

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 15, 2004

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

Present: Regents Blum, Bodine, Connerly, Davies, Dynes, Hopkinson, Huerta, Johnson, Kozberg, Lansing, Lee, Montoya, Moores, Murray, Pattiz, Preuss, Sayles, and Seigler (18)

In attendance: Regents-designate Anderson, Novack, and Ornellas, Faculty Representatives Blumenthal and Pitts, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Drake, Gomes, and Hershman, Chancellors Bishop, Carnesale, Cicerone, Córdova, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellor Chandler, and Recording Secretary Nietfeld

The meeting convened at 11:30 a.m. with Chairman Moores presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Upon motion of Regent Preuss, duly seconded, the minutes of the meetings of November 2004 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.

[A copy of the report is on file in the Office of the Secretary.]

At the President's invitation, Faculty Representative Pitts provided a brief update on issues of interest to the Academic Senate, noting that the faculty are working with their colleagues in the other segments of higher education with respect to issues related to the Master Plan and on legislative issues. He reported that the University had recently concluded successful negotiations of a contract with one of its major publishers on terms that were more favorable than those initially offered. The contract will provide an opportunity for the faculty to investigate issues pertaining to scholarly communications, whereby the faculty write and edit material and then must buy it back from the publisher.

3. RESOLUTION IN MEMORY OF CLARK KERR

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

WHEREAS, the Regents of the University of California were profoundly saddened by the death on December 1, 2003, of Clark Kerr, twelfth president of the University, first chancellor of the Berkeley campus, President Emeritus of the University, and one of the most influential leaders in the history of American higher education, a brilliant and insightful scholar whose legendary contributions to the University and to the people of California were beyond measure; and

WHEREAS, a statesman and scholar of the highest order, he won nearly universal admiration not only for his absolute integrity, his ever vigilant championing of academic freedom, his far-sighted leadership of the University of California at a time of great growth and change, but above all, for his steadfast courage during a very troubling period in the University's history; and

WHEREAS, the University of California stands today as the finest system of higher education in the world due in no small part to his extraordinary vision, idealism, and accomplishments that include the innovative reorganization of the University's governance structure that decentralized the administrative authority for campus operations from the President to the campuses, the creation of three new campuses that in the intervening years have achieved great acclaim within the academy, the recruitment and retention of the most noted academics in the country, and the establishment of tenure for UC faculty, all of which are without peer and which helped bring the University of California to the forefront of modern academia; and

WHEREAS, he was a tremendous force in the history of higher education as the principal architect of and advocate for the California Master Plan for Higher Education, a plan that has been characterized as "among the two or three most important and influential innovations in higher education in the 20th century," a plan that after four decades is still regarded as the gold standard for the intelligent allocation of higher education resources, one that serves as an educational model the world over; and

WHEREAS, always deeply concerned about the welfare of students both within California and throughout the nation, he used his position as UC's president and as chairman of the Carnegie Commission on Higher Education to advance their causes and to advocate for the financial resources so that no student will be denied the benefits of an education because of a lack of funds; and

WHEREAS, a prolific and gifted writer, through his books and articles he illuminated the role of higher education in society, fostered ideological discussions

of complex education issues, and challenged long-held approaches to higher education issues in this country and abroad; and

WHEREAS, those who were fortunate enough to have known or worked with him remember with great admiration his brilliant mind, sweeping vision for the University and higher education within California, singular devotion to duty, independence of spirit, gentle self-deprecating humor, and, most especially, his tremendous personal dignity, all of which enriched greatly his friends, colleagues, and admirers;

NOW, THEREFORE, BE IT RESOLVED that the Regents express their abiding gratitude for Clark Kerr's considerable contributions to the University of California, their admiration for his many accomplishments on behalf of the higher education community, and the deep sense of bereavement that they and the rest of the University of California community have sustained in his loss;

AND BE IT FURTHER RESOLVED that The Regents convey to his beloved wife, Catherine, and to the entire Kerr family their most heartfelt sympathy and direct that suitably inscribed copies of this resolution be sent to them as a symbol of the Board of Regents' and the University of California's deep regard, respect, and esteem for President Emeritus Clark Kerr, a man of honor, a statesman of education, and a treasured member of the UC family.

4. **RESOLUTION IN APPRECIATION OF JOHN G. DAVIES**

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

WHEREAS, the Regents of the University of California wish to pay well-deserved and heartfelt tribute to their good friend and colleague, John G. Davies, for his twelve years of meritorious service to higher education and the University as one of the most esteemed members ever to hold the position of Regent; and

WHEREAS, he has brought to the Regents' deliberations foresight and vision, a personal and professional integrity that is without peer, an extraordinary knowledge and insightful understanding of the complexities of the University, and a calm presence, all of which have earned him the enduring respect of his colleagues and the University community and which enabled him to play a major role in bringing the University into the 21st century; and

WHEREAS, the high regard in which he is held by his fellow Regents and their faith in his good judgment were reflected in his appointments to all seven standing committees of the Regents, as well as in his chairmanship of the Special Committee on Regents' Procedures and the Special Committee to Consider the Selection of a President and ultimately by his unanimous election as Chairman of the Board, a

position in which he demonstrated great statesmanship as well as a deep and abiding concern for the well being of the University, its faculty, staff, and students; and

WHEREAS, during his chairmanship, he made an indelible imprint on the governance of the University through his vigorous endeavors to streamline The Regents' process, in his judicious and fair handling of all matters brought before the Regents, and in his steadfast efforts to inform the people of California of their University's indispensable role as an educational resource of the highest order and purpose; and

WHEREAS, a distinguished graduate of the Berkeley campus' School of Law, he played a vital role in the appointment of federal and state judges in California, having served with honor as Governor Pete Wilson's judicial appointments secretary, as well as chairman of the federal Judicial Qualifications Committee for two of California's senators, in both positions undertaking a disciplined and insightful approach to the selection of jurists and demonstrating a keen devotion to the highest ideals of the judiciary; and

WHEREAS, independent in thought, conciliatory in the most contentious of deliberations, respectful of all points of views, and untiring in his devotion to the well being of the University above all else, he has added considerably to the luster of this great institution of higher learning, bearing fully the weighty responsibility of the position of Regent;

NOW, THEREFORE, BE IT RESOLVED that the Regents note with regret that his term comes to a close on March 1, 2004, a fact they note with warm remembrance of things past and regret that they will not share the pleasure of his company to the same degree in the future;

AND BE IT FURTHER RESOLVED that the Regents extend to John and Ann Davies their affectionate good wishes for continued happiness in the years ahead and direct that a suitably inscribed copy of this resolution be presented to them as a token of the Board's admiration and enduring friendship.

Regent Preuss commented that Regent Davies may be viewed as the best example of a Regent, noting that he had attended all but one meeting during his 12-year tenure on the Board. He expressed his appreciation for the leadership role that Regent Davies had played.

Regent Davies observed that of the many farewell speeches made by departing Regents and Faculty Representatives, Regent Williams may have given the best advice when he told the members of the Board to do no harm to the University. He expressed his respect for the University of California and those leaders who serve it.

5. REPORT OF THE COMMITTEE ON FINANCE

A. *Amendment of Standing Order 103.8 - Death Benefit, to Add Domestic Partners*

The Committee recommended that:

- (1) Service of notice be waived.
- (2) The amendment of Standing Order 103.8 - Death Benefit be approved as shown below, effective March 1, 2004.
- (3) Implementation of the death benefit provisions be delegated to the President.

Deletions shown by strikeout; additions by underlining

STANDING ORDER 103.

SPECIAL PROVISIONS CONCERNING OFFICERS, FACULTY MEMBERS,
AND EMPLOYEES OF THE UNIVERSITY

* * *

103.8 Death Benefit.

Upon the death of any Officer, faculty member, or regular employee of the University, or Officer or regular employee of the Corporation, who has been employed a minimum of six months, a sum equal to the salary of the deceased for one month will be paid to the ~~surviving spouse, or if there is no surviving spouse, to the decesses's eligible dependent(s), or if there is neither a surviving spouse nor eligible dependent(s),~~ person or persons in the first of the following categories in which there is a survivor: legal spouse or domestic partner; child or children; parent or parents; or siblings. If there is no survivor in any of the foregoing categories, the benefit will be paid to the estate, or if there is no estate, to the individual designated as the beneficiary of the deceased's University-paid life insurance policy. This payment is in addition to any other ~~settlement~~ benefit provided under a pension or retirement plan in effect for the deceased person.

B. ***Proposed Plan Amendments of the University of California Retirement Plan, the 403(b) Plan, and the Defined Contribution Plan Concerning Benefit Eligibility and Service Credit Buyback for Vesting Purposes***

The Committee recommended that:

- (1) The University of California Retirement Plan (UCRP) be amended, effective January 1, 2004, to make the eligibility requirements for adopted children more closely conform to the eligibility requirements for natural children.
- (2) The UCRP, the University of California Tax-Deferred 403(b) Plan, and the University of California Defined Contribution Plan be amended, effective January 1, 2004, to include siblings in the definition of Beneficiary.
- (3) The UCRP be amended to allow non-vested UCRP Members who are separating from service to make a payment to establish or reestablish Service Credit needed to vest.
- (4) Implementation of the above amendments be delegated to the President.

C. ***Proposal to Delegate Authority to the President to Amend the University of California Relocation Regulations for University-Owned Property as Necessary***

The Committee recommended that the President be delegated authority, subject to the approval of the Chair of The Regents and the Chair of the Committee on Finance, to update and amend from time to time as necessary the revised University of California Relocation Regulations that were adopted by The Regents in June 1977, such revisions to be undertaken consistent with the California Relocation Assistance Act, as required by Government Code §7267.8.

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

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

The Committee presented the following from its meeting of December 10, 2003:

A. ***Certification of Environmental Impact Report and Approval of Design, Building 49 Research Office Building, Lawrence Berkeley National Laboratory***

After review and consideration of the proposed project's environmental consequences as described in the Environmental Impact Report, the Committee reported its:

- (1) Certification of the Environmental Impact Report.
- (2) Adoption of the Mitigation Monitoring and Reporting Program and Findings.
- (3) Approval of the design of the Building 49 Research Office Building, Lawrence Berkeley National Laboratory.

[The Environmental Impact Report, Mitigation Monitoring and Reporting Program, and Findings were mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary.]

B. ***Adoption of Findings and Approval of Design, Mission Bay Building 23B Parking Structure, San Francisco Campus***

After review and consideration of the environmental consequences of the proposed project as indicated in the Addendum No. 5 to the 1996 Long Range Development Plan Final Environmental Impact Report, the Committee reported its:

- (1) Adoption of the Findings.
- (2) Approval of the design of the Building 23B Parking Structure, Mission Bay, San Francisco.

[The Findings 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 Montoya, duly seconded, the reports of the Committee on Grounds and Buildings were accepted. Regent Davies abstained on Item B. due to a conflict of interest.

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

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Cogeneration Addition to the Central Plant, Irvine 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:

From: Irvine: Cogeneration Addition to the Central Plant – preliminary plans – \$1,400,000 to be funded from campus funds

To: Irvine: Cogeneration Addition to the Central Plant – preliminary plans, working drawings, and construction – \$24,416,000 to be funded from external financing.

- (2) The Committee on Finance recommended that the President be authorized to obtain external financing not to exceed \$24,416,000 to finance construction and related costs of the Cogeneration Addition to the Central Plant, Irvine campus, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the preliminary plans, workings drawings, and construction periods;
 - b. Subject to State approval to use State appropriations for capital purposes (Section 28), repayment of the external financing shall be from the University's annual appropriation from the State of California and other lawfully available funds of The Regents; and
 - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Westwood Replacement Hospital and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure, Los Angeles 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 as follows:

From: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$657.7 million to be funded from federal funds (\$432.9 million), State matching funds (\$44.1 million), State lease revenue bond funds (\$125 million), and gift funds (\$55.7 million).

To: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment –

\$677.7 million to be funded from federal funds (\$432.9 million), State matching funds (\$44.1 million), State lease revenue bond funds (\$125 million), gift funds (\$57.7 million), and external financing (\$18 million).

From: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$260,861,000 to be funded from federal funds (\$72,200,000), hospital reserves (\$14,900,000), State lease revenue bond funds (\$55,000,000) and gift funds (\$118,761,000).

To: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$275.9 million to be funded from federal funds (\$72.2 million), State lease revenue bond funds (\$55 million), gift funds (\$41.7 million), and external financing (\$107 million).

- (2) 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 as follows:

Los Angeles: Westwood Replacement Hospital and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – additional construction expenditures, additional contingency and other capital projects associated with construction at the replacement hospitals – to be funded from external financing (\$40 million).

- (3) The Committee on Finance recommended that the President be authorized to obtain external financing not to exceed \$165 million to finance (1) and (2) above, 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 gross revenues of the UCLA Hospital System; and
 - c. The general credit of The Regents shall not be pledged.

- (4) 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 as follows:
- Los Angeles: Replacement Hospitals Furniture and Equipment – furniture, furnishings, miscellaneous medical equipment, IT systems and other startup costs associated with the two replacement hospitals – to be funded from gift funds (\$85 million).
- (5) The Committee on Finance recommended that the President be authorized to obtain standby financing not to exceed \$59 million and interim financing not to exceed \$26 million, for a total of \$85 million for (4) above, 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 gift funds and, in the event such gift funds are insufficient, from the Los Angeles campus' share of the University Opportunity Fund; and
 - c. The general credit of The Regents shall not be pledged.
- (6) The Officers of The Regents be authorized to provide a certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (7) 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 Grounds and Buildings and Finance were approved.

8. REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**A. *Dates of Regents Meetings for 2005***

The Special Committee recommended that the following dates of Regents meetings for 2005 be approved.

2005

January 19-20

March 16-17

May 18-19

July 20-21

September 21-22

November 16-17

B. *Rescission of Policy on Limit of Service as Committee Chairman*

The Special Committee recommended that The Regents rescind the Policy on Limit on Service as Committee Chairman.

C. *Amendment of Policy on Coordination of Material for Presentation to Regents – Submission of Items by Individual Regents*

The Special Committee recommended that The Regents amend the Policy on Coordination of Material for Presentation to Regents as follows:

deletions shown by ~~strikeout~~, additions by underscoring**POLICY ON COORDINATION OF MATERIALS
FOR PRESENTATION TO REGENTS**

All items shall, and background material and reports for presentation to The Regents, including those of the Secretary, General Counsel, ~~and~~ Treasurer, and individual Regents, should be submitted in advance of the meeting to the President of the University, who shall be responsible for the preparation of agendas, the advance briefing of Committee Chairmen and ~~Vice Chairmen~~ and the Chairman of the Board, and for the coordination of all material for presentation to The Regents.

Regent Connerly pointed out that the version of the report that had been distributed to the Regents was not the language that had been adopted by the Special Committee. Secretary Trivette confirmed that there had been an error; the record shows the corrected report.

Upon motion of Regent Davies, duly seconded, Items A. and C. of the recommendations of the Special Committee on Regents' Procedures were approved.

At the request of Regent Hopkinson, there was a roll call vote on Item B., Regents Blum, Connerly, Davies, Dynes, Kozberg, Lansing, Lee, Moores, Pattiz, Preuss, and Seigler voting "aye" (11), and Regents Bodine, Hopkinson, Huerta, Johnson, Montoya, Murray, and Sayles voting "no" (7). The motion carried.

9. **REPORT OF THE COMMITTEES ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES AND FINANCE**

Approval of Actions Necessary to Preserve the Option of the University to Continue Its Management of Lawrence Berkeley National Laboratory, Lawrence Livermore National Laboratory, and Los Alamos National Laboratory

The Committees recommended that, subject to the express reservation to The Regents of the decision to participate in any contract competition, the President be authorized to take appropriate and necessary measures to preserve the option of the University to continue its management of any or all of the Lawrence Berkeley, Lawrence Livermore, and Los Alamos National Laboratories by maintaining the University's capability adequately and timely to respond to any Department of Energy/National Nuclear Security Administration (DOE/NNSA) Request for Proposals that may be issued as part of such a competition; specifically by:

- A. Executing any modification necessary to extend the operating contract(s) for such laboratories for up to two years and subject to the same terms and conditions, with the concurrence of the Chairman of the Board of Regents and the Chairman of the Committee on Oversight of the Department of Energy Laboratories, as may be requested by the Department of Energy and authorized by Section 301 of the federal Energy and Water Appropriations Act for Fiscal Year 2004.
- B. Responding to any public request issued by the DOE/NNSA for expressions of interest and qualifications to manage any or all such national laboratories, with the concurrence of the Chairman of the Board of Regents and the Chairman of the Committee on Oversight of the Department of Energy Laboratories.
- C. Developing and executing teaming arrangements with others, as appropriate, to strengthen a University proposal for any particular contract, with the concurrence of the Chairman of the Board of Regents and the Chairman of the Committee on Oversight of the Department of Energy Laboratories; organizing proposal teams of University employees and acquiring related professional services; and bearing the costs thereof with funds made available to the University that are not otherwise eligible to be applied to the general operating costs of the University.

Upon motion of Regent Hopkinson, duly seconded, the recommendation of the Committees on Oversight of the Department of Energy Laboratories and Finance was approved.

10. **REPORT OF COMMUNICATIONS**

Secretary Trivette presented summaries of communications received subsequent to the November 2003 meeting. Unless otherwise instructed, the residency appeals will be referred to General Counsel Holst, and the remaining communications will be referred to President Dynes for response as appropriate.

11. **REPORT OF THE PRESIDENT**

On the dates indicated, the following informational reports were mailed to The Regents or to Committees:

To Members of the Committee on Finance

- A. Annual Report on Insurance and Self-Insurance Programs. November 24, 2003. (Schedule of Reports)

To Members of the Committee on Health Services

- B. Final Medical Center Activity and Financial Status Report for the fourth quarter and year ended June 30, 2003, and the Activity and Financial Status Report for the first quarter ended September 30, 2003. November 24, 2003. (Schedule of Reports)
- C. The Activity and Financial Status Report for the UC Medical Centers as of October 31, 2003. December 8, 2003. (Schedule of Reports)
- D. Annual Report on Western Health Advantage, a not-for-profit HMO that is partially owned by the UC Davis Health System. December 15, 2003.

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- E. Fall 2003 catalog from the UC Press and the Press' newsletter, Imprints. November 12, 2003.
- F. Report of the Course Description Task Force. November 17, 2003.
- G. Report of salary actions taken for Professors. November 26, 2003.
- H. Copies of several newspaper articles about Clark Kerr. December 2, 2003.

- I. Report on referendum-based student fees receiving Presidential approval for 2003-04. December 15, 2003.
- J. The Academic Council report entitled "Increasing Access and Sustaining Excellence; A Budget Proposal from the Academic Council, November 2003." December 15, 2003.

The meeting adjourned at 11:50 a.m.

Attest:

Secretary