THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
May 20, 2004

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

Present: Regents Blum, Bodine, Connerly, Dynes, Hopkinson, Johnson, Lansing, Lee, Lozano, Marcus, Montoya, Moores, Murray, Parsky, Preuss, Sayles, and Seigler (17)

In attendance: Regents-designate Anderson, Novack, and Ornellas, Faculty Representatives Blumenthal and Pitts, Secretary Trivette, General Counsel Holst, Provost Greenwood, Senior Vice Presidents Darling and Mullinix, Vice President Doby, Chancellors Bishop, Carnesale, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellor Chemers, Executive Vice Chancellor Gray representing Chancellor Berdahl, and Recording Secretary Bryan

The meeting convened at 10:30 a.m. with Chairman Moores presiding. He noted that some items on the agenda would be taken out of sequence in order to assure that a quorum would be present to consider them.

1. **AMENDMENT OF BYLAW 12.1 - COMMITTEE ON AUDIT**

At the March 18, 2004 meeting of The Regents of the University of California, Regent Hopkinson served notice that at the next regular meeting she would move amendment of Bylaw 12.1 - Committee on Audit, as indicated in the Attachment.

Upon motion duly made and seconded, the recommendation was approved, 17 Regents voting "aye."

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

A. ***Amendment of the University of California Student Fee Policy to Include Consideration of the Full Cost of Attending the University When Setting Annual Student Fee Levels***

The Committee recommended that The University of California Student Fee Policy be amended to include consideration of the full cost of attending the University and comparable institutions when setting annual student fee levels, as shown below.

deletions shown by strikeout, additions by underscoring

THE UNIVERSITY OF CALIFORNIA STUDENT FEE POLICY

Effective with the 1994-95[1] academic year, a Student Fee Policy affecting the Educational Fee and the University Registration Fee is established with the following provisions.

A. The Educational Fee

The Educational Fee is a Universitywide mandatory charge assessed against each resident and nonresident registered student. The Educational Fee is assessed uniformly across all campuses of the University.

In addition to funding programs and services supported in 1993-94 by the Educational Fee (such as student financial aid and related programs, admissions, registration, administration, libraries, and operation and maintenance of plant), income generated by the Educational Fee may be used for general support of the University's operating budget. For the first time, revenue from the Educational Fee may be used to fund all costs related to instruction, including faculty salaries.

In recommending to the Board the annual Educational Fee level, the President shall take into consideration the following factors:

1. the resources necessary to maintain access under the Master Plan, to sustain academic quality, and to achieve the University's overall mission;

2. the full cost of attending the University, including the cost of housing, food, healthcare, books and supplies, transportation, and other academic and personal expenses;

~~2~~ 3. the amount of support available from various sources to assist needy students in funding the full cost of their education;

~~3~~ 4. overall State General Fund support for the University; and

~~4~~ 5. ~~student charges~~ the full cost of attendance at comparable public institutions.

[1]Revised May 20, 2004

The President shall solicit annually faculty and student views on the level of the Educational Fee, through the appropriate consultation processes.

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B. ***Establishment of an Internal Revenue Code Section 457(b) Tax-Deferred Savings Plan***

The Committee recommended that:

(1) The President be authorized to establish and maintain a 457(b) Tax-Deferred Savings Plan (457(b) Plan) for University of California faculty and staff as defined under Section 457 of the Internal Revenue Code.

(2) The effective date of the 457(b) Plan be as soon as administratively feasible.

(3) Implementation of the 457(b) Plan be delegated to the President.

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

3. **APPROVAL OF STUDENT FEES FOR 2004-05**

At the request of Regent Hopkinson, the proposal that student fees for 2004-05 be approved as follows, which had been presented to the Committee on Finance but upon which the Committee made no recommendation, was considered by the Board:

A. Effective summer 2004, mandatory systemwide fees be increased by $700 (14 percent) for undergraduate students and by $1,050 (20 percent) for graduate academic students, with the full increase reflected in the Educational Fee.

B. The University Registration Fee remain at its current annual level of $713 for 2004-05.

C. Effective fall 2004, increases in the Fee for Selected Professional School Students be increased by approximately 30 percent as follows:

Medicine	$4,500
Dentistry	$4,500
Business	$4,500
Vet. Med	$4,000
Law	$3,800

Optometry	$3,800
Pharmacy	$3,800
Theater, Film & TV	$2,600

D. The Fee for nursing students enrolled in the MS or MN degree remain at its current annual level of $2,925.

E. The President be delegated authority to approve additional increases in consultation with the Chancellors, not to exceed 10 percent of the total of mandatory systemwide fees (Educational Fee and University Registration Fee) and professional fees. The revenue from these additional increases may be used to maintain the quality of the academic program, to provide financial aid, and to aid the programs in attracting and enrolling students.

F. Effective fall 2004, the Nonresident Tuition Fee be increased by 20 percent for all nonresident undergraduate students and nonresident graduate academic students.

G. The Nonresident Tuition Fee for students paying the Fee for Selected Professional School Students remain at its current annual level of $12,245 for 2004-05.

Regent Connerly commented that, although he had been against the recommendation when it was presented to the Committee on Finance, he was prepared to support it in deference to preserving the University's positive relationship with the Governor and the Legislature.

Upon motion duly made and seconded, the recommendation was approved, Regents Blum, Bodine, Connerly, Dynes, Hopkinson, Johnson, Lansing, Lozano, Montoya, Moores, Parsky, Preuss, Sayles, and Seigler voting "aye" (14), and Regents Marcus and Murray voting "no" (2).

4. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Upon motion of Regent Preuss, duly seconded, the minutes of the meetings of February 5, March, and April 12, 2004 were approved.

5. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

Upon motion of Regent Montoya, 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. He thanked the outgoing Regents for their exceptional service and the faculty for their participation in a survey of faculty attitudes concerning whether the University should compete for management of the Department of Energy laboratories. He believed that the faculty should be an important voice in that decision.

6. **RESOLUTION IN APPRECIATION OF BARBARA K. BODINE**

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

WHEREAS, Barbara K. Bodine, a devoted alumna of the Santa Barbara campus who has long been dedicated to the values and ideals of the University, has served with great distinction as both Regent-designate and Regent over the past two years, earning the respect, admiration, and affection of her fellow Board members; and

WHEREAS, after receiving a Bachelor of Arts degree from the Santa Barbara campus and a Master of Arts degree from the Fletcher School of Law and Diplomacy, she embarked upon a highly successful career as a foreign service officer that has taken her to the far reaches of the world, most recently the Middle East, where her considerable talents and skills as a diplomat were severely tested in her roles as Deputy Chief of Mission in Kuwait, Ambassador to Yemen, and most recently as the first chief administrator overseeing the reconstruction of war-torn Bagdad and central Iraq; and

WHEREAS, over the course of an exceptionally distinguished career in the service of our nation, she has played a major role in breaking down the gender barriers facing women in the foreign service, as well as having demonstrated to the world the courage, independence of thought, forthrightness, and humanity that have been the hallmarks of the citizens of this great nation for over two hundred years; and

WHEREAS, in addition to her courageous and effective work on behalf of the American government, she has made academic contributions of the highest order in her role as Dean of Professional Studies at the Department of State's Foreign Service Institute and as a Diplomat-in-Residence in the Global International Studies Program at her beloved Alma Mater, the University of California, Santa Barbara; and

WHEREAS, during a year of considerable academic and fiscal challenges to the University and its mission, her rare experiences on the international scene have been of immense benefit to the Regents and to the Committees on Audit, Educational Policy, and Oversight of the Department of Energy Laboratories,

where she has been a calm voice in the midst of controversy, informing the Board's discussions with her wisdom, tact, humor, and evenhanded approach to all matters requiring Regental attention;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California do hereby convey to Ambassador Barbara Bodine their deepest appreciation for her many contributions to the enhancement of the University in all its endeavors, and for her wise counsel during the Board's deliberations on a wide spectrum of complex issues;

AND BE IT FURTHER RESOLVED that the Regents extend to Barbara their affectionate best wishes and direct that a suitably inscribed copy of this resolution be presented to her as a token of the Regents' esteem and lasting friendship.

Regent Blum conveyed the Regents' appreciation to Regent Bodine, who commented that during her tenure the Board had been called upon to address complex and controversial issues. She characterized service on the Board as one of the more important contributions a citizen can make, noting that to do the job well takes time and a commitment to becoming familiar with the University and the laboratories. She stated that she had been honored to be in the company of her fellow Regents.

7. **RESOLUTION IN APPRECIATION OF MATTHEW MURRAY**

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

WHEREAS, on June 30, 2004, Matthew Murray, a senior majoring in architecture on the Berkeley campus, will have completed his term as the 29th student Regent, having served in that capacity as a determined advocate for public higher education; and

WHEREAS, he has proven himself a thoughtful, assertive, articulate, and constructive Board and committee member, ever zealous in his efforts to provide expanded educational opportunities for individuals from all walks of life, vigorous in his support of issues of equality affecting all students and staff, ardent in his desire to see that the University adopt new and innovative Green Building and energy policies, and fervent in his belief in the greatness of this institution, its faculty, staff, and students; and

WHEREAS, through his enthusiastic participation on the Committees on Educational Policy, Finance, and Grounds and Buildings, he has brought a valuable and insightful perspective to the deliberations of the Board, ever tenacious and compassionate in his efforts to address the problems and concerns facing all members of the University family; and

WHEREAS, with a passion for justice and a genuine and abiding concern for the human condition and the rights of all people within a complex society, he co-founded the UC Berkeley Chapter of the American Civil Liberties Union and has participated as a student representative on the Academic Freedom Committee of the Berkeley Academic Senate; and

WHEREAS, his superior academic accomplishments and record of outstanding achievement as an undergraduate on the University's Berkeley campus are reflective of his great promise and resulted in his acceptance as a first-year law student at the Harvard Law School, as well as his selection as a Coro Fellow in the Coro Foundation's Program in Public Affairs;

NOW, THEREFORE, BE IT RESOLVED that the Regents extend to Matt Murray their respect for his independence of thought and their deep appreciation for the considered service he has rendered the Board and the University this past year;

AND BE IT FURTHER RESOLVED that the Regents extend to Matt their heartfelt best wishes for what they are sure will be a career of bright achievement, and direct that a suitably inscribed copy of this resolution be presented to him as a symbol of the Board's high regard and friendship.

Regent Connerly described Mr. Murray as a model Regent who brought much to the Board's deliberations. He noted that Regent Murray was always thorough in his preparation, articulated his positions clearly, was willing to consider the views of others, and was gracious with his fellow Board members.

Regent Murray described his service as a Regent as an amazing two years that had been a defining time in his life. He viewed the challenge as rewarding and inspiring. Although there had been divergent opinions among the members, he recalled having been in agreement with others more often than not. He had been pleased to find that his love for the University was shared by the other Regents.

8. **RESOLUTION IN APPRECIATION OF LAURENCE SEIGLER, M.D.**

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

WHEREAS, Laurence Seigler, M.D., a loyal alumnus of the Los Angeles campus, will complete his tenure on the Board of Regents on June 30, 2004, having carried out his responsibilities with notable enthusiasm, untiring dedication, and great distinction as Regent-designate and Regent during the past two years; and

WHEREAS, in the years following his graduation from UCLA and the attainment of his M.D. degree from the Chicago Medical School, he has been an active and devoted volunteer participant in the life of his Alma Mater,

serving on the Board of Governors of the UCLA Foundation, co-chairing the Chancellor's Associates, chairing the Athletic Hall of Fame Committee, and working energetically on behalf of the Friends of the Library and Friends of English; and

WHEREAS, at all times an eloquent and effective spokesman for the vital role of the alumni in the life of the University, his steadfast and effective leadership of the Alumni Associations of the University of California and the UCLA Alumni Association is reflected in the great gains both organizations have made under his watchful eye, as well as in his successful efforts to ensure a more visible and active presence within the University community for the alumni; and

WHEREAS, his tenure on the Board of Regents can best be characterized by his absolute commitment and deep loyalty to the University he loves and serves so well, his abiding concern for the welfare of its students, his ability to foster goodwill and support for the University among its many and varied constituencies, and, above all, his vigorous advocacy of the tremendous value of the University of California to this great state; and

WHEREAS, the judgment and perception he uses so ably as a physician of note have added immeasurably to the Board and its Committees on Grounds and Buildings, Health Services, and Oversight of the Department of Energy Laboratories, where his keen intellect, clear insight, and candor have invigorated and enlightened the Regents' deliberations;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California convey to Laurence Seigler their heartfelt appreciation for his thoughtful contributions to the Board, his exemplary service to the University as an esteemed alumnus, and his unflagging support of this great institution of higher learning during a period of unsurpassed budgetary uncertainty;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be presented to Larry and Sallie Seigler as an expression of the Board's warmest regard and lasting friendship.

Regent Montoya expressed appreciation for Regent Seigler's enthusiastic support and love for the University. She noted that he had helped broker a new agreement for rotating alumni from every campus as Regents and that he had championed the goal of maintaining diversity on the campuses. She thanked him and his wife Sallie for their devoted service to the institution.

Regent Seigler commented that the University not only admitted huge numbers of students, but also it successfully educated them and sent them on their way in ever-increasing numbers. He thanked his fellow Regents for their hard work, collegiality, and support, particularly when he first joined the Board. He urged them to continue

working toward the goal of ensuring that the majority of graduating high school seniors become eligible for admission to the University.

Regent Seigler introduced the Regent-designates from the Alumni Associations of the University of California, Mr. Eric Juline and Mr. Richard Rominger, whose service will begin July 1.

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

The Committee presented the following from its meeting of April 14, 2004:

A. ***Adoption of Findings and Approval of Design, East Campus Apartment Project, Phase II, Irvine Campus***

The Committee reported its:

(1) Adoption of the Findings.

(2) Approval of the design of the East Campus Apartment Project, Phase II, Irvine campus.

(3) Authorization for the President to approve any required design changes, if such changes do not materially alter the scope of the project.

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

B. ***Adoption of Negative Declaration and Approval of Design, Psychology Building, Riverside Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Tiered Initial Study, the Committee reported its:

(1) Adoption of the Negative Declaration.

(2) Approval and incorporation into the project of all project elements, relevant 1990 LRDP EIR mitigation measures, and project-specific mitigation measures identified in the project's Negative Declaration.

(3) Adoption of the Findings in their entirety.

(4) Approval of the design of the Psychology Building, Riverside campus.

[The Negative Declaration and Findings were mailed to all Committee members, and the 1990 LRDP was mailed to all Regents, in advance of the meeting, and copies are on file in the Office of the Secretary.]

C. ***Certification of Environmental Impact Report, Amendment of the Long Range Development Plan, and Approval of Design, San Clemente Student Housing, Santa Barbara Campus***

Upon review and consideration of the Environmental Impact Report, the Committee reported its:

(1) Certification of the Environmental Impact Report.

(2) Adoption of the Mitigation Monitoring Program, Findings, and Statement of Overriding Considerations.

(3) Amendment of the Long Range Development Plan.

(4) Approval of the design of the San Clemente Student Housing project, Santa Barbara campus.

[The Environmental Impact Report, Mitigation Monitoring Program, Findings, and Statement of Overriding Considerations were mailed to all Committee members, and the Long Range Development Plan was mailed to all Regents, in advance of the meeting.]

Upon motion of Regent Marcus, duly seconded, the report of the Committee on Grounds and Buildings was accepted.

10. **REPORT OF THE NOMINATING COMMITTEE**

The 2004-05 Nominating Committee recommended that:

A. CHAIRMAN OF THE BOARD

Regent Gerald Parsky be elected Chairman of The Regents of the University of California for the year commencing July 1, 2004.

B. VICE CHAIRMAN OF THE BOARD

Regent Richard Blum be elected Vice Chairman of The Regents of the University of California for the year commencing July 1, 2004.

C. STANDING COMMITTEE ASSIGNMENTS

The following Standing Committee assignments for the year commencing July 1, 2004 be approved:

Committee on Audit
Regent Novack, Chair
Regent Connerly, Vice Chair
Regent Lee
Regent Sayles
Regent Hopkinson
Regent Lozano
Regent Saban
Regent Blum

Committee on Educational Policy
Regent Kozberg, Chair
Regent Lozano, Vice Chair
Regent Connerly
Regent Sayles
Regent Hopkinson
Regent Lansing
Regent Marcus
Regent Núñez
Regent Anderson
Regent Novack

Committee on Investments
Regent Lee, Chair
Regent Pattiz, Vice Chair
Regent Montoya
Regent Preuss
Regent Saban
Regent Blum
Regent Anderson
Regent Ornellas

Committee on Finance
Regent Blum, Chair
Regent Lee, Vice Chair
Regent Connerly
Regent Sayles
Regent Bustamante
Regent Kozberg
Regent Hopkinson
Regent Lozano
Regent Núñez
Regent Ornellas

Committee on Grounds and Buildings
Regent Hopkinson, Chair
Regent Johnson, Vice Chair
Regent Montoya
Regent Bustamante
Regent Kozberg
Regent Marcus
Regent Anderson
Regent Ornellas

Committee on Health Services
Regent Marcus, Chair
Regent Preuss, Vice Chair
Regent Lee
Regent Sayles
Regent Kozberg
Regent Lansing
Regent Johnson
Regent Lozano
Regent Pattiz
Regent Novack

Department of Energy Laboratories
Regent Preuss, Chair
Regent Blum, Vice Chair
Regent Montoya
Regent Johnson
Regent Marcus
Regent Pattiz
Regent Ornellas

Committee on Oversight of the

Except for the Chairman and the Vice Chairman, committee members are listed in order of seniority on the Board.

The President of the Board, the Chairman of the Board or in the Chairman's absence the Vice Chairman of the Board, the past Chairman of the Board, and the President of the University are ex officio members of all Standing Committees, except that the President of the University is not a member of the Committee on Audit.

The Regents' representatives to the California Postsecondary Education Commission and the Superintendent of Public Instruction are ex officio members of the Committee on Educational Policy.

D. CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Effective July 1, 2004, Regent Montoya be appointed as The Regents representative to the California Postsecondary Education Commission for a two-year term or until her current term as a Regent expires, whichever comes first, and that Regent Johnson be appointed as the Regents' alternate representative for a two-year term.

E. REGENTS-DESIGNATE AS ADVISORY MEMBERS

Effective with the July 1, 2004 assumption of their positions as Regents-designate, Mr. Eric Juline and Mr. Richard Rominger be appointed advisory members of the Committees on Educational Policy, Finance, and Grounds and Buildings.

F. FACULTY REPRESENTATIVES AS ADVISORY MEMBERS

Effective with the September 1, 2004 assumption of their positions as Chair and Vice Chair, respectively, of the Academic Senate:

(1) Professor George Blumenthal be appointed advisory member of the Committees on Educational Policy, Finance, and Investments.

(2) Professor Clifford Brunk be appointed advisory member of the Committees on Audit, Grounds and Buildings, Health Services, and Oversight of the Department of Energy Laboratories.

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

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

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Multi-Use Stadium, Davis Campus***

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: Davis: Multi-Use Stadium – preliminary plans – $1,146,000 from campus funds.

To: Davis: Multi-Use Stadium – preliminary plans and working drawings – $2,794,000 funding comprised of preliminary plans from campus funds ($1,146,000) and working drawings from gifts ($1,378,000).

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

With the concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Davis: Education Building – preliminary plans – $2,200,000 to be funded from sources available to the School of Medicine and from hospital reserves.

To: Davis: Education Building – preliminary plans, working drawings, construction, and equipment – $40,311,000 to be funded from sources available to the School of Medicine, hospital reserves ($30,311,000), and gifts ($10,000,000).

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Biological Sciences Unit 3, 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 as follows:

From: Irvine: Biological Sciences Unit 3 – preliminary plans, working drawings, construction, and equipment – $64,012,000 to be funded by the State ($56,862,000), campus funds ($3,150,000), and external financing ($4,000,000)

To: Irvine: Biological Sciences Unit 3 – preliminary plans, working drawings, construction, and equipment – $77,384,000 to be funded by the State ($56,862,000), campus funds ($3,150,000), and external financing ($17,372,000).

(2) The Committee on Finance recommended that the President be authorized to obtain external financing not to exceed $17,372,000 to finance the Biological Sciences Unit 3 project, subject to the following conditions:

a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;

b. Repayment of the debt shall be from the Irvine campus' share of the University Opportunity Fund; and

c. The general credit of The Regents shall not be pledged.

(3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

(4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Arroyo Student Housing, Phase 1, Riverside Campus***

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:

Riverside: Arroyo Student Housing, Phase 1 – preliminary plans – $1.8 million to be funded from Riverside campus University of California Housing System Net Reserves.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for UCSD Medical Center Cardiovascular Center and Expansion of Services at Thornton Hospital, San Diego Campus***

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 Diego: UCSD Medical Center Cardiovascular Center and Expansion of Services at Thornton Hospital – preliminary plans – $3.5 million to be funded from Hospital Reserves.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Hopkins Parking Structure, San Diego 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 Diego: Hopkins Parking Structure – preliminary plans, working drawings, and construction – $29,732,000, to be funded from Parking Reserves ($8,000,000) and external financing ($21,732,000).

(2) The Committee on Finance recommend that the President be authorized to obtain financing not to exceed $21,732,000 for the Hopkins 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, parking fees at the San Diego campus will generate sufficient net revenues to pay debt service and to meet the related requirements of debt 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.

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of Interim Financing for Management School Facility, Phase 1, San Diego 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 Diego: Management School Facility Phase 1 – preliminary plans, working drawings, construction, and equipment – $31,417,000 to be funded from gifts ($31,057,000) and campus funds ($360,000).

(2) The Committee on Finance recommended that:

a. The President be authorized to obtain standby financing not to exceed $11,050,000, and interim financing not to exceed $3,900,000, for a total of $14,950,000, prior to awarding a construction contract, for any gift funds not received at that time and subject to the following conditions:

i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period; and

ii. repayment of the debt shall be from gift funds, and in the event gift funds are insufficient, from the UC San Diego campus' share of the University Opportunity Fund.

b. 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.

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

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

Amendment of the Policy on Selection of a Student Regent - Appointment Date Adjustment

The Committee recommended that the Policy on Appointment of Student Regent be amended, as shown below, to move the appointment date of the student Regent-designate from the September to the July meeting of the Board.

Addition shown by underscore, deletion by strikeout

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(3) For each campus, the student government, or other student body association having recognized membership on the Board of Directors of the University of California Student Association, shall appoint two students, an undergraduate and a graduate, as members of the student Regent nominating commission. There shall be one such nominating commission for the Berkeley, Davis, San Francisco and Santa Cruz campuses and one such nominating commission for the Irvine, Los Angeles, Riverside, San Diego and Santa Barbara campuses. The nominating commissions shall screen candidates and applicants and shall recommend five students from the southern campuses and four students from the northern campuses. The nine students so recommended shall be interviewed by the Board of Directors of the University of California Student Association which shall nominate three as a panel of names for submission to The Regents. The submission of the panel of names shall be at such time that the Special Committee may complete its deliberations and submit its recommendations to the Board of Regents no later than the July ~~October~~ meeting of the Board.

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

13. **COMMITTEE ON FINANCE AND COMMITTEE ON INVESTMENTS**

Adoption of Expenditure Rate for the General Endowment Pool, Office of the President

The Committee on Finance recommended, with the concurrence of the Committee on Investments, that the expenditure rate per unit of the General Endowment Pool (GEP)

for expenditure in the 2004-05 fiscal year shall be 4.60 percent of a 60-month moving average of the market value of a unit invested in the GEP.

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

14. 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:

The Chairman of the Board, the Chair of the Committee on Finance, and the President of the University concurred in the following recommendation:

Authorization to Finance the Multi-Family Rental Project for Irvine Campus Housing Authority, Irvine Campus

Subject to Standing Order 100.4(nn)

A. The President be authorized to obtain long term financing for the Multi-Family Rental Project for the ICHA, Irvine campus, subject to the following terms:

(1) As long as this debt is outstanding, ICHA will establish rates at the Multi-Family Rental Project at levels to provide net revenues sufficient to pay debt service and to meet any related requirements of the financing.

(2) The general credit of The Regents shall not be pledged.

B. As appropriate, 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 conjunction with the above.

15. REPORT OF PERSONNEL ACTIONS

In accordance with Bylaw 14.7(b), Secretary Trivette reported the following personnel action taken at the March 17, 2004 meeting and a personnel action taken at a Special Meeting on April 12, 2004. A roll call vote was taken on Item B., as required by State law on all actions during meetings held by teleconference.

A. Appointment of Martin M. Chemers as Acting Chancellor of the Santa Cruz Campus, 100 percent, effective April 1, 2004 and continuing until appointment of a new Chancellor.

B. Appointment of Marye Anne Fox as Chancellor of the San Diego Campus, 100 percent, effective August 16, 2004. The roll call vote was as follows: Regents Bodine, Dynes, Hopkinson, Lee, Lozano, Marcus, Montoya, Moores, Murray, Pattiz, Preuss, Sayles, and Seigler voting "aye" (13).

16. **REPORT OF COMMUNICATIONS**

Secretary Trivette presented summaries of communications received subsequent to the March 2004 meeting. The residency appeals will be referred to General Counsel Holst, and the remaining communications will be referred to President Dynes for response as appropriate.

17. **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 Educational Policy

A. Statistical Summary of Students and Staff for Fall 2003. March 19, 2004. (Schedule of Reports)

To Members of the Committee on Finance

B. UC Technology Transfer Annual Report for 2003. April 28, 2004. (Schedule of Reports)

To Members of the Committee on Health Services

C. Activity and Financial Status Report for the UC Medical Centers for the seven months ended January 31, 2004. March 9, 2004. (Schedule of Reports)

D. Activity and Financial Status Report for the UC Medical Centers for the eight months ended February 29, 2004. March 29, 2004. (Schedule of Reports)

The Regents of the University of California

E. Copy of flyer regarding the forum The Future Role of the University of California in the Management of the National Laboratories. March 31, 2004.

F. Copy of the Spring 2004 issue of a publication funded by the National Science Foundation and produced by the Office of Research. April 13, 2004.

G. Overview and summary of this year's preliminary 2004 freshman admissions numbers. April 20, 2004.

H. Final report of the Eligibility and Admissions Study Group. April 26, 2004.

The meeting adjourned at 11:00 a.m.

Attest:

Secretary

ATTACHMENT

Deletions shown by strikeout, additions by underlining

BYLAW 12.

RESPONSIBILITIES OF STANDING COMMITTEES

12.1 Committee on Audit.

The Committee on Audit shall:

(a) ~~Exercise supervision over post-auditing activities related to the conduct and administration of the University.~~
Advise the Board of Regents regarding the Board's responsibilities to oversee:

(1) the quality and integrity of the University financial reporting and financial statements, and compliance with legal and regulatory requirements;
(2) the performance, functions and disclosures of internal control and risk management systems regarding finance, accounting, compliance and ethics (including sexual harassment, discrimination, and conflicts of interest), and assure the adequacy of such systems, policies, procedures and practices throughout the University; and
(3) the independent certified public accountant's qualifications and independence and the performance of the internal audit function and independent certified public accountant.

(b) ~~Transmit to the President of the University, subject to the prior approval of the Board, such instructions as it deems necessary for the enforcement of sound accounting and auditing practices.~~
Meet at least four times a year.

(c) ~~Recommend to the Board a firm of independent certified public accountants which shall audit the financial statements of the Corporation and of the University on an annual basis in accordance with generally accepted auditing standards and make such studies as shall be authorized by the Committee for the information of the Board.~~
Monitor the University's system of internal controls and the adequacy of the accounting, financial and operational policies and practices related to financial, accounting and compliance and ethics reporting.

(d) ~~Act in an advisory capacity to the President of the University with respect to appointment of the University Auditor.~~
Review the annual internal audit plan and discuss the extent to which it addresses high risk areas with the University Auditor and management.

(e) Review the annual report on the accomplishments of the internal audit department and discuss significant issues of internal control and compliance with the University Auditor and management.

(f) Discuss the planned scope of the annual independent audit and other engagements with the independent certified public accountants and review the results of the audit and other engagements with the independent certified public accountants and management.

(g) Receive and review the annual financial report with the independent certified public accountants and management.

(h) After considering the recommendations of management, recommend to the Board the certified public accountants to serve as independent auditor and the scope of their annual audit, and approve any services other than audit and audit related services provided by the certified public accountants.

(i) Have the power, through its chair or a majority vote of the Committee members, to request management to address specific issues within the mandate of the Committee and have the authority to engage independent counsel and other advisors to carry out its duties.

(j) Assure that the internal audit function reviews and examines policies and procedures in a comprehensive manner to assure that all facets of the University are undertaking such implementation in a clear, consistent, and effective manner.

(k) Approve the internal audit mission statement, charter, and other governance documents related to both internal and external auditing activities in the University.