

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 18, 2004

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

Present: Regents Anderson, Blum, Dynes, Johnson, Kozberg, Lansing, Lee, Marcus, Montoya, Novack, Ornellas, Parsky, Pattiz, Preuss, Ruiz, Sayles, and Wachter (17)

In attendance: Regents-designate Juline, Rominger, and Rosenthal, Faculty Representatives Blumenthal and Brunk, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost Greenwood, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome and Hershman, Chancellors Carnesale, Cicerone, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellor Chemers, Executive Vice Chancellor Gray representing Chancellor Birgeneau, University Auditor Reed, and Recording Secretary Bryan

The meeting convened at 3:10 p.m. with Chairman Parsky presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meetings of September 2004 were approved.

2. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

Upon motion of Regent Sayles, 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.]

At the President's invitation, Faculty Representative Blumenthal recalled that at a previous meeting there had been a discussion about geographical preferences in admissions to the University and whether, as set forth in the principles enunciated by the Academic Senate, they would allow proximity preference for students living close to a UC campus. He reported that the Board of Admissions and Relations with Schools had examined the issue and concluded that it is inappropriate to offer a preference to an applicant to the University based upon the proximity of his residence to a University campus, even though geographical preferences in the sense of

maintaining geographical diversity within the state are allowed. He recalled also that in September he had notified the Regents that the Academic Council had passed a resolution stating that restrictions on research based upon funding source were inappropriate. Because of some disagreement with that point of view, the Academic Council unanimously agreed to reopen the issue for discussion on the campuses. He indicated that he would report to the Board the outcome of the debate and further consideration by the Academic Senate.

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

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Neuroscience Building, Phase 1, Davis Campus***

The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

Davis: Neuroscience Building, Phase 1 – preliminary plans – \$5 million to be funded from campus and gift funds.

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for UCI Medical Center Replacement Hospital, Irvine Campus***

- (1) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Irvine: UCI Medical Center Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$336,681,000 to be funded from State lease revenue bonds (\$235,000,000), external financing (\$32,918,000), Hospital Reserves (\$472,000), capitalized leases (\$20,791,000), and gift funds (\$47,500,000).

To: Irvine: UCI Medical Center Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$371,720,000 to be funded from State lease revenue bonds (\$235,000,000), external financing (\$62,920,000), Hospital Reserves (\$5,509,000), capitalized leases (\$20,791,000), and gift funds (\$47,500,000).

- (2) The Committee recommended that:
- a. The President be authorized to obtain external financing not to exceed \$62,920,000 to finance the UCI Medical Center Replacement Hospital 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 hospital revenues.
 - iii. The general credit of The Regents shall not be pledged.
 - b. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - c. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for CNSI Court of Sciences Building, Los Angeles Campus***

- (1) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings and construction – \$149,100,000 to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$50,000,000), and in-kind gift funds (\$37,925,000).

To: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings and construction – \$149,100,000 to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding

mechanism (\$70,000,000), in-kind gift funds (\$12,925,000), and campus funds (\$5,000,000).

- (2) The Committee recommended that:
- a. The President be authorized to obtain financing not to exceed \$70 million to finance the CNSI Court of Sciences Building 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.
 - iii. The general credit of The Regents shall not be pledged.
 - b. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - c. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Health Sciences Seismic Replacement Building 1, Los Angeles Campus***

- (1) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Health Sciences Seismic Replacement Building 1 – preliminary plans, working drawings, construction and equipment – \$66,947,000 total project cost to be funded from State funds (\$23,768,000) and gift funds (\$43,179,000).

To: Los Angeles: Health Sciences Seismic Replacement Building 1 – preliminary plans, working drawings, construction and equipment – \$68,620,000 total project cost to be funded from State funds (\$23,768,000), gift funds (\$27,324,000), campus funds (\$128,000), and external financing (\$17,400,000).

- (2) The Committee recommended that:
- a. The President be authorized to obtain long-term external financing not to exceed \$17.4 million to finance a portion of the Health Sciences Seismic Replacement Building 1 construction, subject to the following conditions:
 - i. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - ii. Repayment of the total long-term financing amount shall be from the Los Angeles campus' share of the University Opportunity Fund.
 - iii. The general credit of The Regents shall not be pledged.
 - b. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - c. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Housing Phase 2, Merced Campus***

The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Merced: Housing Phase 2 – preliminary plans – \$990,000 to be funded from University of California Housing System Net Revenue Reserves.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for San Diego Supercomputer Center Expansion, San Diego Campus***

- (1) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

San Diego: San Diego Supercomputer Center Expansion – preliminary plans, working drawings, construction, and equipment – \$41,738,000 to be funded from external financing (\$40,738,000) and campus funding (\$1,000,000).

- (2) The Committee recommended that:
 - a. The President be authorized to obtain financing not to exceed \$40,738,000 for the construction and the related costs, 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 UC San Diego campus' share of Opportunity Funds.
 - iii. The general credit of The Regents shall not be pledged.
 - b. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - c. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for University Centers Expansion and Renovation, San Diego Campus***

- (1) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

San Diego: University Centers Expansion and Renovation – preliminary plans, working drawings, construction, and equipment – \$79,122,000 to be funded from external financing (\$67,394,000), Bookstore Reserves (\$6,000,000), and gift funds (\$5,728,000).

- (2) The Committee recommended that:

- a. External financing be obtained not to exceed \$46,224,000 for the construction and related costs, 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 University Centers Expansion and Renovation student fees approved by student vote in May 2003 and by the President on June 19, 2003; and net revenues of the University Centers, which shall generate net revenues sufficient to pay debt service and to meet all related financing requirements of the proposed funding.
 - iii. The general credit of The Regents shall not be pledged.
- b. External financing be obtained not to exceed \$14,766,000 for the construction and related costs, 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 net revenues of the UCSD Bookstore, which shall generate net revenues sufficient to pay debt service and to meet all related financing requirements of the proposed funding.
 - iii. The general credit of The Regents shall not be pledged.
- c. External financing be obtained not to exceed \$1,724,000 for the construction and related costs, 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 Registration Fees.
 - iii. The general credit of The Regents shall not be pledged.

- d. External financing be obtained not to exceed \$4,680,000 for the construction and related costs, 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 revenues relating to the groundlease of the Blackhorse Farms property.
 - iii. The general credit of The Regents shall not be pledged.
- e. 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.
- f. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

H. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for East Campus Graduate Housing, San Diego Campus***

- (1) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

San Diego Campus: East Campus Graduate Housing Project – preliminary plans, working drawings, construction, and equipment – \$78,000,000 to be funded from external financing (\$77,300,000) and the San Diego campus' share of the University of California Housing System Net Revenue Fund (\$700,000).

- (2) The Committee recommended that:
 - a. Financing be obtained not to exceed \$77,300,000 for the East Campus Graduate Housing 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 the debt is outstanding, University of California Housing System fees for the San Diego campus shall be established at levels sufficient to pay the debt service and to meet the related requirements of the proposed financing.
- iii. The general credit of The Regents shall not be pledged.
- b. The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- c. The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

I. ***Authorization of Leases and Agreements for Genomics Building, Riverside Campus***

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 Genomics Building at the Riverside campus, 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 the project named above, said lease to contain provisions substantially as follows:
 - a. The site shall comprise the approximate size of the footprint for the 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 by the SPWB and such assignee is duly performing the terms and conditions of the lease.
 - f. The Regents shall provide to the SPWB and any assignee 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.
 - 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 the project named above, said agreement to contain the following provisions:
- a. The SPWB agrees to finance construction of the project, as authorized by statute.
 - 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 the project named above, said lease to contain provisions substantially as follows:
- a. The purpose of the building's occupancy shall be to use it as a facility for instruction and research 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 or an equivalent program of self insurance, 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 institute 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.
 - 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.
- (4) Execute an equipment acquisition agreement between the State of California, as represented by the SPWB, and The Regents for the project named above, said agreement to contain the provision that 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 the project named above, said lease 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 institute 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.
 - 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.
- J. ***Authorization to Join the Conaway Ranch Joint Powers Authority for the Planning, Use, and Control of the Conaway Ranch, Yolo County, Davis Campus***

The Committee recommended that:

- (1) The President, after consultation with the General Counsel, be authorized to approve and execute all documents necessary for the University to become a full voting member of the Conaway Ranch Joint Powers Authority (Authority) including, without limitation, a Joint Exercise of Powers Agreement, such Agreement to include the following provisions:
 - a. The purpose of the Authority would be to undertake acquisition, ownership, planning, management, improvement, and operation of the Conaway Ranch (17,300 acres in Yolo County), and for other services including, but not necessarily limited to, legislative and regulatory advocacy, solicitation of grant funding and implementation of grant-funded projects, and incurring of obligations.
 - b. The initial objective of the Authority would be to consider the acquisition of the Conaway Ranch to maintain the status quo with respect to the existing uses and resources of the property for public benefit and, following any such acquisition, to establish an inclusive and comprehensive process, subject to the applicable requirements of the California Environmental Quality Act, to develop and implement a long-term plan for the use, management, improvement, and operation of the property for multiple public purposes and benefits.
 - c. The Agreement forming the Authority would remain in effect until the earlier of the withdrawal of all Members or termination by the then remaining Members.
 - d. The Authority would be authorized to do all acts necessary for the exercise of its powers, including, but not limited to:
 - i. Executing contracts.
 - ii. Employing agents, consultants and employees.
 - iii. Acquiring, constructing, or providing for maintenance and operation of any building, work, or improvement.
 - iv. Acquiring, holding or disposing of real or personal property wherever located, including property subject to mortgage, by agreement, eminent domain, or other lawful means.
 - v. Incurring debts, liabilities, or obligations.

- vi. Receiving gifts, contributions and donations of property, funds, services, and any other forms of assistance from persons, firms, corporations, or governmental entities.
 - vii. Suing and being sued in its own name, and litigating or settling any suits or claims.
 - viii. Exercising any or all powers authorized under the California Joint Powers Authority Act (Act) or other applicable law.
 - xi. Doing any and all things necessary or convenient to the exercise of its specific powers and to accomplishing its purpose.
- e. The Authority was formed pursuant to the Act and, if joined by the University representatives as proposed, would be governed by a 17-person board composed of representatives from the County of Yolo, the Cities of Winters, Davis, Woodland, and West Sacramento, the Yolo County Flood Control and the Water Conservation District, and the University of California (Authority Board).
 - f. Any Member would be authorized to withdraw from the Agreement upon written notice to the Authority Board provided, however, that no such withdrawal shall result in the dissolution of the Authority as long as any obligations of the Authority remain outstanding.
- (2) The President be authorized to delegate to the Chancellor of the Davis campus authority to appoint the University of California, Davis representatives to the Authority Board and to provide funds to support Authority operations.
 - (3) The President be authorized to approve and to execute any additional documents reasonably required for the above described purposes and such amendments thereto as conform to such purposes.

K. *Approval of the University of California Financial Report 2004*

With the concurrence of the Committee on Audit, the Committee reported its approval of the **University of California Financial Report, 2004**.

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

L. ***Approval of University of California 2005-06 Budgets for Current Operations and for Capital Improvements and Approval of Proposed Increases in Student Fees for 2005-06***

- (1) The Committee recommended that the expenditure plan included in the 2005-06 Budget for Current Operations be approved.
- (2) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2005-06 Budget for Capital Improvements be approved.
- (3) The Committee recommended that student fees be increased for 2005-06 as follows:
 - a. Effective summer 2005, mandatory systemwide fees be increased as shown in Table 1. These increases are consistent with the Compact with the Governor which provides that undergraduate fees increase by eight percent and graduate student fees increase by ten percent in 2005-06.

TABLE 1

Proposed Increases in Mandatory Systemwide Fees for 2005-06			Educ/Reg Fees: Total Annual Fee Levels for 2005-06
	Educational Fee	Registration Fee	
Resident Undergraduate students	\$435	\$22	\$6,141
Nonresident Undergraduate students	\$471	\$22	\$6,657
Resident Graduate academic students	\$606	\$22	\$6,897
Nonresident Graduate academic students	\$628	\$22	\$7,164
Professional Fee students	\$606	\$22	\$6,092

Of the revenue generated from the increases in mandatory systemwide fees from undergraduate students, an amount equivalent to 25 percent will be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the increases from graduate academic students, 50 percent will be set aside to provide additional funds for financial aid for needy graduate academic students, and 25 percent of the revenue generated from the increases from students subject to professional fees will be set aside for financial aid for those students.

- b. Effective fall 2005, existing Fees for Selected Professional School Students be increased by three percent as shown in Table 2. In addition, it is recommended that a Fee for Selected

Professional School Students of \$4,000 be approved for 2005-06 for the following programs: Master of Public Policy, Master of Public Health, and Master of Pacific International Affairs program.

TABLE 2

	2005-06 Proposed Increases in Professional Fees	Estimated 2005-06 Total Annual Charges (Base Levels)
Medicine	\$391	\$22,407
Business	\$416	\$22,323
Law	\$409	\$21,863
Dentistry	\$377	\$21,238
Veterinary Medicine	\$317	\$21,076
Optometry	\$260	\$16,215
Pharmacy	\$260	\$16,777
Theater, Film & Television (UCLA only)	\$174	\$13,261
Nursing	\$88	\$10,649
Public Policy / International Relations & Pacific Studies	\$4,000	\$11,424
Public Health	\$4,000	\$11,291

- c. Effective fall 2005, the Nonresident Tuition Fee be increased by 5 percent, or \$828, for nonresident undergraduate students only, from \$16,476, to \$17,304. It is recommended that the Nonresident Tuition Fee for graduate academic students and for students paying the Fee for Selected Professional School Students remain at their current annual levels of \$14,694 and \$12,245, respectively, for 2005-06.

Upon motion of Regent Sayles, duly seconded, the recommendations of the Committee on Finance were approved. Item L, *Approval of University of California 2005-06 Budgets for Current Operations and for Capital Improvements and Approval of Proposed Increases in Student Fees for 2005-06*, was approved following a roll call vote, Regents Dynes, Kozberg, Lansing, Marcus, Montoya, Novack, Ornellas, Parsky, Pattiz, Preuss, Ruiz, Sayles, and Wachter (13) voting "aye," Regent Anderson (1) voting "no," and Regent Johnson abstaining.

4. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS

A. *Approval of University of California 2005-06 Budget for Capital Improvements*

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2005-06 Budget for Capital Improvements be approved as presented in the document titled *2005-06 Budget for Capital Improvements*.

[The *2005-06 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 for Neuroscience Building, Phase 1, Davis Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

Davis: Neuroscience Building, Phase 1 – preliminary plans – \$5 million to be funded from campus and gift funds.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for UCI Medical Center Replacement Hospital, Irvine Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Irvine: UCI Medical Center Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$336,681,000 to be funded from State lease revenue bonds (\$235,000,000), external financing (\$32,918,000), Hospital Reserves (\$472,000), capitalized leases (\$20,791,000), and gift funds (\$47,500,000).

To: Irvine: UCI Medical Center Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$371,720,000 to be funded from State lease revenue bonds (\$235,000,000), external financing (\$62,920,000), Hospital Reserves (\$5,509,000), capitalized leases (\$20,791,000), and gift funds (\$47,500,000).

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for CNSI Court of Sciences Building, Los Angeles Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings and construction – \$149,100,000 to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$50,000,000), and in-kind gift funds (\$37,925,000).

To: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings and construction – \$149,100,000 to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$70,000,000), in-kind gift funds (\$12,925,000), and campus funds (\$5,000,000).

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Health Sciences Seismic Replacement Building 1, Los Angeles Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Health Sciences Seismic Replacement Building 1 – preliminary plans, working drawings, construction and equipment – \$66,947,000 total project cost to be funded from State funds (\$23,768,000) and gift funds (\$43,179,000).

To: Los Angeles: Health Sciences Seismic Replacement Building 1 – preliminary plans, working drawings, construction and equipment – \$68,620,000 total project cost to be funded from State funds (\$23,768,000), gift funds (\$27,324,000), campus funds (\$128,000), and external financing (\$17,400,000).

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Housing Phase 2, Merced Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

Merced: Housing Phase 2 – preliminary plans – \$990,000 to be funded from University of California Housing System Net Revenue Reserves.

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for San Diego Supercomputer Center Expansion, San Diego Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

San Diego: San Diego Supercomputer Center Expansion – preliminary plans, working drawings, construction, and equipment – \$41,738,000 to be funded from external financing (\$40,738,000) and campus funding (\$1,000,000).

H. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for University Centers Expansion and Renovation, San Diego Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

San Diego: University Centers Expansion and Renovation – preliminary plans, working drawings, construction, and equipment – \$79,122,000 to be funded from external financing (\$67,394,000), bookstore reserves (\$6,000,000), and gift funds (\$5,728,000).

I. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for East Campus Graduate Housing, San Diego Campus***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

San Diego Campus: East Campus Graduate Housing Project – preliminary plans, working drawings, construction, and equipment – \$78,000,000 to be funded from external financing (\$77,300,000) and the San Diego campus' share of the University of California Housing System Net Revenue Fund (\$700,000).

J. ***Adoption of Findings and Approval of Design, Mission Bay Cancer Research Building (17C), San Francisco Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Addendum No. 6 to the 1996 Long Range Development Plan Final Environmental Impact Report (LRDP FEIR), the Committee reports its adoption of the Findings and approval of the design of the Mission Bay Cancer Research Building (17C), San Francisco campus.

[The LRDP FEIR was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary.]

K. ***Adoption of Findings and Approval of Design, Hopkins Parking Structure, San Diego Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the 2004 UC San Diego Long Range Development Plan Environmental Impact Report (LRDP EIR), the Committee reported its adoption of the Findings and Mitigated Monitoring Program and approval of the design of the Hopkins Parking Structure, San Diego campus.

[The LRDP EIR was mailed to the Committee in advance of the meeting, and a copy is on file in the Office of the Secretary.]

L. ***Certification of the Environmental Impact Report and Approval of Design, Management School – Phase 1, San Diego Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the UCSD 2004 Long Range Development Plan Environmental Impact Report (LRDP EIR), the Committee reported its certification of the EIR (refer to Vol. 3), adoption of the Mitigation Monitoring

Program and Findings, and approval of the design of the Management School – Phase 1, San Diego campus.

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

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

Proposed Public Phase of Fundraising Campaign, Santa Barbara Campus

The Committee recommended that the proposal of the Santa Barbara campus, jointly with The UCSB Foundation, to launch the public phase of a comprehensive capital campaign with a goal of \$350 million to support UCSB's students, faculty, and programs with strengthened capital and current-use funding be approved, subject to the condition that each capital project has been or would be approved at the appropriate time in accordance with Regental policy.

Upon motion of Regent Kozberg, duly seconded, the recommendation of the Committee on Educational Policy was approved.

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

A. ***Treasurer's Annual Report, 2003-04***

The Committee forwarded the Treasurer's Annual Report for the fiscal year ended June 30, 2004.

[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. ***Proposed Investment Policy Statement for the University of California Retirement Plan***

The Committee recommended that the attached Investment Policy Statement for the University of California Retirement Plan be approved.

Upon motion of Regent Lee, duly seconded, the recommendation of the Committee on Investments was approved.

7. **COMMITTEE ON AUDIT**

Approval of University of California Financial Report, 2004

A. The Committee recommended that, with the concurrence of the Committee on Finance, the **University of California Financial Report, 2004**, 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.]

- B. The Committee recommended that the **Annual Report (Amended) on Internal Audit Plan 2004-05** 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.]

Upon motion of Regent Novack, duly seconded, the recommendations of the Committee on Audit were approved.

8. **REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**

Statement of Expectations of the Members of the Board of Regents

The Special Committee recommended adoption of the following statement of the responsibilities of a Regent:

Guidelines for Discharge of Regental Duties

The responsibility of individual Regents is to serve as trustees for the people of the State of California and as stewards for the University of California, acting to govern the University in fulfillment of its educational, research, and public service missions in the best interests of the people of California.

Recognizing the broad authority and responsibility vested in the Board of Regents for the governance and operation of the University of California, there is a specific expectation that members of the Board become knowledgeable regarding the educational, research, and public service programs of the University of California as well as the duties, responsibilities, and obligations of Regents.¹

Preparation

Members of the Board are expected to devote adequate time to preparation regarding issues coming before the Board and to base votes on the information available and their best judgment.

Attendance and Participation

Members of the Board are expected to attend and participate in meetings of the Board and committees to which they are assigned.

¹Regents' policies are being updated and will be published and distributed to all Regents.

Cooperation

It is expected that Board members will abide by Board decisions and policies in a manner consistent with the member's fiduciary duties. This is not intended to preclude either forthright expression of opposition or efforts to change such policies or decisions. Expression of opinion or position at variance with such policies or decisions should clearly indicate that it is not to be construed as a position of the Board and that the opinion expressed is that of an individual Regent.

Confidentiality

Board members are expected to maintain the confidential nature of Board deliberations held in closed session, including written and verbal communication.

Ethics and Fiduciary Responsibilities

Regents are expected to serve the public trust and to fulfill their responsibilities ethically in a manner consistent with that obligation. This means that decisions are to be made solely to promote the best interests of the public and of the University as a public trust and that Board members will disclose personal, familial, and business relationships, or other potential conflicts of interest as appropriate.

Support for the University

Regents are expected to be active supporters and advocates for the University and to take opportunities to help with fundraising, legislative advocacy, and other efforts on behalf of the University.

Upon motion of Regent Marcus, duly seconded, the recommendation of the Special Committee on Regents' Procedures was approved.

9. REPORT OF INTERIM ACTIONS**Report of Actions Taken Between Meetings**

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

The Chairman of the Board and the President of the University approved the following recommendation:

Authorization to Establish Indenture for Limited Project Revenue Bonds to Finance and Refinance Debt for UC Projects, and Subject to the Concurrence of the Chairman of the Board and the Chair of the Committee on Finance, to Execute Interest Rate Swaps where Appropriate to Reduce the Interest Rate of Such Bonds

- (1) The President be authorized to establish an Indenture to finance and refinance debt of the University of California for University projects, subject to the following:
 - a. Repayment of the financing issued under the Indenture shall be from Pledged Revenues as defined in the indenture.
 - b. Bonds may be issued as fixed-rate bonds or variable-rate bonds, or as taxable or tax-exempt bonds.
 - c. The general credit of The Regents shall not be pledged.
- (2) The President be authorized, subject to the concurrence of the Chairman of the Board and the Chair of the Committee on Finance, to execute interest rate swaps based on receiving either a percentage of the Bond Market Association Tax-Exempt Index, the taxable LIBOR index, or similar indices to achieve a lower synthetic fixed rate for the bonds issued.
- (3) The Officers of The Regents be authorized to execute all documents, including the Indenture, necessary in connection with the above.

10. REPORT OF COMMUNICATIONS

Secretary Trivette presented summaries of communications received subsequent to the September 2004 meeting. Unless instructed otherwise, 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. AMENDMENT OF STANDING ORDER 110.2—MATTERS RELATING TO RESIDENCY: TUITION AND FEE WAIVERS AND EXEMPTIONS FOR DOMESTIC PARTNERS TO CONFORM TO AB 205

Pursuant to notice served at the September 23, 2004 meeting of The Regents, Regent Sayles moved approval of amendment of Standing Order 110.2—Matters Relating to Residency as follows, effective winter quarter 2005/spring semester 2005:

additions shown by underscoring, deletions by strikeout

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 or registered domestic partner of a member of the University faculty who is a member of the Academic Senate. A student who is a spouse or registered domestic partner 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. 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 or registered domestic partner (who has not subsequently married or registered as a domestic partner) 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 mandatory systemwide 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 be exempt from paying nonresident tuition. A student meeting the requirements of Sections 66025.3 and 68120.5 of the Education Code of the State of California shall be exempt from paying mandatory systemwide fees and 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 or a registered domestic partner; e) is married or in a registered domestic partnership, 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 other than his or her spouse or domestic partner 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 immediately preceding the request for residence classification, and demonstrates self-sufficiency for two years. The 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. Nonresident tuition fees shall be payable at the time of registration.

12. **REPORTS MAILED BETWEEN MEETINGS**

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

To Members of the Committee on Audit

- A. Report of an interim audit report on the investigation in the Epidemiology Division of the Department of Medicine, College of Medicine at UC Irvine. This matter was first reported to the Regents Committee on Audit by a letter dated May 13, 2004, and an oral report of the status was made at the July Regents' meeting. September 16, 2004.
- B. Amended Annual Report on Internal Audit Plan 2004-05. September 16, 2004.
- C. Internal Audit Activity Report for the quarter ended June 30, 2004. October 8, 2004.

To Members of the Committee on Finance

- D. Annual Report on Insurance and Self-Insurance Programs. September 27, 2004. (Schedule of Reports)

To Members of the Committee on Health Services

- E. Activity and Financial Status Report for the UC Medical Centers for the one month ended July 31, 2004. September 13, 2004. (Schedule of Reports)
- F. Activity and Financial Status Report for the UC Medical Centers for the two months ended August 31, 2004. October 18, 2004. (Schedule of Reports)

The Regents of the University of California

- G. Report on failure to document the testing of a disinfectant used in cleansing instruments in certain procedures at the UC San Diego Medical Center for a two-week period. August 31, 2004.
- H. Report on offering freshman admission to UC-eligible students who originally were given offers of a "Guaranteed Transfer Option" (GTO) in the 2004-05 academic year. September 2, 2004.
- I. Report on Professional School Fees receiving Presidential approval for 2004-05, as authorized by Regental action at the May 2004 meeting. September 13, 2004.
- J. Annual report on the Composition of the Career Staff Workforce by Race and Sex for 2003. October 18, 2004.
- K. Release of the Department of Energy's draft request for proposals (RFP) for management contract for the Lawrence Berkeley National Laboratory (LBNL). October 18, 2004.
- L. The latest edition of bilingual guide for prospective students, Un Futuro Brillante Comienza Aquí/Great Futures Start Here. October 21, 2004.
- M. A Brief History of the University of California, 2004 edition. October 27, 2004.

The meeting adjourned at 3:15 p.m.

Attest:

Secretary