

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 15, 2001

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

Present: Regents Atkinson, Bagley, Connerly, Davies, T. Davis, Hertzberg, Hopkinson, O. Johnson, S. Johnson, Kozberg, Lansing, Lee, Lozano, Marcus, Montoya, Moores, Morrison, Preuss, Sayles, and Seymour (20)

In attendance: Regents-designate Ligot-Gordon and Terrazas, Faculty Representatives Binion and Viswanathan, Secretary Trivette, General Counsel Holst, Senior Vice Presidents Darling and Mullinix, Vice Presidents Gurtner, and Hershman, Chancellors Bishop, Dynes, Greenwood, Tomlinson-Keasey, and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 2:45 p.m. with Chairman S. Johnson presiding.

1. **READING OF NOTICE OF MEETING**

For the record, it was confirmed that notice had been given in compliance with the Bylaws and Standing Orders for a Special Meeting of the Board of Regents, for this date and time, to be held concurrently with the regularly scheduled meeting of the Board, for the purpose of receiving the Supplemental Report on Compensation.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion of Regent Moores, duly seconded, the minutes of the meetings of April, July, August, and October 2001 were approved.

3. **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.

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

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

A. *Service of Notice for January 2002 Action Regarding Amendment of Standing Order 110.2 – Matters Relating to Residency: Fee Exemptions for Dependents of Deceased Law Enforcement Officers or Firefighters*

The Committee recommended that, following service of appropriate notice, Standing Order 110.2–Matters Relating to Residency, be amended as follows, effective fall term 2001:

additions shown by shading

Standing Order 110.2--Matters Relating to Residency

- (a) The residence of each student shall be determined in accordance with the rules governing residence prescribed by the provisions of Sections 68000, 68010-68012, 68014-68018, 68022-68023, 68040-68044, but excluding the words “classified as a nonresident seeking reclassification” from Paragraph 1 and substituting the words “seeking classification” and excluding Paragraph 3 of Section 68044, 68050, 68060-68061, 68062 but excluding the words “including an unmarried minor alien” from 68062(h), 68070-68080, 68083, 68130, and 68132-68134 of the Education Code of the State of California. Each nonresident student at the University of California shall pay a nonresident tuition fee for each term of attendance at the University, except that such fee, with the approval of the President of the University, may be remitted or waived in whole or in part in the case of any student who qualifies as a graduate student with a distinguished record, a foreign student, a teaching assistant or teaching fellow, or a research assistant; or in the case of a nonresident student who is an unmarried dependent son or daughter under age twenty-one, or a spouse of a member of the University faculty who is a member of the Academic Senate. A student who is a spouse or child of a resident law enforcement officer or fire fighter killed on active duty shall be exempted from nonresident tuition and mandatory systemwide fees in accordance with Section 68120 of the Education Code of the State of California.

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B. ***Proposed Continuation of Life Safety Fee, Berkeley Campus***

The Committee recommended that the duration of the life-safety portion of the mandatory Berkeley Campus Fee, originally scheduled to terminate following fall semester 2001, be extended through spring semester 2004 at the current level of \$63 per student per year.

C. ***Approval of New Student-Sponsored MBA Activities Fee, Los Angeles Campus***

The Committee recommended that effective winter quarter 2002, a new fee of \$25 per student per quarter be established for students enrolled in the full-time MBA program to support student-sponsored programs and activities.

D. ***Authorization for Leases and Agreements for Seismic Corrections at UC Teaching Hospitals***

The Committee recommended that, subject to adoption by the State Public Works Board of a resolution authorizing the issuance of State Public Works Board Lease Revenue Bonds and authorizing interim loans from the State's Pooled Money Investment Account or General Fund for the following projects:

Davis campus:

- UCDMC, Tower II, Phase 2
- UCDMC, Tower II, Phase 3

Irvine campus:

- UCIMC, SB 1953 NPC 2 Anchorage

Los Angeles campus:

- UCLAMC, Westwood Replacement Hospital
- UCLAMC, Santa Monica/Orthopaedic Replacement Hospital

San Francisco campus:

- UCSFMC, SB 1953 Moffitt 2002

The President or the Secretary be authorized to:

- (1) Execute an unsubordinated site lease from The Regents to the State Public Works Board (SPWB) for each project named above, said leases to contain provisions substantially as follows:
 - a. The site shall comprise the approximate size of the footprint for each building named above. Said lease shall also include a license to the SPWB for access from campus roads to the site during the term of the lease;

- b. The purpose of the lease shall be to permit construction of the project;
 - c. The term of the site lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full;
 - d. The rental shall be \$1 per year;
 - e. The Regents shall have power to terminate the site lease in the event of default by the SPWB, except when such termination would affect or impair any assignment or sublease by the SPWB and such assignee or subtenant is duly performing the terms and conditions of the lease;
 - f. The Regents shall provide to the SPWB and any assignee or subtenant of the SPWB access to the site and such parking and utility services as are provided for similar facilities on the campus;
 - g. The Regents shall waive personal or individual liability of any member, officer, agent, or employee of the SPWB;
 - h. The Regents shall agree to pay assessments or taxes, if any, levied on the site or improvements attributable to periods of occupancy by The Regents; and
 - i. In the event any part of the site or improvements is taken by eminent domain, The Regents recognizes the right of the SPWB to retain condemnation proceeds sufficient to pay any outstanding indebtedness incurred for the construction of the project.
- (2) Execute an agreement between the State of California, as represented by the SPWB, and The Regents for each project named above, said agreements to contain the following provisions:
- a. The SPWB agrees to finance construction of the project, as authorized by statute; and
 - b. The Regents agrees to provide and perform all activities required to plan and construct said project.

- (3) Execute a facility lease from the SPWB to The Regents for each project named above, said leases to contain provisions substantially as follows:
- a. The purpose of the building's occupancy shall be to use it as a facility for acute care in-patient service and support-related functions in furtherance of the University's mission related to instruction, research, and public service;
 - b. The SPWB shall lease the financed facility, including the site, to The Regents pursuant to a facility lease;
 - c. The terms of the facility lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full;
 - d. If the SPWB cannot deliver possession to The Regents at the time contemplated in the lease, the lease shall not be void nor shall the SPWB be liable for damages, but the rental payment shall be abated proportionately to the construction cost of the parts of the facility not yet delivered;
 - e. In consideration for occupancy during the term of the lease and after the date upon which The Regents takes possession of the facility, The Regents shall pay base rent in an annual amount sufficient to pay debt services on the bonds or other obligations of the SPWB issued to finance or refinance the facility and additional rent for payment of all administrative costs of the SPWB;
 - f. The Regents covenants to take such actions as may be necessary to include in the University's annual budget amounts sufficient to make rental payments and to make the necessary annual allocations;
 - g. During occupancy, The Regents shall maintain the facility and pay for all utility costs and shall maintain fire and extended coverage insurance at then current replacement cost, and earthquake insurance if available on the open market at a reasonable cost;

- h. During occupancy, The Regents shall maintain public liability and property damage insurance or an equivalent program of self insurance on the facility and shall maintain rental interruption or use and occupancy insurance, or an equivalent program of self insurance, against perils covered in (3)g. above;
- i. In the event of default by The Regents, the SPWB may maintain the lease whether or not The Regents abandons the facility and shall have the right to relet the facility, or the SPWB may terminate the lease and recover any damages available at law;
- j. The Regents shall be in default if the lease is assigned, sublet, or transferred without approval of the SPWB, if The Regents files any petition or institutes any proceedings for bankruptcy, or if The Regents abandons the facility;
- k. The Regents shall cure any mechanics' or materialmen or other liens against the facility and, to the extent permitted by law, shall indemnify the SPWB in that respect;
- l. The Regents, to the extent permitted by law, shall indemnify the SPWB from any claims for death, injury, or damage to persons or property in or around the facility; and
- m. Upon termination or expiration of the lease, other than for breach or because of eminent domain, title to the facility shall vest in The Regents.

The President be authorized to identify assets to be leased in lieu of facilities constructed pursuant to (1) and (3) above, and to execute documents necessary to lease such assets.

E. ***Authorization for Leases and Agreements for State Capital Improvement Programs at Davis, Riverside, and San Francisco Campuses***

The Committee recommended that, subject to adoption by the State Public Works Board of a resolution authorizing the issuance of State Public Works Board Lease Revenue Bonds and authorizing interim loans from the State's Pooled Money Investment Account or General Fund for the following projects:

Davis campus:

- UC Davis Center for the Medical Investigation of Neurodevelopmental Disorders Institute

Riverside campus:

- Heckmann Center Complex-Phase 2 (International Center for Management)

San Francisco campus:

- UCSF-Fresno Medical Education and Research Center

The President or the Secretary be authorized to:

- (1) Execute an unsubordinated site lease from The Regents to the State Public Works Board (SPWB) for each project named above, said leases to contain provisions substantially as follows:
 - a. The site shall comprise the approximate size of the footprint for each building named above. Said lease shall also include a license to the SPWB for access from campus roads to the site during the term of the lease;
 - b. The purpose of the lease shall be to permit construction of the project;
 - c. The term of the site lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full;
 - d. The rental shall be \$1 per year;
 - e. The Regents shall have power to terminate the site lease in the event of default by the SPWB, except when such termination would affect or impair any assignment or sublease by the SPWB and such assignee or subtenant is duly performing the terms and conditions of the lease;
 - f. The Regents shall provide to the SPWB and any assignee or subtenant of the SPWB access to the site and such parking and utility services as are provided for similar facilities on the campus;
 - g. The Regents shall waive personal or individual liability of any member, officer, agent, or employee of the SPWB;

- h. The Regents shall agree to pay assessments or taxes, if any, levied on the site or improvements attributable to periods of occupancy by The Regents; and
 - i. In the event any part of the site or improvements is taken by eminent domain, The Regents recognizes the right of the SPWB to retain condemnation proceeds sufficient to pay any outstanding indebtedness incurred for the construction of the project.
- (2) Execute an agreement between the State of California, as represented by the SPWB, and The Regents for each project named above, said agreements to contain the following provisions:
 - a. The SPWB agrees to finance construction of the project, as authorized by statute; and
 - b. The Regents agrees to provide and perform all activities required to design and construct said project.
- (3) Execute a facility lease from the SPWB to The Regents for each project named above, said leases to contain provisions substantially as follows:
 - a. The purpose of the building's occupancy shall be to use it as a facility for instructional and support-related functions in furtherance of the University's mission related to instruction, research, and public service;
 - b. The SPWB shall lease the financed facility, including the site, to The Regents pursuant to a facility lease;
 - c. The terms of the facility lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full;
 - d. If the SPWB cannot deliver possession to The Regents at the time contemplated in the lease, the lease shall not be void nor shall the SPWB be liable for damages, but the rental payment shall be abated proportionately to the construction cost of the parts of the facility not yet delivered;

- e. In consideration for occupancy during the term of the lease and after the date upon which The Regents takes possession of the facility, The Regents shall pay base rent in an annual amount sufficient to pay debt service on the bonds or other obligations of the SPWB issued to finance or refinance the facility and additional rent for payment of all administrative costs of the SPWB;
- f. The Regents covenants to take such actions as may be necessary to include in the University's annual budget amounts sufficient to make rental payments and to make the necessary annual allocations;
- g. During occupancy, The Regents shall maintain the facility and pay for all utility costs and shall maintain fire and extended coverage insurance at then current replacement cost, and earthquake insurance if available on the open market at a reasonable cost;
- h. During occupancy, The Regents shall maintain public liability and property damage insurance or an equivalent program of self insurance on the facility and shall maintain rental interruption or use and occupancy insurance, or an equivalent program of self insurance, against perils covered in (3)g. above;
- i. In the event of default by The Regents, the SPWB may maintain the lease whether or not The Regents abandons the facility and shall have the right to relet the facility, or the SPWB may terminate the lease and recover any damages available at law;
- j. The Regents shall be in default if the lease is assigned, sublet, or transferred without approval of the SPWB, if The Regents files any petition or institutes any proceedings for bankruptcy, or if The Regents abandons the facility;
- k. The Regents shall cure any mechanics' or materialmen or other liens against the facility and, to the extent permitted by law, shall indemnify the SPWB in that respect;
- l. The Regents, to the extent permitted by law, shall indemnify the SPWB from any claims for death, injury, or damage to persons or property in or around the facility; and

- m. Upon termination or expiration of the lease, other than for breach or because of eminent domain, title to the facility shall vest in The Regents.

For the following projects:

Riverside campus:

- Heckmann Center Complex-Phase 2 (International Center for Management)

San Francisco campus:

- UCSF-Fresno Medical Education and Research Center

The President or the Secretary be authorized to:

- (4) Execute an equipment acquisition agreement between the State of California, as represented by the SPWB, and The Regents for each of the projects named above, said agreements to contain the following provision: The SPWB agrees to finance equipping of the named project as authorized by statute.
- (5) Execute an equipment lease from the SPWB to The Regents for each of the projects named above, said leases to contain provisions substantially as follows:
 - a. The equipment shall be used for the purpose of equipping the project;
 - b. The SPWB shall lease the equipment to The Regents pursuant to an equipment lease;
 - c. The term of the equipment lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution was adopted authorizing the lease, the issuance of Bonds, and interim financing for the project, whichever is earlier, and shall terminate on the date the Bonds issued by the SPWB are paid in full, subject to earlier termination if such Bonds have been retired in full;
 - d. During the term of the lease and after the date upon which The Regents takes possession of the equipment, The Regents shall pay base rent in an annual amount sufficient to pay debt service on the Bonds or other obligations of the SPWB issued to finance or refinance the equipment and additional rent for payment of all administrative costs of the SPWB;

- e. The Regents covenants to take such actions as may be necessary to include in the University's annual budget amounts sufficient to make rental payments and to make the necessary annual allocations;
- f. During use, The Regents shall maintain the equipment and shall maintain fire and extended coverage insurance or an equivalent program of self insurance at then current replacement cost;
- g. During use, The Regents shall maintain rental interruption insurance, covering loss of use, public liability insurance, and property damage insurance or an equivalent program of self insurance on the equipment;
- h. In the event of default by The Regents, the SPWB may maintain the lease and shall have the right to resell the equipment, or the SPWB may terminate the lease and cover any damages available at law;
- i. The Regents shall be in default if the lease is assigned, sublet, or transferred without approval of the SPWB, if The Regents files any petition or institutes any proceedings for bankruptcy, or if The Regents abandons the equipment;
- j. The Regents shall cure any liens against the equipment and, to the extent permitted by law, shall indemnify the SPWB in that respect;
- k. The Regents, to the extent permitted by law, shall indemnify the SPWB from any claims for death, injury, or damage to persons or property in or around the equipment; and
- l. Upon termination or expiration of the lease, other than for breach or because of eminent domain, title to the equipment shall vest in The Regents.

F. *University of California Financial Report, 2001*

The Committee recommended that the **University of California Financial Report** for 2001 be accepted.

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

G. ***Recommendations for New or Modified Faculty/Staff Housing Financial Assistance Programs, UC Housing Task Force***

The Committee recommended that:

- (1) The Regents approve modifications to the Mortgage Origination Program Parameters, as detailed in Attachment 1.
- (2) The Regents approve modifications to the Supplemental Home Loan Program Parameters, as detailed in Attachment 2.
- (3) The actions approved at the March 1999 meeting authorizing allocations of funds for the Mortgage Origination Program from legally available cash balances in the unrestricted portion of the Short-Term Investment Pool (STIP) be modified as shown below:
 - a. The allocations shall be at levels determined to ensure that the aggregate outstanding balance of the loan portfolio does not exceed 30 percent of the legally available cash balances of the unrestricted portion of STIP;

with the understanding that all other guidelines and parameters remain unchanged.

H. ***Proposed Amendment of the University of California Retirement Plan - Capital Accumulation Provision Accrual Credit***

The Committee recommended that the University of California Retirement Plan (UCRP or Plan) be amended, as shown in Attachment 3, to provide a Capital Accumulation Provision Accrual Credit on April 1, 2002 as follows:

An amount equal to 3 percent of eligible covered compensation earned and paid for the period beginning April 1, 2001 through March 31, 2002 for all UCRP Active Members on April 1, 2002 at an interest rate based on the assumed earnings rate of the Plan in effect from time to time. Currently, the assumed earnings rate of the Plan is 7.5 percent.

I. ***Proposed Dissolution and Winding up of Limited Liability Company -UCSF Mission Bay Campus, LLC***

The Committee recommended that:

- (1) The Regents approve the dissolution and winding up of UCSF Mission Bay Campus, a nonprofit limited liability company, in a manner consistent with the terms of the applicable Operating Agreement and the law.

- (2) The Regents authorize the President, in consultation with the General Counsel, to execute all agreements and take such steps as are necessary to carry out such dissolution and winding up.

J. ***Service of Notice for January 2002 Action Regarding Amendment of Standing Order 110.2–Matters Relating to Residency: Proposal to Establish New Policy on Tuition Exemptions to Conform to AB 540***

The Committee recommended that, following service of appropriate notice, The Regents consider at the January 2002 meeting the amendment of Standing Order 110.2–Matters Relating to Residency, as follows:

additions shown by shading

Standing Order 110.2–Matters Relating to Residency

- (a) The residence of each student shall be determined in accordance with the rules governing residence prescribed by the provisions of Sections 68000, 68010-68012, 68014-68018, 68022-68023, 68040-68044, but excluding the words “classified as a nonresident seeking reclassification” from Paragraph 1 and substituting the words “seeking classification” and excluding Paragraph 3 of Section 68044, 68050, 68060-68061, 68062 but excluding the words “including an unmarried minor alien” from 68062(h), 68070-68080, 68083, 68130, and 68132-68134 of the Education Code of the State of California. Each nonresident student at the University of California shall pay a nonresident tuition fee for each term of attendance at the University, except that such fee, with the approval of the President of the University, may be remitted or waived in whole or in part in the case of any student who qualifies as a graduate student with a distinguished record, a foreign student, a teaching assistant or teaching fellow, or a research assistant; or in the case of a nonresident student who is an unmarried dependent son or daughter under age twenty-one, or a spouse of a member of the University faculty who is a member of the Academic Senate. A student who is a child of a resident law enforcement officer or fire fighter killed on active duty shall be exempted from nonresident tuition and fees in accordance with Section 68120 of the Education Code of the State of California. A student who is the child or dependent of a deceased or disabled veteran, or who is the dependent of or the surviving spouse who has not remarried of any member of the California National Guard who was killed or permanently disabled while in active service of the state, shall not be exempted from nonresident tuition fees, but may be exempted from tuition and

incidental fees in accordance with Section 32320 of the Education Code of the State of California. A student meeting the requirements of Section 68130.5 of the Education Code of the State of California shall also be exempt from paying nonresident tuition. For purposes of defining financial independence pursuant to Section 68044, a student shall be considered "financially independent" if the applicant: a) is at least 24 years of age by December 31 of the year the applicant requests residence classification; b) is a veteran of the U.S. Armed Forces; c) is a ward of the court or both parents are dead; d) has legal dependents other than a spouse; e) is married, or a graduate student or professional student, and will not be claimed as an income tax deduction by his or her parents or any other individual for the tax year immediately preceding the request for residence classification; or is a single undergraduate student, and was not claimed as an income tax deduction by his or her parents or any other individual for the two years student is considered self-sufficient if he or she had total income and other resources of at least \$4,000. The two years used to demonstrate self-sufficiency are the two years immediately preceding the request for residence classification.

* * *

This change is subject to implementation of the amendment being deferred until the President, with the concurrence of the Chairman of the Board, the Chairman of the Committee on Finance, and the Chairman of the Committee on Educational Policy, determine, based on advice of the General Counsel, that potential financial exposure has been eliminated or reduced to an acceptable level.

Upon motion of Regent Preuss, duly seconded, the recommendations of the Committee on Finance were approved, and notice was served on items A. and J. Regent Davies excused himself from discussing or voting on Item I. in order to avoid the appearance of a conflict of interest.

5. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS**

A. *Adoption of Mitigated Negative Declaration and Approval of Design, Aquatics Center, Davis Campus*

Upon review and consideration of the environmental consequences of the proposed project, the Committee reported its:

- (1) Adoption of the Initial Study and Mitigated Negative Declaration.

- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the Aquatics Center, Davis 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. *Adoption of Mitigated Negative Declaration, Amendment of Long Range Development Plan, and Approval of Design, Segundo Commons Replacement, Davis Campus*

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

- (1) Adoption of the Initial Study and Mitigated Negative Declaration.
- (2) Amendment of the 1994 UC Davis Long Range Development Plan to change the land use designation on the proposed 3.2-acre site from *Physical Education/Intercollegiate Athletics and Recreation* to *Housing*.
- (3) Adoption of the Findings and Mitigation Monitoring Program.
- (4) Approval of the design of the Segundo Commons Replacement, Davis 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.]

C. *Adoption of Initial Study/Mitigated Negative Declaration and Approval of Design, Segundo Infill Housing, Davis Campus*

Upon review and consideration of the environmental consequences of the proposed project, the Committee reported its:

- (1) Adoption of the Initial Study and Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the Segundo Housing Infill, Davis 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.]

D. ***Adoption of Addendum to Mitigated Negative Declaration, Amendment of Long Range Development Plan, and Approval of Design, Wooden West Addition, Los Angeles Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Addendum to the Tiered Initial Study/Mitigated Negative Declaration, the Committee recommended:

- (1) Adoption of the Findings and Mitigated Negative Declaration Addendum.
- (2) Amendment of the UCLA 1990 Long Range Development Plan to transfer 5,200 gross square feet of allocation from the Southwest Zone to the Central Zone to accommodate the project.
- (3) Approval of the design of the Wooden West Addition, Los Angeles campus.

[The Findings and Mitigated Negative Declaration Addendum were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

E. ***Adoption of Mitigated Negative Declaration, Amendment of Long Range Development Plan, and Approval of Design, Acosta Athletic Training Center Renovation and Expansion, Los Angeles Campus***

Upon review and consideration of the environmental consequences of the proposed project described in the Tiered Initial Study/Mitigated Negative Declaration, the Committee on Grounds and Buildings recommended:

- (1) Adoption of the Tiered Initial Study/Mitigated Negative Declaration, which includes an Addendum to the Long Range Development Plan Final Environmental Impact Report.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Amendment of the Long Range Development Plan to transfer 33,325 gross square feet of allocation from the Southwest zone to the Central zone.
- (4) Approval of the design of Acosta Athletic Training Center Renovation and Expansion, Los Angeles 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.]

F. ***Adoption of Negative Declaration and Approval of Design, UCSF-Fresno Medical Education and Research Center, San Francisco Campus***

Upon review and consideration of the environmental consequences of the proposed project, the Committee reported its:

- (1) Adoption of the Negative Declaration.
- (2) Adoption of the Findings.
- (3) Approval of the design of the UCSF-Fresno Medical Education and Research Center (MERC), San Francisco campus.

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

G. ***Certification of Environmental Impact Report, Amendment of Long Range Development Plan, and Approval of Design, Intercollegiate Athletics Building, Santa Barbara Campus***

Upon review and consideration of the environmental consequences of the proposed action as evaluated in the 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 Long Range Development Plan.
- (4) Approval of the design of the Intercollegiate Athletics Building, Santa Barbara campus.

[The Environmental Impact Report, Findings, Statement of Overriding Considerations, 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 recommendations and reports of the Committee on Grounds and Buildings were approved.

[Note: Action concerning Item H, *Certification of Environmental Impact Report, Amendment of Long Range Development Plan, and Approval of Design, Recreation Center Expansion, Santa Barbara Campus*, which was inadvertently omitted from the printed report that was forwarded to the Board by the Committee and was subsequently approved by interim action, will appear in the January 2002 minutes under the heading Report of Interim Actions.]

6. **REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY**

A. *Proposal for Comprehensive Review in Undergraduate Admissions*

The Committee recommended that a change in admissions policy, developed by the Board of Admissions and Relations with Schools and adopted by the Assembly of the Academic Senate on October 31, 2001, be approved as follows:

Effective for students entering UC for Fall 2002, The Regents' policy expressed in the 1995 SP-1 resolution¹ and referenced in the 2001 RE-28 resolution² will be modified to eliminate the provision that no less than 50 percent and no more than 75 percent of the regularly admitted class be admitted solely on the basis of academic achievement and institute a comprehensive review process by which students applying to UC campuses are evaluated for admission using multiple measures of achievement and promise while considering the context in which each student has demonstrated academic accomplishment.

The Committee further recommended that:

There shall be an annual review and reporting to The Regents of the effect of this action and that, in approving the action, the Board of Regents states that these comprehensive review policies shall be used fairly, shall not use racial preferences of any kind, and shall comply with Proposition 209.

B. *Proposed Revisions to Academic Personnel Manual 015 and Establishment of Academic Personnel Manual 016: Faculty Code of Conduct and Procedures for Faculty Discipline*

The Committee recommended that The Regents adopt the revisions to Academic Personnel Manual 015 and the establishment of Academic Personnel Manual 016, as shown in Attachment 4.

Upon motion of Regent Montoya, duly seconded, the recommendations of the Committee on Educational Policy were approved, with the following roll call vote on Item A pertaining to the use of comprehensive review in undergraduate admissions: Regents Atkinson, Bagley, Connerly, T. Davis, Hertzberg, Hopkinson, O. Johnson, Kozberg, Lansing, Lozano, Marcus, Montoya, Morrison, Sayles, and Seymour (15) voting "aye", Regents Davies, S. Johnson, Lee, and Moores (4) voting "no," and Regent Preuss abstaining.

7. REPORT OF THE COMMITTEE ON INVESTMENTS

Treasurer's Annual Report

¹ Policy Ensuring Equal Treatment—Admissions

² Future Admissions, Employment, and Contracting Policies—Resolution Rescinding SP-1 and SP-2

The Committee forwarded to The Regents the **Treasurer's Annual Report** for the fiscal year ended June 30, 2001.

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

Upon motion of Regent Hopkinson, duly seconded, the report of the Committee on Investments was accepted.

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

A. ***Approval of University of California 2002-03 Budgets for Current Operations and Capital Improvements***

- (1) The Committee on Finance recommended that the expenditure plan included in the *2002-03 Budget for Current Operations* be approved.
- (2) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2002-03 Budget for Capital Improvements be approved as presented in the document titled *2002-03 Budget for Capital Improvements*.

[The *2002-03 Budget for Current Operations* and the *2002-03 Budget for Capital Improvements* were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Veterinary Medicine Instructional Facility, Davis Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Davis: Veterinary Medicine Instructional Facility – preliminary plans, working drawings, construction, and equipment – \$24,849,000 to be funded from campus funds (\$188,000), gift funds (\$2,500,000), and external financing (\$22,161,000).

- (2) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed \$22,161,000, 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 Davis 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.
- C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Broad Art Center Seismic Reconstruction and Expansion Project, Los Angeles Campus***
- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Los Angeles: Broad Art Center Seismic Reconstruction and Expansion – preliminary plans, working drawings, and construction – \$43,711,000 to be funded from federal funds (\$5,873,000), campus funds (\$6,338,000), gift funds (\$21,500,000), and external financing (\$10,000,000).
 - (2) The Committee on Finance recommended that:
 - a. The Treasurer be authorized to obtain stand-by financing not to exceed \$20 million, interim financing not to exceed \$1.5 million, for a total of \$21.5 million, prior to awarding a construction contract for any gift funds not received by that time and 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 any financing shall be from gift funds and in the event such gift funds are insufficient, from the Los Angeles campus' share of the University Opportunity Fund; and

- iii. the general credit of The Regents shall not be pledged.
 - b. The Treasurer be authorized to obtain external financing not to exceed \$10 million to finance the Broad Art Center Seismic Reconstruction and Expansion project, 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 the Los Angeles campus' share of the University Opportunity Fund; and
 - iii. 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 and Amendment of External Financing for Intramural Field Parking Structure Project, Los Angeles Campus***
- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to reflect the following changes:

From: Los Angeles: Intramural Field Parking Structure – preliminary planning, working drawings, and construction – \$35,192,000 to be funded from funds available to the School of Medicine (\$3,000,000) and external financing (\$32,192,000) to be repaid from Parking System net revenues. (In addition to the \$35,192,000, \$8,400,000 will be included in the project cost as previously approved by The Regents in the September 2000 Westwood Replacement Hospital project.)

To: Los Angeles: Intramural Field Parking Structure – preliminary planning, working drawings, and construction – \$38,882,000 to be funded from funds available to the School of Medicine (\$3,000,000) and external financing (\$35,882,000) to be repaid from Parking System net revenues. (In addition to

the \$38,882,000, \$8,400,000 will be included in the project cost as previously approved by The Regents in the September 2000 Westwood Replacement Hospital project.)

- (2) The Committee on Finance recommended that the financing actions approved by The Regents in January 2001 with respect to Intramural Athletic Field Parking Structure, Los Angeles campus, be amended as shown below, with the understanding that all other financing actions of The Regents regarding said project remain unchanged.
- (3) The Committee on Finance recommended that the Treasurer be authorized to obtain financing not to exceed \$35,882,000 to finance the Intramural Field Parking Structure 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 the debt is outstanding, the Los Angeles campus Parking system fees shall be established at levels to provide excess net revenues sufficient to pay debt service and to meet the requirements of the proposed financing; and
 - c. The general credit of The Regents shall not be pledged.
- (4) 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.
- (5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for California Nanosystems Institute Building, Santa Barbara Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Santa Barbara: California Nanosystems Institute Building at Santa Barbara – preliminary plans, working drawings, construction, and equipment – \$74,920,000, to be funded from the State through the California Institutes of Science and Innovation program (\$34,200,000), external financing using the “Garamendi” funding mechanism (\$17,000,000), and gift funds (\$23,720,000).

- (2) The Committee on Finance recommends that the Treasurer be authorized to obtain financing not to exceed \$17 million to finance the California Nanosystems Institute Building at Santa Barbara, 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 Santa Barbara 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.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Engineering Building, Santa Cruz Campus***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to reflect the following changes:

From: Santa Cruz: Engineering Building – preliminary plans, working drawings, construction, and equipment – \$46,929,000 to be funded from the State (\$44,929,000) and gift funds (\$2,000,000).

To: Santa Cruz: Engineering Building – preliminary plans, working drawings, construction, and equipment – \$61,429,000 to be funded from the State (\$44,929,000), gift funds (\$6,000,000), and from the State through the California Institutes for Science and Innovation program (\$10,500,000).

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

9. **REPORT OF THE COMMITTEES ON FINANCE AND INVESTMENTS**

With the concurrence of the Committee on Investments, the Committee on Finance recommended that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2002-03 fiscal year shall be 4.45 percent of a 60-month moving average of the market value of a unit invested in the GEP.

Upon motion of Regent Preuss, duly seconded, the recommendation of the Committees on Finance and Investments was approved.

10. **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, the Chair of the Committee on Grounds and Buildings, the Chair of the Committee on Finance, and the President of the University concurred in the following recommendations:

(1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Barker Hall Laboratory Renovations, Step 1, Berkeley Campus***

That the President amend the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program to include the following project:

Berkeley: A. Barker Hall Laboratory Renovations, Step 1 – preliminary plans, working drawings, and construction – \$10,160,000 to be funded from campus funds (\$8,160,000) and gift funds (\$2,000,000).

(2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, 200 Medical Plaza Building Renovation, Phase 1 Project, Los Angeles Campus***

That the President amend the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program to include the following project:

Los Angeles: 200 Medical Plaza Building Renovation, Phase 1 – preliminary plans, working drawings, and construction – \$12,260,000 to be funded from State

infrastructure funds (\$10,000,000) and hospital reserves (\$2,260,000).

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

(1) ***Authorization to Enter into a Limited Liability Company to Operate the Western Journal of Medicine Publication***

That the President be authorized, in consultation with the General Counsel, to:

- a. Execute documents, including an operating agreement, to enable the University of California to join a limited liability company as a co-member with British Medical Journal Publishing, Incorporated, for the purpose of owning, operating, and publishing the Western Journal of Medicine.
- b. Execute via the Vice President–Health Affairs, with the concurrence of the General Counsel, any amendments and modifications to the operating agreement and to execute related documents, provided that such amendments do not further obligate University funds or increase University liability.

(2) ***Approval of Action Items from the Cancelled September 12-13, 2001 Regents Meeting***

- a. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, California Institutes for Science and Innovation, Berkeley Campus***

That, with the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvement and the 2001-04 Capital Improvement Program be amended to include the following projects:

Center for Information Technology Research in the Interest of Society

Berkeley: CITRIS I – preliminary plans – \$1,950,000 to be funded from gift funds.

Berkeley: CITRIS II – preliminary plans – \$6,300,000 to be funded by the State through the California Institutes for

Science and Innovation program (\$6,200,000) and gift funds (\$100,000).

Berkeley: CITRIS Net – preliminary plans – \$100,000 to be funded from gift funds.

Berkeley: Cory Hall Renovation – preliminary plans – \$1,500,000 to be funded by the State through the California Institutes for Science and Innovation program (\$500,000) and gift funds (\$1,000,000).

Berkeley: CITRIS Lifelong Learning Center – preliminary plans – \$700,000 to be funded from gift funds.

Berkeley: CITRIS Special Laboratories – preliminary plans – \$250,000 to be funded by the State through the California Institutes for Science and Innovation program.

Santa Cruz: Engineering Building Addition B – predesign studies and preliminary plans – \$463,000 to be funded by the State through the California Institutes for Science and Innovation program.

b. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Segundo Housing Infill, Davis Campus***

- i. That, with the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:

Davis: Segundo Housing Infill – preliminary plans, working drawings, and construction – \$29,607,000 to be funded from University of California Housing System net revenues (\$4,000,000) and external financing (\$25,607,000).

- ii. That the Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed \$25,607,000, 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, University of California Housing System fees for the Davis campus 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 to meet the related requirements on this proposed financing; and
 - (c) The general credit of The Regents shall not be pledged.
- iii. 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.
 - iv. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.
- c. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Palo Verde Expansion, Irvine Campus***
- i. That, with the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:
 - Irvine: Palo Verde Expansion – preliminary plans, working drawings, construction, and equipment – \$83,515,000 total project cost to be funded from external financing.
 - ii. That the Committee on Finance recommend that the Treasurer be authorized to obtain financing not to exceed \$83,515,000 to finance the Palo Verde Expansion 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 Irvine campus shall be established at levels sufficient to meet requirements of the UCHS Revenue Bond Indenture and to provide excess net revenues sufficient to pay the debt service and related requirements of the proposed funding; and
 - (c) The general credit of The Regents shall not be pledged.
- iii. 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.
 - iv. That 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 and Approval of External Financing for Pharmaceutical Sciences Building, San Diego Campus***
- i. That, with the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommend that the 2001-02 Budget for Capital Improvements and the 2001-04 Capital Improvement Program be amended to include the following project:
 - San Diego: Pharmaceutical Sciences Building – preliminary plans, working drawings, construction, and equipment – \$42,053,000 to be funded by the State (\$29,728,000) and external financing (\$12,325,000).
 - ii. That the Committee on Finance recommend that the Treasurer be authorized to obtain external financing not to exceed \$12,325,000 to finance the Pharmaceutical Sciences Building 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 San Diego Campus Opportunity Funds; and
 - (c) The general credit of The Regents shall not be pledged.
- iii. 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.
 - iv. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.
- e. ***Proposed Public Phase of Fundraising Campaign, San Francisco Campus***

That the Committee on Educational Policy recommend that the proposal for the public phase of a comprehensive fundraising campaign with a goal of \$1.4 billion, conducted jointly by the San Francisco campus and the University of California, San Francisco Foundation, be approved.

11. **REPORT OF PERSONNEL ACTIONS**

In accordance with Bylaw 14.7(b), Secretary Trivette reported the following personnel action taken at the July 2001 meeting. There was no roll call vote on this action.

Appointment of Mary Lucier as Regents' Professor, Departments of Art and Art History, the Center for History, Society, and Culture, the Program in Nature and Culture, the Women and Gender Studies Program, the Center for Technocultural Studies and the Arts Vision Initiative, and the Richard L. Nelson Gallery, Davis campus, for the Spring Quarter of the 2001-02 academic year.

12. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary Trivette presented summaries of communications received subsequent to the July 2001 meeting. Without objection, the residency appeals will be referred to General Counsel Holst, and the remaining communications will be referred to President Atkinson for response as appropriate.

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

13. SUPPLEMENTAL REPORT ON EXECUTIVE COMPENSATION

A. *Recommended 2001-02 Salary Increases for Certain Officers of the University, Officers of The Regents, and Other Employees as Required by Bylaws and Standing Orders*

- (1) The Committee on Finance recommended that, pursuant to Standing Order 100.3(a), the 2001-02 salary rate be approved for the President of the University as shown below, effective October 1, 2001.

<u>Name and Title</u>	<u>Current Salary Rate</u>	<u>October 1, 2001 Salary Rate</u>
Richard C. Atkinson President of the University	\$349,100	\$356,100

- (2) The Committee 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 5, effective October 1, 2001.

B. *Approval of 2001-02 Objectives for Annual Incentive for David H. Russ as Treasurer of The Regents and Vice President for Investments*

The Committee on Investments reported its approval of the following 2001-02 annual incentive objectives for David H. Russ, Treasurer of The Regents and Vice President for Investments:

TREASURER OF THE REGENTS
AND VICE PRESIDENT FOR INVESTMENTS
ANNUAL INCENTIVE OBJECTIVES FOR 2001-02

(Covering the thirteen-month period June 1, 2001
through June 30, 2002)

Returns and Generation of Revenue

The primary goal remains achieving portfolio returns that outperform those of the policy benchmark on a relative basis, while operating within the risk parameters of the Investment Guidelines. The Treasurer will manage the risk of the portfolios close to the policy benchmark while adding incremental return over and above the benchmark return.

Implementation of Portfolio Rebalancing Policy

Implement the rebalancing policy approved by The Regents in May 2001, to align the portfolio with the asset allocation policy adopted by The Regents in March 2000. This will be done by monitoring the allocation of assets on a quarterly basis and rebalancing the assets through tactical investments, as needed, to maintain the required asset mix.

Revisit Asset Allocation Policy Portfolios

The Treasurer will revisit the asset allocation policy by exploring the different risk tolerances and liability streams for the endowment and pension plans. This work will be evaluated in close consultation and collaboration with The Regents' consultant, Wilshire Associates, and the Investment Advisory Committee. Recommendations for an appropriate endowment asset allocation policy, as well as an assessment of the pension plan asset allocation policy, will be made to The Regents.

Private Equity Investments

In consultation with Heidrick & Struggles, an executive search firm, the Treasurer will identify and hire a qualified managing director to oversee approximately \$2.3 billion of the funds currently invested in private equities ranging from venture capital to buyout funds and to implement an investment strategy to achieve the long-term private equity investment goals.

Interaction with UCOP: Dual Reporting Function

The Treasurer has recently been assigned a dual reporting relationship as both an Officer of The Regents and an Officer of the University. To operate effectively in this new dual reporting function, the Treasurer will need to establish direct working relationships with individual Regents and members of the Investment Advisory Committee, as needed, particularly the chairs of these committees, regarding investment matters.

The Treasurer will meet regularly with the Senior Vice President–Business and Finance and will work to strengthen the coordination of Treasurer's Office activities with other Officers of The Regents and key offices within the Office of the President.

Regents and Investment Advisory Committee (IAC) Relationships

In March 2000, The Regents approved a recommendation set forth in the asset allocation plan that describes the reporting and oversight functions to be performed by The Regents with advice from the IAC. The Treasurer will work closely with the Chair of the IAC and its members to fully engage them in assisting in the formulation of investment policy and implementation strategies. In support of the IAC's responsibility to The Regents, the Treasurer will provide input to the IAC in the areas of staffing and personnel matters, budget, and investment performance and portfolio reporting. He will also provide the IAC with information necessary to formulate recommendations to The Regents on asset allocation, investment strategies and policies, as well as recommendations for outside consultants and investment managers.

University Community Relations

The Treasurer represents The Regents and the Treasurer's Office on all university investment matters. As such, he will be actively involved in outreach efforts to the university community, as follows:

- Improve relationships with the UC Foundations by providing them with investment options and continuing to modify the reporting process to meet their needs.
- Add an educational discussion of endowment management and payout or spending policies for use by development officers to help them in their fund raising efforts.
- Increase exposure to employees by conducting investment seminars and/or creating informative asset allocation videos to increase the marketing and informational effort with regard to personal and retirement investments.
- Review and improve all written and web-based communication tools to enhance the usefulness of information for greater appeal to the investment/employee community.

Reporting

The Treasurer will continue to improve the reporting mechanism and process for delivery of salient, timely, and useful portfolio performance information with specific emphasis on risk and return.

Operations

The Treasurer will undertake an analysis of operations to enhance quality and efficiency, and will work toward reducing costs and mitigating risks associated with investment operations. Operational enhancements may include implementing new integrated systems, automating the trading process, and having an outside third party provide accounting and performance analysis services for The Regents.

Organization

The Treasurer will develop an overall organizational structure and staffing plan, including an appropriate compensation program, for the approval of the Chairman of the Committee on Investments and the Chairman of the Investment Advisory Committee, as well as the President's Office. Action should be taken to assure that a first-rate professional investment team provides support to this structure.

The Treasurer should develop an overall strategy for internal and external management of investments, including index fund management and evaluation and selection of active managers.

Upon motion duly made and seconded, the recommendations of the Committee on Finance and the Committee on Investments were approved, Regent Montoya voting "no."

14. 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 Finance

- A. Report on compensation for Health Sciences Compensation participants that exceeds the reporting threshold. August 10, 2001.
- B. Annual Report on Paid Service on Corporate Boards by Officers of the University and Officers of The Regents. September 20, 2001.

To Members of the Committee on Health Services

- C. Unaudited Activity and Financial Report on Hospitals and Clinics for the fiscal year ended June 30, 2001. August 13, 2001. (Schedule of Reports)
- D. Activity and Financial Status Report on Hospitals and Clinics as of July 31, 2001. September 10, 2001. (Schedule of Reports)

- E. Activity and Financial Status Report on Hospitals and Clinics as of August 31, 2001. October 2, 2001. (Schedule of Reports)

The Regents of the University of California

- F. Tables that summarize changes in State funds to the University's operating and capital budgets as a result of final actions of the legislature and the governor on the budget. July 26, 2001.
- G. Report and articles on the dedication of the world's most powerful computer facility (ASCI White) at Lawrence Livermore National Laboratory. August 21, 2001.
- H. Background information concerning the California Master Plan for Higher Education. September 4, 2001.
- I. Annual Report on Student Financial Support for 1999-2000. October 2, 2001.
- J. Report to The Regents on Major UC-Mexico Collaborations. October 10, 2001.
- K. University of California College Prep Initiative Status Report. October 10, 2001.
- L. UC and the SAT: Predictive Validity and Differential Impact of the SAT I and SAT II at the University of California. October 24, 2001.
- M. Report on Western Health Advantage. October 29, 2001.
- N. The 2002-03 Budget for Current Operations and the 2002-03 Budget for Capital Improvements. November 2, 2001.

The meeting adjourned at 2:55 p.m.

Attest:

Secretary