

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

June 19, 1998

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

Present: Regents Atkinson, Bagley, Chandler, Connerly, Davies, Hotchkis, Johnson, Khachigian, Levin, McClymond, Montoya, Ochoa, Preuss, Sayles, Soderquist, and Villaraigosa (16)

In attendance: Regents-designate Espinoza, Miura, and Willmon, Faculty Representatives Dorr and Weiss, Secretary Trivette, General Counsel Holst, Provost King, Senior Vice President Kennedy, Vice Presidents Darling, Gomes, and Gurtner, Chancellors Berdahl, Carnesale, Debas, Dynes, Wilkening, and Yang, and Recording Secretary Nietfeld

The meeting convened at 9:20 a.m. with Chairman Khachigian presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Regent Montoya, duly seconded, the minutes of the meetings of April 16 and May 15, 1998 were approved.

2. REMARKS OF THE CHAIRMAN

Chairman Khachigian recalled two events which had taken place following the May meeting. First, during Regents' Day in Sacramento, several current and former Regents visited Legislators in the Capital. She noted that the format of this activity will be changed in order to make it easier for more Regents to participate during the year in the work that goes on with the Legislature.

The second event was a visit to the Nevada Test Site, hosted by Bechtel and the Los Alamos National Laboratory. Those in attendance received a classified briefing on the important work that is done there. She encouraged those Regents who were unable to attend to take the opportunity to visit in the future.

3. RESOLUTION IN APPRECIATION - HAILE T. DEBAS

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

WHEREAS, on June 30, 1998, Haile T. Debas will step down as Chancellor of the University of California, San Francisco having devoted his rich talents, outstanding skills, and clear vision to UCSF as its seventh chancellor; and

WHEREAS, he has responded unselfishly to UCSF's need for leadership during the past year, a year in which he oversaw the completion of the historic UCSF-Stanford merger and planning for the expansion of the campus to Mission Bay, among other issues of importance to the campus and community-- all of which he addressed with consummate skill and great care, always mindful of the special mission of the University's only campus dedicated to the health sciences; and

WHEREAS, a native of Eritrea, he has enjoyed a distinguished career in medicine and higher education in the United States and Canada, serving as a general surgeon in the Yukon, as a member of the faculty at the University of British Columbia, UCLA, the University of Washington, and UCSF, where he has served as dean of the School of Medicine for the last five years, a post he continued to hold during his chancellorship; and

WHEREAS, in recognition of his many professional accomplishments, he has been elected to such prestigious positions as a Fellow of the American Academy of Arts and Sciences, the Royal College of Physicians and Surgeons of Canada, the American College of Surgeons, and as a member of the Institute of Medicine of the National Academy of Sciences; and

WHEREAS, he is among a class of physicians and teachers so highly honored that his continued association with the University and the San Francisco campus is a gift that can never be repaid and for which all who have had an opportunity to know and admire him will be forever grateful;

NOW, THEREFORE, BE IT RESOLVED that the Regents express their deepest thanks and appreciation for Haile Debas' tireless efforts in guiding the San Francisco campus as its seventh chancellor and their confidence that the School of Medicine, as it moves into the 21st century, will continue to reflect his influence as a distinguished leader, accomplished scholar, and dedicated scientist;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be presented to Haile and Kim Debas as a token of the Regents' heartfelt gratitude for a job well done and as a symbol of the Board's lasting affection and esteem.

Chancellor Debas observed that he had been impressed with the seriousness with which the Board conducts its business, noting that service as Chancellor had provided him with training that would help him to be a better Dean of the School of Medicine.

4. RESOLUTION IN APPRECIATION - LAUREL L. WILKENING

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

WHEREAS, on June 30, 1998, Laurel L. Wilkening will step down after five years as chief executive officer of the University of California, Irvine, having demonstrated leadership of the highest order as UCI's third Chancellor; and

WHEREAS, she has led UC Irvine into the first ranks of American higher education and raised the campus's profile among the nation's outstanding research universities, as evidenced by its election in 1996 to the prestigious Association of American Universities and the excellent rankings of its graduate programs by the National Research Council; and

WHEREAS, at the outset of her administration she guided UCI through the deepest budgetary reductions in its history, protecting the quality of its academic programs while dramatically increasing private giving and research funding, actions that have brought UCI to its current eminence as a campus of extraordinary energy, intellectual excitement, and innovation; and

WHEREAS, her tenure has been characterized by UC Irvine's unprecedented growth, as the campus launches the most ambitious building effort in its history; by a steady concern for the welfare of students, to whom she has given generously of her time, her energy, and her commitment; and by UCI's increased visibility on the world stage, best exemplified with the naming of two faculty members as Nobel Laureates in 1995, marking the first time that professors at a public university were awarded Nobel Prizes in two different fields in the same year; and

WHEREAS, she is recognized as an internationally renowned planetary scientist and has shared her expertise and insight as a member of various committees and advisory boards for the National Aeronautics and Space Administration, vice chair of the National Commission on Space, and chair of Vice President Quayle's Space Policy Advisory Board;

NOW, THEREFORE, BE IT RESOLVED that the Regents express their enduring gratitude and appreciation to Laurel L. Wilkening for her exceptional stewardship of UC Irvine and her distinguished contributions to the nation and to higher education over a lifetime of service, and extend their thanks for the pleasure of her friendship and the wisdom of her counsel;

AND BE IT FURTHER RESOLVED that a copy of this resolution be presented to Laurel and her husband, Godfrey Sill, as a token of the Regents' high regard and warm good wishes for a future rich in happiness and continued accomplishment.

Chancellor Wilkening recalled that during the first two years of her tenure as Chancellor she addressed the very rare occurrence of criminal activity by three faculty members. Without the support of the Regents, she did not believe that she would have been able to address the underlying management and policy deficiencies which the physicians exploited. She reported that campus policies have been revised and the processes have been improved. The Chancellor observed that, because of what occurred, she had the unusual opportunity to spend a great deal of time in discussion with the Regents, as well as to work closely with staff in the Office of the President. As a result of her experience, she hoped that more fortunate opportunities would be afforded to other chancellors to interact with, and receive advice from, the members of the Board.

Chancellor Wilkening reported that she had not been successful in her interactions with staff in the Office of the President and discussed some of the reasons why that may have been. First, she noted that academia does not value and reward good management. Administrative matters are regarded with contempt by most faculty because they are involved in the more important missions of research and teaching. The Chancellor believed that this fact poses a serious political problem for higher education. Efficient management is more important in a public institution than it is in a private corporation because public institutions spend other people's money, and they sometimes give the impression that they do not care how that money is spent. The Irvine campus undertook the challenge of massive State budget cuts in the early 1990s to reorient its administrative and business services towards efficiency. As a result, the campus has received six national awards for efficient administrative services. The campus annually spends \$6 million less on administrative and business services than it did in 1991.

Chancellor Wilkening acknowledged the efforts of the Irvine Division of the Academic Senate, which unanimously adopted its own streamlining and restructuring processes, reducing the number of committees and creating a consultation process that will allow it to respond more quickly and effectively to issues that arise.

Turning to her second point, the management of the Office of the President, Chancellor Wilkening observed that the University of California is a great University run by a large bureaucracy. This bureaucracy is peopled by intelligent and loyal staff who labor unappreciated in the best case, and vilified in the worst. Staff in the Office of the President are distanced from the central mission of the University of California of teaching, research, and public service. She suggested that this situation poses a real challenge for the Board of Regents. In addition, she noted that the divided reporting relationships with the Office of the President limit his ability to marshal the necessary resources to administer the University in an effective manner. She urged the Regents to value good administration, reward support staff, and strengthen the President's authority by creating a more functional organization.

5. RESOLUTION IN APPRECIATION - JUDITH W. LEVIN

The following resolution was presented:

WHEREAS, Judith Levin will complete her term on the Board of Regents on June 30, 1998, having served two distinguished terms as a Regent-designate and Regent; and

WHEREAS, as a student and then as an alumna, she has been recognized for her passion for improving the lives of others, her volunteerism, and her steadfast support of the University of California, all of which are reflected in her participation in Prytanean, Chimes, Gold Shield, the UCLA Council Executive Committee, the Alumni Awards Executive Committee, the Distinguished Teaching Awards Committee, the College Honors Alumni Association, and the Letters and Sciences Advisory Council, among many other activities; and

WHEREAS, after earning her undergraduate degree in education at UCLA, she embarked upon a career in teaching that reflected her lifelong interest in the welfare of California's children and their education and that ultimately led to her work in developing a reading curriculum for the second grade; and

WHEREAS, throughout two terms as a Regent, she has been a visible and highly respected member of the Board, providing valued counsel on the critical issues confronting higher education and the University of California and serving with distinction on the Committees on Audit, Educational Policy, Health Services, Investments, and Finance, as well serving on a presidential and a chancellorial search committee; and

WHEREAS, she continues to give generously of her energies to the University by meeting with students, faculty, and staff, encouraging openness and communication among the University's many constituents, and instilling in all who have been fortunate to meet her a deep-seated sense of institutional loyalty and devotion;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California convey to Judith Levin their heartfelt appreciation for her generous service and valued contributions to the University of California as an esteemed alumna, ardent supporter, and respected colleague;

AND BE IT FURTHER RESOLVED that the Regents extend to Judy and her husband, Bill, their best wishes for the future and direct that a suitably inscribed copy of this resolution be presented to them as a symbol of the Board's affection, admiration, and lasting friendship.

Regent Connerly moved that the resolution be amended to recognize Regent Levin's service as Chair of the Special Committee on Regents' Procedures.

Then, upon motion duly made and seconded, the resolution, as amended, was approved.

Regent Levin recalled that when she attended her first Regents meeting, at which time eloquent remarks were made by outgoing Regents Shults and Murphy, Chancellor Orbach had advised her to start working on her remarks right away. As a result, over the years she had taken the time to set down her thoughts periodically throughout her tenure as a Regent. She observed that the alumni and student Regents bring a fresh outlook to the Board. Their strength derives from the commitment they make individually to their campuses. As Regents, students and alumni appreciate the value of the University to the State of California. While each Regent is still devoted to his or her campus, they become staunch advocates for the system as a whole. Regent Levin noted that its 160,000 students are the University's reason to exist and they represent the future of the state. Providing them with the knowledge and critical thinking skills to be educated participants in today's world is essential. Currently, these students reflect the diversity of California's population. She suggested that the University should continue to embrace the full participation of students from all backgrounds. The faculty sets the standard for excellence through both their teaching and their research. Regent Levin noted her appreciation for the viewpoints that are brought by the Faculty Representatives to the Board. She observed that the chancellors perform their jobs exceptionally well and urged the Regents to facilitate, rather than hinder them in their role. Regent Levin pointed out that the Board does not operate in a vacuum; its decisions must reflect the larger world picture. She urged the members of the Board to embrace innovative new ideas while remaining firmly rooted in traditional values. In particular she cited the University's increased focus on outreach efforts, the reaffirmation of excellence in undergraduate education, securing the future of the five teaching hospitals, and a continued commitment to diversity. The physicians' credo to do no harm should serve as a guidepost for the Board.

Regent Levin introduced Mr. Peter Taylor, who, as the immediate past President of the UCLA Alumni Association, will serve as a Regent-designate beginning on July 1. Mr. Taylor is a 1980 graduate of the Los Angeles campus who serves as a Vice President of Lehman Brothers. His involvement with alumni association activities has centered on the Bunche Scholarship Program, which rewards students in honor of the Nobel Laureate Ralph Johnson Bunche.

6. **RESOLUTION IN APPRECIATION - KATHRYN T. MC CLYMOND**

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

WHEREAS, on June 30, 1998, Kathryn T. McClymond will complete her term as the twenty-third student Regent, having carried out her responsibilities with an unwavering dedication to excellence and an abiding loyalty to the University; and

WHEREAS, throughout her career as a graduate student at UC Santa Barbara, she has demonstrated a devotion to academic values and has brought her excitement for academic pursuits to the classroom as a course instructor and as a teaching assistant, where her talents and skill were recognized by her selection in 1996 as the Academic Senate Teaching Assistant of the Year in Humanities and Fine Arts; and

WHEREAS, she has given generously of her time and energy to public service, a commitment that was deepened by her work as director and board member of a nonprofit pregnancy center in northside Chicago, providing her with invaluable experience in administration and governance which she has brought to her activities at the University, serving as student liaison in the UC Santa Barbara Department of Religious Studies and as student representative in faculty recruitment before becoming student Regent; and

WHEREAS, she has worked tirelessly to educate her fellow students and others about the UC system through her lively and informative campus newspaper column "UC 101," reflecting her perspective as student Regent on topics ranging from academic citizenship to Regental appointments, to university governance, and to the complexity of the various issues facing the University; and

WHEREAS, she has been an exemplary citizen of the University, giving willingly and enthusiastically of her talents to the campus community and serving on various committees vital to the mission of the University, including the University of California in Washington, D.C. Committee and the Tenth Campus Committee, as well as the Regents' Committees on Educational Policy, Finance, and Grounds and Buildings, where she demonstrated a keen understanding of the issues before the Board and where her thoughtful and articulate perspectives earned her the respect and admiration of her fellow Regents;

NOW, THEREFORE, BE IT RESOLVED that the Regents convey to Kathryn McClymond their profound thanks and grateful appreciation for her service as a member of the Board during this past year and for her dedication and commitment to the University of California;

AND BE IT FURTHER RESOLVED that the Regents transmit a suitably inscribed copy of this resolution to Kathryn McClymond, along with their warmest wishes for success in all her future endeavors.

Regent McClymond reported that one of the most popular courses in religious studies, her department at the Santa Barbara campus, is called "Voices of the Stranger." The title is taken from a book by Thomas Merton, who argued that one of the most important ways to come to know basic truths about the world is through encounters with a stranger. The stranger exposes one not only to new information but also to new frameworks of understanding. Regent McClymond noted that Merton's ideas are consistent with the liberal arts tradition in two ways. First, the University has always challenged its students to reshape their thinking. Second, the liberal arts tradition has always prided itself on shaping the whole man or woman, not simply training a future employee. The enterprise of creating thoughtful, critically minded, contributing members of society has always been the hallmark of a liberal arts education. Regent McClymond explained that she had thought about the stranger throughout the past year because of the Board's ongoing desire to couple high academic standards with community diversity on its campuses. It is imperative that students have a diverse undergraduate experience for their intellectual development. While she was pleased with the diversity of enrollment systemwide, she was concerned about those campuses where such diversity was not achieved. She was confident, however, that the Regents, along with the Outreach Advisory Committee and the Office of the President, would establish the University of California as the premiere public institution in terms of academic excellence and diversity.

Regent McClymond observed that for most UC students, the Regents are the stranger. She conveyed her deep appreciation to her fellow Regents for having allowed her to take on the voice of the stranger over the past fifteen months. She expressed confidence in her successor, Regent-designate Espinoza. She also expressed her appreciation to all those with whom she had worked during her time on the Board.

Regent-designate Espinoza stated his gratitude to Regent McClymond for bringing back to the position of student Regent the respect that it warrants.

7. RESOLUTION IN APPRECIATION - CHARLES J. SODERQUIST

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

WHEREAS, on June 30, 1998, Charles J. Soderquist will complete his term on the Board of Regents, having served with distinction during the last two years as a Regent-designate and as a Regent; and

WHEREAS, he has demonstrated his great loyalty and commitment to his alma mater through his energetic service as an adjunct professor in the Davis campus' Graduate School of Management, as a member of the Dean's Advisory Council in both the Graduate School of Management and the College of Agricultural and Environmental Sciences, as a director of the UC Davis Foundation, as president of the Cal Aggie

Alumni Association, and as vice president of the Alumni Associations of the University of California; and

WHEREAS, having achieved a successful career as a businessman and entrepreneur, and more recently as an author of an imaginative tale about life on the Delta, he has brought to the Regents' deliberations his innovative spirit, fresh approach, and candor, invigorating the discussions and providing valuable perspectives to the Board and its Committees on Educational Policy and Grounds and Buildings, and on the Committee on Oversight of the Department of Energy Laboratories, where he served as vice chairman; and

WHEREAS, he has given unselfishly of his time and talents, enthusiastically promoting the University and its value to its alumni and to the State of California and all of its citizens;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California do hereby express to Charles J. Soderquist their warm appreciation for the dedication and creativity he has brought to his tenure on the Board, the generosity of spirit he has consistently displayed as a member of the University family, and the care and thoughtfulness that have marked his service as a Regent and a representative of UC's alumni;

AND BE IT FURTHER RESOLVED that the Regents extend to Charlie and Janie Soderquist their best wishes for the future and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's gratitude and lasting friendship.

Regent Soderquist commented that his experience on the Board of Regents had led him to relearn how to be more tolerant of the views of others. He recalled that when he came on the Board there had been some discontent among the alumni Regents, who felt that they were not treated the same way as appointed Regents were; he and Regent Levin had worked over the past year to improve this situation. Mr. Soderquist described as his most memorable experience as a Regent the occasion of a Big Game brunch on the Berkeley campus. Chancellor Tien and President Casper of Stanford had traded comments about each other's accents, which led him to reflect on the fact that in America these two immigrants could become the leaders of two of the world's greatest universities.

Regent-designate Willmon acknowledged the outstanding quality of the service of Kathryn McClymond as a student Regent. He also expressed his gratitude to Regents Levin and Soderquist for their assistance to him during his tenure as a Regent-designate.

Regents Chandler, Connerly, Davies, Ochoa, and Preuss and Regent-designate Miura also expressed their appreciation for the service provided to the Board by the outgoing Regents.

President Atkinson observed that while the nature of a university is to undergo change, it is the constancy which ensures the excellence of the University of California. The continuing relationships that the outgoing Regents will have with the University are a part of that constancy.

Regent Villaraigosa stated that he looked forward to establishing a trust with the members of the Board that will be critical as they face the challenges of the future.

8. REPORT OF THE COMMITTEE ON FINANCE**A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program***

The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 1997-98 Budget for Capital Improvements and the 1997-2000 Capital Improvement Program be amended to include the following project: Irvine: A. Undergraduate Housing Expansion.

B. *Change in Repayment Source for Purchase of Office Building, Los Angeles Campus*

The Committee recommended that the actions of The Regents in September 1992 with respect to external financing for the purchase of an office building, Los Angeles campus, be amended as shown below, with the understanding that all other actions approved in September 1992 in connection with said project remain unchanged:

deletions shown by strikeout, additions by shading

* * *

- e. The Treasurer be authorized to obtain financing not to exceed \$42,450,000 **\$41,500,000** to finance the purchase of the property plus closing costs and capital improvement costs, subject to the following conditions:

- a. Repayment of the debt shall be from ~~net rental income from leases and from unencumbered discretionary funds available to the Chancellor of the Los Angeles campus~~ **the Los Angeles campus' share of the University Opportunity Fund**; and

* * *

C. *External Financing for UC MBEST Center, Phase One Project, Santa Cruz Campus*

The Committee recommended that:

- (1) Funding for the UC MBEST Center, Phase One Project, Santa Cruz campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
Chancellor's Funds	\$ 111,000
Economic Development Administration	1,000,000
External Financing	<u>1,300,000</u>
	\$2,411,000

- (2) The Treasurer be authorized to obtain external financing not to exceed \$1,300,000 to finance the UC MBEST Center, Phase One project, Santa Cruz campus, 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 Santa Cruz campus' share of the University Opportunity Fund; and
 - c. The general credit of The Regents shall not be pledged.
- (3) Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is exempt from gross income for the purposes of federal income taxation under existing law.
- (4) Officers of The Regents be authorized to execute all documents and agreements in connection with the above.

D. ***External Financing for Undergraduate Housing Expansion, Irvine Campus***

The Committee recommended that, subject to amendment of the Budget for Capital Improvements and the Capital Improvement Program to include the Undergraduate Housing Expansion, Irvine campus:

- (1) The Treasurer be authorized to obtain external financing not to exceed \$37,750,000 to finance the construction and related costs of the Undergraduate Housing Expansion, Irvine campus, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. As long as the debt is outstanding, University of California Housing system fees for the Irvine campus shall be established at levels sufficient to meet all requirements of the University of California Housing System Indenture and to provide excess net revenues

sufficient to pay the debt service and to meet the related requirements of the proposed financing; and

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

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

(3) Officers of The Regents be authorized to execute all documents and agreements in connection with the above.

E. *Increase in ASUC Undergraduate Student Activity Fee, San Diego Campus*

The Committee recommended that, effective with the fall quarter 1998, the Student Activity Fee assessed to each registered undergraduate student be increased from \$13.50 to \$20.00 per student per quarter.

Upon motion of Regent Johnson, duly seconded, the report and recommendations of the Committee on Finance were approved.

9. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS

Amendment of the Budget for Capital Improvements and the Capital Improvement Program

The Committee recommended that, subject to the concurrence of the Committee of Finance, the 1997-98 Budget for Capital Improvements and the 1997-2000 Capital Improvement Program be amended to include the following project:

Irvine: A. Undergraduate Housing Expansion -- preliminary plans, working drawings, construction, and equipment -- \$37,750,000 total project cost to be funded from external financing.

Upon motion of Regent Montoya, duly seconded, the recommendation of the Committee on Grounds and Buildings was approved.

10. REPORT OF THE COMMITTEE ON HEALTH SERVICES

A. *Authorization to Execute Agreements for Strategic Alliance with Orthopaedic Hospital, Medical Center and School of Medicine, Los Angeles Campus*

The Committee recommended that:

- (1) The President, in consultation with the General Counsel and the Vice President for Clinical Services Development, be authorized to execute the Master Alliance Agreement, a Groundlease, Tenancy in Common Agreement, Design and Construction Management Agreements, and a Public Services and Education Affiliation Agreement necessary to create a strategic alliance between UCLA Medical Center/School of Medicine and Orthopaedic Hospital.
- (2) The Regents, based on consideration of the Environmental Assessment, adopt the Findings indicating that the Master Alliance Agreement is exempt from the California Environmental Quality Act.

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

B. *Approval of UCLA Medical Faculty Participation in Independent Practice Association, UCLA Health Network, Medical Center, Los Angeles Campus*

The Committee recommended that the President, in consultation with the General Counsel and the Vice President for Clinical Services Development, be authorized to execute documents necessary to allow UCLA medical faculty members to participate in the Community/UCLA Oncology Network, an independent practice association.

C. *Sale of Dialysis Program Assets, Medical Center and School of Medicine, Los Angeles Campus*

The Committee recommended that the President, in consultation with the General Counsel and the Vice President for Clinical Services Development, be authorized to approve and execute documents necessary to effectuate a Management Services Agreement and sale of certain of the assets of the UCLA Medical Center/School of Medicine Dialysis Program to Total Renal Care, Inc.

D. *Authorization to Develop a Systemwide Health Sciences Enterprise Compliance Plan*

The Committee recommended that the President, in consultation with the General Counsel and the Vice President for Clinical Services Development, be authorized to develop a systemwide health sciences clinical enterprise compliance program to include the following principles:

- (1) Provide policy guidelines that recognize the need for Universitywide monitoring of health sciences clinical enterprise compliance while allowing for

significant flexibility at the campus level through the development of a campus-specific health sciences clinical enterprise corporate compliance plan (Plan) at each academic health center.

- (2) Ensure that each Plan's objectives are consistent with the University's tripartite mission.
- (3) Ensure that health sciences, clinical enterprise governance, risk management, information management, and financial and operational activities reflect the Plan's objectives.
- (4) Monitor the effectiveness of the Plan at periodic intervals.
- (5) Provide annual reports to The Regents regarding the status of compliance with the Plan.
- (6) Incorporate the current policy and procedures for professional fee billing compliance as approved by The Regents in the *Health Sciences Campus: Professional Fee Billing Compliance Plan Guidelines* (October 1996).

E. ***Approval of Amendments to the UCSF Stanford Health Care Bylaws Concerning the Name, Powers, and Duties of the Board of Directors and the President of the Corporation***

The Committee recommended amendment of the name of UCSF-Stanford Health Care in the corporate bylaws to remove the hyphen, and to approve the following changes to the bylaws, effective May 31, 1998:

deletions shown by strikeout, additions by shading

BYLAWS
OF
~~UCSF-STANFORD HEALTH CARE~~
UCSF STANFORD HEALTH CARE

* * *

ARTICLE IV
BOARD OF DIRECTORS

* * *

Section 4. Powers and Duties of the Board of Directors.

Without limiting the generality of Article IV, Section 1(a), the powers and

duties of the board of directors shall include the following:

(a) To provide coordination and integration among the corporation's leaders to maintain quality patient care, promote performance improvement, and perform risk management.

(b)

(c)

(d)

(e)

(f)

(g)

(h)

(i)

(j)

(k)

(l)

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ARTICLE VI OFFICERS OF THE CORPORATION

* * *

Section 5. President of the Corporation.

The initial President shall be appointed by the board of directors at its organizational meeting or as soon thereafter as reasonably practicable. Thereafter, any future President shall be appointed by the board of directors. The President, qualified by education and relevant experience, shall have such duties as are specified in these Bylaws and by the board of directors from time to time. He or she shall report to the board of directors. He or she shall be the chief executive officer of the corporation and responsible to the board of directors for implementing all matters acted upon by the board and for administering the operations of the corporation. The

President has the authority to do whatever is necessary and appropriate to carry out his or her responsibilities, including the authority to employ and dismiss all persons necessary for the operation of the corporation. There may be designated by the Chair and Vice Chair an Acting President to serve in the absence of the President, provided that nothing herein shall prevent the President from authorizing a delegate to act on his or her behalf during periods of temporary absence. The President shall be subject to removal with or without cause by the board of directors.

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Upon motion of Regent Davies, duly seconded, the recommendations of the Committee on Health Services were approved.

11. REPORT OF THE NOMINATING COMMITTEE

The Nominating Committee recommended as follows:

A. CHAIRMAN OF THE BOARD

That Regent Davies be elected Chairman of The Regents of the University of California for the year commencing July 1, 1998.

B. VICE CHAIRMAN OF THE BOARD

That Regent Clark be elected Vice Chairman of The Regents of the University of California for the year commencing July 1, 1998.

C. STANDING COMMITTEE ASSIGNMENTS

That the following Standing Committee assignments for the year commencing July 1, 1998 be approved:

Committee on Audit

Regent Sayles, Chair
Regent Hotchkis, Vice Chair
Regent Clark
Regent Connerly
Regent Davis
Regent Parsky
Regent Ochoa
Regent Villaraigosa

Committee on Educational Policy

Regent Connerly, Chair
Regent Bagley, Vice Chair
Regent Nakashima
Regent Montoya
Regent Villaraigosa
Regent Espinoza
Regent Miura
Regent Willmon

Committee on Finance

Regent Johnson, Chair
Regent Miura, Vice Chair
Regent Bagley
Regent Leach
Regent Connerly
Regent Lee
Regent Davis
Regent Parsky
Regent Willmon

Committee on Grounds and Buildings

Regent Lee, Chair
Regent Nakashima, Vice Chair
Regent Johnson
Regent Montoya
Regent Ochoa
Regent Villaraigosa
Regent Espinoza
Regent Willmon

Committee on Health Services

Regent Khachigian, Chair
Regent Ochoa, Vice Chair
Regent Clark
Regent Leach
Regent Sayles
Regent Preuss
Regent Chandler

Committee on Investments

Regent Parsky, Chair
Regent Leach, Vice Chair
Regent Clark
Regent Bagley
Regent Lee
Regent Sayles
Regent Preuss

Regent Hotchkis

Committee on Oversight of the
Department of Energy Laboratories

Regent Preuss, Chair
Regent Montoya, Vice Chair
Regent Nakashima
Regent Johnson
Regent Chandler
Regent Hotchkis
Regent Miura

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 immediate 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' representative 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

That Regent Chandler be appointed as The Regents' representative to the California Postsecondary Education Commission and that Regent Khachigian be appointed as the Regents' alternate representative, each for a two-year term beginning July 1, 1998.

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

12. REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES***Adoption of Procedures to Establish Expenditure and Administrative Cost Recovery Rates on Regents' General Endowment Pool (GEP) Assets***

To implement the endowment expenditure policy adopted by The Regents in March 1998 for eligible endowed funds invested in the General Endowment Pool, consistent with the provisions of the Uniform Management of Institutional Funds Act (UMIFA), the Committee recommends the following procedure for the review and adoption by The Regents of the endowment expenditure rate and the endowment administrative cost recovery rate:

- A. In conjunction with the preparation and presentation of the University's annual budget, the President shall, following consultation with the Treasurer and other concerned parties, recommend to the Committee on Finance an endowment expenditure rate for the University's eligible endowed funds that is consistent with the standard established by UMIFA in the California Probate Code §18506(b), as well as a formula for implementation of the rate.
- B. The Committee on Finance shall, with the approval of the Committee on Investments, recommend to the full Board an endowment expenditure rate. The Committee on Investments shall consult with the Treasurer about the prudent expenditure rate in view of the Probate Code provisions cited above, including, but not limited to, consideration of long-term and recent investment performance, the market risk and outlook, and the needs of the University.
- C. Concurrently, the President shall also recommend to the Committee on Finance an endowment administrative cost recovery rate based on an analysis of the actual and reasonable costs of endowment administration for the University's eligible endowed funds; the Committee on Finance shall recommend to the full Board an endowment administrative cost recovery rate.
- D. For 1998-99, the initial year of endowment administration under the new expenditure policy, the President's recommendations to the Committee on Finance regarding an endowment expenditure rate and an endowment administrative cost recovery rate may be made separately from the presentations on the University's budget.

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

13. 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 and the President of the University approved the following recommendation:

Request for Approval to Settle IRS Audit Issue

That a payment of \$398,849 to the Internal Revenue Service be approved to settle the IRS audit of FICA taxes owed by the University in connection with student earnings paid in 1993 and 1994.

14. REPORT OF COMMUNICATIONS

Secretary Trivette presented summaries of communications received subsequent to the May 1998 meeting. The communications were referred to President Atkinson for response as appropriate.

15. REPORT OF THE PRESIDENT

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 Educational Policy

- A. Information about changes in the format of the ethnic identity question on the University's undergraduate admission application. May 12, 1998.

To Members of the Committee on Health Services

- B. The Activity and Financial Status Report on Hospitals and Clinics as of April 30, 1998. June 2, 1998. (Schedule of Reports)
- C. 1996-97 annual Medical Center reports for the Davis, Los Angeles, and San Diego campuses. (Schedule of Reports) June 4, 1998.

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- D. Description of medical plan bid process for coverage in the year 2000 and beyond. May 18, 1998.

- E. Summary of financial support available for international students and of the aid that has been provided to students in response to the Asian currency crisis. May 27, 1998.
- F. Schedule of locations of Regents meetings for 1998-99. June 2, 1998.
- G. A series of articles published by *The Los Angeles Times* about K-12 schools in California. June 3, 1998.

The meeting went into Closed Session at 10:30 a.m.

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The Board adjourned at 10:35 a.m.

Attest:

Secretary