate recorded document, for residences that are:
 - owner-occupied, single-family residences (including Planned Unit Development and condominium units), or ~~co-operatives~~;
 - the principal place of residence for the participant;

- used primarily for residential, non-income-producing purposes; and
 - 50% or more participant-owned.
3. The maximum loan-to-value ratio (LTV) of a Program loan, either alone or in combination with other loans, is to be determined as follows:
- for loans totaling up to ~~\$250,000~~350,000, the maximum combined LTV is 95%;
 - for loans totaling more than ~~\$250,000~~350,000 and up to ~~\$400,000~~550,000, the maximum combined LTV is 90%; and
 - for loans totaling more than ~~\$400,000~~550,000, the maximum combined LTV is 85%.

The above dollar threshold amounts for determining the maximum LTV shall be adjusted annually based upon increases in the all-campus average sales price determined by the annual zip code study performed by the Office of Loan Programs.

Exceptions to increase the maximum combined LTV of 90% and 85% for loans in excess of ~~\$250,000~~350,000 and ~~\$400,000~~550,000, respectively, to a maximum of 95% may be granted upon recommendation of the President, with the approval of the Chair of the Committee on Finance and the Chair of the Board of Regents. The value of the residence is in all cases defined as the lesser of the purchase price or current appraised value.

4. The maximum term of a Program loan shall be 30 years, with repayment schedules designed to accommodate the needs of the Program participant as well as any requirements of the funding source.
5. Each location shall determine the mortgage interest rate to be charged on a given loan, except that minimum or maximum rates may be established to comply with federal and State lending and tax laws and regulations.
6. The sum of monthly mortgage payments (principal and interest) of this and all other loans secured by the residence may not exceed 40% of the participant's household income.
7. When administratively feasible, mortgage payments shall be made by payroll deduction while on salary status.
8. Mortgage loans under this Program shall not be assumable.