

**The UCLA Faculty Center  
and  
The UCLA Faculty Center Association, Inc.  
(<http://facultycenter.ucla.edu>)**

**Background Report**

**October, 2004**

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## Preface

This report has been prepared solely on the basis of records available from a variety of campus sources. The management of the UCLA Faculty Center Association, Inc. provided historical records from the 1960s through the 1980s. Supplementing these records was the collection of oral histories regarding the UCLA Faculty Center compiled in 2001 by the UCLA Oral History Program (interviewer: Kathleen McAlister) from: Professor Emeritus William Brown (chair of the building committee during the 1950s for the UCLA Faculty Center project), Professor Emeritus John Bauman (president, 1985-86), Professor Emeritus Wally Boyle (president, 1972-73), Professor Emeritus Wendell Jeffrey (president, 1984-85), Professor Emeritus Russell O'Neill (president, 1971-72), Ms. Mary Erickson (General Manager, 1972-1991), and Mr. Pedro Huezo (custodian). A bound copy of the compilation of these oral histories was provided by Ali Tabrizi, who has continued to serve as General Manager of the UCLA Faculty Center Association, Inc. since 1991.

Background documents were obtained from the following University administrative offices: (a) the Office of the Secretary of The Regents; (b) the Chancellor's Communication Service (CCS); (c) the UCLA Archives/Department of Special Collections-UCLA Library; (d) the Office of Academic Planning and Budget (APB); (e) the Office of Capital Programs; (f) the Office of Facilities Management; and (g) the Office of Corporate Financial Services (CFS). The assistance of Linda Thomas/Alex Quiroba (CCS), Glyn Davies/Fay Woo (APB), and Sue Abeles/Maaza Woldemusie (CFS) is acknowledged, with appreciation.

Notwithstanding the wealth of information provided by the above sources, this October 2004 version of the Faculty Center history should best be considered only as work-in-progress report as part of an effort to delineate more clearly the relationship between the UCLA administration and the Faculty Center Association in the approximately 45 years since:

- the opening by the UCLA administration of the Faculty Center building at UCLA in February, 1959 after a ten-year effort to do so (beginning with the 1949 policy promulgated by then UC President Robert Sproul and approved by The Regents); and
- the incorporation of the UCLA Faculty Center Association, Inc. as a nonprofit public benefit corporation in May, 1960, to operate the building for the UCLA community.

As of December, 2004, it is projected that the last of the various loans -- amounting to nearly \$1.3 million -- made by The Regents or by the UCLA administration during the past five decades for the initial construction in 1957-1959, the subsequent expansions or improvements made in the 1970s and 1980s, and the purchase of major fixtures will have been fully repaid. The Regents and the Office of the Chancellor have also provided nearly \$1.2 million in direct appropriations, not requiring any repayment, during the past five decades to supplement the loans needed for the construction and other improvements, plus partial support for utility services and custodial assistance from 1959 to the mid-1990s.

The ensuing success of the UCLA Faculty Center in its service to the UCLA community for the past 45 years is acknowledged by all. However, it is now recognized that, previously, no comprehensive history of the development of the UCLA Faculty Center building and of the UCLA Faculty Center Association, Inc. has been prepared. Further, it is also recognized that, despite the personal involvement of key UCLA administrative officers during the past five decades providing assistance to the UCLA Faculty Center Association, Inc., no underlying documents and agreements have been executed governing the specific responsibilities and obligations of the UCLA campus administration (on behalf of The Regents) and the UCLA Faculty Center Association, Inc., as well as the governance relationship between them.

This report has been prepared in mostly a chronological order, rather than on a topical basis. Future revisions or summaries of this report may prefer to construct the report on a topical basis for more convenient reading or posting on the Faculty Center website. The report is divided into five sections plus appendices:

### **Part I – 1928 to 1960**

This chapter discusses the various attempts prior to 1950 and the eventual successful effort during the 1950s to initiate the construction of a Faculty Center building on the UCLA campus as a joint effort of faculty leaders and key officers of the UCLA administration, acting on the basis of a special policy statement issued by then UC President Robert G. Sproul in 1949.

### **Part II – 1960 to 1975**

This chapter discusses various episodes during the initial phase of the Faculty Center's operation, including the application to the State of California Department of Alcoholic Beverage Control for an on-site liquor license to be issued to the Faculty Center Association.

### **Part III – 1975 to Late 1980s**

This chapter discusses additional episodes in the history of the Faculty Center, including the south expansion (1977-1979), the remodeling of the food servery area (1978), the development of the California Room patio (1980-81), other improvements prior to the 1984 Olympics (1983-1984), the installation of air-conditioning (1986-87), the construction of the hamburger grill/Coral Patio area (1988), and the acquisition of new tables and chairs (1989). Also discussed are: (a) the unsuccessful effort in 1985-1986 to develop a Memorandum of Understanding between the Faculty Center Association, Inc. and the UCLA administration, and (b) the appropriations and loans made by the Office of the Chancellor for several of the foregoing projects. The two gifts received by the Faculty Center Association – from Professor George Kneller to pay a portion of the air-conditioning project and from Chancellor Emeritus Franklin Murphy for the cappuccino bar in the main dining room – are also reported.

#### **Part IV – Late 1980s to Present**

This chapter discusses the changing nature of the relationship between the Faculty Center Association and the UCLA administration during the past 15 years, including: (a) change in employment status for Faculty Center employees; (b) the funding of maintenance and utilities costs; (c) financial reporting issues; (d) a recap of the University appropriations and loans for construction/improvements and other specific uses; (e) access right issues; and (f) the adoption by The Regents of new policies governing the University's relationship with other separate non-profit organizations.

#### **Part V – Other UC Campuses**

This chapter presents information about the Faculty Center operations at three other UC campuses: UC Berkeley, UC Irvine and UC San Diego. The significant foundational documents regarding the Faculty Center facilities and the respective faculty center association organizations at UC Irvine and at UC San Diego are included in the appendix material. The assistance of Carol Thunstrom and Ann Parode at UC San Diego, Diane Fields Geocaris at UC Irvine, and Mike Smith/Dee Middleton at UC Berkeley is also acknowledged with appreciation.

Prepared: October, 2004

By: John Sandbrook

**The UCLA Faculty Center**  
*(opened in February, 1959)*

**and**

**The UCLA Faculty Center Association, Inc.**  
*(incorporated on May 17, 1960)*

Managers:

|              |                 |
|--------------|-----------------|
| 1959-1967    | Oliver Trechter |
| 1967-1972    | William Bodner  |
| 1972-1991    | Mary Erickson   |
| 1991-Current | Ali Tabrizi     |

Chefs:

|              |                |
|--------------|----------------|
| 1959-1967    | Harry Ernst    |
| 1967-1970    | John De Ryk    |
| 1970-1987    | Daniel Susan   |
| 1987- 1995   | Wayne Elias    |
| 1995-current | Claude Dhubert |

## Part I

### 1928-1960: Formative History and Construction

The *Centennial Record of the University of California* (1968) includes a section on the faculty clubs at the various UC campuses. According to this book, the **Faculty Men's Club** of UCLA faculty was formed in 1928, a year prior to the move to the new campus in Westwood in 1929, and a drive for construction of a new building on the campus began immediately.

By letter of April 6, 1929, Mr. George Underhill, UCLA Controller and Secretary-Treasurer of the Faculty Men's Club, wrote to UC President Robert G. Sproul on behalf of the Board of Directors of the Faculty Men's Club. Mr. Underhill requested President Sproul to seek a loan from The Regents in the amount of \$18,000 to construct a 3,000sf facility that was projected to cost not more than \$30,000, or \$10.00 per square foot. The April 6, 1929 letter indicated that initiation fees from 140 men of the faculty, out of the approximately 170 who would be eligible to be members.

The minutes of the April 29, 1929 meeting of The Regents indicate that The Regents discussed the possibility of constructing a Faculty Club building on the new campus due to open the following September in Westwood. However, The Regents declined to approve the request for the \$18,000 loan unless "some person or persons of financial standing would guarantee the loan."

With no positive response to the loan request, the *Centennial Record* indicates that the Faculty Men's Club would meet at local private country clubs. A second organization, the **Faculty Wives' Club** (eventually renamed as **the Faculty Women's Club**), rented rooms in local off-campus Westwood buildings, such as the University Religious Center building when it was constructed.

Following its completion in 1930-31, a room in the original student union building, Kerckhoff Hall, was assigned for use as a faculty lounge. Faculty also used the dining facilities in Kerckhoff Hall.

A third organization, the **Association of Academic Women**, was established in 1945, comprised of women members of the UCLA faculty.

At the start of the major growth period of UCLA post-World War II, faculty leaders at UCLA initiated discussions regarding the construction of a building on-campus in view of the inadequacy of the single room available at Kerckhoff Hall.

The minutes of the February 26, 1943 meeting of The Regents indicate that President Sproul reported that a proposal had been received to relocate the residence building (not the library building) from the grounds of the William Andrews Clark Library in the West Adams district of Los Angeles to the Westwood campus for use as a faculty club. President Sproul reported that his staff had suggested a cost between \$50,000 and \$75,000

to accomplish the relocation and rehabilitation of the facility. As a result of that estimate and given financial stringencies given the continuation of World War II at the time, the proposal was abandoned. (The Clark Library residence building was subsequently demolished.)

At their meeting of October 18, 1946, The Regents approved two actions:

1. Designation of the campus area north of Royce Hall as the site for the eventual "Faculty House"; and
2. Authorization of the appointment of the Los Angeles architectural firm of Hunt and Chambers as executive architect for the Faculty House, with the stipulation that the contract with the firm "cannot be made until funds for the financing of the Faculty House have been secured."

On March 12, 1947, UCLA Controller George Taylor, in his dual capacity as Secretary-Treasurer of the UCLA Faculty Men's Club, reported that the Faculty Men's Club had asked Mr. Harold Chambers, of Hunt and Chambers, a local architectural firm, to prepare a conceptual plan for a faculty club building on the Westwood campus. Similar activities were underway at other UC campuses.

Mr. Chambers' work was not authorized by the UC Office of the President or by The Regents; his fees were subsequently paid from donations received from members of the Faculty Men's Club and the Faculty Women's Club. Relying upon these conceptual plans from Mr. Chambers, the President of the Men's Faculty Club at UCLA made a presentation to The Regents at its November 17, 1947 meeting to suggest a \$400,000 facility at UCLA. There is no documentation of any action being taken by The Regents.

During the first four months of 1949, President Sproul discussed at several meetings of The Regents the issue of faculty clubs on the various UC campuses, including the status of the existing faculty club at UC Berkeley. These discussions culminated in President Sproul submitting a comprehensive letter to The Regents on May 6, 1949, summarizing the issue of the desire for faculty centers at the various campuses and how they might be financed without State funding.

With respect to UCLA, President Sproul's letter reminded The Regents that:

- The Regents had authorized in 1945 three UCLA-related organizations – the Faculty Men's Club, the Faculty Women Club, and the Association of Academic Women – to undertake a campaign to raise funds from its members, which had, by 1949, generated approximately \$30,000 in cash and pledges to The Regents.
- The President of the Faculty Men's Club at UCLA had proposed to The Regents on November 17, 1947, the construction of a \$400,000 permanent facility on the Westwood campus, given the inadequacies of Kerckhoff Hall and the inconvenience and expense of eating at off-campus restaurants.

- The organizations at UCLA, joined by their counterparts at other UC campuses, have “asked The Regents to make a substantial contribution to the cost of construction and/or maintenance of its club house.”

In his letter of May 6, 1949, to The Regents President Sproul discussed the following question:

*“Are The Regents justified in using University funds to help finance faculty centers?”*

President Sproul’s letter then continued with his perspective on the question he had posed::

### **The Value of Faculty Centers to the University**

*“A faculty club should not be confused with the usual “social club,” or carry any such connotation. In reality, such a club is a “faculty center,” which, as The Regents well stated when in April 16, 1914, they granted \$2,500 toward the cost of additions to the Berkeley Faculty Club, “... is a necessary and important University institution and its committee rooms are in constant use, both in the day time and in the evenings for various University purposes.”*

*“By providing a place where members of a large faculty may assemble and become known to each other, exchange knowledge, and merge their special interests into the cause of the University as a whole, a faculty center is vital to the development of institutional esprit. Moreover, it actually provides many of the facilities for day to day administration. Private dining rooms are used for the conduct of the business of committees both of the Academic Senate and of the Administration. Special dining and residence facilities provide for the entertainment of guests of the University.*

*“The various activities of the club center around convenient, congenial dining facilities, where the tables provide special opportunities for the free discussion of University academic problems. As a result, decisions and, if necessary, compromises are reached more readily than if deliberation were conducted in a more formal atmosphere. A faculty’s intelligent understanding of broad University problems can be traced to these informal discussions. Effective democratic administration, in fact, requires such centers.”*

President Sproul’s letter of May 6, 1949, then recommended that:

*“The President be authorized to consider proposals for the financing of faculty clubs on the various campuses, which seek no more from The Regents than:*

- A. *Appropriation of one third the cost of construction or expansion of facilities, either as parts of student unions or as separate enterprises, provided that such appropriation shall in no case exceed the sum of \$200,000.*



*B. Assumption of one third of the cost of the heat, light, power and water used by the club. (The University has been furnishing approximately this proportion of the cost of utilities to the Berkeley faculty clubs, both Men's and Women's, for many years).*

*"This recommendation might result in the following total capital expenditures: Berkeley, \$200,000; Davis, \$100,000; Los Angeles, \$200,000; Riverside, \$75,000; San Francisco, \$100,000; Santa Barbara, \$75,000, and annual expenditures for maintenance of the order of: Berkeley, \$2,500; Davis, \$1,250; Los Angeles, \$2,500; Riverside, \$950; San Francisco, \$1,250; Santa Barbara, \$950.*

*"It should be understood that this recommendation is intended neither to commit The Regents to appropriate the named amounts, nor to approve any or all of the proposals which may be submitted to them; it is merely made in order that there may be guidance for those preparing proposals, and for the President in presenting them to The Regents. Decisions of The Regents will be based, I am sure, upon the individual merit of a particular proposal as a reasonable response to local needs, and upon the availability of funds.*

The minutes of the discussion indicated that, during a Q&A session, President Sproul stated that he had become aware that members of the Faculty Men's Club at UCLA had initiated discussion directly with members of the State legislature about a possible State appropriation for the construction of a faculty club at UCLA. President Sproul indicated that he hoped that the adoption by The Regents of his recommended policy would preclude such actions.

The Regents adopted President Sproul's recommendation at its meeting of June 24, 1949.

Subsequent actions, with respect to UCLA, were:

**July 14, 1949** – President Sproul writes to Professor William G. Young, then President of the UCLA Faculty Men's Club, informing him of the action by The Regents in June, 1949.

**August 23, 1949** – UCLA Controller George Taylor, in his capacity as Secretary-Treasurer of the Faculty Men's Club, writes to Mrs. Helen Dill, President of UCLA Faculty Women's Club, informing her that the Faculty Men's Club was requesting that the Campus Development Committee approve a new designation of the site of the proposed Faculty Club building in the area immediately south of the Administration Building rather than the former designation north of Royce Hall.

**February 16, 1950** – Professor Brainerd Dyer, who had succeeded Professor W.G. Young as President of the UCLA Faculty Men's Club, writes to President Sproul to "formally request the support of the Board of Regents for a Faculty Club building in accordance with their recently adopted policy of financing one-third of the cost of such projects."

Professor Dyer indicates that the approximate project budget envisioned is \$350,000, and he requests President Sproul to proceed with two steps:

- The assignment of an architect (asking that Welton Becket substitute for Harrison Chambers); and
- An allocation of funds, from the contributions previously given to The Regents by the members of the Faculty Men's Club, for the preparation of plans.

His letter also states:

*“The Board of Directors of the Faculty Men's Club has been thinking, as I believe you know:*

- *that the faculty would contribute approximately one-third of the cost of the project;*
- *that friends of the University would contribute one-third; and*
- *that the Board of Regents would contribute the cost of the president's apartment and one-third of the cost of the remainder.*

*“The faculty has raised approximately \$30,000 towards this goal. Before entering upon a further campaign for funds, the Board of Directors would like to have the official support of The Regents as indicated above.”*

**July 24, 1950** – President Sproul writes to Professor Dyer to inform him that The Regents approved on June 23, 1950, the allocation of \$3,100 for the preparation of preliminary plans for a faculty club house at the Los Angeles campus.

**December 15, 1950** – The Regents approve the appointment of the firm, Austin, Fields and Fry, as the executive architect for the Faculty Club building at UCLA, rescinding the 1946 appointment of the firm of Hunt and Chambers since that firm had since disbanded. By letter of December 21, 1950 from J.H. Corley, Office of Vice President-Business Affairs for the University of California, the firm is notified that:

*“This project is to be financed largely by the faculty of the University. Since the project is not yet financed, however, it is impossible for us to tender you a contract at this time. In all probability the Faculty will wish to have some schematic or preliminary plans prepared in which case we will engage your services by means of a purchase order which will be credited to the contract when such is consummated. The work will be handled through the Office of Architects and Engineers.”*

**February 23, 1951** – The Regents voted to approve a change in the site designation for the Faculty Club building from the area north of Royce Hall (as approved on October 18, 1946) to a new site south of the Administration Building.

**July 3, 1952** – Professor Paul Sheats, who has succeeded Professor Dyer as President of the Faculty Men's Club, writes to President Sproul to advance the discussion of the

financing of the construction of the UCLA Faculty Club project. Professor Sheats reports that an additional \$28,000 in contributions from faculty was raised during 1951 (increasing the total amount received to date to \$60,000), with the subscription card used during the 1951 solicitation effort listing two deadlines and one condition:

- The total financing for the project is to be completed by January 2, 1953.
- The actual call for bids must be issued on or before January 2, 1954.
- No actual payment on pledges received during 1951 were to be due until after the call for bids was issued by The Regents, but all payments would be paid in full prior to the award of the construction contract.

With the concurrence of the other two interested organizations, the Faculty Women's Club and the Association of Academic Women, Professor Sheats indicates that the three organizations at UCLA are willing to commit themselves to raising an additional \$40,000, "provided a financial plan satisfactory to The Regents can be worked out and approved by them." Professor Sheats also offers an alternative proposal by which the faculty would raise no additional funds for construction but would be 100% responsible for the costs of furnishings and landscaping.

**July 3, 1952** – Professor Sheats sends a second letter to President Sproul to ask several operational questions, separate from the issue of financing of the construction.

*"The types of specific questions to which we need answers are:*

- 1. Would The Regents be willing to provide University service to maintain the building and grounds?*
- 2. Would employees of the clubs be employees of the University?*
- 3. Would a proportionate share of the operating costs, such as salaries for managerial staff, utilities, telephone, social security, etc., be considered a just charge to The Regents."*

**October 1, 1952** – A campus meeting is held with Regent Edward Dickson, Dean Paul Dodd, Professor Gustav Arlt, Professor Kenneth Macgowan, and Mr. George Taylor to discuss a project estimated at \$350,000. A plan is adopted to suggest to The Regents:

- The Regents would provide \$150,000;
- The faculty would provide \$100,000;
- Outside gifts would provide \$100,000.

The meeting notes indicate that the matter of dues and the cost of operation of the facility were discussed. "The view was expressed that the Club should not go into debt as it would have enough of a problem operating the Club without paying interest on an obligation."

**October 18, 1952** – Dean Paul Dodd, on behalf of the three-member Administrative Committee serving as Chief Executive for the UCLA campus (following the death of Provost Clarence Dykstra), writes to President Sproul to secure endorsement of The Regents at the October 31, 1952 meeting of the funding proposal identified by Regent Dickson, et al. during the meeting of October 1, 1952.

**November 25, 1952** – UCLA Controller George Taylor, still acting in his capacity as Secretary-Treasurer of the Faculty Men’s Club, writes to President Sproul to remind him of the January 2, 1953 financing approval deadline condition in the 1951 faculty solicitation drive stated in Professor Sheats’ letter of July 3, 1952.

**December 22, 1952** – President Sproul writes to Professor Brainerd Dyer (who was filling the unexpired term of Professor Sheats as President of the Faculty Men’s Club) that The Regents approved on December 19, 1952, the following:

- Approval in principle for the construction of a \$350,000 Faculty Club building at UCLA;
- Acceptance of a pledge of \$100,000 from the Board of Directors of the Faculty Men’s Club, acknowledging that \$60,000 was already in hand in cash or pledges;
- Authorization to the Faculty Men’s Club, the Faculty Women’s Club, and the Association of Academic Women to organize and conduct a fundraising drive of \$100,000 from extramural donors; and
- Appropriation of \$150,000 by The Regents to the project.

**June 29, 1954** – Professor Edwin Lee, President of the Faculty Men’s Club, writes to UCLA Campus Architect Carl McElvy to inform him that President Sproul, at a meeting on June 28, 1954, with Chancellor Raymond Allen, Dean Gustav Arlt, Professor Thomas Jacobs, and himself,

*“informed us that he now has assurances that the total amount to be raised from outside sources for the Faculty Club Building Fund (\$100,000) will shortly be available. Consequently, I now suggest that the architects assigned to the Faculty Club be authorized to proceed immediately with advanced preliminary drawings. Mr. William Brown will continue as chairman of our building committee.”*

**September 24, 1954** – The Regents approved the following recommendation:

*“That the Committee on Finance be authorized to act in the matter of loaning \$100,000 of Reserve Funds to the Los Angeles Faculty Club to be used toward the cost of constructing a Faculty Club House on the Los Angeles campus.”*

This loan from The Regents was in addition to the appropriation of \$150,000 approved by The Regents in December, 1952.

**October 22, 1954** – The Regents approved the following recommendation:

*“That The Regents’ loan of \$100,000 from University reserves to the UCLA Faculty Club be made on a basis that during the first five years only interest payments be required, the repayments on principal to start in the sixth year.”*

There is no identification of the expected fund source for repayment, either extramural gifts or operating net income.

**October 25, 1954** – Professor Edwin Lee, as President of the Faculty Men’s Club, writes to the membership of the Faculty Men’s Club to indicate that the Board of Directors recommends acceptance of the loan from The Regents but wishes to secure the approval of a substantial segment of the membership of the Club before proceeding further in the matter. Professor Lee asks that the members return their votes to Mr. George Taylor, UCLA Controller, in his capacity as Secretary-Treasurer of the Faculty Men’s Club.

**December 1, 1954** – A draft constitution and a set of bylaws are prepared for a new non-profit organization to be called the UCLA Faculty Club. The UCLA Faculty Club would be a separate entity from the UCLA Faculty Men’s Club, the UCLA Faculty Women’s Club, and the Association of Academic Women. The purpose of the new non-profit organization is described as “to build and maintain a faculty club building on the UCLA campus, and to govern the use of the club building and facilities.” The Special Committee on Constitution and Bylaws was chaired by Professor Ivan Hinderaker (later to be named as Chancellor of UC Riverside); the other four members were: Brainerd Dyer, Mrs. Archine Fetty, Alan E. Flanigan, and Mrs. Elizabeth Staaks.

**December 8, 1954** – Professor Edwin Lee, President of the Faculty Men’s Club, and Professor Gertrude Huberty, President of the Faculty Women’s Club, write to the UCLA faculty to:

- Report that results of the Faculty Men’s Club vote regarding the loan from The Regents was 209 for acceptance and 19 against;
- Report that results of the Faculty Women’s Club vote regarding the loan from The Regents was 69 for acceptance and 2 against;
- Provide additional information about: (a) the general design of the proposed building, (b) estimated construction costs and the pro forma financing plan, (c) proposed schedule of dues, and (d) estimated operating expenses. This information was being provided since only approximately one-half of the eligible members of each organization voted and since many of those not voting asked for additional information; and
- Initiate additional solicitation efforts to generate faculty contributions of at least an additional \$40,000, pursuant to the approved financing plan.

**June 9, 1955** – The five-member Policy Committee of the proposed Faculty Club, chaired by William Brown, reports to the members of the Faculty Men’s Club, the Faculty Women’s Club, and the Association of Academic Women that:

- The \$40,000 faculty fund drive had raised only an additional \$15,000, but still “enough to build the clubhouse as programmed.”
- It is “high time to establish the regular organizational framework necessary to operate the Club.”
- The draft Constitution and Bylaws were being submitted to the membership for approval.

The mail ballot deadline was June 18, 1955. There is no record of the outcome of the voting.

**November 2, 1956** – Shortly after the death of UC Regent Edward Dickson (the “founding father of UCLA”), a meeting is held at UCLA with three other members of the Board of Regents to discuss the design and additional funding needed to meet the higher estimated costs of construction, based on the design submitted by the executive architect, Austin Fields and Fry. Three members of the Board of Regents who reside in the Los Angeles area -- Brodie Ahlport, Edward Carter and Edwin Pauley -- attend the meeting with UCLA Chancellor Raymond Allen and other campus officers. It was agreed that, in order to make the Faculty Center distinctive from other UCLA campus buildings, the design should be based on a single-story, ranch-style, wood-frame/shake roof approach. Eliminated from consideration for inclusion in the building design are: (a) a swimming pool; and (b) an apartment for the UC President.

**May 23, 1957** – Professor William Brown, chair of the Faculty Center building committee, writes to Chancellor Allen in response to an inquiry about evaluating three options:

1. Constructing the Faculty Center building as a stand-alone building south of Murphy Hall;
2. Having the funds approved to date for the UCLA Faculty Club project either:
  - A. added to the funding for the envisioned new student union building (now Ackerman Union) and designating a portion of the new student union building for a faculty club; or
  - B. used to remodel a portion of Kerckhoff Hall for a faculty club.

Professor Brown reiterated his support for option no. 1.

**June 10, 1957** – A second letter regarding the three options evaluated in Professor Brown’s letter of May 23 is sent to Chancellor Allen by Prof. Brown, Professor Ben Miller (President, Faculty Men’s Club) and Mr. Paul Hannum (UCLA Business Affairs Officer and Secretary-Treasurer of the Faculty Men’s Club). A letter of similar support is provided by the Faculty Women’s Club.

This second letter also urges Chancellor Allen to proceed with the stand-alone option and to secure Regental approval for the additional financing required.

**July 19, 1957** – The Regents approve two actions:

1. An increase of The Regents’ appropriation for the UCLA Faculty Club project from \$150,000 (as previously approved on December 22, 1952) to a new amount of \$200,000; and
2. An increase in the Regents’ loan for the project, from \$100,000 (previously approved on September 24, 1954) to a new amount of \$358,000 “or so much thereof as may be necessary.”

The total loan amount is to “be made at 4% interest, to repaid over thirty years, with the understanding that the amount of loans authorized be reduced by the amount of additional gifts and contributions received.” The loan amount is allocated by The Regents from the Nuclear Science Fund (the fund derived from fees received by the University from the U.S. government for the management of the three U.S. national laboratories).

A letter of appreciation to The Regents from Professor Ben Miller (President, Faculty Men’s Club), Mrs. Charles Speroni (President, Faculty Women’s Club), and Mrs. Meridian Ball (President, Association of Academic Women) is reported to The Regents at its meeting of October 18, 1957.

**November 25, 1957** – The construction contract for the UCLA Faculty Center building, UCLA project no. 82610, is awarded by the then UCLA Office of Architects and Engineers to the construction firm of Robert Tebbe, Inc., with offices in Brentwood, CA. The base contract amount is \$364,216, for a 360-day (calendar days) contract period, beginning on December 13, 1957, when the contract is recorded. A total of 26 change orders, amounting to a net additional cost of \$21,981, were subsequently added to the construction contract. Heavy rainfall during February-April 1958 slowed the construction effort and 46 additional days were approved for extension of the construction contract.

**1958 (no specific date)** – Professor Leo Delasso, President of the Faculty Men’s Club, sends an undated letter to all faculty informing them that an initial membership fee/pledge, payable in monthly installments, would be instituted as the restricted fund source to repay The Regents for the construction loan. The fee revenue is to be considered restricted revenue, for sole purpose of repayment of the building loan provided by The Regents, and is to be treated separately from operating income. A target goal of 815 members is announced, based on the following proforma model:

**UCLA Faculty Center  
Initial Business Model Proforma (circa 1958)  
Initial Membership Goal: 815 members**

| Category             | Membership Target Percentage For Each Category | One-Time Membership Fee | Membership Fee Payment Schedule | Maximum No. of Months For Payment |
|----------------------|--|-------------------------|---------------------------------|-----------------------------------|
| Full Professors      | 70%  | \$100                   | \$ 5 / month                    | 20                                |
| Associate Professors | 60%  | \$ 65                   | \$ 4 / month                    | 16                                |
| Assistant Professors | 55%  | \$ 30                   | \$ 3 / month                    | 10                                |
| Instructors          | 33%  | \$ 10                   | \$ 2 / month                    | 5                                 |

Mr. Paul Hannum, Director, UCLA Business Office but also serving as the Treasurer of the UCLA Faculty Men’s Club, establishes the restricted checking account in the name of The Regents at Security Pacific National Bank to accept the monthly membership fee payments from the individual members, payable to “The Regents of the University of California.”

**February, 1959** – The completed Faculty Club facility begins operations in February, 1959. The initial project is capitalized on UCLA plant inventory with an asset value of \$478,792 during the fiscal year ended June 30, 1959. The notice of completion for the construction contract is recorded on February 9, 1959.

The food service is provided on a buffet, eat-as-much-as-you-want basis, at a fixed price of \$0.90 per meal. A first-year report prepared one year later, in February, 1960, indicates that 300 meals were being served daily

The new facility had six small private dining rooms – rooms A through F.

The “founding organizations” are each provided a particular room to use as a lounge or group activities. (The room now called the Sierra Room was designated as the Faculty Women’s Club room.)

**April, 1959** – Membership is announced to have reached a total of 829 members, exceeding the 1958 membership goal. The number increases to 884 members at the start of the 1959-1960 academic year (October, 1959).

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Confirmed by a letter signed by Chancellor Franklin Murphy in summer, 1961, the UCLA administration began to pay for one (1) custodian at an annual salary of \$11,000, plus one-third of the annual utility expenses, consistent with the Sproul 1949 policy. The employees operating the Faculty Center, including the new Manager, were not hired or employed by the University but served as employees of the UCLA Faculty Center Association, Inc.

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Subsequently, two U.S. Internal Revenue Service rulings were secured with respect to the initial operation of the Faculty Center by the UCLA Faculty Center Association, Inc.:

- The U.S. Internal Revenue Service ruled, by letter of April 22, 1959, that the dues paid to the UCLA Faculty Club by its members were exempt from federal excise taxes.
- The U.S. Internal Revenue Service ruled, by letter of September 20, 1960, that the UCLA Faculty Center Association, Inc. was exempt from federal income tax.



## **Part II**

### **1960-1975: Operational Startup**

The first decade and a half of operations of the UCLA Faculty Center brought a series of episodes that underscored the interaction between the University administration and the Faculty Center Association, Inc., including the ambiguities residing therein. The longstanding tradition, first established by Mr. George Underhill, then Mr. George Taylor, and then Mr. Paul Hannum, that the chief financial or business affairs officer of the UCLA administration serve as the Secretary and/or Treasurer of the Faculty Center Association, Inc. continued through Robert Rogers, who served as UCLA Assistant Vice Chancellor-Finance (until his retirement in 1976).

The Office of the Chancellor, through Vice Chancellor William Young (who served as President of the Faculty Center Association in 1965-66 while still serving as Vice Chancellor-Physical Planning) and Charles Young, Vice Chancellor-Administration (elected as a member of the Faculty Center Board while serving as Vice Chancellor), were also integrally engaged with Faculty Center affairs. Franklin Murphy was appointed Chancellor in 1960, shortly after the opening of the Faculty Center building, and became a frequent visitor to the Faculty Center. Following Chancellor Murphy's resignation in 1968, Charles Young was appointed Chancellor in 1968, at which time he ended his service as a member of the Faculty Center Association Board.

#### **Bylaws—Relationship to the University**

For the management of the UCLA Faculty Center building and with the support of the UCLA administration, the UCLA Faculty Center Association, Inc. was incorporated as a nonprofit public benefit corporation in the State of California on May 17, 1960.

Article VII of the 1961 Bylaws of the UCLA Faculty Center Association, Inc. stated:

##### **Article VII --**

*The Faculty Center and all permanent improvements thereon are the property of the Board of Regents of the University of California, and their management is delegated to the Board of Governors of this Association in order to make their use for University purposes more effective. Serving the needs of the faculty and the University shall always be the primary consideration in governing the activities carried on in the Faculty Center. The Board of Governors may permit any organization to make use of the facilities of the Faculty Center, provided that such use does not conflict with the objective stated in this Article.*

The archival records of the Faculty Center Association suggest that revisions were made to the bylaws in 1963, in 1969, in 1974 and in 1977. A copy of only the 1974 revised Bylaws has been located.

The current (2004) Bylaws are posted on the Faculty Center website:  
(<http://facultycenter.ucla.edu/by-laws.htm>.)

The 2004 version of the Bylaws is included in Appendix 1, along with a tabular comparison of the two versions. Interestingly, the provision of Article VII in the 1961 version of the Bylaws that acknowledges that management of the Faculty Center facilities has been delegated by The Regents to the Faculty Center Association, Inc. is not included in the current 2004 version of the Bylaws.

### **Bylaws—Board of Directors and Governance**

The 1961 Bylaws prescribed a ten-member Board of Governors, all elected from the members of the Association.

The current 2004 Bylaws prescribe a thirteen-member Board of Governors, with eleven members elected from members of the association and two members from the “founding organizations”: (a) The Faculty Women Club; and (b) The UCLA Emeriti Association.

The increase in the Board’s membership from 10 to 13 members can be traced to 1973, when the Board of Governors amended the by-laws to grant ex-officio membership on the Board of Governors for one representative from each of the three “founding organizations.” At its February, 1975 meeting, the Board agreed to designate the newly-established the Emeriti Association as a “founding organization” and entitled to ex-officio membership. From the available records, it appears that the Faculty Men’s Club and the Association of Academic Women then ceased to exist as separate organizations and were subsumed by the Emeriti Association.

There is no provision for any ex-officio positions on the Board of Directors assigned to administrative officers of the University. As noted, however, custom and practice, however, had seen the senior UCLA administrative/business affairs officers also serve as Secretary-Treasurer of the Faculty Men’s Club (George Underhill, George Taylor, Paul Hannum, Robert Rogers). During the 1960’s, both Vice Chancellor William Young and Vice Chancellor Charles Young served on the Board of Governors as elected members, with Vice Chancellor William Young elected as President in 1965-66.

There also is no provision for any advisory board or joint operating committee between the UCLA administration and the Board of Directors.

A list of the 2004-2005 members of the Board of Directors is provided in Appendix 2. A list of the Presidents of the UCLA Faculty Center Association, Inc. since 1959-60 is also provided in Appendix 2.

Records from 1965-66 indicate that four (4) standing committees were established by the Board of Governors:

- The Finance Committee
- The House Operations Committee
- The Membership Committee
- The Dance/Activities Committee

Board minutes indicate that, in 1969, the Board established a fifth standing committee, the Audit Committee, comprised of four individuals: (a) the Assistant Chief Auditor of UCLA; (b) the fiscal officer for the then College of Fine Arts; (c) the Assistant to the Assistance Vice Chancellor-Finance; and (d) an Administrative Analyst in the Office of the Dean, School of Medicine.

Various references are found in the oral histories provided by several of the past presidents that the initial approach to the operation of the Faculty Center in the early-to-mid 1960s was not dissimilar to that of an Officers Club in one of the U.S. armed services. This concept was reinforced by the fact that the first General Manager of the Faculty Center, Col. Oliver Trechter (1959-1967), had retired in 1959 from the department of Military Science at UCLA before accepting the position of Faculty Center General Manager.

#### **Execution of Loan Agreement with The Regents**

On March 2, 1964, the loan agreement between The Regents and the UCLA Faculty Center Association, Inc. was executed, in furtherance of the July, 1957 action by The Regents authorizing a loan from The Nuclear Science Fund not to exceed \$358,000 for the construction of the Faculty Center building. The final loan balance, for the purposes of the loan agreement, was determined to be \$296,975 (the lower amount was due to the use of gift proceeds and membership fee revenue to pay some of the construction and design costs directly).

In view of the financial challenges for the Faculty Center Association, Inc. during the initial years of operation of the Faculty Center building, the Office of the President had agreed to assess the Faculty Center Association for interest-only monthly payments of \$990 per month for the five-year period from February, 1960 through January 31, 1965. The loan agreement of March 2, 1964 required monthly payments of \$1,418 to commence February 1, 1965 for the payment of both principal and interest, based on the approved 30-year schedule calling for the loan to be fully repaid not later than January 31, 1995.

#### **State Department of Industrial Relations-Division of Industrial Welfare Issue**

On May 3, 1962, a representative of the State of California Department of Industrial Relations, Division of Industrial Welfare made an inspection at the UCLA Faculty Center “to check conformance with Industrial Welfare Commission Order 5-57” regarding employment hours and conditions for women and minors. The findings of the inspections were outlined in a letter of May 10, 1962, from the Division of Industrial Welfare to Dean and Professor William Melnitz, then President of the Faculty Center Association, Inc., and to Mr. Trechter, the Faculty Center Association Manager.

The letter states that *“facts presented indicate that the Faculty Center is a private corporation operating independently of the University of California and receives no support from public tax monies. As a separate corporation, we believe that the Faculty Center would be subject to the provisions of the Industrial Welfare Commission Order 5-57.”* The central finding of the inspection was that:

- *“Employment of women in excess of 8 hours per day is permitted in case of a genuine emergency only,” as defined by Section 2(j) of Order 5-57.*
- *“Your kitchen employees have been required or permitted to work up to 13 hours per day in connection with special meetings and group dinners scheduled at the Faculty Center in the evening. We do not believe that such overtime would meet the definition of an emergency.*
- *“Accurate in-and-out time records are required for all women and minor employees. Inspection revealed that your women employees are not recording meal time.”*

Professor C. Martin Duke, Dean of the School of Engineering, succeeded Dean Melnitz as President of the Faculty Center Association, Inc. in 1962-63.

During 1962-63, extensive correspondence ensued between Faculty Center Association officers (Dean Duke and Professor Norman Miller), the Office of the Chancellor (then-Assistant Chancellor Charles Young), the Office of General Counsel (Vice President Thomas Cunningham, Assistant Counsel Milt Gordon, and Assistant Counsel John Landon), the UCLA Institute of Industrial Relations (Professor Benjamin Aaron), and the State of California Industrial Welfare Commission (Mr. John W. Quimby, Chairman).

Dean Duke and Professor Miller’s correspondence indicated that the Faculty Center Association’s operation of the Faculty Center was similar to University residence hall and student cafeteria operations, over which the State of California Department of Industrial Relations had not previously asserted jurisdiction. Assistant Counsel Gordon’s conclusive opinion of May 15 to Assistant Chancellor Young indicated that the Division of Industrial Welfare did have jurisdiction to require compliance with Order 5-57 because the Faculty Center Association, Inc. was a separate corporation and because its employees were not University employees, as indicated on the University payroll or retirement system membership list. By letter of May 28, 1963, Dean Duke assented to Assistant Counsel Gordon’s opinion and indicated “that we must be prepared to undertake such extra operating costs and such extra managerial headaches as will thereby be created.”

Effective 1970, the Faculty Center Association, Inc. Board agrees to utilize UCLA wage rates and title codes for the determination of the salaries for employees at the Faculty Center. However, due to the separate status of the employees of the UCLA Faculty Center Association, Inc. – i.e., they were not University of California employees -- the employees were not eligible for participation in the UC Retirement System. As a result, the UCLA

Faculty Center Association, Inc. Board was responsible for the development of and the funding for a pension plan for its employees. Certain records from 1967, while incomplete, indicate that an effort to provide such a pension plan through the Hendricks-Robinson Co., headed by Mr. Porter Hendricks who was an active leader in the UCLA Alumni Association.

(Note: see Part IV for the change in employment status for employees at the Faculty Center into the UC personnel and retirement system as of 1989.)

### **Exemption of Sales Tax on Meals and Role of UC General Counsel**

UC Assistant Counsel Mark Owens wrote to UC Vice President Elmo Morgan on September 27, 1963, as follows:

*“You have asked me to amplify my memorandum of September 20 (regarding sales tax for meals) to cover the tax situation as regards the faculty clubs. As I understand it, there are two types of faculty clubs: one being the type such as is present on the Berkeley and UCLA campuses where the clubs are separate organizations formed by members of the faculty; the other type, I understand, is the type such as is present at the San Francisco Medical Center, where the faculty club is merely an informal group using facilities and being served meals by the University cafeteria.*

*“Insofar as the first group is concerned, the separate club, it is my understanding that these clubs are represented by their own counsel. I personally believe that these clubs have lost the sales tax exemption which they could extend to their diners on the basis that they were employee organizations, and the exemption for employee organization meals was part of that stricken from the code at the recent session of the Legislature.*

*“Insofar as the second category of clubs are concerned, I believe that we must treat these clubs exactly the same as the University cafeterias to the extent that the only people to whom meals are served by the school are members of the teaching staff; then there is no sales tax collectible from the diners.”*

Assistant Counsel Owens’ memo was then distributed to the six UC general campuses, which apparently resulted in a re-evaluation of the role of the UC Office of General Counsel for legal representation in the affairs of all UC faculty clubs.

University Vice President and General Counsel Thomas Cunningham wrote on March 31, 1964, to Edward H. Stetson, Esq., of the State of California Board of Equalization regarding the issue of the assessment of sales tax on meals served at the UC Berkeley Faculty Club:

*This office is in receipt of Mr. Robert D. Platt's letter to you of February 20, 1964, regarding the above-captioned subject, and your reply of March 4 thereto.*

*Mr. Platt has well expressed and made a complete statement to you of the situation of the Berkeley Campus Men's Faculty Club. With minor changes, the same statement could be made about the Women's Faculty Club on the Berkeley campus and the faculty clubs on all the other campuses.*

*Faculty clubs were not discussed by Mr. Owens of this office with you at previous meetings since the faculty clubs do have their own internal government.*

*It is, however, our position that the faculty clubs exist for the purposes of the faculties and staff of the University and, therefore, certainly constitute an integral part of the University.*

*I sincerely trust that the above statements together with the information previously forwarded to your office is sufficient to enable you to rule that the sales tax on meals need not be paid by members of the faculty clubs.*

### **Exemption from City of Los Angeles Business Tax**

The question of legal counsel for the UCLA Faculty Center Association, Inc. arose a second time in early 1968 when City of Los Angeles officials inquired as to the applicability of the City of Los Angeles business tax to the sale of food products by the UCLA Faculty Center Association.

Robert Rogers, UCLA Assistant Vice Chancellor-Finance, was continuing to serve as Secretary-Treasurer of the Faculty Center Association, Inc. In a letter dated March 28, 1968, to UC Assistant Counsel Donald Reidhaar, Mr. Rogers wrote (on UCLA Office of Finance letterhead stationery):

*"The Association greatly appreciates your representing us in this matter, as well as in the matter of the application for the liquor license. We are pleased to learn that General Counsel Cunningham concurs that it is appropriate for you to do so, as the Association has no other legal counsel of its own."*

Mr. Reidhaar's submittals to the City of Los Angeles, requesting the exemption for the UCLA Faculty Center Association, Inc. as to the application of the City of Los Angeles business tax, were submitted to the Office of the City Clerk on May 2 and on May 16, 1968, followed by a third submittal to the Social Service Department of the City of Los Angeles on June 6, 1968.

## **1968 Application to the State of California Department of Alcoholic Beverage Control**

On December 7, 1967, the UCLA Faculty Center Association, Inc. submitted an application to the State of California Department of Alcoholic Beverage Control (ABC) for the issuance of an On-Sale General Club License. Letters of support were issued by UCLA Chancellor Franklin Murphy on December 7, 1967, and by UC President Charles Hitch on March 9, 1968. Chancellor Murphy's letter stated:

*“The issuance of the license would be in the public interest since this would promote the basic purpose of the Faculty Center Association – to achieve a greater unity and effectiveness among faculty members of this University and to offer them an opportunity for constant and informal consideration of the problems of university life and work.”*

President Hitch's letter stated his concurrence with Chancellor Murphy's statement.

Professor Edward Rada, UCLA School of Public Health and a member of the UCLA Faculty Center Association, Inc., filed a protest with the ABC on January 5, 1968 against the Faculty Center Association application to the ABC, objecting to the application on grounds of community safety and public health concerns.

The UC Office of General Counsel, represented by Assistant Counsel Donald Reidhaar, prepared all legal documents filed with the ABC on behalf of the UCLA Faculty Center Association, Inc. application during the protest hearing process. The local hearing officer issued a decision on July 12, 1968, rejecting the protest.

The Sacramento office of the ABC, however, indicated that a final decision would be made by that office. While the Athenaeum Faculty Club at the California Institute of Technology in Pasadena had received approval of its liquor application to the ABC in April, 1968, ABC rejected the application from the USC Faculty Club in July, 1968, apparently in response to protests from certain Republican members of the State Legislature. The same fate befell the UCLA Faculty Club application to the ABC later in 1968, but the UCLA Archives has no record of any documentary correspondence.

## **1974 Application to the State of California Department of Alcoholic Beverage Control**

On December 6, 1973, the Board of Governors of the Faculty Center Association adopted a resolution to modify Article II of the Articles of Incorporation to include “social intercourse” among the purposes of the organization. Article II now would read:

*“The specific and primary purposes for which this corporation is formed are to promote social intercourse among faculty and staff members of the University of California, Los Angeles, to maintain a center and operating facilities which make it possible for members of the faculty and staff to meet regularly, both formally and informally, and thus to provide for the*

*interchange of ideas and information necessary to further the educational, intellectual and research objectives of the University.*

*“No part of the net earnings of this corporation shall inure to the benefit of any member or individual and no substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation.”*

A meeting of the full membership of the Association was called on January 18, 1974, to approve this resolution. Of the approximately 1,400 then-current members of the Association, 429 attended. Of this total, 425 voted in favor of the change in Article II of the Articles of Incorporation.

This action was precedent to a second application by the Faculty Center Association, Inc. to the State of California Department of Alcoholic Beverage Control for a liquor license. This application was submitted on February 11, 1974. Chancellor Young submitted a statement of support for the application on March 26, 1974 in response to an earlier inquiry from the State department to identify what concerns, if any, that the UCLA administration might have from a community safety perspective regarding the sale of alcoholic beverages in a UCLA-owned building on the Westwood campus.

Professor Rada again filed a protest with ABC regarding the liquor license application. The protest hearing was held on September 16, 1974. UCLA Campus Counsel Alan Charles, acting as an individual, represented the UCLA Faculty Center Association. The transcript of the hearing indicates that, upon inquiry by Mr. Charles, Mr. Rogers stated that:

- The Faculty Center is governed by the Board of Governors, elected from the membership.
- The Faculty Center Association is not under the direction or control of the University of California.
- The University has never attempted to dictate policies or regulations to the Association for the operation of the Center.

The liquor license application submitted by the UCLA Faculty Center Association, Inc. was approved by State Department of Alcoholic Beverage Control on October 10, 1975, or 20 months after its submittal. The room in the Faculty Center building now known as the Sierra Room – assigned to the Faculty Women’s Club since 1959 -- was designated as the initial location for the sale of alcoholic beverages. (The sale of alcoholic beverages would eventually be relocated to the downstairs lounge room constructed as part of the 1977-79 south expansion project, until the mid-1990s, when the sale of alcoholic beverages was relocated to the Playa Lounge.)

As a side note to this second application process, then UC Associate Counsel Reidhaar wrote on March 19, 1973 to Mr. Rogers, in his capacity as Secretary-Treasurer of the Faculty Center Association, Inc. Mr. Rogers, as well as then Faculty Center Association Professor Wally Boyle, had inquired of Mr. Reidhaar in early 1973 as to “*whether*



*changing the Articles of Incorporation of the UCLA Faculty Center Association, Inc., to reconstitute it as a social club, rather than an educational organization, would subject the Association to a possessory interest tax upon its right to use the Faculty Center premises. As you know, the Department of Alcoholic Beverage Control has indicated that it will not consider an application unless the Articles are amended to make the Association a 'non-profit, social club' within Business and Professions Code 23428.9."*

Mr. Reidhaar, who had represented the Association in previous matters as described above and who had referred earlier tax matters involving the Association to other Assistant Counsels in the Office of General Counsel, concluded his letter of March 16, 1973, to Mr. Rogers by stating: *"Because of the potential importance of this matter, the Association may wish to retain its own attorney to advise it on tax planning."*

### **Use of the Faculty Center for UC Regents Meetings**

Another episode involving the relationship of the UCLA Faculty Center Association, Inc. and the University administration centered around the regularly scheduled meeting of The Regents held in the UCLA Faculty Center on May 15-16, 1969, during the first year of Charles Young's term as Chancellor. Governor Ronald Reagan, as a member of The Regents, attended the meeting. Ensuing student demonstrations outside the Faculty Center blocked the entrance to the Faculty Center and the use of the roadway and parking lots next to the building, thereby impeding all regular use of the Faculty Center by members during the meeting of The Regents.

By letter of June 3, 1969, Professor Don Handy, as President of the Faculty Center Association, wrote to Chancellor Young:

*"The Board of Governors of the Faculty Center met last week.*

*"You may recall that I discussed with you several months ago their feeling concerning the Regents meeting in the Faculty Center and that we agreed that nothing would be said until the second meeting scheduled for this academic year had taken place. At this last meeting, I was directed to contact you and to state that since it is clear, from the occurrences on the 15<sup>th</sup> and 16<sup>th</sup> of May, that the Faculty Center is vulnerable to irresponsible groups, that the Board of Governors is very strongly opposed to any further use of the Faculty Center by The Regents for their formal meetings."*

The University's self-insurance program paid \$1,105 for the damage to the Faculty Center building caused by the activities in and around the Faculty Center in May, 1969.

Thereafter and throughout the 1970s, most of the two to three meetings per year that The Regents conducted in Los Angeles were held at the Los Angeles Convention Center in downtown Los Angeles. Only one subsequent meeting of The Regents was held at the Faculty Center California Room -- in November, 1976 -- to accommodate a special presentation regarding the proposed expansion of the UCLA student housing known as the

Residential Suites project. Beginning in approximately 1980, the meetings of The Regents scheduled for Los Angeles began to be held in the James E. West Alumni Center, until the meetings were relocated to Covell Commons in 1992.

(Note: as of October, 2004, the campus policy document – UCLA Regulations on Activities, Registered Organizations and use of University Properties [[http://www.studentactivities.ucla.edu/campus\\_policies.htm](http://www.studentactivities.ucla.edu/campus_policies.htm)] – still does not contain any specific reference to the Faculty Center building or its adjacent exterior area with respect to any particular restrictions on the use for advocacy, distribution of literature or similar of activities.)

### **Construction/Remodeling—Kitchen Expansion and Other Projects**

The first of what has become a series of significant expansion or improvement projects at the Faculty Center building since its opening in 1959 was a 1966 project to expand the capacity of the kitchen. The need for such expansion had been identified in the minutes of the Faculty Center Association Board meetings as early as January, 1963 (as well as the need to increase dining room prices to achieve a break-even position for the food service operation).

The Kitchen Expansion project was administered through the UCLA Office of Architects and Engineers as project no. 940980, with design services provided by Mr. James Mount.

This project was bid in April, 1966. The award of the construction contract to Robert L. Reeves Construction Co. of Santa Monica, CA was recorded on May 18, 1966, with a base construction contract amount of \$84,400. The notice of completion of the project was recorded on September 20, 1966. Records indicate that a total of \$97,000 in funding had been authorized for the project, with \$55,000 provided from the Faculty Center Association, Inc. and \$42,000 from an appropriation by Chancellor Murphy.

Earlier, the minutes of the Faculty Center Association Board meetings indicated the receipt of other allocations of University funding from Chancellor Murphy as follows:

- Summer 1961 -- \$3,400 for patio furniture
- May, 1963 -- \$ 400 for acoustical treatment of the main dining room
- May, 1964 -- \$1,500 for the improvement of the private dining rooms.

### **Access and Other Regulations/Issues**

Four particular incidents found in the minutes of the Faculty Center Board of Governors were revealing as to the approach of the Faculty Center Board of Governors in the first decade of operation:

- Various records indicate that, in the initial years of operation of the Faculty Center, members of the Faculty Center Association were prohibited from having students join them as guests in the building.

In 1969, the Board of Governors modified this regulation so that, while undergraduate student guests were not allowed in the main dining room, such students could be guests at served meals in the private dining rooms.

- Also in 1969, the Board of Governors rescinded the previous regulation that stated that the Game Room in the Faculty Center was restricted to male members only.
- Another interesting anecdote that provides insight into the initial operation of the Faculty Center by the Faculty Center Association Board of Governors was the Board's decision in December, 1963, to deny a request from the Executive Director of the UCLA Alumni Association to use the Faculty Center for a family wedding reception.
- Finally, perhaps the most interesting regulation during the initial decade of the operation of the Faculty Center was the initial requirement that all male members had to wear a coat and tie inside the Faculty Center.

Within two years, this dress code requirement had encountered vocal opposition from Faculty Center members in view of the fact that the Faculty Center building was not air-conditioned. In spring, 1961, the issue was put to a vote of the membership. The voting results were:

|     |   |
|-----|---|
| 183 | retain the regulation year-round                                  |
| 131 | allow open-necked, short sleeve shirts during July-Aug-Sept only; |
| 78  | abolish the regulation year-round                                 |

In June, 1961, the Faculty Center Board of Governors decided to adopt the "middle" position and allowed open-necked shirts and short sleeves only during the summer months. This revised regulation remained in effect for the entire decade, being rescinded only in February, 1971 following another membership vote. The results of the 1970 vote were:

|     |   |
|-----|---|
| 273 | retain the modified coat regulation             |
| 360 | abolish the modified coat regulation year-round |

The 1971 Board action changed the dress code to state that "members and guests are expected to dress appropriately" and "members are expected to wear coats at Thursday dinners."

## **Membership and Dues**

Faculty Center Board minutes indicate that, as of 1967, the distribution of the approximately 1,250 members in the UCLA Faculty Center Association was calculated to be:

- 63% faculty
- 37% instructional staff

By 1969, records indicate that membership in the UCLA Faculty Center Association, Inc. had increased to 1,504 members, a +20% increase from two years earlier and +70% increase from the 884 total reported in October, 1959. This increase was not surprising in light of the increase in faculty and professional staff at UCLA as a result of the enrollment increases during the 1960s. In fact, by 1970, the second Faculty Center Manager, William Bodner (1967-1972), recommended to the Board of Governors that further membership applications from UCLA professional staff not be accepted and instead be subject to a waiting list, space-available basis due to the increase in faculty memberships and subsequent overcrowding and deterioration of service quality. Board minutes indicate that Association membership did not increase during the early 1970s, with a membership total of 1,426 members reported in 1972 and 1,475 members reported in 1975.

Beginning in 1972, the Faculty Center Association, Inc. and the Office of the Chancellor (on behalf of the UCLA Foundation, Inc.) reached an understanding in which the Faculty Center Association, Inc. would receive an annual advance allocation of \$500 from the UCLA Foundation and, in turn, the Faculty Center Association would provide complimentary memberships (not included in the totals cited in the preceding paragraph) to the members of the Chancellor's Associates organization, permitting them to receive meals at the Faculty Center. Each meal, priced at \$3.00 per meal, would be debited against the \$500 advance allocation, with the understandings that: (a) the UCLA Foundation, Inc. would pay an additional amount, if necessary, for any additional amounts due the Faculty Center Association for more than 167 meals; and (b) the Faculty Center Association would retain any positive balance from the allocation if the number of meals recorded was less than 167. References in Board minutes indicate that, for the first year, not more than ten meals, resulting in a \$30 debit, were recorded for members of the Chancellor's Associates. There is no indication as to how many additional years this arrangement continued.

It has not been possible to re-establish from the records of the Faculty Center the year-by-year schedule of monthly membership dues. However, based on the limited information available, monthly dues were:

- \$ 0.50 per month in 1959-60
- \$ 2.20 per month during the early 1960s
- \$ 3.30 per month as of July 1, 1966
- \$ 4.40 per month as of July 1, 1967
- \$ 5.50 per month by 1972

## Other Issues

In 1963, the first external audit of the financial records of the UCLA Faculty Center Association, Inc. was commissioned by the Board of Governors for FY 1963-64. The audit was completed and presented to the Board of Governors in April, 1965. However, there is no copy of the audit in the records of the Faculty Center Association.

In 1965, the first episode of intra-campus competition was cited in the minutes of the Faculty Center Board of Governors when the Faculty Center General Manager expressed concern about the efforts by UCLA Housing to begin offering on-campus catering services from the kitchen of the Rieber student residence hall, which had been completed in 1964.

In 1969, Faculty Center records indicate the first inspection reports received from the UCLA Office of Environmental Health and Safety and the UCLA Campus Fire Marshal. No UCLA inspections had occurred before 1969.

Also in 1969, the Faculty Center records indicate that Chancellor Young had expressed a willingness to consider a gift fundraising campaign for the UCLA Faculty Center as one of the five highest campus priorities in an upcoming general campuswide fundraising effort, but that this recommendation had received opposition from the staff of the UCLA Development Office.

Finally, in 1974, the liability insurance coverage for the Faculty Center – previously purchased by the Board of Governors through a private policy – was absorbed within the general UC liability policy. This action was taken at the request of then UC President Charles Hitch who, in the spirit of the 1949 Sproul policy, was concerned about the financial difficulties being encountered by the faculty centers at several UC campuses. It was estimated that, at UCLA, the savings for this change to the UCLA Faculty Center Association, Inc. was approximately \$1,700 per year initially.

While the financial records and meeting minutes from the early 1970s are incomplete, the financial challenges facing the UCLA Faculty Center – while apparently less severe than those at other UC campuses which had resulted in President Hitch convening a UC-wide meeting of all faculty centers – caused significant concern.

The financial challenges at UCLA could be traced to May, 1970, when, while continuing the practice that Faculty Center Association employees were not UC employees, the Faculty Center Association Board decided to use the UC wage schedule and title codes for the equivalent positions of its employees. In turn, this decision by the Board was a primary contributor to the fact that operating expenses in 1970-71 increased by +12% in one year, compared to 1969-70.

As a result, the Faculty Center Association Board – facing both a plateau in its membership roster as well as criticism from its members as to (i) overcrowding in the buffet-based main dining room and (ii) purported deterioration in the quality of service --

reported its first-ever annual loss in 1970-71 and operated at virtual break-even in 1971-72. Various records indicate the following actions:

- In 1971-72, Professor Hal Mason (Graduate School of Management) led a committee at the request of the Board to review daily Faculty Center operations, leading to the issuance of a lengthy critique of the then General Manager and the various business practices of the Faculty Center.
- In May, 1972, the Faculty Center Association President requested that ASUCLA Executive Director Don Findley tour the Faculty Center facilities and provide an evaluation of its operations, resulting in a three-page analysis by Mr. Findley.
- In September, 1972, Associate Vice Chancellor Robert Rogers arranged to have the University Housing food supplies pricing list provided to the Faculty Center so that the latter's vendors could be expected to reduce pricing for basic food items to the same level as that charged UCLA Housing.

Also, in anticipation of the more difficult financial circumstances as the Center entered its second decade of operation, the Board of Governors appointed in 1970-71 a Long-Range Planning Committee. In 1972, the Board approved the recommendations of the committee to institute: (a) a policy manual; (b) a statistical data base to guide operations; and (c) various budget and control systems. Plans were also discussed for an expansion of the Faculty Center, adding to the southern end of the original building, with a \$1.50 per month increase in the monthly dues assessment, thereby increasing the monthly dues from \$5.50 per month to \$7.00 per month.

Mary Erickson, who had served on the Board of Governors as a representative of the Faculty Women's Club, was appointed General Manager in 1972, succeeding William Bodner, who had resigned after a five-year term.

## **Part III**

### **1975-1990:**

#### **(1) Expansion and Improvements; (2) University Funding**

The confluence of the issuance of the liquor license and the recommendations of the Board's Long Range Planning Committee spurred the next major phase of the Faculty Center's history: a 15-year period that saw significant expansion, renovations, and improvements to meet the increased membership and campus demand for meeting rooms. Critical to the completion and success of this expansion phase was a series of funding allocations and other assistance provided to the Faculty Center Association by the Office of the Chancellor.

The retirement of Robert Rogers in 1976, as Assistant Vice Chancellor-Finance, also ended his service as Secretary-Treasurer of the Faculty Center Association that provided a complementary relationship between the University administration and the Faculty Center Board of Governors. Mr. Rogers retirement also effectively ended the tradition of having the senior UCLA business affairs/financial officer serve as the Secretary or Treasurer of the UCLA Faculty Center Association, Inc. (or its primary founding organization, the Faculty Men's Club).

The chronological history of the Faculty Center building and the Faculty Center Association, Inc. continued with these key milestones.

**July 10, 1975** – The Regents approve planning and funding plan for a two-level south addition to the Faculty Center at a total project cost of \$550,000. The proposed funding plan, based on the Sproul 1949 policy, is:

- \$184,000 Regents appropriation
- \$183,000 Regents loan
- \$183,000 Faculty Center Reserves

The loan was scheduled on a nine-year amortization basis, at 8.81%, the long-term rate (AA Moody's Utility rate) in effect at the time of the first drawdown. Monthly payments were eventually calculated to be \$2,466 per month (in addition to the \$1,418 per month payment for the original 1957 loan).

**March, 1977** -- The project, designed by the architectural firm of Austin, Field and Fry (the same firm who designed the original Faculty Center facility 20 years earlier) adds six new dining rooms – the Executive Dining Room, the Redwood (1& 2) Rooms, and the Sequoia (1 & 2 & 3) Rooms -- and a lower level lounge/bar.

The construction contract for UCLA project no. 940080 was awarded by UCLA Campus Architects and Engineers to Ray V. Anderson Co. of Los Angeles, CA in March, 1977.. The base contract amount was \$484,000. A total of 23 changes orders were subsequently added to the contract, amounting to an additional \$156,742 (including \$65,155 to finish the

basement addition; \$20,636 to construct the bar area; and \$17,705 to construct the patios on the south side of the Sequoia Rooms.).

The notice of completion for the construction contract was filed in April, 1978. The project was capitalized on the UCLA plant inventory at an aggregate value of \$725,250.

**October 5, 1978** – The UCLA Office of Campus Architects and Engineers enters into an Independent Consultant Agreement (project no. W8177-0261) with a Los Angeles-based firm, Cannell and Chaffin Commercial Interiors, to design a new food servery area, eliminating three of the original six small dining rooms (Rooms A, B, C). This servery area, based on a cafeteria or “scramble” system approach, was intended to eliminate the buffet-line system used in the main dining room and, as a result, provide increased seating capacity.

The actual construction occurs in February-June, 1979, with the equipment provided by Kitcor Corporation of Sun Valley, CA and the actual construction performed by the Dinwiddie Construction Co. of Los Angeles under a brief-form contract executed by the campus Architects and Engineers Office.

A total of \$233,401 was allocated for the food servery project, with \$100,000 provided as an appropriation by the Office of the Chancellor and the remainder (\$133,401) from Faculty Center cash reserves.

**December, 1978** – Membership in the UCLA Faculty Center Association, Inc. continued to be at essentially the same level since the late 1960s: approximately 1,500 members. The one-time membership fee was \$100 and were set at \$7.00 per month, including \$1.50 per month for the building fund to help retire the loan from The Regents for the 1977-1978 expansion), with the following distribution:

**UCLA Faculty Center Association, Inc. Membership  
Circa 1978**

| <b>Category</b>           | <b>No.</b>   | <b>Pct.</b> |
|---------------------------|--------------|-------------|
| Full Professor            | 600          |             |
| Associate Professor       | 160          |             |
| Assistant Professor       | 110          |             |
| Lecturers                 | 60           |             |
| Emeriti                   | 100          |             |
| <b>Total-Academic</b>     | <b>1,030</b> | <b>71%</b>  |
| Senior Staff              | 360          |             |
| Librarians                | 60           |             |
| <b>Total-Non Academic</b> | <b>420</b>   | <b>29%</b>  |
| <b>Total-Combined</b>     | <b>1,450</b> | <b>100%</b> |



**October, 1979** – The Faculty Center Board holds a special 20<sup>th</sup> anniversary dinner for the campus community, honoring each academic dean of the campus and Chancellor Young.

**October-November, 1979** – The Board receives a report analyzing the Faculty Center operations from the firm of Laventhol and Horwath.

**July 17, 1980** – The Regents approve a proposal submitted by Chancellor Young on behalf of the Faculty Center Association that a moratorium of up to five years be approved on monthly payments on the original 4% loan so that the full amount of the \$3,884 payment available each month could be assigned to an accelerated payment schedule of the 8.81% loan. During the moratorium, interest would accrue on the initial loan at a rate of 4.0%, compounded.

As a result of the accelerated schedule, the 8.81% loan is repaid in July, 1983, rather than in 1988 as under the original schedule.

The Regents agenda item stated that, following July, 1983, a monthly payment of \$3,844 would be continued and applied to the original 4% loan (including the interest accrued during the moratorium) to also retire that loan on an accelerated basis by 1989.

Subsequently, in 1983-84, officers of the Faculty Center Association disputed that they were aware of or had agreed with the UCLA administration proposal submitted to the Office of the President in 1980 by which the \$3,844 monthly payment would be continued after the full repayment of the 8.81% loan in order to accelerate the repayment of the original 4% loan. The Faculty Center Association also stated that it had not agreed that the “up to five years” moratorium on the original 4% loan payments would last only until the second 8.81% loan was fully repaid in July, 1983.

After protracted discussions among the Office of the Chancellor, the Office of the President (now led by UC President David Gardner), and the Faculty Center Association, agreement was reached in June, 1985 to: (a) relieve the Faculty Center Association of any obligation for principal or interest-only payments on the original 4% loan until July 1, 1985; and (b) effective July 1, 1985, reduce the Faculty Center Association’s monthly loan payment to the original calculated payment of \$1,418, with total repayment scheduled to occur in Fall, 2004. As a result of the fact that no payments were made by the Faculty Center Association toward the original 4% loan between July 1, 1980 and June 30, 1985, a total of \$41,490 in interest is accrued, resulting in a new original loan balance of \$229,231.

(Note: The original 4% loan was fully retired by the Faculty Center Association by a final payment in December, 2000. The 8.81% loan for the 1977-79 South Addition project had been retired in 1983.)

**1981** – The Faculty Center Association writes to Chancellor Young suggesting that a preferred site for the new UCLA Guest House being discussed would be one adjacent to the Faculty Center at the Westholme entrance to the campus (note: the UC Berkeley Faculty Club includes a limited number of guest lodging rooms). Chancellor Young

decides to proceed with the siting of the Guest House at the Wyton entrance to the campus (new facility completed in 1985).

**March 8, 1982** – A MBA field study team of the Graduate School of Management makes a presentation to the Board of Governors based on the unaudited financial statements for the five consecutive years of 1976-77 to 1980-81.

**August 12, 1982** – Faculty Center Manager Mary Erickson writes to Chancellor Young accepting his offer of an additional \$10,000 allocation of Chancellorial discretionary funds for the full development of the Faculty Center California Room patio, to supplement an earlier allocation of \$25,000 in 1980. The additional funding is to pay for the installation of an outdoor bar facility in the patio.

**Fall 1983** – The Faculty Center Board of Governors approves the experimental and temporary allocation of space inside the Faculty Center on a 11:30-1:30 trial basis to a private company to provide travel services for members of the Faculty Center Association. At its meeting of October 27, 1983, the Board decides to terminate this trial arrangement.

**Fall, 1983** – Chancellor Young meets with the officers of the Faculty Center Board of Governors on October 31, 1983 to discuss the next major improvement initiative: (a) a Phase I project to provide involving improvements/renovations in the main meeting rooms, to be completed prior to the 1984 Olympics to attract corporate sponsors and National Olympic Committees; (b) a Phase II project to install air-conditioning throughout the Faculty Center; and (c) a Phase III project to construct an outdoor patio seating area/grill on the east side of the Faculty Center.

In advance of the October 31, 1983 meeting, Faculty Center Manager Mary Erickson submitted the unaudited financial statements of the Faculty Center Association for FY 1980-1981 and 1981-82 by transmittal of July 11, 1983 to Administrative Vice Chancellor James Hobson. The Faculty Center Association, Inc. had reported an operating loss for three consecutive years (FY 1978-79, FY 1979-80, FY 1980-81), amounting to a cumulative deficit of \$213,000 during this period.

The estimated cost of the project is \$672,000, with an initially-proposed funding plan of

- \$224,000 -- Regental appropriation
- \$224,000 -- Regental Loan
- \$224,000 -- UCLA Foundation Gift (to be paid over five years)

The premise of the proposed Regents loan was to add this amount to the approximately \$220,000 balance due on the original 4% loan, the repayment schedule for which was in dispute (see above) following the July, 1980 action by The Regents. The combined loan of \$444,000 would then be repaid over 20 years, commencing July 1, 1984 at 7.00% straightline amortization (\$3,442/month) and ending in June, 2004.

**In exchange of his support for the funding package, including the UCLA Foundation gift, Chancellor Young requested execution of an operating agreement with the Faculty Center to ensure that: (a) operations of the Faculty Center are governed by policies and practices to ensure solvency and thereby protect the University's investment; (b) fiduciary responsibilities of University administrators over resources allocated to the Center be supported with periodic audited financial reports of the Center; and (c) disbursement of funds for the proposed projects would be in accordance with required University procedures, including all required purchasing and construction-related contracting.**

Based on the meeting of October 31, Vice Chancellor Hobson submits a revised proposal to the Board of Governors on November 22, 1983, which is discussed by the Board at its meeting of December 1.

**January, 1984** – The Board amends the Bylaws (Chapter III, Section A, Paragraph 7(c)) to offer membership in the Faculty Center Association, Inc. to members of the local Los Angeles community who are not formally associated with UCLA but whose interest and involvement in the University provides benefits of a special kind. Such persons were expected to be outstanding members of the scientific, artistic, or academic community. This action was taken in view of the fact that the faculty centers at other peer institutions are often viewed as “University Clubs” in which local civic or business leaders are often members.

**Spring, 1984** -- The Office of the President agreed by letter of March 29, 1984, to provide an appropriation of \$150,000 for the three-phase improvement project. Chancellor Young agrees to provide an additional \$150,000 of Chancellorial discretionary funds for Phase I of the project. Vice Chancellor Hobson, by letter of April 6, 1984, responds to a letter of March 14 from Faculty Center Association President-Elect Wendell Jeffrey expressing concern about the status of the Phase I project. Vice Chancellor Hobson authorizes completion of Phase I prior to the 1984 Olympics (under the direction of the Campus Architects and Engineers Office) based on the conditions “*that the Association would agree to in order to assure the University that the Center is being operated in a fiscally sound manner.*”

The refurbishing project (UCLA project no. 947076) commences in May, 1984 with a contract awarded by UCLA Campus Architects and Engineers to Armenco Construction Co. of Laguna Hills, CA. The contractor's performance was inadequate and the firm was terminated and replaced.

An additional value of \$89,768 was capitalized on the UCLA plant asset inventory for the Phase I. project, when completed after the 1984 Olympics. (Despite the project's difficulties, the Faculty Center Association reported a net profit of approximately \$40,000 from its Olympic-related activities in July-August, 1984.)

However, before the Phase I project began in May, 1984, Marjorie Day, President of the Faculty Center Association for 1983-84, responded to Vice Chancellor Hobson's letter by reply of April 27, 1984:

*The Executive Committee of the Faculty Center Association, at its meeting on April 18, carefully reviewed and considered the materials which had been forwarded regarding the Faculty Center refurbishment and renovation projects. The Committee members once again expressed sincere appreciation for the appropriations received and the efforts which have been extended by your staff in the interests of expediting various phases of the plan. However, after full discussion, consensus was reached that the agreement form as received did not represent a clear and precise contractual document, but rather, possessed high potential for diverse interpretations and possible misunderstandings regarding intent. It was agreed that basic to discerned ambiguity was the reference to both the transmittal letter with its comprehensive content and the attached summary statement which had served as a discussion document on October 31 with respect to the original proposal which was never implemented. Consensus was again reached that certainly a written agreement relating to the refurbishment and renovation is in order, but that it should be a free-standing document which clearly delineates all terms to which the Faculty Center Association would be committing. We would be most pleased to have the privilege of participating in the formulation of an agreement form which would be mutually acceptable and which would represent the best interests of all concerned.*

**Fall, 1984 / First Draft Memorandum of Understanding** -- Professor Wendell Jeffrey began his service as President of the Faculty Center Association in 1984-85, and Professor John Bauman began his term as President-Elect. On September 25, 1984, Administrative Vice Chancellor James Hobson's staff (Harold Katz) submitted to Professor Jeffrey a proposed Memorandum of Understanding (MOU). This transmittal occurred basically at the same time as the disagreement over: (a) the repayment schedule of the original 4% loan; and (b) the assertion that the Faculty Center Association Board had been neither aware of nor in agreement with the accelerated repayment plan included in the UCLA proposal to the Office of the President for the July, 1980 meeting of The Regents.

The letter of September 25, 1984, from Mr. Katz acknowledges the following concerns that Professor Jeffrey had conveyed in earlier discussions in summer, 1984 about such a MOU:

- a formal statement between the University and the Association which institutionalizes assurances of Faculty Center solvency and requires periodic reporting to the University of Center finances threatens the independent character of the Association;
- it would reduce the discretion of the Association's Board;
- it would impose University accounting and management processes and reporting requirements on the Association, effectively placing the Center under the control of the University; and

- it would cause the Association to incur costs for accounting and external auditing reports not required by its own management policies (note: the Association had commissioned the external audit in 1979 by the firm of Laventhal and Horwath and two subsequent audits by Dr. Ronald Stone, CPA).

The Faculty Center Association Board of Governors discussed the draft MOU at its meeting of November 29, 1984. By letters of December 10 and December 17, 1984, Professor Jeffrey extended appreciation for Chancellor Young's previous support for the Faculty Center and offered comments about the MOU.

**March-June, 1985 – Revised Draft Memorandum of Understanding** -- By reply of January 31, 1985, Mr. Katz informed Professor Jeffrey that Chancellor Young desired that a MOU be concluded by June 30, 1985, concurrent with the end of the moratorium on the payment schedule for the original 4% loan from The Regents. Following a meeting between Administrative Vice Chancellor Hobson and Professors Jeffrey and Bauman on March 1, 1985, the MOU was revised on March 6, 1985. The revised MOU contained the following provisions:

***Revised DRAFT Memorandum of Understanding  
March 6, 1985***

*The following statements represent agreed upon understandings governing the relationship between the University of California, Los Angeles campus and the UCLA Faculty Center Association, Inc. These understandings are predicated on a Regents' policy that over the years has made substantial University resources available to the UCLA Faculty Center in recognition of its meritorious contributions to University objectives.*

- 1. The UCLA Faculty Center Association exists as a separately chartered organization for the purpose of maintaining facilities so that faculty, professional staff, and University guests may have a place to meet either formally or informally for the exchange of ideas and information, for cementing working relationships, and for recreation and relaxation. By providing this collegial environment, the UCLA Faculty Center makes a significant contribution to the educational, intellectual, research and social objectives of the University.*
- 2. The UCLA Faculty Center Association, Inc., as a separately-chartered organization, is governed by its Board of Governors and not by The Regents of the University of California. Regents' policy assumes and assures the independence of the Association by recognizing actions approved by its Board, and implemented by its employees. At the same time, the Association, and the Center it operates, are built on the existence of the University. The Association and the Center can only thrive when their dealings with the University are conducted in an atmosphere of mutual understanding, respect, and trust.*
- 3. The Regents, President and Chancellor recognize the merit of the Association's purpose, and therefore promote its welfare by making substantial resources available*

*through the University's resource allocation process for the development and operation of the Faculty Center. This assistance has been provided in many ways, for example: rent-free use of land; reduced rent for the use of facilities dedicated to the Faculty Center, provided through the mechanism of low interest, small-payment loans covering only part of the cost of facilities construction; appropriations from University funds for the construction, expansion, and renovations of the Center's physical plant; forgiveness of expenses incurred by the University in providing operations and maintenance of plant services and utilities; inclusion, at no cost to the Faculty Center, in the Regents Fire Insurance and Self-Insurance Funding Program, and avoidance of property taxes because title of real property rests with The Regents, who are immune from such taxes.*

4. *In recognition of both the Chancellor's and Administrative Vice Chancellor's authority over and responsibility for University resources assigned to the campus for the benefit of the Faculty Center, the UCLA Faculty Center Association Board of Governors agrees to:*
  - a) *Assure year-by-year solvency by adjusting membership fees and dues structures to:*
    - i. *repay, in accordance with loan agreements, all outstanding debts; and*
    - ii. *provide for adequate reserves for Faculty Center improvements, major maintenance, and equipment replacement;*
  - b) *Assure no less than an annual breakeven operation by adjusting charges for goods and services provided to its members and their guests;*
  - c) *Initiate in its Fiscal Year 1984-85, a program which will that year and thereafter provide the following information to the Administrative Vice Chancellor:*
    - i. *semi-annual and annual financial statements prepared by the Faculty Center's Manager; and*
    - ii. *an annual audit report prepared by a Certified Public Accountant experienced in examining operations like those of the Faculty Center.*

*Such information is to be used solely for the purposes of independently assessing the status of the Association as it pertains to the exercise of stewardship of University resources by University officials.*

A second meeting with Vice Chancellor Hobson was held on March 8, 1985, to discuss the loan repayment schedule. Professor Jeffrey and Vice Chancellor Hobson exchanged correspondence dated April 15 and May 22, 1985, respectively.

The Faculty Center Association Board discussed the revised draft MOU at its meeting of May 22, 1985. By letter of May 29, Professor Jeffrey indicated that he is "at a loss as to how to proceed" with regard to the Memorandum of Understanding. He stated that the matter of the loan repayment should not be connected to

*“your current concern for increased surveillance of our financial affairs, and I will not discuss further any agreement between the University and the Faculty Center Association until the matter of the loan is settled. On the other hand, I would note parenthetically that I do not believe the Board would object, as you state under item 1 in your letter of May 22, to providing assurances that the center would be managed in a fiscally sound manner, and that evidence of this condition could be independently obtained. Indeed, I would think that the audit we promised to provide would take care of that. The point of contention appears to be so minor that I urge you to look carefully for a way of specifying the level of reserves that would be considered reasonable in a wording that would satisfy both sides.”*

Chancellor Young then met with the Faculty Association Board of Governors on June 19, 1985 to discuss the loan repayment schedule issue and the draft MOU. The agreement reached at the meeting and ratified by the Board of Governors on the same day was to: (a) add accrued interest of \$41,490 to the outstanding loan balance of approximately \$220,000 due on the original Regents loan; and (b) reinstitute a monthly P+I payment of \$1,418 per month so that the loan would be retired by 2004. (The loan was actually retired in full in December, 2000). Chancellor Young communicated this agreement by letter of August 5, 1985 to President Gardner.

**1985-86** – Professor John Bauman began his term as President of the Faculty Center Association. An audited financial statement was prepared by Arthur Young and Co. and issued on October 18, 1985 for the fiscal year ended June 30, 1985. Mr. Michael Lucki of Arthur Young and Co. met with the Faculty Center Association Board on October 24, 1985 and urged the adoption of a formal use agreement with The Regents regarding the use of the Faculty Center building, similar to a formal agreement that reportedly existed for the operation of the UC Davis Faculty Center. The Board minutes indicate that Board debated the pros and cons of having such a formal agreement executed at UCLA but the minutes do not reflect any action.

Professor Bauman transmitted the audited financial statement to Chancellor Young on February 6, 1986. The Arthur Young financial statement includes the following:

*2. Summary of Significant Accounting Policies*

*The Bylaws of the Association state that the structure and all permanent additions are the property of the Board of Regents of the University of California. The Association has never had a formal lease agreement with the Board of Regents of the University of California, but has occupied the structure without charge since 1960 and has in effect a lease or use agreement in perpetuity.*

#### 4. Commitments and contingencies

*The structure and land is owned by The Board of Regents of the University of California and used without charge by the Association. No formal lease or use agreement exists although the Association has used the facility for the past 25 years without such an agreement. The Board of Regents of the University of California has contributed \$855,399 of the total construction costs of the structure and additions which at June 30, 1985 have amounted to \$1,413,845. If the University decided to terminate the informal use agreement, the Association would be unable to continue its operations.*

In response to a request from the Faculty Center Association, Administrative Vice Chancellor Hobson agrees on July 30, 1986 that the Faculty Center Association is permitted to commission an external audit every two years rather than annually. (Vice Chancellor Hobson retires later in 1986, succeeded by Raymond G. Schultze, who is 50% time Administrative Vice Chancellor and 50% time Medical Center Director.)

Also during 1985-86, Chancellor Young allocates \$25,000 of Chancellorial funds to begin the planning for the air-conditioning project and patio area/hamburger grill project. Professor George Kneller also agrees to contribute \$100,000 as a personal gift to the air-conditioning project, which is recognized by a plaque in the Faculty Center honoring him.

**1986 and 1987** – Further evaluation of the air-conditioning project indicates that the roof of the Faculty Center building should also be insulated in order to maximize the effectiveness of the proposed air-conditioned environment of the building. Following additional discussions between the Faculty Center Board and Chancellor Young, agreement is reached for the Chancellor to provide a loan from campus resources of a total amount of \$540,000 (including the \$25,000 allocated in 1985-86) to the Faculty Center Association for both: (a) the air-conditioning project; and (b) the patio area/hamburger grill project.

By letter of November 23, 1987, Adrian Harris, Vice Chancellor-Planning and Budget, informed Faculty Association President William Van Vorst that the loan repayment schedule, roughly based on a 5.00% interest rate, would be repaid over a 15-year period, as follows:

- \$3,500 per month for 48 months of January 1, 1988 through December 31, 1991
- \$4,000 per month for 48 months of January 1, 1992 through December 31, 1995
- \$5,000 per month for 84 months of January 1, 1996 through December 31, 2002

Vice Chancellor Harris' letter also includes the following statements:

*In the event that the Center fails to make payments for three consecutive months on the terms set forth above or fails to immediately repay the outstanding principal balance and the project costs and expenses incurred should the project not go forward or be abandoned, the University reserves the right to intervene in the management and operation of the Center to secure the*



*timely repayment of this loan. The Center's Board of Governors agree to take all steps and execute all documents necessary to enable the University to exercise the rights granted to it under this agreement.*

*As we have discussed, the Chancellor's office will need to receive copies of the Faculty Center's financial statements, in accordance with the Agreement reached with the Chancellor.*

Mr. Van Vorst and Ms. Erickson indicated concurrence with these statements by countersigning the letter.

In three successive years, the Presidents of the Faculty Center Association submit to Chancellor Young unaudited financial statements for the preceding fiscal year:

- September 21, 1987 – Professor William Van Vorst submits the 1986-87 statement.
- December 6, 1988 – Mr. Robert Wellman submits the 1987-88 statement.
- January 22, 1990 – Ms. Anne Spence submits the 1988-89 statement.

**December 1987** – The construction contract for the UCLA Faculty Center air-conditioning project (project no. 942200) is awarded by UCLA Office of Capital Programs (the successor organization to UCLA Campus Architects and Engineers) in December, 1987 to the Maddox-Stabler Construction Co. of Los Angeles, CA.

The base bid was \$380,765, with an additive alternative bid of \$134,000 for the installation of the new roof. The combined contract amount was, therefore, \$514,765. A single change order was subsequently added to the contract in the amount of \$11,964.

The notice of completion of the air-conditioning project was recorded in July, 1988.

**1989 and 1990** – Three additional actions were undertaken by Chancellor Young to provide assistance to the Faculty Center at the end of the decade:

- In late 1988, the Faculty Center Association is informed that it has back taxes due of approximately \$51,000 (the details of the assessment are not documented). Due to cash flow problems, the Association requests a one-year emergency loan from the Office of the Chancellor. Chancellor Young agrees to this loan, as documented in a loan agreement letter dated March 2, 1989, and signed by Vice Chancellor Harris and Ms. Erickson. Four quarterly payments of approximately \$13,000 each are repaid to the Office of the Chancellor, with 7.5% interest.
- By letter of March 28, 1989, Chancellor Young agrees to allocate an additional \$58,963 for the completion of the Hamburger Grill kitchen. This amount was not added to the principal of the loan but considered an allocation.
- By letter of August 29, 1989, Vice Chancellor Harris confirms the agreement of Chancellor Young to loan an additional \$175,000 to the Faculty Center for the purchase of new dining room tables and chairs. The interest rate applied to the loan

is the Short Term Interest Pool (STIP) rate as determined quarterly. The loan is to be repaid in monthly payments of \$3,500, beginning January 1, 1990, until the loan is repaid. (Note: at a presumed STIP rate of 5.50%, this loan would be repaid in four years, eight months, or by September, 1994.)

The Air Conditioning and Hamburger Grill projects were capitalized and added to the UCLA plant asset inventory during 1988-89 with a total value of \$637,983.

A fourth act of assistance also occurs during 1989-90 from Chancellor Emeritus Franklin Murphy who provides the funding (amount not specified) for the installation of the cappuccino bar in the main dining room of the Faculty Center.

## **Part IV**

### **1990-2004: New Relationships with the University**

The late 1980s and the start of the 1990s also marked the start of major changes in the operating relationships between the Faculty Center Association and the UCLA administration that have continued to the present.

Some of these changes were again due to the pending retirements of key principals (Vice Chancellor Harris, Faculty Center Manager Erickson) and the accompanying loss of personal interactions based on years of individual, informal communication. Other changes were prompted by the change in the overall University fiscal environment, as the State economy in the early 1990s posed financial challenges not seen since the 1930s and State funding support for the University, particularly administrative operations, was reduced.

These changes were individual and sporadic, not consummated by any formal overall agreement. Some were anecdotal and indicative of changes in day-to-day working relationships.

#### **A. Physical Plant and Utilities**

**November 1, 1988** – Mary Erickson writes to Peter Blackman, Vice Chancellor-Capital Programs, asking why the “Faculty Center Fast Food Stand” is listed as a UCLA Capital Programs project. The response notation on the archival copy of the letter indicates: “project fell through and has been ‘unlisted’.”

**November 1, 1988** – Robert Woodruff, Director of Business Operations at UCLA Facilities Management, writes to Vice Chancellor Harris, stating that the Faculty Center is currently receiving approximately \$76,000 in subsidies from Facilities Management accounts, including \$35,000 per year for custodial, grounds, utilities maintenance, and building maintenance services. “Since the Faculty Center charges for the use of their meeting rooms, we would like to rediscuss the possible elimination of Faculty Center subsidies with you.” Mr. Woodruff states that the natural gas lines for the new fast-food kitchen will be separately metered and billed directly to the Faculty Center.

**December 12, 1988** – Al Solomon, Assistant Vice Chancellor-Facilities Management, writes to Vice Chancellor Schultze, stating that “it would be appropriate to propose requiring the Faculty Center to pay for all Purchased Utilities cost increases resulting from the recently completed air conditioning project and the impending installation of a hamburger stand, which will total approximately \$20,000 per year.”

**June 6, 1989** – Charles Oakley, Director of Campus Architects and Engineers, writes to Vice Chancellor Blackman, expressing concern that the Faculty Center Association had contracted for improvements at the Faculty Center without the involvement of either UCLA Capital Programs or UCLA Facilities Management. The specific improvements

involved the natural gas-serviced “hamburger grill” kitchen. Numerous examples are cited as possible violations of University policy. The response notation on the archival copy of the letter indicates: “8/11/89-Action completed. PWB.”

**December 18, 1989** – Mary Erickson writes to Robert Woodruff stating: “Enclosed is a bill from the So. California Gas Company which apparently reflects the use of the meter here in the Faculty Center. Since the Chancellor has always subsidized the utilities for the Faculty Center, I assume that subsidy would include natural gas.”

(The remainder of the utilities/administrative support issue is discussed below, in the section entitled “The RCM Proposal.”)

### **B. Staff Personnel Issues**

**May 13, 1988** – By letter to Chancellor Young, Faculty Center Association President William Van Forst requests that the Faculty Center Manager be made a 36-month contract employee of the University at MAP-IV level to become eligible for certain retirement benefits. The letter states that the Center manager would report both to the UCLA Administrative Vice Chancellor and Association’s Board of Governors and, further, that, for salary and compensation questions for the Manager, the Board of Governors would make recommendations to the Administrative Vice Chancellor. The letter also states that the Association would reimburse UCLA for all expenses – both salary and benefits – for the Manager.

**June 28, 1988** -- Vice Chancellor Schultze responds and declines the request on the basis that all Faculty Center employees need to be treated equally. Vice Chancellor Schultze asks George Enoch, Assistant Vice Chancellor-Staff Personnel, to initiate conversations with the Faculty Center Association Board of Governors on the concept of making all Faculty Center personnel employees of the University.

**January 24, 1989** – Faculty Center Manager Erickson and Professor Wendell Jeffrey, Chair of the Ad Hoc Committee for Faculty Center-University Relations, submit a proposal to Vice Chancellor Schultze for a “Statement of Understanding” between the Faculty Center Association and the University. The text of the proposed “Statement of Understanding” duplicates much of the text of the 1974 Statement of Understanding document between ASUCLA and the Office of the Chancellor. This proposal is not approved but there is no record of any formal rejection. (See Appendix, Item 8 for a more complete description of the fact that the Associated Student organizations on all UC campuses are official units of The Regents, as determined by The Regents in 1972, and are not separate legally incorporated entities.)

Correspondence between UCLA and the Office of the President follows in March, 1989. The staff in the Benefits Office of the Office of the President Benefits reminds the UCLA administration that including ASUCLA employees into the University of California Retirement System required special action by The Regents in 1977.

**August 11, 1989** -- Faculty Center Association President Anne Spence writes to Chancellor Young to submit a new proposal under which the Association would contract, through a recharge mechanism, with the University for UCLA to provide the employees to operate the Faculty Center. The Association would remain an autonomous, separate legal entity, as required, at least, for the purpose of the 1974 ABC liquor license. The proposal indicates that the Faculty Center Manager “will be an employee of the University but is directly responsible to the Board of Governors for the operation of the Faculty Center and will serve as a liaison for the Faculty Center to the Chancellor.” The proposal obligates the Association to pay a monthly amount to the University for salaries, benefits, and all personnel-related costs, effective October, 1989.

This proposal is based on the model implemented in 1978 between the UCLA Alumni Association, Inc. (also a separate legal entity from The Regents) and the UCLA administration under which the Alumni Association contracts with the University to provide the employees to the Alumni Association for the operation of the James West Alumni Center and the ongoing activities of the Association. (Further information about the relationship of the UCLA Alumni Association, Inc. and the UCLA administration is also provided in Appendix, Item 8.)

Chancellor Young approved the proposal from the Faculty Center Association submitted by Professor Spence, and signed the agreement on the same date of August 11, 1989. Authorization is subsequently provided for one Faculty Center managerial employee to have access to the UCLA payroll system database.

**2002** – Pursuant to University staff personnel procedures, members of the Faculty Center association staff file a grievance with the UCLA Office of Campus Human Resources alleging misconduct against a senior Faculty Center supervisor. Assistant Vice Chancellor Lubbe Levin refers the matter to the Faculty Center Manager for resolution.

### **Current Staff Roster**

As of June 30, 2004, the UCLA payroll database lists a Faculty Center headcount staff of 54 individuals, comprising 42.37 FTE as follows (down from 58 headcount and 45.5 FTE as of March 31, 2004). The breakdown by employee classification and pct. time of appointment is shown in the following table:

## UCLA Faculty Center Staffing Roster – June 30, 2004

|                                    | Total<br>Hdct. | 100%<br>Time | 80%<br>Time | 75%<br>Time | 50%<br>Time | 49%<br>Time |
|------------------------------------|----------------|--------------|-------------|-------------|-------------|-------------|
| Manager                            | 1              | 1            | 0           | 0           | 0           | 0           |
| Sr. Adminis. Analyst               | 1              | 1            | 0           | 0           | 0           | 0           |
| Assistant II                       | 3              | 3            | 0           | 0           | 0           | 0           |
| Assistant II                       | 4              | 0            | 0           | 0           | 0           | 4           |
| Food Service Manager, Principal    | 1              | 1            | 0           | 0           | 0           | 0           |
| Food Service Manager               | 1              | 1            | 0           | 0           | 0           | 0           |
| Food Service Supervisor, Principal | 2              | 2            | 0           | 0           | 0           | 0           |
| Assistant Cook                     | 2              | 1            | 1           | 0           | 0           | 0           |
| Food Service Worker, Principal     | 1              | 1            | 0           | 0           | 0           | 0           |
| Food Service Worker                | 35             | 0            | 22          | 8           | 1           | 4           |
| Custodian, Senior                  | 1              | 1            | 0           | 0           | 0           | 0           |
| Custodian                          | 2              | 0            | 1           | 1           | 0           | 0           |
| <b>TOTAL</b>                       | <b>54</b>      | <b>12</b>    | <b>24</b>   | <b>9</b>    | <b>1</b>    | <b>8</b>    |

### **C. The RCM Proposal and Ensuing University Funding Issues**

**1994** – As part of the analysis for the possible transformation of the overall UCLA allocation model to a “Responsibility Center Management” basis, Chancellor Young requested in 1994-95 that the Faculty Center be identified as a self-supporting, fully costed, stand-alone unit. Due to overall University funding reductions in administrative services, Chancellor Young authorizes withdrawal of University support as of December 31, 1994, for 1.0 FTE custodian assigned to the Faculty Center. The full recovery of utilities costs at the Faculty Center is scheduled to begin in November, 1995.

In response to these proposals, the officers of the Faculty Center Association meet with Chancellor Young in early 1995. Chancellor Young offers to phase in the utility cost subsidy reductions over a four-year period. The Chancellor proposes that the Faculty Center would pay 20% of the utility costs in Year 1, 40% in Year 2, 60% in Year 3, 80% in Year 4, and 100% in Year 5. In exchange, the proposal is for the Chancellor’s Office to: (a) pay certain capital improvements otherwise to be funded by the Faculty Center directly (i.e, south addition bathroom renovation; electrical transformer); and (b) forgive the outstanding balance still due (\$330,000) from the 1987 air conditioning loan agreement.

**1995 (Spring)** – Administrative team of Gloria Stypinski, Al Solomon, and Glyn Davies meets with Faculty Center leadership and requests submittal of four-year plan with target of complete self-sufficiency for Faculty Center by start of Year 5.

The Faculty Center Board expresses concern that the proposal for the Faculty Center to become a self-supporting, fully costed unit would be a breach of the 1949 Sproul Policy and the 1954 “informal use” agreement, in apparent reference to the understandings reached at the meeting of June 29, 1954 with President Sproul and Chancellor Allen.

**October, 1995** – The Faculty Center Association Board approves motions intended to increase revenue:

- Enlarge Faculty Center Association membership eligibility to include members of the UCLA Alumni Association and members of UCLA recognized support groups;
- Initiate a monthly administrative service fee for departmental accounts at the Faculty Center; and
- Relocate the bar from the downstairs south lounge to the Playa Room adjacent to the main patio.

**December, 1995** -- A 1995-2000 planning document is submitted by the Faculty Center Manager, Ali Tabrizi, in December, 1995, to the Office of the Chancellor. The Office of Academic Planning and Budget prepares an analysis of this plan for Chancellor Young.

**March 8, 1996** – The Executive Committee of the Faculty Center Association submits a five-page memo to Chancellor Young regarding “the question of whether or not the Administration will continue to provide financial support for the Faculty Center.” The document emphasizes the unique roles that the Center provides for the entire campus community different from any other campus facility or unit, including: (a) development/fundraising interactions; (b) faculty recruitment; (c) receptions for distinguished visitors and peer institutional groups; (d) scholarly conferences; and (e) general meeting space for the Academic Senate, academic departments, and administrative units. The fact that the Faculty Center’s existence at UCLA allows for reciprocity agreements for UCLA faculty to enjoy the services and facilities at faculty clubs at other institutions when traveling is also noted.

**May 8, 1996** – Chancellor Young meets with Faculty Center Board officers. Chancellor Young rejects the concept of the University continuing to provide a subsidy by not fully charging utility costs. Instead of the proposal for the Chancellor’s Office to pay for certain improvements and forgive the air conditioning loan, the Faculty Center Board proposes that the Chancellor provide a direct allocation of \$130,000 per year for two years, 1995-96 and 1996-97, on the basis that this amount is equivalent to the annual cost of utilities and one custodian’s salary.

Chancellor Young agrees to this commitment and signs a May 14, 1996 Memo to File to affirm this commitment. The Memo to File also states that the Chancellor “invited representatives of the Center’s Board of Governors to meet with him a year hence to discuss the subsidy for 1997-98.”

**May 2, 1997** – Professor Shirley Arora, Faculty Center Association President, writes to Chancellor Young requesting a meeting to discuss the subsidy for 1997-98.

*“A year ago, three members of the Executive Committee of the Faculty Center – Robert Elliott, President; Dan Atkinson, Past President; and I as President-Elect – together with the Center’s General Manager, Ali Tabrizi, met with you to discuss the current situation of the Center and, in particular, the effects of certain modifications in long-standing policies resulting from the institution of RCM. Under those policies, and in recognition of the many benefits provided*

*by the Center to the campus as a whole and not merely to its members, the Administration had since the initial founding of the Center agreed to underwrite certain monthly expenses such as utilities and a portion of the custodial service. The purpose of the meeting was to discuss how this form of support might continue within the context of RCM, since without it the survival of the Center, and the continuation of many important services to the campus community, would be in jeopardy.*

*“The outcome of the meeting was, as you no doubt recall, your generous provision of a direct contribution to the Center of \$130,000 for the year 1995-1996 and a like amount for 1996-97, this being the approximate equivalent of the utilities and other costs that had been underwritten by the Administration since the founding of the Center. You also suggested at that time that we meet with you again in May, 1997, to discuss the continuation of Administrative support of the Center.*

*“May 1997 now being upon us, I am writing to ask that you indicate a convenient time for representatives of the current Board of Governors to meet with you for the above purpose.”*

There is no record that such a meeting occurred in Spring, 1997, prior to Chancellor Young’s retirement on June 30, 1997. Chancellor Albert Carnesale takes office on July 1, 1997.

**February 2, 1998** – Professor Rudolfo Alvarez, Faculty Center Association President for 1998-99, joins the other officers of the Faculty Center Association Board to write to Chancellor Carnesale, requesting a meeting with Chancellor Carnesale to discuss the 1997-98 subsidy. The letter includes transmittal of the audited financial statement of the Faculty Center Association for the year ended June 30, 1996, prepared by the firm of KPMG.

There is no record of any meeting taking place.

**October 29, 1998** – Executive Vice Chancellor Wyatt Hume sends a letter to Professor Alvarez informing him that he has authorized \$100,000 in temporary support “for 1998-99 only,” requesting that financial plans be refined “so that the Faculty Center will be self-sufficient with a full-cost environment by 1999-2000.” Executive Vice Chancellor Hume also indicates that Michael Foraker, Director of Housing Administration, is to attend the Center’s board meetings and be involved in the Center’s strategic planning.

**May 14, 1999** – Professor Eugene Grigsby, Faculty Center Association President for 1998-99, responds to the letter of October 29, 1998, expressing gratitude for the proposed allocation of \$100,000 in temporary support:

*“These funds should enable the Association to continue to provide high quality services to our membership and the campus at large. This year’s financial performance gives us full confidence that the strategy we are*



*developing for financial stability will assure that the Association is capable of being fully self-sufficient by 1999-2000.*

*“We welcome participation from the administration at appropriate planning meetings to discuss and review our strategy. We believe, however, that it is inappropriate to have Michael Foraker, the Director of Housing Administration in Business and Finance, as that representative. Mr. Foraker is responsible for administering services which are in direct competition to the services the Association currently offers and/or may choose to offer in the future. Of necessity, our future strategies will have to address the increased competition from other university sponsored enterprises.*

*“We look forward to the opportunity of working with the administration in accomplishing our mutual goal of continued high quality services to the campus in a self-sufficient financial environment.”*

**July 7, 1999** – Executive Vice Chancellor Hume replies to Professor Grigsby by acknowledging pleasure at statement of financial self-sufficiency by 1999-2000. Executive Vice Chancellor Hume also agrees to withdraw the request to have Mr. Foraker attend the Faculty Center Board meetings.

The records of both APB and UCLA Accounting indicate that the temporary allocation of \$100,000 was never transferred to the Faculty Center Association.

#### **D. Financial Reporting to the University**

The letter of November 23, 1987 regarding the loan from the Office of the Chancellor for the air-conditioning project required the submittal to the Office of the Chancellor of the annual financial statement of the Faculty Center Association.

University records in the Chancellor’s Communication Service, the Office of Academic Planning and Budget and the UCLA Office of Corporate Finance include copies of only two financial statements since the submittal in January, 1990 of the unaudited financial statement for FY 1988-89. The two copies currently in University records are:

- The December, 1995 submittal of the Proposed 1995-2000 Business Plan for the Faculty Center Association contained certain unaudited financial statements for fiscal year ended June 30, 1995; and
- The memo of February 2, 1998, to Chancellor Carnesale included the audited financial statement of the Faculty Center Association for the fiscal year ended June 30, 1996.

General Manager Ali Tabrizi has indicated that it was his practice during the 1990s to hand-deliver a copy of the annual financial statement to the immediate staff in the Office of the Chancellor. However, no transmittal letters accompanied the delivery; no paper trail exists regarding the submittal of the financial statements or their disposition by the staff in

the Office of the Chancellor. At the same time, the University records do not indicate any annual request from the Office of the Chancellor to the Faculty Center Association, Inc. for such statements to be delivered or a notice from the Office of the Chancellor that any statements are past due.

Further, the annual UCLA Financial Statements do not include any reference or data in the Annual Statement of Operations at UCLA regarding the operation of the Faculty Club by the Faculty Center Association. Sue Abeles, Assistant Vice Chancellor-Corporate Financial Services, indicates that *Section 557-67 of the UC Accounting Manual - Annual Reporting of Separate Entities* (<http://www.ucop.edu/ucophome/policies/acctman/a-557-67.pdf>) defines when an entity should be included in the University financial statements. Assistant Vice Chancellor Abeles indicates that, in her view, the UCLA Faculty Center Association's operation of the Faculty Club does not meet the criteria for inclusion.

The following table, provided by the Office of UCLA Corporate Finance, lists the entries on the UCLA plant asset inventory relating to the Faculty Center. As of January 31, 2004, the capitalized value of the UCLA Faculty Club -- including the original structure completed in 1959 and the major additions and improvements completed in the ensuing 45 years -- is \$2,051,828.

**Entries on UCLA Plant Asset Inventory  
Regarding the UCLA Faculty Club  
As of January 31, 2004**

| Year         | UCLA Project No. | Description                    | Capitalized Amount |
|--------------|------------------|--------------------------------|--------------------|
| 1958-59      | 926100           | Original Building              | \$ 478,792         |
| 1960-61      | 926100           | Original Building              | \$ 714             |
| 1966-67      | 940890           | Alterations                    | \$ 80,378          |
| 1970-71      | 946610           | Alterations                    | \$ 10,882          |
| 1971-72      | 946980           | Undefined                      | \$ 1,690           |
| 1976-77      | 940080           | South Addition                 | \$ 623,492         |
| 1978-79      | 940080           | South Addition                 | \$ 10,234          |
| 1978-79      | 947140           | Food Servery                   | \$ 91,523          |
| 1981-82      | 947194           | Food Services Equipment        | \$ 26,371          |
| 1984-85      | 947076           | Remodeling-Dining Rooms        | \$ 89,769          |
| 1988-89      | 942200           | Air Conditioning & Patio Grill | (*)\$ 637,983      |
| <b>TOTAL</b> |                  |                                | <b>\$2,051,828</b> |

(\*) may not reflect total value of work performed in view of reports of non-UCLA supervised or contracted work being performed on a portion of this project.

The loans provided by The Regents to the UCLA Faculty Center Association, Inc. were repaid in full by 1983 (1975 loan) and by 2000 (original 1964 loan).

The 1987 loan from the Office of the Chancellor for the air-conditioning project was originally scheduled to be paid by December 31, 2002. As of July 1, 2004, an outstanding balance of \$25,000 remains to be paid. The current payment schedule of \$5,000 per month will retire this loan in full by December, 2004.

Consequently, as of December, 2004, it is expected that the books “will be closed” on all construction/improvement/equipment loans that have been taken by the UCLA Faculty Center Association, Inc. during the past 45+ years since the opening of the Faculty Center building in 1959.

In addition to the nearly \$1.3 million in loans, The Regents and the Office of the Chancellor have also provided direct allocations of nearly \$1.2 million. The details are as follows.

A summary of the **loans** that have been made to the UCLA Faculty Center Association, Inc., either by The Regents or by The Office of the Chancellor is shown in the following table:

**History of Loans to UCLA Faculty Center Association, Inc.**

|  |                    |
|--|--------------------|
| <b>Loans from The Regents</b>                                  |                    |
| 1957 Loan – Original Authorization                             | \$ 265,000         |
| 1957 Loan – Accrued Interest from 1959 to 1962                 | \$ 31,975          |
| 1957 Loan – Accrued Interest from 1980 to 1985                 | \$ 41,490          |
| 1975 Loan – South Expansion                                    | \$ 183,000         |
| <b>Total – The Regents</b>                                     | <b>\$ 521,465</b>  |
| <b>Loans from Office of the Chancellor</b>                     |                    |
| 1987 Loan – Air Conditioning, Roof Replacement and Patio/Grill | \$ 540,000         |
| 1989 Loan – Tables/Chairs Replacement Program                  | \$ 175,000         |
| 1989 Loan – Emergency Tax Payment                              | \$ 51,000          |
| <b>Total – Office of the Chancellor</b>                        | <b>\$ 766,000</b>  |
| <b>COMBINED—ALL LOANS</b>                                      | <b>\$1,287,465</b> |

**Direct appropriations** by The Regents or the Office of the Chancellor for construction and facility improvements and other needs at the Faculty Center have amounted to nearly \$1,200,000:

**History of Appropriations to UCLA Faculty Center Association, Inc.**

|   |                    |
|---|--------------------|
| <b>Appropriations from The Regents</b>                            |                    |
| 1954 Allocation – Original Authorization for Initial Construction | \$ 150,000         |
| 1957 Supplemental Allocation for Initial Construction             | \$ 50,000          |
| 1975 South Addition Project                                       | \$ 184,000         |
| 1984 Various Remodeling-Dining and Meeting Rooms                  | \$ 150,000         |
| <b>Total – The Regents</b>  | <b>\$ 534,000</b>  |
| <b>Appropriations from Office of the Chancellor</b>               |                    |
| Construction and Improvements                                     | \$ 393,000         |
| Temporary Support (1995-96 and 1996-97)                           | \$ 260,000         |
| <b>Total – Office of the Chancellor</b>                           | <b>\$ 643,000</b>  |
| <b>COMBINED—ALL LOANS</b>   | <b>\$1,187,000</b> |

The details of the appropriations from the Office of the Chancellor are shown in the following table:

**UCLA Office of the Chancellor  
Direct Support Allocations to UCLA Faculty Center Association, Inc.**

| <b>Year</b>               | <b>Amount</b>    | <b>Description</b>                        |
|---------------------------|------------------|---|
| 1961 to 1964 (various)    | \$ 7,000         | Dining Rooms, Patio Furniture             |
| 1966                      | \$ 42,000        | Kitchen expansion                         |
| 1979                      | \$100,000        | Food Servery                              |
| 1980                      | \$ 25,000        | California Room patio                     |
| 1982                      | \$ 10,000        | California Room patio bar facility        |
| 1984                      | \$150,000        | Remodeling of food servery                |
| 1989                      | \$ 59,000        | Completion of Coral Patio/Kitchen project |
| <b>Total-Construction</b> | <b>\$393,000</b> |   |
| 1995-96                   | \$130,000        | Temporary Support Allocation              |
| 1996-97                   | \$130,000        | Temporary Support Allocation              |
| <b>Total-Support</b>      | <b>\$260,000</b> |   |

An accounting of the campus subsidy from 1959 to 1995 regarding maintenance, utility and custodial costs at the Faculty Center is more problematic to provide. In 1988, Facilities Management staff estimated that the annual subsidies by that office to the Faculty Club amounted to \$76,000 per year. The discussions between Chancellor Young and the Faculty Center officers in 1996 suggested an annual amount of \$130,000, based on Chancellor Young's decision to provide \$130,000 per year in temporary support to the Faculty Center for the two years following the end of the Facilities Management subsidy in 1995.

UCLA Facilities Management craft units have continued to provide for trash disposal and repairs at the Faculty Center, as requested by the Faculty Center Association on a recharge basis. The following summary has been compiled by the Office of UCLA Facilities Management as to its recharge activity and services provided at the Faculty Club building since 1999-2000:

**UCLA Facilities Management Summary for the UCLA Faculty Club**

|                | <b>1999-2000</b>   |                       | <b>2000-2001</b>   |                       | <b>2001-2002</b>   |                       | <b>2002-2003</b>   |                       | <b>2003-2004</b>   |                       |
|----------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|
|                | <b>No. of Jobs</b> | <b>Amount Charged</b> | <b>No. of Jobs</b> | <b>Amount Charged</b> | <b>No. of Jobs</b> | <b>Amount Charged</b> | <b>No. of Jobs</b> | <b>Amount Charged</b> | <b>No. of Jobs</b> | <b>Amount Charged</b> |
| Refuse         | 1                  | \$ 4,555              | 1                  | \$ 4,901              | 1                  | \$ 5,404              | 1                  | \$ 6,556              | 1                  | \$ 6,289              |
| Electricians   | 5                  | \$ 1,015              | 1                  | \$ 113                | 0                  | \$ -                  | 2                  | \$ 1,064              | 4                  | \$ 3,565              |
| Plumbers       | 11                 | \$ 3,330              | 25                 | \$ 4,885              | 6                  | \$ 1,544              | 18                 | \$ 6,798              | 18                 | \$ 10,654             |
| HVAC           | 1                  | \$ 502                | 2                  | \$ 1,143              | 0                  | \$ -                  | 1                  | \$ 64                 | 3                  | \$ 3,220              |
| Carpenters     | 3                  | \$ 1,178              | 1                  | \$ 915                | 0                  | \$ -                  | 0                  | \$ -                  | 0                  | \$ -                  |
| Elevators      | 0                  | \$ -                  | 1                  | \$ 1,012              | 0                  | \$ 2,340              | 0                  | \$ 2,454              | 3                  | \$ 2,278              |
| Hardware       | 0                  | \$ -                  | 1                  | \$ 17                 | 0                  | \$ -                  | 0                  | \$ 159                | 1                  | \$ 113                |
| Sign Shops     | 0                  | \$ -                  | 0                  | \$ -                  | 0                  | \$ -                  | 1                  | \$ 315                | 0                  | \$ -                  |
| Masons/Roofers | 0                  | \$ -                  | 0                  | \$ -                  | 0                  | \$ -                  | 1                  | \$ 163                | 0                  | \$ -                  |
| <b>Total</b>   | <b>21</b>          | <b>\$ 10,580</b>      | <b>32</b>          | <b>\$ 12,986</b>      | <b>7</b>           | <b>\$ 9,288</b>       | <b>24</b>          | <b>\$ 17,573</b>      | <b>30</b>          | <b>\$ 26,119</b>      |

*(through 5/31/04)*

The Office of UCLA Insurance and Risk Management has also confirmed that the Faculty Center building continues to be covered by the University's general insurance and liability policies. A recent example of such University coverage being provided relates to the injuries suffered by a patron when the individual accidentally walked through the glass curtain wall between the Playa Lounge and the patio.

### **E. Access Issues**

The issue of "access" rights or privileges to the Faculty Club premises is periodically raised by members of the public, in response to the sign at the Faculty Club entrance that indicates that the facility is for the use of "Members and Guests" only.

At least two incidents since 1990 are remembered below. In each incident, UCLA Police Department was requested to provide assistance.

- In May, 1993, various members (primarily students) of the UCLA community, joined by individuals not associated with UCLA, entered the Faculty Center and began a "sit-in" at the Faculty Center in protest over UCLA organizational issues regarding Chicana/o Studies. The Los Angeles Police Department were called by UCLA PD to assist with the situation.
- In 2002-03, particular individuals were escorted from the Faculty Club premises by UCLAPD officers after being requested – by the organizer of a particular event -- to leave a meeting room after repeated previous incidents of alleged misconduct and disruption. One of the individuals complains to the Office of the Chancellor about the alleged "mistreatment" on the UCLA campus. Assistant Chancellor Antoinette Mongelli responds to the complainant by citing the fact that the Faculty Center is a "private club" and has its own management.

There is no specific reference to the Faculty Center building in the campus policy document, "UCLA Regulations on Activities, Registered Organizations, and Use of Properties" (see [http://www.saonet.ucla.edu/campus\\_regs/](http://www.saonet.ucla.edu/campus_regs/) on the UCLA Student Affairs website). This policy document governs the access to and use of campus facilities and outdoor areas by students, faculty, staff, organizations and members of the general public.

### **F. New University Policies**

In 1995-1996, The Regents adopted new policies and supporting guidelines regarding the recognition of Support Groups, Campus Foundations and Alumni Associations. These documents can be found at the following websites:

1. <http://www.ucop.edu/ucophome/policies/support/supppol.html> (September, 1995)
2. <http://www.ucop.edu/ucophome/policies/support/suppguide.html> (April, 1996)

The policies do not specifically refer to Faculty Center Associations. The definition of organizations subject to these policies is described as follows:

**Support Groups:** A Support Group is any group, organization, foundation, or association other than a Campus Alumni Association or Campus Foundation (1) whose primary purpose is to provide assistance through fundraising, public outreach, and other support for the University's mission; or (2) whose representatives or activities make the entity indistinguishable from the University itself; or (3) that acts as an agent of or intermediary for the University. Support Groups typically operate with some affiliation or collaboration with the University to raise gift funds and/or provide public support for the teaching, research, patient care, and public service programs of the University. Each Support Group shall be organized and operated so that contributions to it or through it to the University or to a Campus Foundation shall be deemed tax deductible contributions under relevant provisions of state and Federal tax law.

**Campus Foundations:** Each campus may have a single Campus Foundation, bearing the name of the campus, that is organized and operated for the purpose of fostering private giving, managing gift and endowment funds, and providing other support for the benefit of the campus. The Campus Foundation is the only entity permitted by The Regents of the University of California to hold funds for investment purposes for the benefit of the campus it supports. Each Campus Foundation shall be organized and operated as a separately incorporated, tax-exempt entity under relevant provisions of state and Federal tax law.

**Campus Alumni Associations:** Each campus may have a single Campus Alumni Association that is organized and operated for the sole purpose of providing service and support to its members, to the alumni of the campus, and to the University. Each such Campus Alumni Association may bear the name of the campus and may be organized and operated as (1) an unincorporated association operating administratively as a unit of the University; or (2) a separately incorporated tax-exempt entity under relevant provisions of state and Federal tax law. The Campus Alumni Association shall be an umbrella organization for all alumni constituency or affinity organizations and shall ensure, together with the campus administration, that such organizations adhere to this policy and the administrative guidelines for Campus Alumni Associations.

**Affiliated Organizations:** Under special circumstances, when an entity does not fit the above definitions, a campus may enter into an affiliation, for a defined time period, by written agreement. Such an agreement may permit the use of the University's name, facilities, personnel, and other resources in return for specified benefits received by the University. Affiliation by agreement shall not be used to circumvent this Policy and shall be entered into only by the Chancellor a single campus official so designated by the Chancellor, in accordance with applicable University policies, guidelines and procedures.

UCLA Policy 190 (see: [http://www.adminvc.ucla.edu/appm/entry\\_100.html](http://www.adminvc.ucla.edu/appm/entry_100.html)) is the campus policy promulgated in May, 1999 in furtherance of the 1995-1996 University policies. The issue of the possible current applicability of these University and UCLA policies to the UCLA Faculty Center Association is an open question.

## Part V

### Faculty Centers at Other UC Campuses

In Spring, 2004, UCLA Vice Chancellor-Legal Affairs Joe Mandel requested information from his counterparts at other UC campuses as to the status of the Faculty Clubs at their locations.

Responses were received from: (a) UC San Diego; (b) UC Irvine; and (c) UC Berkeley.

#### UC San Diego

Similar to UCLA, the Faculty Club at UC San Diego is overseen by a separate 501 (c)(3) organization -- The Faculty Club, UCSD, Inc. -- established in 1969. The operation of the Ida and Cecil Green Faculty Club at UCSD is governed by two basic documents, copies of which are provided in the Appendix, Item 4:

1. A detailed lease agreement between The Regents and The Faculty Club, UCSD, Inc., executed in November, 1987, as the Faculty Club building was under construction on the UCSD campus.
2. A detailed operating sublease agreement, executed in August, 1992, between The Faculty Club, UCSD, Inc. and a separate California corporation (identity information redacted by UCSD) for the day-to-day operation of the Faculty Club.

The website is: <http://facclub.ucsd.edu/index.html>. The Bylaws are available on the website at: <http://facclub.ucsd.edu/forms/bylaws.htm>. The UCSD Faculty Club is in the midst of a major \$3.6 million expansion that is due to be completed in Spring, 2005.

The Bylaws (Article IV, Section 1) prescribe a 14 member Board of Directors of The Faculty Club, UCSD, Inc. Ten members are elected and four are ex-officio. The four ex-officio members are:

- The University of California, San Diego chancellor or his or her designee
- The vice chancellor of administration or his or her designee
- The vice chancellor of business affairs or his or her designee
- The vice chancellor of external relations or his or her designee

In addition, the 1987 lease agreement (Paragraph 14) requires the establishment of an Advisory Board “to affect coordination and consultation relating to Club’s use of Building and operation of dining and conference facility.” The members of the Advisory Board are:

- The President of the Board of Directors
- One other Board member
- Two administrative representatives appointed by the Chancellor
- One at-large faculty representative appointed by the Academic Senate



Article XI, Section I, Paragraph E of the Bylaws also clarifies the issue of distribution of assets in the event of dissolution:

*“If the Ida and Cecil Green Faculty Club should ever dissolve, any remaining assets held in its name shall be transferred within three (3) months to The Regents of the University of California or the UC San Diego Foundation.”*

The following is a summary of the provisions of the 1987 lease agreement. The order and numbering of the provisions below are derived from the agreement:

### **Summary of November 3, 1987 Lease Agreement--UCSD**

#### **Acknowledgements**

- A. Acknowledgement of purpose of Club in furthering educational objectives by securing and operating facilities, thereby, by providing for faculty, staff and guests to have an interchange of ideas and information necessary to the achievement of the University's goals.
- B. Acknowledgement that Club is a registered campus organization with access to campus services at normal University rates.
- C. Acknowledgement of Club as a California corporation with Articles of Incorporation and Bylaws appended to University-Club agreement.
- D. Acknowledgement by University of the benefits received from having the Club operate a convenient dining and conference facility.
- E. Acknowledgement of University's willingness to make space available for operation of a dining and conference club.

#### **Provisions**

- 1. Definition and description of building and adjacent areas is provided in attachment.
- 2. The use of the building is limited to operation of dining and conference facility; prior written consent of the University is required for any other business or purpose.
- 3. The term of the agreement begins with beneficial occupancy of the building (then under construction) and shall continue for five (5) years.
- 4. Rent to be paid by the Club to the University is \$1.00 per year.
- 5. Club is granted the option to extend the term of the agreement upon mutual consent of both parties under same terms and conditions unless modified in writing.

6. The operation and care of the building is agreed upon as follows:
  - a. The University is responsible, at no cost to the Club, for maintenance and repair associated with structural integrity of the building, including foundation, footings. Columns, beams and walls, plus associated University equipment and grounds, with the understanding that the work to be performed by the University is at the same quality as other University buildings.
  - b. The University provides to the Club, on a recharge basis, water, gas, electricity, sewage and grounds maintenance services at the same level of quality and service as that provided to occupants of University buildings. In the event of utility service interruption, the University is not liable for any resulting loss of income incurred by the Club.
  - c. The Club is responsible for the maintenance and repair of the plumbing, heating, electrical, roof and ventilating systems. The Club may elect to obtain these services from the University on a recharge basis.
  - d. The University provides fire and extended coverage insurance for the Club, at no cost to the Club.
  - e. The Club has the option of utilizing University janitorial services on a recharge basis.
7. The University provides the Club on an annual recharge basis 25 parking spaces adjacent to the building. Use of the lot is restricted to Faculty Club patrons who are required to display valid permits at discretion of the Club, but parking enforcement is responsibility of UCSD Parking Service. Five days notice is required for Club to notify UCSD Parking Service of need for additional spaces during weekday daytime hours.
8. The Club assumes all costs associated with building repairs and improvements. The University's prior approval is not required for minor repairs, improvements, or alterations as long as they are non-structural and do not exceed \$5,000.
9. The Club may not construct additional improvements or make any additions, alterations or repairs except as provided in preceding paragraph, without the University's prior written consent. University consent shall not be unreasonably withheld if the changes do not materially diminish the value of the premises.
10. The Assistant Vice Chancellor-Facilities, Design and Construction is responsible for ensuring that all alterations or improvements are in compliance with building codes and the integrity of the building systems are maintained. Inspection services are to be provided by the University at no cost to the Club.
11. University Police provides normal University security services to the building. If special security access devices are installed, the University shall be provided with access equivalent to that provided by the University's master key system.
12. The Club may not assign the lease or sublet the premises without prior University approval. Any agreements with third parties pertaining to the use of the Building or

operation of the club are subject to prior review and approval by the University and subject to the UCSD Use of Facilities policies and procedures.

13. The Club, including its agents and employees, is to act in an independent capacity not as officers or employees of The Regents. The Club is not permitted to use the name, abbreviations, or logos of Regents except as authorized in writing by the University and except as the official name of the Club. The Club is not authorized to make any commitments or liabilities on behalf of The Regents and is prohibited from inferring to third parties that it has powers to do so.
  - a. The University is to be free from all liability or loss by reason of injury or death to persons or damage to property, from whatever cause, including the sale, or serving of alcoholic beverages while in or on the Building and premises, including any liability for injury or death to the patrons or property of the Club, its agents, officers, employees other than where injury or damage is caused solely by the willful or negligent acts or omissions of the University. Club indemnifies the University from any and all liability on account of or arising out of such injury or losses. Club shall assume all risks of injury or death or damage to any property of the University or any property under the control or custody of the Club while upon or stored in the premises of the Club.
  - b. The Club is to obtain, in such form and with carriers as approved by The Regents, and keep in force at its sole expense, the following:
    - i) Comprehensive Form General Liability, with a minimum combined single limit of \$3.0 million, to include all occurrences arising as a result of the sale or serving of alcoholic beverages.
    - ii) Workers' Compensation Insurance covering all Club employees connected with the performance of the Agreement.
    - iii) A Fidelity Bond covering all employees of the Club in an amount satisfactory to the University.
    - iv) All policies, except Workers' Compensation, are to name the University, et al., as additional insured and shall include a covenant requiring 30 days written notice to the University before cancellation, reduction, or other modification of coverage.
  
14. In order to effect coordination and consultation on matters relating to Club's use of the Building and the its operation as a dining and conference facility, an Advisory Board is to be established, consisting of five members:
  - a. Two representatives of the Faculty Club Board of Directors, one of whom shall be the President of the Board
  - b. Two administrative officers of the University designated by the Chancellor, and
  - c. One at-large faculty representative appointed by the Academic Senate.

The Advisory Board is to:

- a. recommend to the Chancellor the approval or disapproval of improvements, alterations or additions to the Building pursuant to Paragraph 9.

- b. review the Club's monthly operating budget, annual financial statement, and any other financial records as may be requested, and make recommendations to the Faculty Club Board of Directors regarding the level of budgeted reserves.
  - c. authorize the conduct of an internal audit of Faculty Club operations at the discretion of the Advisory Board, at no cost to the Club and in accordance with normal University audit policies and procedures.
  - d. meet at least once per quarter.
  - e. supervise execution of Agreement termination, in accordance with Paragraph 17.
15. The Club operations are to be coordinated with the campus in general by responding to the needs of the University community and supporting campus events whenever economically feasible.
- a. The Club is to actively promote services to members of the University community eligible for Club membership.
  - b. The Club is to be administered as follows:
    - i) The Club is to be administered in accordance with guidelines established by the Faculty Club Board of Directors. The Chancellor (or appointed representative), the Vice Chancellor-Administration (or appointed representative), and the Vice Chancellor-Business Affairs (or appointed representative) shall be included in the Board of Directors membership.
    - ii) The Club is to employ adequate personnel necessary to operate and maintain the Building and all activities related to the dining and conference operations. Such personnel are to be employees of the Club and not governed by the personnel policies or procedures or wage scales of The Regents. Should the Club decide to contract for management of the facility, the contract shall be reviewed and approved by the Advisory Board or appropriate University representatives as may be designated by the Advisory Body, prior to execution by the Club.
    - iii) The Club is to obtain in its name all licenses and permits necessary to operate the facility as required by law. The University shall assist in the obtaining of such licenses and permits but the Club shall be fully responsible for any fees or expenses related to such effort.
  - c. The Club is not to discriminate against any person, explicitly or implicitly, because of race, color, religion, sex, or national origin in regulations determining eligibility for Club membership or participation in Club activities.
  - d. The Club is to establish operating policies and procedures, subject to amendment as necessary. Copies of all current policies, procedures and amendments are to be sent to the Advisory Board, the Academic Senate, the UCSD Staff Association, the Chancellor and the Vice Chancellor-Business Affairs.
  - e. The Club is subject to County Health Department inspection for food service and is to assume responsibility for compliance with all applicable Health and Safety standards. The Club is to be subject to the University's Environmental Health and Safety Office inspection on health and safety matters other than food service and shall correct any deficiencies noted with solely relate to the Club's usage of the premises.

16. The Club is to maintain financial records in accordance with generally accepted accounting principles and the appropriate Guidelines of the American Institute of Certified Public Accountants. The Club is to provide the Advisory Board with monthly financial reports and quarterly activity and membership reports.
17. The Club is to comply with all University policies and procedures regarding use of University properties and shall secure all necessary University approvals as may be required. The Club shall process the Registered Campus Organization Annual Registration forms with the University's Business Office.
18. The Club is to be responsible for authorizing the conduct of an annual audit of Faculty Club financial records, either by an independent CPA firm, or by the University's internal auditors at the Club's expense. The audit report be completed within six months of the end of each fiscal year and is to include the following:
  - a. Balance sheet, statement of income and expense, and statement of fund balances; and
  - b. Management letter addressed to Advisory Board members conveying audit findings and recommendations and including the Club's response to each finding and recommendation.
19. The parties have the option to terminate this agreement without cause upon 90 days written notification to the other party. Upon termination by either party, all furnishings, equipment and built-in improvements shall become the unrestricted property of the University.
20. Upon termination of this lease, the Club is to surrender the premises in the same condition as received, except for reasonable wear and tear and except for damage by civil disorder, the elements, acts of God, or by an circumstances over which the Club has no control.
21. If the Club becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee for creditors, or other liquidation officer is appointed for the Club's business, the University may terminate this lease with 90 days written notice.
22. Should this lease or contact create a possessory interest subject to property taxation with the occupant to pay any property tax levied on such interest. The Club alone is to any taxes or use fees levied against the premises or against the Club's possessory interest by any governmental entity. The Club is not to cause liens of any kind to be placed against the property.

## **UC Irvine**

The UCI University Club, Inc. is the separate 501(c)(3) entity that operates the University Club at UC Irvine. The organization was formed in 1967 for fundraising purposes in order to fund the construction of a building back more than twenty years ago.

The Board of Directors is comprised of 12 elected members. As a result of subsequent amendments to the original (1986) bylaws, the Board is permitted to appoint on an annual basis: (i) two (2) additional voting members “due to special circumstance or expertise requirements of the Board”; and (ii) two (2) additional non-voting members “to meet special needs of the Board.”

The Regents, via the UC Irvine administration, entered into an agreement with the UCI University Club, Inc. on June 1, 1993 for the operation of the Dorothy Grannis Sullivan Memorial University Club Building at UC Irvine. This agreement contains the following provisions, using the numbering vocabulary of the agreement:

### **Summary of June 1, 1993 Agreement—UC Irvine**

A. Identification of the premises

B. Grant from The Regents to the Club for operation of the premises, subject to the following

1. Club agrees to maintain a Board of Directors and “coordinate with Campus Asset Management and other University divisions to administer campus policies and procedures that effect the operation of the Club.”
2. Club agrees to pay for:
  - a. Utility services, building maintenance, grounds maintenance, air-conditioning maintenance, sewer maintenance, etc. Club is permitted to use outside vendors/service providers at its option and cost, “in accordance with University standards.”
  - b. Maintenance repair and replacement of all operating equipment and furniture/fixtures except for major capital expenditures in excess of \$2,500)
  - c. Maintenance and operation of the adjoining parking lot
  - d. All other costs necessary to operate a dining and conference room center
  - e. Rent in the amount of \$1.00 per year
  - f. All outside services provided by the University, such as gardening and outside utilities.
3. The Club and The Regents mutually indemnify the other.
4. Club pays for and agrees to maintain insurance:
  - a. Comprehensive general liability insurance
  - b. Automobile liability insurance for club employees using vehicles on club business
  - c. Workers’ compensation and employers’ liability insurance
  - d. Such other insurance as “reasonably required” by The Regents and the Club

- e. Business and liquor liability insurance, maintaining The Regents as an additional insured.
5. The Club is to maintain a separate reserve account for funds provided to the Club by the University and to provide an annual report of these funds to the Chancellor and specific additional UC Irvine administrative officers by January 31 each year. The Club agrees not to use the funds provided by the University for the operation of the Club unless prior written approval is provided by the Chancellor or designee.
6. The University may audit the reserve account at the University's cost. The Club may request an audit by the UC Irvine Internal Audit division when determined necessary by the Club Board of Directors. The Club agrees to provide copies of any such audit to the Chancellor and specific other UC Irvine administrative officers.
7. The Club agrees to provide UC Irvine Campus Asset Management within 45 days after the end of each quarter a financial report for the preceding quarter for assessment by the Chancellor or designee.
8. The Club agrees to permit Campus Asset Management or any other UC Irvine division to monitor the condition of the building, improvements, etc., with the understanding that improvements, additions or repairs needed "shall be paid for as agreed by the Club and by the University."
9. The Club agrees not to make major repairs, improvements, or additions until written permission is provided by the Chancellor or designee. The University shall have the option to require the use of the UC Irvine Design and Construction services for repairs, improvements, or additions to the premises.
10. The Club agrees to obtain at its sole expense all licenses and permits necessary to operate the Club as a dining and conference room center. The Regents agree to assist in obtaining necessary licenses and permits when requested.
11. The Club is not to assign any right it has under or interest in the Agreement and may not sublet the Premises without the prior written approval of The Regents, except for the right of the Club to permit third parties to use the Premises for meetings, lectures and social events.
12. The term of the Agreement is for two years. The Club and The Regents may terminate the Agreement by providing written notice of 180 days.
13. The Club has the right to renew this Agreement for four (4) two-year terms. The Club may exercise the right to renew by providing written notice not earlier than 180 days and not later than 90 days prior to the expiration of any term.
14. The Club and its employees are to act in an independent capacity and not as officers or employees of The Regents. The Club shall not use the name of The Regents or UC

Irvine except as authorized in writing by The Regents. The Club shall not represent to any third party that it has the power to make any commitment on behalf of The Regents.

15. The Club will comply with all applicable laws regarding the handling and discharge of hazardous material and shall comply with all applicable safety and health laws.
16. The Office of Campus Asset Management is the UC Irvine administrative office to which notice is to be provided.

During recent years, problems arose when nearby construction was, purportedly, interfering with the Club's ability to schedule parties and events. The director of the club resigned "in protest" - unable to get the attention of higher level campus managers to address the Club's concerns regarding nearby construction. An interim director was appointed by the Club board. The interim director continued the protest, including hiring – without the knowledge of or permission from the Board of Directors - an attorney to consider litigation against The Regents because of the alleged construction impacts.

In response, the following actions were taken in September, 2003:

1. The 1993 lease/operating agreement was extended for one year (to June 30, 2004).
2. At the request of the Board of Directors, the UC Irvine administration entered into a management agreement with the University Club, Inc. by which the UCI administration would manage the Club until June 30, 2004. Chancellor Cicerone designated the Vice Chancellor of Administration and Business Services to be the "lifeline" for the Board of Directors to the UCI Administration. Associate Vice Chancellor Dave Tomcheck is now "on point" and manages the operations. The interim director was replaced by a local restaurateur/caterer.
3. The UC Irvine administration commissioned an outside review of the University Club by Mr. Randy Howatt, an independent consultant. Mr. Howatt submitted both transitional and long-term recommendations. The UC Irvine administration is currently implementing the transitional recommendations.

The agreement has recently been extended for an additional year to June 30, 2005. Membership dues have been suspended in the interim. While executive management of the University Club now is provided by a UC Irvine staff member, with the assistance of the local restaurateur who has been employed by the UC Irvine administration on a contract basis, the operations of the University Club continue to be handled through the UCI University Club, Inc.; the remainder of the employees continue to be employees of the non-profit organization.

During 2003-04, campus officials at UC Irvine reported that improvements in revenue, patronage, service, etc. were currently being seen, but the process, including layoffs, has been painful. The extension of the management agreement between the UC Irvine



administration and the UCI University Club, Inc. until June 30, 2005 is intended to provide sufficient time for: (a) full impact of recommended management changes to be seen; and (b) evaluation of major organizational issues, including whether the separate organizational status of the University Club, Inc. should be continued. Reportedly, members of the Board of Directors are anxious to discontinue their board service. A settlement has been reached between the University Club, Inc. and one of its long-term employees; a second employee may also reach settlement.

The website for the UC Irvine University Club is: <http://www.uclub.uci.edu/welcome.htm>. The website does not list: (a) the Board of Directors; (b) the Bylaws, or (c) any other organizational information. Copies of the Articles of Incorporation, the Bylaws, the 1993 lease/operating agreement, the 2003 agreement, and the summary of the consultant's report are provided in the Appendix, Item 5 at the end of this report.

### **UC Berkeley**

The information provided by UC Berkeley to date is not as complete as the information obtained from UC San Diego. UC Berkeley has two such organizations: (a) the (Men's) Faculty Club; and (b) the Women's Faculty Club. The Faculty Club was historically known as the Men's Faculty Club; the year in which the "Men's" was dropped from the title is not yet clear. Each organization maintains their separate organizational entity, as indicated on their separate websites:

Faculty Club: <http://www.berkeleyfacultyclub.com>  
Women's Faculty Club: <http://www.womensfacultyclub.com>

Each operates separate dining rooms and guest lodging facilities in two separate buildings in the Faculty Glade. Documents from UC Berkeley report discussions from 1970 to 1973 about a merger of the operations of the two organizations, but the websites currently indicate separate managers for the organizations. The extent of the operational synergies between the two organizations at UC Berkeley has not yet been clarified in response to the UCLA inquiry.

The Faculty Club is overseen by a seven member Board of Directors, all elected from the membership of the Club. There is no ex-officio administrative officer from the UC Berkeley administration. The history of the (Men's) Faculty Club at UC Berkeley extends more than 100 years, to its founding in 1902.

Documents as recent as 1994 from UC Berkeley indicate that the Faculty Club Board of Directors asserted that the title to the building and improvements of the Faculty Club at UC Berkeley resided not with The Regents but the Faculty Club itself, which is a separate 501(c)(7) organization.

One interesting historical action with respect to the UC Berkeley Faculty Club was taken by The Regents at its meeting of January 19, 1978. According to Regents' minutes, The Regents agreed to forgive \$24,136 of the outstanding balance yet due on a Regents' loan to

the Berkeley Faculty Club from the Nuclear Science Fund. The reason for the forgiveness was that construction adjacent to the Berkeley Faculty Club building in 1976-77 for the School of Optometry had resulted in a loss of revenue from operations at the Club. The UC Berkeley administration had not made any provision for reimbursing the Faculty Club for any operating losses due to the construction. The amount of \$24,136 was calculated to be equivalent to a reduction of \$180 per month in principal and interest payments remaining for the duration of the Nuclear Science Fund loan.

In 1999, the Office of the Executive Vice Chancellor at UC Berkeley requested staff in the Office of the Chancellor to evaluate and report on the status of privately incorporated units that were affiliated with UC Berkeley and occupied campus buildings. These included:

- The Associated Students, UC (ASUC)
- The California Alumni Association
- International House
- Mathematical Sciences Research Institute (the “IPAM” of UC Berkeley)
- The Faculty Club
- The Women’s Faculty Club

An approximately 20-page report, dated November 1, 1999, provided this evaluation and recommendations. The transmittal letter and the two pages of the report pertaining to the Faculty Club and the Women’s Faculty Club are included in Appendix, Item 6.

The following statements from the transmittal letter from Kerry McDermott and Karen Earls are pertinent:

*“We discovered that the relationships between these independent units and the University are not well defined or well understood, and that the financial obligations for the campus stemming from these relationships are potentially quite large. ... These units fall under the University’s umbrella of responsibilities with regard to regulatory and legal compliance requirements and may consequently present additional liabilities.*

*“As a result of our study, we recommend that the campus formalize its relationships with the units identified in the report, establish procedures for addressing issues arising from these relationships, and make explicit the reporting responsibilities and relationships. We recommend that the campus attempt to standardize the agreements with these units, and only allow exceptions where absolutely necessary.”*

The two-page subsection on the Faculty Club and Women’s Faculty Club (see Appendix, Item 6 for a complete copy) reports:

*“The longstanding agreement was that The Regents owned the land and the clubs hold the buildings as licensees. In October, 1997, Club President Bruce Bolt wrote to Executive Vice Chancellor & Provost Christ saying she (sic) had unequivocally accepted that The Regents own the building and the campus is responsible for maintenance. He requested confirmation of this; there is no record of a response.”*

.....

*“The 1978 ‘Chenoweth Agreement’ holds the clubs responsible for interior repairs or renovation, unless related to the repair of mechanical and utility systems. Funding for major capital improvements are ‘to be determined as project needs occur.’ Physical Plant provides 100% of electricity, water and sewage utilities. Monthly steam is billed at 50%, ‘provided by the University as an estimated share of its support for departmental and administrative meetings and cultural and academic functions held on Club premises.’ In 1996 it was determined that Physical Plant subsidizes \$50,000 in utilities and an undetermined amount of maintenance service per year; an audit found these subsidies to be an inappropriate use of State funds. The Department of Environment, Health and Safety recharges the clubs for fire prevention and sanitation services.”*

The report concludes:

*“The Faculty Club recently began a \$1 million Centennial Campaign for renovation and maintenance. Gifts payable to The UC Regents are received in University Relations. The Faculty Club and the campus must come to an agreement on responsibilities with respect to ownership and maintenance of the building, approval and management of the renovation project, the fundraising campaign, and management of funds received.”*

The documents submitted to date by UC Berkeley, in response to the UCLA inquiry, do not indicate any further action having been taken in response to the November 1, 1999, report.

Less than a month later, a November 24, 1999, memo from Horace Mitchell, Vice Chancellor-Business and Administrative Services, to Ms. Doris Britt, President of the Board of Directors of The Women’s Faculty Club, states:

*“In followup to the meeting you had on November 19 with Chancellor Berdahl, Assistant Vice chancellor Coley and me, I want to reaffirm the administration’s commitment to the terms of the April (26) 1978 agreement between the University and The Women’s Faculty Club regarding utilities and maintenance services. As Chancellor Berdahl pointed out, there may be small issues that we will need to resolve from time-to-time, but we are in full agreement on the broad set of responsibilities of each party.*

*“The Women’s Faculty Club is a major asset to the campus community and we are pleased to continue the administration’s support for this valuable resource.”*

The only other information received from UC Berkeley is a copy of an Email of February 28, 2000 from University Counsel Geoff O’Neill of the Office of General Counsel, commenting on the question of the solicitation of private funds for improvements of the Faculty Club buildings at UC Berkeley. Mr. O’Neill’s comments include the following:

1. The UC Berkeley Faculty Club is organized as a 501(c)(7) entity under the U.S. Internal Revenue Code, not as a 501(c)(3) organization.
2. As a 501(c)(7) organization, the UC Berkeley Faculty Club is liable for tax related to earned investment income, whereas The Regents and the UC Berkeley Foundation, Inc., as 501(c)(3) entities, are not liable for tax earned on investment income generated from gifts or other funds.
3. Since The Regents owns the property upon which the Faculty Club building at UC Berkeley sits and also own the improvements, i.e., the building itself, it is appropriate that the receiving entity of any gift funds for the Faculty Club should be either The Regents or the UC Berkeley Foundation.
4. Should the Faculty Club at UC Berkeley wish to solicit funds, such solicitations should be undertaken only as an agent of, and on behalf of, The Regents and/or the UC Berkeley Foundation.