

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 17, 2005

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

Present: Regents Anderson, Blum, Dynes, Hopkinson, Johnson, Kozberg, Lansing, Lee, Lozano, Marcus, Novack, Ornellas, Parsky, Pattiz, 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, Gomes, Gurtner, and Hershman, Chancellors Birgeneau, Carnesale, Cicerone, Denton, Fox, Vanderhoef, and Yang, Laboratory Director Anastasio, and Recording Secretary Bryan

The meeting convened at 12:00 noon with Chairman Parsky presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Upon motion of Regent Blum, duly seconded, the minutes of the meetings of January 2005 were approved.

2. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

Upon motion of Regent Lee, 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.

At the President's invitation, Faculty Representative Blumenthal presented brief remarks on matters of interest to the faculty. He reported that the Academic Council will recommend to the California Institute of Regenerative Medicine that its scholarly publications relative to the Stem Cell Research Bond Act be made available on the Internet.

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

3. REPORT OF THE COMMITTEE ON FINANCE**A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Increase to External Financing for Campus Parking Structure 3, Santa Barbara Campus***

With the concurrence of the Committee on Grounds and Buildings, the Committee recommended that:

- (1) The Budget for Capital Improvements and the Capital Improvement Program for the subject project be amended as follows:

From: Santa Barbara: Campus Parking Structure 3 – preliminary plans, working drawings, construction, and equipment – \$20,250,00 to be funded from external financing (\$16,750,000) and Parking Reserves (\$3,500,000).

To: Santa Barbara: Campus Parking Structure 3 – preliminary plans, working drawings, construction, and equipment – \$22,289,000 to be funded from external financing (\$18,789,000) and Parking Reserves (\$3,500,000).

- (2) External financing be obtained not to exceed ~~(\$16,750,000)~~ \$18,789,000 to finance the Campus Parking Structure 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. As long as the debt is outstanding, parking fees at the Santa Barbara campus will generate sufficient net revenues to pay debt service and to meet the related requirements of debt financing.
 - 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.

B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External Financing for C.V. Starr East Asian Library, Berkeley Campus*

With the concurrence of the Committee on Grounds and Buildings, the Committee recommended that the action approved by The Regents in September 2003 be amended as shown below, with the understanding that all other terms of such action remain unchanged:

- (1) The budget for the C. V. Starr East Asian Library be amended as follows:

From: Berkeley: C. V. Starr East Asian Library – study, preliminary plans, working drawings, construction, and equipment – \$39,675,000, to be funded from gift funds

To: Berkeley: C. V. Starr East Asian Library – study, preliminary plans, working drawings, construction, and equipment – \$46,400,000, to be funded from gift funds (\$37,400,000) and external financing (\$9,000,000).

deletions shown by strikeout, additions by underlining

- (2) External financing be obtained in an amount not to exceed \$9 million to finance the C. V. Starr East Asian Library 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 Berkeley campus' share of the University Opportunity Fund.
- c. The general credit of The Regents shall not be pledged.

- ~~(2)~~(3) The President be authorized to obtain stand-by financing not to exceed ~~\$13.9 million~~ \$3.6 million, and interim financing not to exceed ~~\$13.9 million~~ \$6.3 million, for a total of ~~\$19.8 million~~ \$9.9 million, prior to awarding a construction contract for any gift funds not received by that time and subject to the following conditions:

* * *

C. ***Amendment of the University of California Defined Contribution Plans Related to the Review of Fiduciary Oversight, Participant-Directed Investment Options, and Administrative Services***

The Committee recommended that the defined contribution plans be amended as reflected on the attachments, effective July 1, 2005, or as soon thereafter as administratively possible, to:

- (1) Clarify the fiduciary oversight structures and processes.
- (2) Reflect a new investment structure for participants.
- (3) Update and expand participant services made possible by the capabilities of the new record keeping platform.
- (4) Provide for a supplement in lieu of the Severance Pay Plan benefit.
- (5) Delegate implementation of these amendments to the President.

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

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

The Committee presented the following from its meeting of March 15, 2005:

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Adoption of Findings, and Approval of Design, C.V. Starr East Asian Library, Berkeley Campus***

- (1) With the concurrence of the Committee on Finance, the Committee recommended that the 2004-05 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: C. V. Starr East Asian Library – study, preliminary plans, working drawings, construction, and equipment – \$39,675,000, to be funded from gift funds

To: Berkeley: C. V. Starr East Asian Library – study, preliminary plans, working drawings, construction, and equipment – \$46,400,000, to be funded from gift funds (\$37,400,000) and external financing (\$9,000,000).
- (2) Upon review and consideration of the environmental consequences of the proposed project as described in the 2020 Long Range Development Plan and Chang-Lin Tien Center for East Asian Studies Environmental Impact Report, the Committee recommended that The Regents:
 - a. Adopt the Findings and Mitigation Monitoring Program pursuant to the California Environmental Quality Act.

- b. Approve the design of Phase 1 of the Chang-Lin Tien Center for East Asian Studies, the C.V. Starr East Asian Library, Berkeley campus.

[The 2020 Long Range Development Plan and Chang-Lin Tien Center for East Asian Studies Environmental Impact Report, Findings, and Mitigation Monitoring Program were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

B. ***Adoption of Mitigated Negative Declaration and Approval of Design, Physical Sciences Expansion, Davis Campus***

Upon review and consideration of the environmental consequences of the proposed Physical Sciences Expansion project as indicated in the Initial Study/Mitigated Negative Declaration, the Committee reported its:

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Mitigation Monitoring Program and Findings.
- (3) Approval of the design of the Physical Sciences Expansion, Davis campus.

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

C. ***Certification of Environmental Impact Report on the Long Range Development Plan Amendment #2 for the Hospital Replacement Program, and Amendment of Long Range Development Plan, San Francisco Campus***

Upon review and consideration of the environmental consequences of the proposed action as evaluated in the Final Environmental Impact Report, the Committee reported its:

- (1) Certification of the Environmental Impact Report (EIR) for Amendment #2 to the Long Range Development Plan (LRDP).
- (2) Adoption of the Mitigation Monitoring Program for the Final EIR.
- (3) Adoption of the Statement of Overriding Considerations included in the Findings.
- (4) Adoption of the Findings pursuant to the California Environmental Quality Act.

- (5) Adoption of the initial phase (LRDP Phase) of the campus' recommendations to meet requirements of SB 1953 and to overcome functional obsolescence as follows: (a) develop three integrated specialty hospitals with a total of about 210 beds at Mission Bay by 2012, (b) maintain tertiary and quaternary care with about 600 beds at Parnassus Heights for a total of about 810 beds during the LRDP Phase, (c) provide ambulatory care facilities at both Parnassus Heights and Mission Bay, and (d) populate both sites with basic and translational disease oriented research programs.
- (6) Amendment of the Long Range Development Plan to:
- a. Update Chapter 3, Clinical Programs of the LRDP to describe the hospital replacement planning process and the campus' recommendations for future clinical uses at Parnassus Heights, Mission Bay, and Mount Zion.
 - b. Update Chapter 5, Plans for Existing Sites, to:
 - i. Expand the campus boundary of the Mount Zion site to include property at 1545 Divisadero Street, and add 30,900 gsf of "vacant/alteration" space to the space profile for Mount Zion to reflect the existing vacant building at that location.
 - ii. Acknowledge ongoing discussions with the San Francisco Department of Public Health (DPH) regarding the potential co-location of UCSF's and DPH's inpatient facilities at Mission Bay.
 - iii. Incorporate updated physical facilities information for the Veterans Administration Medical Center and the UCSF Fresno Medical Education Program into the LRDP.
 - c. Update Chapter 6, Major New Site at Mission Bay, to describe the potential acquisition of additional land there and possible change of use to include clinical uses.

[The Final Environmental Impact Report, Environmental Impact Report for Amendment #2 of the Long Range Development Plan, Mitigation Monitoring Program for the Final EIR, Statement of Overriding Considerations, and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Mission Bay Neuroscience Research Building (19a, Phase 1), San Francisco Campus***

The Committee recommended that the following project be approved:

San Francisco: Mission Bay Neuroscience Research Building (19A, Phase 1) – preliminary plans – \$4 million, to be funded from gift funds.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Campus Parking Structure 3, Santa Barbara Campus***

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

From: Santa Barbara: Campus Parking Structure 3 – preliminary plans, working drawings, construction, and equipment – \$20,250,00, to be funded from external financing (\$16,750,000) and Parking Reserves (\$3,500,000).

To: Santa Barbara: Campus Parking Structure 3 – preliminary plans, working drawings, construction, and equipment – \$22,289,000, to be funded from external financing (\$18,789,000) and Parking Reserves (\$3,500,000).

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

5. REPORT OF THE COMMITTEE ON INVESTMENTS

The Committee on Investments presented the following from its meeting of February 15, 2005:

Proposed Investment Policy Statement for the General Endowment Pool

The Committee recommended that the attached Investment Policy Statement for the General Endowment Pool be approved.

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

6. REPORT OF THE COMMITTEE ON AUDIT

Committee Chair Novack reported that the Committee considered three items:

Summary of Current Quarter Internal Audit Activities, 2004-05: Auditor Reed provided a summary of audit activities, including significant findings and areas of risk. He noted that the number of staff had increased substantially during the quarter.

Procedure for Appointing an Outside Expert to the Audit Committee: Applicants are being reviewed. The Committee hopes to have an appointment by July 1.

Approval of an External Audit Plan for the Year Ending June 30, 2005: PricewaterhouseCoopers and Vice President Broome presented the audit plan for FY 2004-05. As in the previous year, the plan will include an expanded review of the laboratories.

Approval of External Audit Plan for the Year Ending June 30, 2005

The Committee recommended that the scope of the external audit of the University for the year ending June 30, 2005, including expanded audit coverage of the national laboratories, be approved.

Upon motion of Regent Novack, duly seconded, the recommendation of the Committee on Audit was approved.

7. REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**A. *Dates of Regents' Meetings for 2006***

The Committee recommended that the following dates of Regents' meetings for 2006 be approved.

2006

January 18-19
March 15-16
May 17-18
July 19-20
September 20-21
November 15-16

B. *Guideline for Service on the Committee on Audit*

The Committee recommended that the Guideline below be approved.

Guideline for Determination of Board Member Independence

Members of the Board of Regents nominated for service on the Committee on Audit must be independent. Independence shall be determined by the Nominating Committee, after consideration of the standards set forth below.

In order to be considered independent:

- (1) Regents may not be partners, members, executive officers or hold similar positions with law firms, accounting firms, consulting firms, investment banks, or financial advisory firms doing business with the University.
- (2) Regents may not be employees or affiliates of any outside entity doing substantial business with the University.
 - a. An affiliate is one who is in a position to control the direction of the management and policies of the entity through ownership of voting securities, by contract, or otherwise.
 - b. The definition of "substantial business with the University" will be determined by the Nominating Committee after receiving a recommendation from the Senior Vice President–Business and Finance and the General Counsel at the time appointments are made.

8. REPORT OF COMMUNICATIONS RECEIVED

Secretary Trivette presented summaries of communications received subsequent to the January meeting. The communications were referred to the President and General Counsel for response as appropriate.

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

9. 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 Finance

- A. Report on the University of California Clinical Enterprise Management Recognition Plan for fiscal year 2003-04. January 10, 2005
- B. Report regarding the change in approval thresholds for contracts, real property rental agreements, and other documents pertaining to the use of facilities for University-related purposes delegated in Standing Order 100.4(cc)(4) based on the percentage change in the Consumer Price Index—All Urban Consumers, U.S. City Average from November 2003 to November 2004. February 14, 2005
- C. Annual Report on University Employee Housing Assistance Programs for 2003-04. February 14, 2005 (Schedule of Reports)

To Members of the Committee on Health Services

- D. Activity and Financial Status Report for the UC Medical Centers for five months ended November 30, 2004. February 1, 2005 (Schedule of Reports)

To The Regents of the University of California

- E. Press release summarizing the effects of the Governor's 2005-06 State budget proposals on the University. January 10, 2005
- F. Report summarizing review of the University of California Retirement System's third-party vendors of investment options, Fidelity Investments and The Calvert Group, for the fiscal year ending June 30, 2004. January 10, 2005
- G. Invitation to the first presentation in a new research lecture series, "Sharing the Knowledge: Exciting Research from Distinguished UC Scholars," sponsored by the University of California Office of the President. January 21, 2005

- H. Summary description of data regarding the applications received for fall 2005 and relevant website address for full data tables. February 2, 2005
- I. Announcement of realignment within Division of Academic Affairs in order to match its strategic objectives. February 16, 2005
- J. Announcement of three National Medal of Science Laureates. February 16, 2005
- K. First annual report of the University's Green Building and Clean Energy Policy as well as a copy of former Regent Matthew Murray's June 18, 2004 letter regarding the policy. February 25, 2005

The meeting adjourned at 12:10 p.m.

Attest:

Secretary