

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
MEETING AS A COMMITTEE OF THE WHOLE**

November 14, 2013

The Regents of the University of California met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents De La Peña, Feingold, Flores, Gould, Island, Kieffer, Lansing, Makarechian, Napolitano, Newsom, Ruiz, Schultz, Varner, and Zettel

In attendance: Regents-designate Engelhorn, Leong Clancy, and Saifuddin, Faculty Representatives Gilly and Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, Lenz, Mara, and Sakaki, Chancellors Block, Blumenthal, Dirks, Drake, Katehi, Leland, Wilcox, and Yang, and Recording Secretary McCarthy

The meeting convened at 8:35 a.m. with Chairman Varner presiding.

PUBLIC COMMENT PERIOD

Chairman Varner explained that the Board had been convened as a Committee of the Whole in order to permit members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

1. Dr. Julia Hallisy, practicing San Francisco dentist and alumna of the UCSF School of Dentistry, said that her late sister had been treated at UCSF in 1969 as well as her late daughter in 1997. Dr. Hallisy said that much has changed at UC hospitals: more patients are being seen, and a greater number of them are critically ill; significant funds are being allocated away from staffing and toward construction projects and administrative positions; regular fines for safety violations are levied upon UC hospitals. Dr. Hallisy expressed concern about patient care and safe staffing levels at UC hospitals. Throughout her daughter's illness, Dr. Hallisy and her husband gained insight about the best ways to ensure high-quality care and to prevent infections and medical errors, and founded the nonprofit Empowered Patient Coalition in 2008. She said a life-threatening surgical site infection left her daughter disabled for the last months of her life. Dr. Hallisy expressed her deep concern as an alumna, a health-care provider, and as a parent that the care at UC hospitals is increasingly compromised. She presented a Take Back UC petition signed by more than 6,200 Californians calling for the Regents to make safe staffing of UC hospitals a priority for the benefit of UC patients, its frontline healthcare providers, and future generations of healthcare leaders.
2. Mr. Kriss Worthington, Berkeley City Council member representing the district that includes the UC Berkeley central campus, said that, as a public official, he appreciates recent financial constraints and the Regents' willingness to serve in these difficult times.

He spoke on behalf of the coalition Take Back UC that includes the Associated Students of the University of California (ASUC), unions, UC workers, a bipartisan coalition of State and local elected officials, and the Berkeley City Council, a group that could help create financial sustainability for UC with practical solutions that could move the University forward. Mr. Worthington noted the coalitions that worked for passage of Proposition 30. He advocated creation of a cap on pensions of UC's highest-paid executives. Take Back UC looks forward to a partnership with the Regents to make positive reforms and to support UC.

3. Ms. Victoria Fernandez, UC Berkeley student and member of Fossil Free UC, called on the University to acknowledge that climate change is the greatest challenge faced by her generation and to take meaningful action. UC has taken climate change seriously through its research and education, but must also stop funding and profiting from the companies whose business model includes destroying the planet. Ms. Fernandez expressed Fossil Free UC's solidarity with the victims of the typhoon in the Philippines, an example of the devastating effects of climate change and the inequality that places the burden of climate change disproportionately on the world's poor, who are least responsible for it.
4. Mr. Jake Soiffer, UC Berkeley student and member of Fossil Free UC, said that more than 200 California students travelled to Pittsburgh, Pennsylvania, in October to join 7,000 youth from across the nation for the biannual Power Shift conference. Fellow Fossil Free UC members were currently at the United Nations Warsaw Climate Change Conference, the 19th annual conference at which world leaders discuss solutions to the climate crisis. However, Mr. Soiffer stated that this conference has been plagued by inaction for the past 15 years and youth are challenging their own institutions and communities to take action to halt the devastating effects of climate change.
5. Ms. Madeline Oliver, UC Davis student and member of Fossil Free UC, observed that UC has fewer bureaucratic roadblocks to taking action regarding climate change than national or international governing bodies do. The University should continue acting as a beacon for educational and moral leadership by leading the way to solve the climate crisis. She expressed Fossil Free UC's pride in the work accomplished toward sustainability goals at UC campuses. UC Berkeley announced the prior day that it met its carbon-reduction goals two years ahead of schedule. However, these accomplishments will not be sufficient as long as the fossil fuel industry continues to carry out its business model. Supporting these companies through UC's investments runs counter to its goals of being a leader in climate issues.
6. Ms. Caroline Knef, UC Davis student and member of Fossil Free UC, commented that it is ethically bankrupt for the University to profit from the destruction of the planet. She said that divestment from fossil fuel companies would not hurt the University's financial returns or its ability to carry out its mission. As prudent investors and fiduciaries, the Committee of Investments must consider short- and long-term risk. Ms. Knef stated that efforts to limit global warming would make it likely that the value of fossil fuel companies' stock would plummet.

7. Ms. Emili Abdel-Ghany, UC Davis student and member of Fossil Free UC, commented that several landmark studies in the past year have examined the financial risk of fossil fuel divestment for institutional investors. A study by the Aperio Group concluded that the increased risk caused by divesting from the coal, oil, and gas industry would be statistically insignificant. Two other studies used back tests over periods from the past ten to 25 years to determine that an endowment portfolio free of the 200 largest fossil fuel companies would have outperformed one holding such investments.
8. Mr. Albert Fang, UC Berkeley student and member of Fossil Free UC, said that a report submitted to the Regents in July outlined various sustainable reinvestment models offering an opportunity for UC to reduce its exposure to fossil free assets and to reinvest in a profitable transition to clean energy and environmental sustainability. It would be ethically and financially prudent to move UC's investments from fossil fuel industries to align its investments with its stated values and goals. He urged the Regents to stand with Fossil Free UC on the right side of history.
9. Ms. Silver Hannon, UC Berkeley student and member of Fossil Free UC, reported that Foothill-De Anza Foundation and San Francisco State University recently divested their endowments from the fossil fuel industry. Fossil Free UC is working with Regent Flores and Regent-designate Saifuddin, and calls on President Napolitano and the Regents to convene a meeting with Fossil Free UC and the Committee on Investments prior to the next Regents meeting.
10. Mr. Ophir Bruck, UC Berkeley student and member of Fossil Free UC, stated that the time has come for UC leaders to challenge the destructive status quo to ensure a sustainable future for his generation and those to follow. He urged the Regents and President Napolitano to demonstrate to students that they are not alone in this fight. One of the most meaningful climate actions would be to move support from companies that are destroying the climate and attempting to stop the necessary transition to a clean and just energy future. Fossil Free UC looks forward to meeting with the Committee on Investments and with the Regents and President Napolitano in the near future.
11. Mr. Anirvan Chatterjee, UC Berkeley alumnus and UCSF employee, said that, based on his research at UC Berkeley, he had started a company that is now a subsidiary of Amazon. He worked with his investment advisors to determine whether he could earn good returns without investing in fossil fuel companies. He discovered that fossil fuel divestment is possible and in fact has become easier over time. He relies on a list of the 194 fossil fuel companies most responsible for accelerating climate change. UC's portfolio could succeed without investing in these 194 companies. Mr. Chatterjee asked the Committee on Investments to put fossil fuel divestment on its next agenda.
12. Ms. Briana Mullen, UC Berkeley student and ASUC senator, said that she is a financially independent student worker who chose to attend UC Berkeley over more expensive universities to avoid student debt. Although she receives aid from the Blue and Gold Opportunity Plan and works 20 hours per week, she will graduate with more than

\$18,000 of federal student debt. While she applauded President Napolitano's plan to freeze tuition in 2014-15, this effort is insufficient to make UC affordable and accessible.

13. Mr. Anthony Abril, UC Berkeley student, said he is a financially independent student worker whose tuition and fees are covered by the Blue and Gold Opportunity Plan. However, he still must take out loans to pay his living expenses and rent, and will graduate with more than \$15,000 in student debt, even though he will graduate a year early and works part time. Mr. Abril said he is honored to attend UC Berkeley, but current financial aid is insufficient to cover living expenses and should be reevaluated.
14. Mr. Charlie Eaton, UC Berkeley graduate student, said his research is on higher education finance. He expressed his view that UC spends too much money for amenities. Mr. Eaton said that spending on auxiliary services has increased from \$700 million to \$1.5 billion from 2001 to 2010, and that much of that increase was financed by tripling UC's bond debt, dramatically increasing UC's interest costs. He advocated reducing spending for amenities and increasing funding for student financial aid.

Chairman Varner acknowledged the service of UCSF Police Lieutenant Barney Rivera, who would retire on November 20, following a 41-year law enforcement career, including the past five years at UC. Lieutenant Rivera has been responsible for coordinating dignitary protection and security for the UC President and Regents at Regents' meetings and special events. Chairman Varner expressed the Regents' appreciation for Lieutenant Rivera's excellent work and wished him the best in his retirement.

The meeting adjourned at 9:05 a.m.

Attest:

Secretary and Chief of Staff