

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 20, 2003

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

Present: Regents Blum, Bodine, Davies, Dynes, Hopkinson, Huerta, Johnson, Kozberg, Marcus, Montoya, Moores, Murray, Sayles, and Seigler (14)

In attendance: Regents-designate Anderson, Novack, and Ornellas, Faculty Representative Blumenthal, Secretary Trivette, General Counsel Holst, Senior Vice Presidents Darling and Mullinix, Chancellors Cicerone, Chandler, Córdova, Tomlinson-Keasey, and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 1:12 p.m. with Chairman Moores presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Regent Johnson, duly seconded, the minutes of the meetings of September, 2003 were approved.

2. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

Upon motion of Regent Davies, 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 OF JOSEPH GRAHAM DAVIS, JR.

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

WHEREAS, over the course of a remarkable career in public service spanning almost three decades, Gray Davis has dedicated his life to the State of California and the welfare of its citizens, having been elected to a variety of statewide positions, including service as a member of the California State Assembly, as State Controller, as Lieutenant Governor, and most recently as the Golden State's 37th Governor; and

WHEREAS, he has been an ex officio Regent of the University of California for nine years, and, by virtue of his office as Governor, he has ably served as the President of the Board of Regents, positions in which he has steadfastly and ardently championed the tripartite mission of the University, fighting with fierce determination during this perilous time of unprecedented budgetary constraints to provide the resources necessary for the University to continue its vital efforts as the foremost research university in the nation; and

WHEREAS, with education his highest priority as Governor, he has been indefatigable in his quest to ensure California's most valuable treasure, its children, receive the education and training necessary to make them productive members of society through increased school funding, the vigorous advocacy of elementary and secondary school reforms and school accountability, as well as through the development of such innovative programs as the California Professional Development Institutes, the Governor's Principal Leadership Institutes, and the Governor's Teacher Scholars Program, among others; and

WHEREAS, with an eye to enhancing California's international reputation as a leader in scientific and technological discovery, as well as in recognition of the exceptional ability of the University of California to conduct groundbreaking research, he proposed the creation on UC's campuses of the California Institutes for Science and Innovation, which he envisioned as "world-class centers for strategic innovation that combine cutting-edge research with training for new scientists and technological leaders," thus challenging the best and brightest in the public and private sectors to push the frontiers of science in conducting seminal research that will lead the way to Promethean discoveries that have the potential to lay the foundation for California's future economic growth, including jobs for its citizens, as well as to vastly improve the human condition; and

WHEREAS, recognizing the need in California for more highly trained engineers and computer scientists, he joined with President Richard C. Atkinson in his historic efforts to recruit and retain these visionaries of tomorrow by securing the funding that resulted in a fifty percent enrollment increase in both fields, the first significant growth enrollment growth in these specialized areas in the last thirty years; and

WHEREAS, he has left an indelible imprint upon the University as a leader in the complex and challenging effort to establish the University of California, Merced, the first major research university of the 21st century, an institution of higher learning that will open wider the doors of education to tens of thousands of young people in California's Great Central Valley and beyond, thereby improving the economy of the region and the state while tapping an immense reservoir of human potential; and

NOW, THEREFORE, BE IT RESOLVED that the Regents extend to Gray Davis their warm appreciation for his service as a Regent and their gratitude for his farsighted efforts on behalf of the University of California and education generally;

AND BE IT FURTHER RESOLVED that the Regents extend to Gray and Sharon Davis their heartfelt good wishes for a future rich in happiness and continued accomplishment and direct that a suitably inscribed copy of this resolution be presented to them as a token of the Regents' warm regard and enduring friendship.

Regent Hopkinson thanked Governor Davis on behalf of the University for his dedicated service to it. She noted that he had improved public education at every level and had been a strong advocate for research throughout the University.

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

A. *Approval of Principles for Determining Priorities for the 2004-05 Budget*

The Committee recommended that the following principles be adopted for working with the Governor and the Legislature in developing the 2004-05 University of California State-funded budget:

- (1) *Maintain and Enhance the Quality of the University* – Quality is the most important asset the University of California offers the state.
- (2) *Maintain Access and Honor the Master Plan* – The state needs the highly skilled, well-educated graduates who are produced by the University of California..
- (3) *Maintain Affordability* – Ensure that the cost of attendance is reasonable and is not a financial barrier for needy students.

B. *University of California Financial Report, 2003*

The Committee recommended that the **University of California Financial Report, 2003**, be accepted.

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

C. ***University of California Retirement Plan – Experience Study: Adoption of Changes in Actuarial Assumptions***

The Committee recommended that effective July 1, 2004, The Regents adopt changes to the University of California Retirement Plan's actuarial assumptions as recommended by the Plan's consulting actuary.

D. ***Amendment of Tax-Deferred 403(b) Plan and Defined Contribution Plan Related to UC-Managed Funds to Provide More Investment Options for Employees***

The Committee recommended that the University of California Tax-Deferred 403(b) Plan and the University of California Defined Contribution Plan be amended as follows, effective April 1, 2004 or as soon as administratively possible:

- (1) Revise the Multi-Asset Fund's asset allocation and rebalancing policy and change the Fund's name to the Balanced Growth Fund.
- (2) Create a Treasury Inflation Protected Securities Fund.
- (3) Merge the Money Market Fund into the Savings Fund.
- (4) Delegate implementation of these amendments to the President.

E. ***Approval of Incentive Program Asset Class Investment Performance Objectives***

The Committee reported its concurrence with the recommendation of the Committee on Investments that the incentive program asset class investment performance objectives be modified as indicated in the **Attachment**.

[Note: changes are highlighted, and the previous FY 2002-03 objectives are also attached for reference.]

F. ***Approval of Membership Agreement with Tessitura Network, Inc., Berkeley Campus***

The Committee recommended approval for the University on behalf of Cal Performances-Student Musical Activities, Berkeley campus to participate in a nonprofit corporation, Tessitura Network, Inc., to permit the purchase of a software license for implementing the Tessitura Constituent Relationship Management System for ticketing and related purposes.

G. ***Sale of 685 Acres of Land, Moreno Valley, Riverside Campus***

The Committee recommended that:

- (1) The Regents accept the bid from Moreno Valley Properties, LP (“Bidder”), the high bidder pursuant to sealed bids opened October 22, 2003, to acquire approximately 685 acres located in the City of Moreno Valley, 12 miles east of the Riverside campus, and commonly known as the Moreno Valley Field Station, a former agricultural research facility, for a purchase price of \$55,101,000.99.
- (2) The Officers of The Regents be authorized to execute a deed for said land in favor of Bidder, reserving for The Regents the oil, gas, and other minerals and hydrocarbon substances below a depth of 500 feet without the right of surface entry.
- (3) The Officers of The Regents be authorized to execute other agreements and ancillary documents related to this sale.

Upon motion of Regent Hopkinson, duly seconded, the recommendations of the Committee on Finance were approved, Regent Montoya voting “no” on item A., *Approval of Principals for Determining Priorities for the 2004-05 Budget*.

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

The Committee presented the following from its meeting of October 29, 2003:

A. ***Certification of Environmental Impact Report and Approval of 2003 Long Range Development Plan, Davis Campus***

The Committee recommended that upon review and consideration of the Environmental Impact Report, The Regents:

- (1) Certify the Environmental Impact Report for the UC Davis 2003 Long Range Development Plan.
- (2) Adopt the Mitigation Monitoring Program for the Final EIR.
- (3) Adopt the Statement of Overriding Considerations included in the Findings.
- (4) Adopt the Findings pursuant to the California Environmental Quality Act.

- (5) Adopt the 2003 Long Range Development Plan, Davis campus.

[The Environmental Impact Report, Mitigation Monitoring Program, Statement of Overriding Considerations, Findings, and Long Range Development Plan were mailed to all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

B. *Adoption of Findings and Approval of Neighborhood Master Plan, Davis Campus*

The Committee recommended that upon review and consideration of the environmental consequences of the Neighborhood Master Plan at UC Davis as indicated in the campus 2003 Long Range Development Plan Environmental Impact Report, The Regents:

- (1) Adopt the Findings, Statement of Overriding Considerations, and Mitigation Monitoring Plan pursuant to the California Environmental Quality Act.
- (2) Approve the UC Davis Neighborhood Master Plan as a subsequent approval to the 2003 Long Range Development Plan.

[The Findings, Statement of Overriding Considerations, Mitigation Monitoring Plan, and Long Range Development Plan were mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

C. *Adoption of Findings and Approval of Master Plan, Research Park, Davis, Davis Campus*

The Committee recommended that upon review and consideration of the environmental consequences of the Research Park at UC Davis as indicated in the campus 2003 Long Range Development Plan Environmental Impact Report, The Regents:

- (1) Adopt the Findings, Statement of Overriding Considerations, and Mitigation Monitoring Plan, pursuant to the California Environmental Quality Act.
- (2) Approve the Master Plan for the Research Park at UC Davis as a subsequent approval to the 2003 Long Range Development Plan, Davis campus.

[The Findings, Statement of Overriding Considerations, Mitigation Monitoring Plan, and Long Range Development Plan were mailed to

all Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

D. ***Adoption of Mitigated Negative Declaration, Amendment of Long Range Development Plan, and Approval of Design, Campus Parking Structure 3, Santa Barbara Campus***

Upon review and consideration of the environmental consequences of the proposed action as evaluated in the Mitigated Negative Declaration Report, the Committee reported its:

- (1) Adoption of the Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Amendment of the Long Range Development Plan to increase allowable height at the project site to the 65 foot height category.
- (4) Approval of the design of the Campus Parking Structure 3, Santa Barbara campus.

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

E. ***Certification of Environmental Impact Report and Approval of Design, Humanities and Social Sciences Facility, Santa Cruz Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Focused Tiered Environmental Impact Report, the Committee reported its:

- (1) Certification of the Focused Tiered Environmental Impact Report.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the Humanities and Social Sciences Facility, Santa Cruz campus.

[The Focused Tiered Environmental Impact Report, Findings, and Mitigation Monitoring Program were mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary.]

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

Regent Blum abstained from voting on Items A., B., and C. to avoid the appearance of a conflict of interest.

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

The Committee presented the following from its meeting of November 5, 2003:

A. ***Treasurer's Annual Report, 2002-03***

The Committee forwarded the **Treasurer's Annual Report** for the fiscal year ended June 30, 2003 to The Regents.

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

B. ***Approval of Incentive Program Asset Class Investment Performance Objectives***

The Committee recommended that the incentive program asset class investment performance objectives be modified as indicated in the Attachment (page 11).

[Note: changes are highlighted, and the previous FY 2002-03 objectives are also attached for reference.]

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

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

Proposal to Establish a National Security Laboratories Board of Directors

The Committee recommended that the establishment of a National Security Laboratories Board of Directors be approved in principle, with final details to be brought for approval at a future meeting.

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

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

A. ***Approval of University of California 2004-05 Budget for Capital Improvements***

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2004-05 Budget for Capital Improvements be approved as presented in the document titled *2004-05 Budget for Capital Improvements*.

[The *2004-05 Budget for Capital Improvements* was mailed to all Regents in advance of the meeting, and a copy is 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 University Village Redevelopment, Step 2, Berkeley Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: University Village Redevelopment, Step 2 – preliminary plans, working drawings, construction, and equipment – \$116.5 million, to be funded from external financing (\$112.2 million) and the Berkeley campus' share of the University of California Housing System Net Revenue Fund (\$4.3 million).

- (2) The Committee on Finance recommended that the President be authorized to obtain financing not to exceed \$112.2 million to finance the University Village Redevelopment, Step 2 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 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.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for UCDMC Education Building, Medical Center, Davis Campus***

The Committees recommended that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: UCDMC Education Building – preliminary planning – \$2.2 million to be made available to the School of Medicine and Hospital Reserves.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Mission Bay Building 23B Parking Structure, San Francisco Campus***

- (1) With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: Mission Bay Building 23B Parking Structure Project – preliminary plans, working drawings, construction, and equipment – \$23,298,000, to be funded from external financing.

- (2) The Committee on Finance recommended that financing be obtained not to exceed \$23,298,000 to finance the UCSF Mission Bay 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 San Francisco campus parking fees shall be established to provide excess net revenue sufficient to pay debt service and to meet the related requirements of the 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.

Upon motion of Regent Hopkinson, duly seconded, the recommendations of the Committees on Finance and Grounds and Buildings were approved. Regent Davies abstained from voting on Item D., *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Mission Bay Building 23B Parking Structure, San Francisco Campus*, in order to avoid the appearance of a conflict of interest.

9. 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 recommendation:

University of California Retirement Plan – Eligibility Expansion for Certain Members of the Non-Senate Instructional Unit

That the University of California Retirement Plan (UCRP) be amended effective January 1, 2004, to provide expanded eligibility and a service credit allocation program for certain members of the Non-Senate Instructional Unit (commonly known as Lecturers). The following steps are being proposed:

- Prospectively to expand UCRP membership effective January 1, 2004, using a 50 percent time worked eligibility standard tied to the academic year (9 months). The expanded UCRP eligibility would result in treating Lecturers who work 750 hours (750 hours is equivalent to 50 percent time for 9 months' service) during a 12-month period in an equivalent manner to employees who work 1,000 hours (1,000 hours is equivalent to 50 percent time for 12 months' service).
- To develop a One-Time UCRP Service Credit Allocation Program for Lecturers who become eligible for UCRP under this expanded eligibility program, similar to the previous One-Time UCRP Service Credit Allocation Programs for staff and academic employees.

It is further proposed that implementation of these provisions be delegated to the President.

- B. The Chairman of the Board, the Chairs of the Committee on Grounds and Buildings and Finance, and the President of the University concurred in the following recommendation:

- (1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Clark Kerr Campus Building 10 Renewal, Berkeley Campus***

Pursuant to Standing Order 100.4(q)

- a. The President, subject to the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance, authorize that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: A. Clark Kerr Campus Building 10 Renewal – preliminary plans, working drawings, construction, and equipment – \$12,385,000, to be funded from external financing (\$11,000,000) and the Berkeley campus' share of the University of California Housing System Net Revenue Fund (\$1,385,000).

Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)

- b. The President be authorized to obtain financing not to exceed \$11,000,000 to finance the Clark Kerr Campus Building 10 Renewal 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. As long as this debt is outstanding or has been refinanced into the General Revenue Bond indenture approved by The Regents in July 2003, 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 related requirements of the proposed financing; and
 - iii. The general credit of The Regents shall not be pledged.

- c. 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. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.
- (2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for UCSF Medical Center China Basin Clinical Laboratories and Imaging Center Expansion, San Francisco Campus***

Pursuant to Standing Order 100.4(q)

- a. The President, subject to the concurrence of the Chair of the Board, the Chair of the Committee on Grounds and Buildings, and the Chair of the Committee on Finance, authorize that the 2003-04 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: UCSF Medical Center China Basin Clinical Laboratories and Imaging Center Expansion – preliminary plans, working drawings, construction, and equipment – \$17,797,000 to be funded from external financing (\$15,279,000) and landlord contribution (\$2,518,000).

Pursuant to Bylaw 21.4(d) and Standing Order 100.4(nn)

- b. The President be authorized to obtain financing not to exceed \$15,279,000 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 period;
 - ii. Repayment of any financing shall be from the gross revenues of the UC San Francisco Medical Center; and
 - iii. The general credit of The Regents shall not be pledged.
- c. 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. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

10. **REPORT OF PERSONNEL ACTIONS**

In accordance with Bylaw 14.7(b), Secretary Trivette reported that the following personnel actions were taken at the September 17, 2003 meeting and at a Special Meeting on October 20, 2003. A roll call vote was taken (roll call vote required by State law on all actions taken in meetings held by teleconference) on item B.

- A. Appointment of Marsha A. Chandler as Acting Chancellor of the San Diego Campus, 100 percent, effective October 2, 2003 and continuing until appointment of a new Chancellor.
- B. Appointment of S. Robert Foley, Jr. as Vice President–Laboratory Management, Office of the President, 100 percent, effective November 1, 2003. The roll call vote was as follows: Regents Bodine, Davies, Dynes, Hopkinson, Huerta, Johnson, Lozano, Marcus, Montoya, Moores, Murray, Pattiz, and Seigler voting “aye” (13).

11. **REPORT OF COMMUNICATIONS RECEIVED**

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

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

12. REPORT OF THE PRESIDENT

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

To Members of the Committee on Health Services

- A. The Activity and Financial Status Report for the UC Medical Centers as of July 31, 2003. September 15, 2003. (Schedule of Reports)
- B. The Activity and Financial Status Report for the UC Medical Centers as of August 31, 2003. October 14, 2003. (Schedule of Reports)

The Regents of the University of California

- C. Fact sheet concerning the current status of the access provision of the Master Plan for Higher Education in California. September 15, 2003.
- D. New publication, "Great futures start here" ("Un futuro brillante comienza aqui"), to better serve Spanish-speaking families with information about UC admission requirements, financial aid, and student housing options. September 16, 2003.
- E. A set of tables comparing the rankings achieved by the top national universities to those achieved by UC campuses this year, published by *US News and World Report* in an article entitled "America's Best Colleges." September 25, 2003.
- F. Copy of the revised Academic Personnel Policy 010, Academic Freedom. September 29, 2003.
- G. Notice of the appointment of the Study Group to examine undergraduate eligibility and admissions implementation issues, and a list of its members. October 30, 2003.
- H. Copies of the 2004-05 Budget for Current Operations and the 2004-05 Budget for Capital Improvements. October 31, 2003.

The meeting adjourned at 1:15 p.m.

Attest:

Secretary