

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

November 19, 2009

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

Present: Regents Bass, Bernal, Blum, De La Peña, Gould, Island, Kieffer, Kozberg, Lansing, Lozano, Makarechian, Marcus, Nunn Gorman, Pattiz, Reiss, Ruiz, Schilling, Stovitz, Varner, Yudof, and Zettel

In attendance: Regents-designate Cheng, DeFreece, and Hime, Faculty Representatives Powell and Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Darling and Taylor, Interim Executive Vice President Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Fox, Kang, Katehi, White, and Yang, Interim Director Alivisatos, and Recording Secretary Johns

The meeting convened at 10:05 a.m. with Chairman Gould presiding.

**1. REPORT OF THE COMMITTEE ON HEALTH SERVICES**

The Committee presented the following from its meeting of November 19, 2009:

***Agreement with Los Angeles County on Martin Luther King Replacement Facility***

The Committee recommended that the Regents approve execution and implementation of the proposed Coordination Agreement between the University of California and Los Angeles County, as shown in Attachment 1.

Upon motion of Regent Lansing, duly seconded, the recommendation of the Committee on Health Services was approved.

The Board recessed at 10:10 a.m.

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The Board reconvened at 12:30 p.m. with Chairman Gould presiding.

Present: Regents Bass, Bernal, Blum, De La Peña, Gould, Island, Kieffer, Kozberg, Lansing, Lozano, Makarechian, Marcus, Nunn Gorman, Pattiz, Reiss, Ruiz, Stovitz, Varner, Yudof, and Zettel

In attendance: Regents-designate Cheng, DeFreece, and Hime, Faculty Representatives Powell and Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw,

General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Darling and Taylor, Interim Executive Vice President Brostrom, Senior Vice President Dooley, Vice Presidents Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Fox, Kang, Katehi, White, and Yang, Interim Director Alivisatos, and Recording Secretary Johns

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of September 17 and the meetings of the Committee of the Whole of September 15, 16, and 17, 2009 were approved.

3. **REPORT OF THE PRESIDENT**

President Yudof presented his report concerning University activities and individuals. Seven UC faculty members are among the 70 distinguished scientists recently elected to the Institute of Medicine of the National Academies. Of 1,703 Institute members, 113 are UC faculty. The Berkeley division of the Academic Senate is paying tribute to Chancellor Emeritus Charles E. Young by awarding him the Clark Kerr Medal for Distinguished Leadership in Higher Education. UC Santa Barbara Chancellor Henry Yang was recently appointed Chair of the Executive Committee of the Association of American Universities (AAU), an association of 62 leading research universities in North America.

The 2009 Shanghai Jiao Tong University academic ranking of universities has placed seven UC campuses among the top 50 universities in the world – Berkeley, UCLA, San Diego, San Francisco, Santa Barbara, Davis, and Irvine. This shows the depth, breadth, and quality of the University of California.

President Yudof noted the passing of Elizabeth O. Hansen, who served the Board for over three decades as Associate Secretary. Regents past and present are in Mrs. Hansen's debt for her singular devotion to the best interests of the Board and the University.

Upon motion of Chairman Gould, duly seconded, the President's report was accepted.

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

4. **REPORT OF THE COMMITTEE ON COMPLIANCE AND AUDIT**

Regent Ruiz presented the following from the Committee's meeting of October 28, 2009:

There were 11 public speakers who addressed the Committee regarding the University's use of student fee revenue, the proposed increases in student fees, and the treatment of animals used for research in UC laboratories.

There were four discussion items.

**A. *Annual Report on Compliance***

Chief Compliance and Audit Officer Vacca presented the Office of Ethics, Compliance and Audit Services' (ECAS) Annual Report on Compliance. She noted that this extensive report is the first one produced by ECAS and called attention to the various activities represented in the report. ECAS' approach was programmatic. Ms. Vacca explained that, during the first full year of ECAS operations, the Office was focused on establishing its processes and programs.

**B. *Fair and Accurate Credit Transactions Act (Red Flags Rule) Status Update***

Chief Compliance and Audit Officer Vacca reported that the Identity Theft Prevention Implementation Plan, adopted in January 2009, is being implemented at the campus level. ECAS has assisted the campuses in identifying accounts which might be subject to identity theft. ECAS has discussed with the campuses their campus-specific implementation efforts over the last year. The campuses have developed plans, submitted them to their campus risk committees for approval, and implemented them. The University has hired a privacy officer who will have authority over this area.

**C. *Annual Report on Internal Audit Activities 2008-09***

Chief Compliance and Audit Officer Vacca presented the Annual Report on Internal Audit Activities for 2008-09. The internal audit program has identified no material weaknesses through any of its audits. There are no significant financial disclosures that would be of concern to the Committee. Ms. Vacca and Systemwide Audit Manager Hicks responded to Regents' questions regarding cash controls, allocation of audit hours, advisory activities, Management Corrective Actions, and segregation of duties.

**D. *Report on Environment, Health and Safety***

Chief Risk Officer Crickette provided an update on the Risk Services program. The University continues to make good progress in managing accidents and claims and is working to improve its safety culture. Ms. Crickette outlined how the culture of safety might be improved on the campuses. She compared this culture at the campuses and the medical centers. She recalled that the University has a Policy on Management of Health, Safety, and the Environment. It was adopted in 2005 and recently endorsed by President Yudof in a letter to the chancellors. Risk Services is carrying out a survey on implementation and awareness of this policy.

Upon motion of Regent Ruiz, duly seconded, the report of the Committee on Compliance and Audit was accepted.

## 5. REPORT OF THE COMMITTEE ON COMPENSATION

The Committee presented the following from its meeting of November 19, 2009:

### A. *Individual Compensation Actions*

#### (1) *Appointment Time Reduction under Staff and Academic Reduction in Time (START) Program for Certain Individuals at the Berkeley Campus*

Effective July 1, 2008, the University implemented a two-year Staff and Academic Reduction in Time (START) program to enable non-probationary career staff and academic appointees an opportunity to voluntarily reduce their working time and corresponding pay, thereby reducing the University's expenses; accrual of UC Retirement Plan service credit and vacation and sick leave remains at the employees' pre-START rates. Five individuals at the Berkeley campus, Nathan E. Brostrom, Vice Chancellor – Administration; F. Scott Bidy, Vice Chancellor – University Relations; Shelton Waggner, Associate Vice Chancellor – Information Technology and Chief Information Officer; Christina Maslach, Vice Provost – Teaching and Learning; and Henry E. Brady, Dean – Goldman School of Public Policy have been or are participants in START.

Participation in this program has concluded for all but one individual. Mr. Brady will continue his START participation at ten percent in addition to the ten percent reduction under the University's Salary Reduction/Furlough plan implemented on September 1, 2009. All others are also subject to the furlough and salary reductions.

The Committee recommended approval of the following retroactive START requests for the following individuals at the Berkeley campus:

- a. Nathan E. Brostrom as Vice Chancellor – Administration, Berkeley campus:
  - i. Per START Program policy, a five percent voluntary appointment time reduction to 95 percent time with commensurate reduction of annual compensation to \$268,945, based on current annual base salary of \$283,100 (SLCG Grade 110: Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
  - ii. Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of five percent of the reduced compensation rate of \$268,945.

- iii. Effective retroactive to May 1, 2009 and ending August 31, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.

- b. F. Scott Bidy as Vice Chancellor – University Relations, Berkeley campus:

- i. Per START Program policy, a five percent voluntary appointment time reduction to 95 percent time with commensurate reduction of annual compensation to \$258,400, based on current annual base salary of \$272,000 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- ii. Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of five percent of the reduced compensation rate of \$258,400.
- iii. Effective retroactive to May 1, 2009 and ending June 30, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.

- c. Shelton Waggener as Associate Vice Chancellor – Information Technology and Chief Information Officer, Berkeley campus:

- i. Per START Program policy, a five percent voluntary appointment time reduction to 95 percent time with commensurate reduction of annual compensation to \$207,575, based on current annual base salary of \$218,500 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- ii. Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of five percent of the reduced compensation rate of \$207,575.
- iii. Effective retroactive to June 1, 2009 and ending August 31, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
  - Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.
- d. Christina Maslach as Vice Provost – Teaching and Learning, Berkeley campus:
    - i. Per START Program policy, a ten percent voluntary appointment time reduction to 90 percent time with commensurate reduction of annual compensation to \$162,270, based on current annual base salary of \$180,300 (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400).
    - ii. Effective retroactive to June 1, 2009 and ending July 31, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).

- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.
  - Per policy, accrual of sabbatical credits as a member of tenured faculty.
- e. Henry Brady as Dean – Goldman School of Public Policy, Berkeley campus:
- i. Per START Program policy, a ten percent voluntary appointment time reduction to 90 percent time with commensurate reduction of annual compensation to \$254,880, based on current annual base salary of \$283,200 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
  - ii. Effective retroactive to May 1, 2009 and ending June 30, 2010.
  - iii. Subject to a ten percent salary reduction under the University's Furlough Salary Reduction Program.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

The compensation described above shall constitute the University's total commitment regarding START Program compensation until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(2) ***Appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer and Chief Operating Officer, UC San Diego Medical Center, San Diego Campus***

Approval of the appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer (CEO), UC San Diego

Medical Center, is necessary to replace Richard Liekweg, who submitted his resignation, ending his employment with the University effective August 21, 2009. In order to maintain Medical Center operations after the departure of Mr. Liekweg and until the appointment of his successor, the current Chief Operating Officer, Mona Sonnenshein, has been serving as Acting CEO. Ms. Sonnenshein has served as Chief Operating Officer (COO) at the Medical Center for the last three years and will continue to serve as the COO while in the Acting CEO capacity, including overseeing the UC San Diego Medical Center on the Hillcrest and La Jolla East (Thornton Hospital) campuses.

The campus has submitted a separate action at this meeting to appoint the new CEO. The appointment of Ms. Sonnenshein as the Acting CEO will be without additional compensation, and will terminate upon the appointment of the new CEO. This position is funded from medical center operating revenue.

The Committee recommended approval of the following items in connection with the appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, San Diego campus:

- a. Appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, effective August 22, 2009 and continuing until the effective date of the appointment of the new CEO.
- b. Continuation of current base salary of \$514,700 and eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) with a maximum potential incentive of up to 25 percent of base salary.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Mortgage Origination Program loan, previously approved by the Regents.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations

and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(3) ***Appointment of and Promotion Compensation for Thomas Jackiewicz as Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, San Diego Campus***

Approval of the appointment of and promotion compensation for Thomas Jackiewicz to fill the Associate Vice Chancellor and Chief Executive Officer position at UC San Diego Medical Center is necessary to replace Richard Liekweg, who resigned to accept another position outside the UC system. Following an internal search, Mr. Jackiewicz was identified as the top candidate, having served as an Associate Vice Chancellor in Health Sciences over a period of eight years with another 11 years of executive-level experience in academic medicine before joining the San Diego campus in 2001.

Vice Chancellor Brenner will take this opportunity to reorganize the Health Sciences leadership and eliminate a position, saving the University approximately \$625,000 annually, when incentive award potential is considered. Under the reorganization, Mr. Jackiewicz will assume all of the responsibilities previously held by Mr. Liekweg, and in addition will retain responsibility for two areas that currently report to him: Resource Strategy and Planning, and Marketing and Communications for all of Health Sciences, inclusive of the Medical Center, and the Schools of Medicine and Pharmacy. The position Mr. Jackiewicz is vacating will be filled at a lower level. Mr. Jackiewicz's proposed salary is less than the previous incumbent, the salary range midpoint, the market median and the average of the other UC CEOs.

This position is funded from medical center operating revenue. The proposed base salary of \$600,000 is 9.2 percent less than the previous incumbent, who was paid \$660,500 and 11.6 percent less than the SLCG Grade 117 salary range midpoint of \$679,000. According to Mercer Human Resource Consulting, data from the Clark Consulting Health Care Executive Compensation Survey indicate that the 50th percentile of base salaries for CEOs of comparable medical centers is \$663,000, 9.5 percent higher than the salary proposed for Mr. Jackiewicz. The proposed base salary is 8.4 percent below the average base salary (\$654,675) of the CEOs at the other UC medical centers.

The Committee recommended approval of the following items in connection with the appointment and promotion compensation for Thomas Jackiewicz, UC San Diego Medical Center, San Diego campus:

- a. Appointment of Thomas Jackiewicz as Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, SLCG Grade 117 (Minimum \$522,300, Midpoint \$679,200, Maximum \$835,800).
- b. Per policy, a promotional salary of \$600,000, before the 2009-10 salary reduction is applied. This represents a 22.4 percent increase over Mr. Jackiewicz's current base salary of \$490,000.
- c. Continued eligibility to participate in the Clinical Enterprise Management Recognition Plan with maximum incentive potential of 30 percent of base salary.
- d. This appointment is at 100 percent time and will become effective immediately upon approval by the Regents.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, annual automobile allowance of \$8,916.
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$581,000	\$663,000	\$729,600

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(4) ***Appointment of and Total Compensation for Amy Binder as Provost, Thurgood Marshall College, San Diego Campus***

Approval of the appointment of Amy Binder as Provost of Thurgood Marshall College at the San Diego campus is necessary to respond to the campus' need to appoint a Provost to serve during Provost Alan Havis' sabbatical leave, effective April 1, 2010 through June 30, 2010. In

addition to filling this role, she will also assist with the transition back to the returning Provost, during the month of July, in her capacity as a faculty member. Ms. Binder's scholarly accomplishments and her commitment to undergraduate education make her well qualified to provide leadership as provost of Thurgood Marshall College during this period.

This position is funded from UC general funds provided by the State. The proposed total annualized compensation rate of \$130,961 is 5.8 percent below the salary range midpoint of \$139,000 and 9.2 percent below the salary of Mr. Havis (\$144,300).

The Committee recommended approval of the following items in connection with the appointment of and compensation for Amy Binder as Provost, Thurgood Marshall College, San Diego campus:

- a. Appointment of Amy Binder as Provost, Thurgood Marshall College, San Diego campus, SLCG Grade 103 (Minimum \$110,800, Midpoint \$139,000, Maximum \$167,100).
- b. Per policy, a total annualized compensation rate of \$130,961 (inclusive of one additional summer ninth to be provided at the conclusion of the term appointment when Ms. Binder returns to her faculty position and assists Mr. Havis with the transition).
- c. If an adjustment to the academic year professorial base salary is made prior to the termination of this acting role, the additional compensation will be recalculated against the new professorial base salary.
- d. This appointment is at 100 percent time and will be effective April 1, 2010 through June 30, 2010.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(5) ***Promotional Compensation and Administrative Stipend Extension for Certain Individuals in the Medical Center, San Francisco Campus***

Chief Operating Officer Tomi Ryba resigned from the UC San Francisco Medical Center effective January 23, 2009. At that time, Chief Executive Officer Laret consulted with senior campus, faculty, and staff leadership regarding an effective organizational structure with the goals of maintaining organizational momentum, increasing capacity to execute the strategic plan, streamlining the efficiency of Medical Center operations, and providing development opportunities in relation to succession management. An interim structure was approved and implemented effective February 1, 2009. Subsequently, CEO Laret evaluated the interim structure, obtained input from key stakeholders, and reviewed plans with Chancellor Desmond-Hellmann to make the interim organizational structure permanent.

Approval of the following items, effective November 1, 2009, is necessary to make the organizational structure permanent: promotion and compensation for Kenneth M. Jones as Chief Operating Officer; promotion and a stipend extension, through no later than December 31, 2010, for Sheila Antrum as Chief Nursing and Patient Care Services Officer for assuming additional responsibilities of Pharmacy and Perioperative Services; and a stipend extension, through no later than June 30, 2010, for Susan Moore as Acting Chief Financial Officer, until the appointment of a permanent Chief Financial Officer is determined.

All positions in this recommendation are funded 100 percent by medical center operating revenue. No State General Funds are used for these positions.

The Committee recommended approval of the following items in connection with the formal reorganization of the Medical Center, San Francisco campus:

- a. Kenneth M. Jones as Chief Operating Officer
  - i. Promotion to Chief Operating Officer classified at SLCG Grade 115 (Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100).
  - ii. Per policy, a base salary increase of \$77,400 (16.5 percent) to increase his current base salary of \$470,200 to an annual salary of \$547,600. This position is subject to a ten percent base salary decrease during participation in the University's approved furlough plan.

- iii. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the Tier II level with a target of 15 percent and a maximum potential incentive of up to 25 percent of base salary.
- iv. This appointment is at 100 percent time and will be effective November 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

This position is funded 100 percent by medical center operating revenue. No State General Funds are used for this position.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$414,170	\$493,866	\$555,084

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

- b. Sheila Antrum as Chief Nursing and Patient Care Services Officer
  - i. Promotion and interim re-slotting to SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500), with continued title of Chief Nursing and Patient Care Services Officer.
  - ii. As an exception to policy, continued administrative stipend of \$37,500 (15 percent) to increase her current base salary of \$250,000 to an annual salary of \$287,500. This position

is subject to a ten percent base salary decrease during participation in the University's approved furlough plan.

- iii. The stipend amount will be increased as the base salary is increased, so the stipend will equal 15 percent of the base salary, at a 100-percent-time appointment.
- iv. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the Tier II level with a target of 15 percent and a maximum potential incentive of up to 25 percent of base salary.
- v. This appointment is at 100 percent time and will be effective January 1, 2010, through no later than December 31, 2010. The original acting appointment is scheduled to end on December 31, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

This position is funded 100 percent by medical center operating revenue. No State General Funds are used for this position.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$212,200	\$245,000	\$300,000

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

- c. Susan Moore as Acting Chief Financial Officer
- i. As an exception to policy, extension of appointment as Acting Chief Financial Officer. This represents an exception to policy which allows for acting Senior Management Group appointments to be up to 12 months in length.
  - ii. As an exception to policy, continued administrative stipend of \$58,625 (25 percent) to increase her current base salary of \$234,500 to an annual salary of \$293,125. Continued classification at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) as well as Management and Senior Professional (MSP) Grade 7. Slotting for Acting Chief Financial Officer is SLCG Grade 114 (Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800).
  - iii. The stipend amount will be increased as the base salary is increased, so the stipend will equal 25 percent of the base salary, at a 100-percent-time appointment.
  - iv. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the increased Tier II level with a target of 15 percent and a maximum potential incentive of up to 25 percent of base salary.
  - v. This appointment is at 100 percent time and will be effective January 1, 2010, through no later than June 30, 2010, or until the permanent Chief Financial Officer is appointed, whichever comes first, inclusive of a 60-day transition period. The original acting appointment is scheduled to end on December 31, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.

This position is funded 100 percent by medical center operating revenue. No State General Funds are used for this position.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$322,100	\$369,900	\$415,000

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(6) ***Appointment of and Total Compensation for Steven Gaines as Dean – Donald Bren School of Environmental Science and Management, Santa Barbara Campus***

Following a national search and extensive consultation with the Academic Senate, the Bren Foundation, the Bren School Advisory Board, faculty and administrators, Steven Gaines has been selected to fill the Dean of Donald Bren School of Environmental Science and Management post effective January 1, 2010. In this position, Mr. Gaines will be responsible for all management aspects of the Bren School. The School's mission is to lead research in environmental issues, train research scientists and professionals, identify and solve environmental problems as well as foster multidisciplinary approaches to the study of the environment and humankind's impact on natural resources. The School features both a Ph.D. program, which embodies the broad research efforts of the School, as well as a master's program, which provides a professional degree and trains students to work in the private and public employment sectors.

This position is funded 100 percent by UC general funds provided by the State. The campus proposed a total annual compensation of \$234,000, which is an increase of 6.8 percent above Mr. Gaines' current annualized total cash compensation. In addition, the proposed total compensation is 3.8 percent above other UC Santa Barbara deans in SLCG Grade 106 with an average compensation of \$225,362. Market data are not available for this position.

The Committee recommended approval of the following items in connection with the appointment salary for Steven Gaines as Dean – Donald Bren School of Environmental Science and Management, Santa Barbara campus:

- a. Appointment of Steven Gaines as Dean – Donald Bren School of Environmental Science and Management, SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).

- b. Total annual compensation of \$234,000. This represents a 17 percent increase over Mr. Gaines' adjusted faculty salary of \$194,092 and a 6.8 percent increase over his total annual compensation of \$219,092.
- c. This appointment is at 100 percent time and will become effective January 1, 2010.

Additional compensation and related items include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(7) ***Salary Adjustment for Vijay Dhir as Dean – Henry Samueli School of Engineering and Applied Science, Los Angeles Campus***

At the January 2009 special meeting, the Regents approved the *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans* (Item C1), an action to freeze salary for members of the Senior Management Group (SMG) for fiscal year 2008-09 and fiscal year 2009-10 and to impose certain additional restrictions on participation in bonus, incentive and variable pay programs for that same time period as well as fiscal year 2007-08. The salary freeze included a provision allowing for SMG members who hold an academic appointment in addition to their staff role, and who receive an academic merit increase resulting in the faculty salary exceeding the staff salary, to receive an adjustment to the staff salary so that the staff salary matches the faculty salary.

Approval is requested for this type of salary adjustment for Vijay Dhir, Dean – Henry Samueli School of Engineering and Applied Science, effective November 1, 2009. Mr. Dhir's administrative salary has fallen behind his underlying adjusted faculty appointment salary (\$300,300, inclusive of 2.5 summer ninths) thus disadvantaging him in serving as

Dean. In addition, his salary reflects a significant market lag and has fallen behind more recent hires of deans of engineering at other UC campuses whose salaries more appropriately reflect market rates. The proposed action will bring Mr. Dhir's administrative salary equal to his adjusted faculty salary and, as a result, better align him with his cohorts both within UC and in the marketplace.

UC deans' salaries are funded by State funds; hence this salary increase will also be obtained from that source. UCLA's School of Engineering is one of the largest of the UC programs with a total annual enrollment of more than 4,000 students. This position is subject to the University's salary reduction/furlough plan as approved by the Regents. Market data provided by Mercer Human Resource Consulting reveal a market median salary of \$300,000.

The Committee recommended approval of the following items in connection with a salary adjustment for Vijay Dhir, Dean – Henry Samueli School of Engineering and Applied Science, Los Angeles campus:

- a. A salary adjustment of \$30,000 (11.1 percent) from \$270,300 to \$300,300, at SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
- b. Per policy, ineligible for any further merit or equity increase until October 2010.
- c. Effective November 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$286,900	\$300,000	\$325,900

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**B. *Approval of Appointment of and Total Compensation for A. Paul Alivisatos as Laboratory Director, Lawrence Berkeley National Laboratory***

A national search for the next permanent Lawrence Berkeley National Laboratory (LBNL) Director was initiated in the summer of 2009, in accordance with the Regents' Policy on Appointment of Laboratory Directors. President Yudof appointed a search committee that included six Regents and several prominent members of the University, Laboratory, and scientific community. The search committee was advised by a screening task force, composed of 16 eminent University and Laboratory researchers and administrators, and chaired by Vice President Beckwith.

Over 140 potential candidates were assessed for the position. Ultimately, the President, with advice from the search committee, selected A. Paul Alivisatos as the best candidate to be named as the LBNL Director. Officials at the Department of Energy have also welcomed the appointment of Mr. Alivisatos.

As provided under the University's contract with the Department of Energy (DOE), any compensation amount approved by the Regents that is over the compensation amount approved by DOE will be paid from the fee earned under the contract.

The Committee recommended the appointment of and total compensation for A. Paul Alivisatos as Laboratory Director, Lawrence Berkeley National Laboratory:

- (1) Appointment of A. Paul Alivisatos as Laboratory Director, Lawrence Berkeley National Laboratory, at 100 percent time.
- (2) Appointment salary of \$417,155 (SLCG Grade 113: Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100), reflecting a 2.5 percent (\$10,175) increase over the current annual salary and 16.9 percent (\$60,155) increase over the current base salary.
- (3) As provided under the University's contract with the Department of Energy (DOE), any compensation amount approved by the Regents that is over the compensation amount approved by DOE will be paid from the fee earned under the contract.
- (4) Per policy, annual automobile allowance of \$8,916.

- (5) Per policy, an Administrative Fund for official entertainment and other purposes that comply with University policy.
- (6) Per policy, eligibility for participation in the University of California Mortgage Origination Program up to the maximum loan amount (currently \$1,330,000). The loan will comply with all normal Mortgage Origination Program parameters.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

C. ***Authorization to Amend the University of California Retirement Plan to Accommodate Modifications to the Staff and Academic Reduction in Time (START) Program***

The Committee recommended that authority be delegated to the Plan Administrator to amend the University of California Retirement Plan (UCRP) to accommodate modifications to the Staff and Academic Reduction in Time (START) Program to extend the end date of the START Program from June 30, 2010 to December 31, 2010 and to adjust the minimum reduction in time requirement when necessary to coordinate the START Program and the Furlough/Salary Reduction Plan.

D. ***Deans' Salary Structure Proposal: Transfer of Deans from the Senior Management Group Program to Academic Titles***

The Committee recommended:

- (1) That full-time academic Deans be removed from the Senior Management Group, effective January 1, 2010.
- (2) That the Provost report bi-monthly and annually on the total compensation of newly appointed Deans and any subsequent change in their total

compensation.

- (3) Approval of a proposed salary structure for Deans, to be effective January 1, 2010 upon issuance of proposed academic personnel policy, APM – 240 (Deans), returning Deans to governance under the Academic Personnel Program.

Upon motion of Regent Varner, duly seconded, the recommendations of the Committee on Compensation were approved.

## 6. **REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY**

The Committee presented the following from its meeting of November 19, 2009:

### A. ***Approval of Public Phase of Fundraising Campaign, San Diego Campus***

The Committee recommended approval of the proposed public phase of the San Diego campus fundraising campaign, *Invent the Future: the UC San Diego Student Support Campaign*. The campaign, to be conducted jointly by the UC San Diego campus and the UC San Diego Foundation, has a goal of \$50 million for undergraduate and graduate student support.

### B. ***Endorsement of Project You Can Fundraising Effort***

The Committee recommended that the Regents endorse *Project You Can*, a systemwide student support fundraising effort designed to focus ongoing fundraising at all ten UC campuses on a united goal: raising \$1 billion for student support over the next four years. This effort to help ensure that UC remains accessible and affordable by significantly increasing the amount of scholarship and fellowship funding available to UC students will be conducted at all ten campuses, with assistance from the Office of the President.

### C. ***Establishment of Mandatory Health Insurance as a Non-Academic Condition of Enrollment for All Graduate Students***

The Committee recommended that the President be authorized to require proof of health insurance coverage as a non-academic condition of enrollment for all University graduate students, effective with the fall term 2010.

### D. ***Designation of Sierra Nevada Research Station – Yosemite Field Station, Mariposa County, Natural Reserve System***

The Committee recommended that the Regents designate the existing facilities at Wawona, Yosemite National Park, owned by the U.S. National Park Service, as a component of the Natural Reserve System and named the “Sierra Nevada

Research Station – Yosemite Field Station” with no change in the day-to-day management of these facilities by the Merced campus.

Upon motion of Regent Island, duly seconded, the recommendations of the Committee on Educational Policy were approved.

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

The Committee presented the following from its meeting of November 18, 2009:

A. ***Approval of the 2009-10 Mid-Year and 2010-11 Student Fee Increases and Expansion of the Blue and Gold Opportunity Plan***

The Committee recommended the following actions on student fees for mid-year 2009-10 and for 2010-11:

- (1) Effective winter quarter/spring semester 2010, approve the mandatory systemwide fees shown in Display 1. Of the revenue generated from the increases in mandatory systemwide fees from undergraduates, an amount equivalent to 33 percent will be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the increases from graduate academic students, 50 percent will be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases from students subjected to professional fees will be set aside for financial aid.
- (2) For 2010-11, effective summer 2010, approve the mandatory systemwide fees shown in Display 2. Of the revenue generated from the increases in mandatory systemwide fees from undergraduates, an amount equivalent to 33 percent will be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the increases from graduate academic students, 50 percent will be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases from students subjected to professional fees will be set aside for financial aid.
- (3) Effective fall 2010, approve expansion of the Blue and Gold Opportunity Plan to provide that financially needy California undergraduates with total family income under \$70,000 and enrolled in their first four years (two years for transfer students) will have systemwide fees covered, up to the students' need, by scholarship or grant awards.

**DISPLAY 1: Proposed 2009-10 Mid-Year Increases**

	Current 2009-10 Fee Levels		Proposed Increase <sup>1</sup>		Proposed 2009-10 Fee Levels	
	Educational Fee <sup>2</sup>	Registration Fee	\$	%	Educational Fee <sup>2</sup>	Registration Fee
<b>Mandatory Systemwide Fees</b>						
Undergraduate						
Resident	\$6,888	\$900	\$585	15.0%	\$7,473	\$900
Nonresident	\$7,536	\$900	\$633	15.0%	\$8,169	\$900
Graduate Academic						
Resident	\$7,836	\$900	\$111	2.6%	\$7,947	\$900
Nonresident	\$8,178	\$900	\$117	2.6%	\$8,295	\$900
Graduate Professional <sup>3</sup>						
Group 1						
Resident/Nonresident	\$6,822	\$900	\$579	15.0%	\$7,401	\$900
Group 2						
Resident	\$7,836	\$900	\$654	15.0%	\$8,490	\$900
Nonresident	\$8,178	\$900	\$681	15.0%	\$8,859	\$900

<sup>1</sup> Dollar amount represents the actual increase in fees students would experience during 2009-10. Percentage amount represents the annualized percentage increase in the fee level.

<sup>2</sup> Includes \$60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.

<sup>3</sup> Professional students in these programs also pay a Professional Degree Fee that varies by campus and program. In 2009-10, these fees range from \$4,000 to \$25,675. Proposed fee increases for 2010-11 range from \$280 to \$5,696 and are presented in the November 2009 Regents' item *Approval of 2010-11 Professional Degree Fee Increases*. Different Educational Fee rates for professional degree students exist due to differences in the point in time at which programs began charging the Professional Degree Fees. For 2011-12, the Office of the President will work with the campuses to develop a strategy to adjust Educational Fee and Professional Degree Fee levels so that Educational Fee levels are consistent for all students also charged Professional Degree Fees. Implementation of such a strategy will be completed in a way that is cost-neutral for both the University and individual students.

- Group 1 includes students in Business; Dentistry; Law; Medicine; Nursing; Optometry; Pharmacy; Theater, Film and Television; and Veterinary Medicine professional degree programs.
- Group 2 includes students in International Relations and Pacific Studies, Preventive Veterinary Medicine, Public Health, and Public Policy professional degree programs.

**DISPLAY 2: Proposed 2010-11 Increases**

	2009-10 Fee Levels <sup>1</sup>		Proposed Increase		Proposed 2010-11 Fee Levels	
	Educational Fee <sup>2</sup>	Registration Fee	\$	%	Educational Fee <sup>2</sup>	Registration Fee
<b>Mandatory Systemwide Fees</b>						
Undergraduate						
Resident	\$8,058	\$900	\$1,344	15.0%	\$9,402	\$900
Nonresident	\$8,802	\$900	\$1,458	15.0%	\$10,260	\$900
Graduate Academic						
Resident	\$8,058	\$900	\$1,344	15.0%	\$9,402	\$900
Nonresident	\$8,412	\$900	\$1,398	15.0%	\$9,810	\$900
Graduate Professional <sup>3</sup>						
Group 1						
Resident/Nonresident	\$7,980	\$900	\$1,332	15.0%	\$9,312	\$900
Group 2						
Resident	\$9,144	\$900	\$1,506	15.0%	\$10,650	\$900
Nonresident	\$9,540	\$900	\$1,566	15.0%	\$11,106	\$900
Group 3						
Resident	\$8,058	\$900	\$1,344	15.0%	\$9,402	\$900
Nonresident	\$8,412	\$900	\$1,398	15.0%	\$9,810	\$900

<sup>1</sup> 2009-10 fee levels assume approval of mid-year fee increases and represent the annualized fee amount.

<sup>2</sup> Includes \$60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.

<sup>3</sup> Professional students in these programs also pay a Professional Degree Fee that varies by campus and program. In 2009-10, these fees range from \$4,000 to \$25,675. Proposed fee increases for 2010-11 range from \$280 to \$5,696 and are presented in the November 2009 Regents' item *Approval of 2010-11 Professional Degree Fee Increases*. Different Educational Fee rates for professional degree students exist due to differences in the point in time at which programs began charging the Professional Degree Fees. For 2011-12, the Office of the President will work with the campuses to develop a strategy to adjust Educational Fee and Professional Degree Fee levels so that Educational Fee levels are consistent for all students also charged Professional Degree Fees. Implementation of such a strategy will be completed in a way that is cost-neutral for both the University and individual students.

- Group 1 includes students in Business; Dentistry; Law; Medicine; Nursing; Optometry; Pharmacy; Theater, Film and Television; and Veterinary Medicine professional degree programs.
- Group 2 includes students in International Relations and Pacific Studies, Preventive Veterinary Medicine, Public Health, and Public Policy professional degree programs.
- Group 3 includes students in Architecture, Environmental Design, Information Management, Physical Therapy, Social Welfare, and Urban Planning professional degree programs.

Displays 1 and 2 reflect increases in mandatory systemwide fees only.

## B. *Approval of 2010-11 Professional School Degree Fees*

The Committee recommended that the Regents:

- (1) Approve the proposed professional degree fees for 2010-11 for the 20 programs, shown in Display 1, that are compliant with the Regents' *Policy on Fees for Selected Professional School Students*. Included is Nursing at Davis, which proposes charging a professional degree fee for the first time in 2010-11.

- (2) Approve as an exception to the Regents' *Policy on Fees for Selected Professional School Students* professional degree fees for 2010-11 for the 24 programs, shown in Display 2, that are not expected to be compliant with the Regents' Policy as their in-State fees are expected to exceed the average of estimated 2010-11 fees at their public comparison institutions. Included are Architecture at Los Angeles, Environmental Design at Berkeley, Information Management at Berkeley, Social Welfare at Berkeley and Los Angeles, and Urban Planning at Los Angeles, which propose charging professional degree fees for the first time in 2010-11.
- (3) Approve eliminating the separate \$376 Special Fee for Law and Medical Students that was established by the Regents in 1990. Effective fall 2010, this fee will be included in the professional degree fees for Law and Medicine programs.

**DISPLAY 1: 2010-11 Proposed Professional Degree Fees for Programs Fully Compliant with Regents' Policy**

	Residents	Nonresidents (a)
<b>Business</b>		
Berkeley	\$28,820	\$24,542
Davis	\$20,332	\$20,332
Irvine	\$19,985	\$18,714
Los Angeles	\$27,447	\$23,150
San Diego	\$22,378	\$16,040
<b>International Relations and Pacific Studies</b>		
San Diego	\$5,248	\$5,054
<b>Law (b)</b>		
Berkeley	\$31,355	\$27,110
Davis	\$28,599	\$25,186
Irvine	\$27,225	\$25,003
Los Angeles	\$27,225	\$25,003
<b>Medicine (b)</b>		
Berkeley (Jt. MD/Ph.D.)	\$17,531	\$17,531
Los Angeles	\$17,531	\$17,531
Riverside	\$17,531	\$17,531
San Diego	\$17,531	\$17,531
<b>Nursing</b>		
Davis	\$4,866	\$4,866
Irvine	\$4,866	\$4,866
Los Angeles	\$4,866	\$4,866
San Francisco	\$4,459	\$4,459
<b>Preventive Veterinary Medicine</b>		
Davis	\$4,280	\$4,280
<b>Public Health</b>		
Davis	\$5,199	\$5,199

(a) Some schools have opted to set professional degree fee levels for *nonresident* students lower than those for *resident* students in the same program in acknowledgement of the \$12,245 in Nonresident Tuition that nonresident students must pay in addition to mandatory fees and professional degree fees. Total charges for nonresident students continue to be significantly above those for resident students.

(b) Fee amounts include an amount equivalent to the \$376 Special Fee for Law and Medical Students approved in 1990.

**DISPLAY 2: 2010-11 Proposed Professional Degree Fees for Programs with Proposed Total In-State Fees Higher than the Average of Public Comparison Programs**

	Residents	Nonresidents (a)
<b>Architecture</b>		
Los Angeles	\$8,000	\$8,000
<b>Business</b>		
Riverside	\$19,770	\$19,770
<b>Dentistry</b>		
Los Angeles	\$22,256	\$19,461
San Francisco	\$22,880	\$22,880
<b>Environmental Design</b>		
Berkeley	\$6,000	\$6,000
<b>Information Management</b>		
Berkeley	\$6,000	\$6,000
<b>Medicine (b)</b>		
Davis	\$17,531	\$17,531
Irvine	\$17,531	\$17,531
San Francisco	\$17,531	\$17,531
<b>Optometry</b>		
Berkeley	\$13,220	\$13,220
<b>Pharmacy</b>		
San Diego	\$17,155	\$17,155
San Francisco	\$17,155	\$17,155
<b>Physical Therapy</b>		
San Francisco	\$11,000	\$11,000
<b>Public Health</b>		
Berkeley	\$6,317	\$6,317
Irvine	\$5,345	\$5,345
Los Angeles	\$5,199	\$5,199
<b>Public Policy</b>		
Berkeley	\$5,494	\$5,494
Irvine	\$5,199	\$5,199
Los Angeles	\$5,199	\$5,199
<b>Social Welfare</b>		
Berkeley	\$4,000	\$4,000
Los Angeles	\$5,199	\$5,199
<b>Theater, Film, and Television</b>		
Los Angeles	\$7,954	\$7,954
<b>Urban Planning</b>		
Los Angeles	\$5,199	\$5,199
<b>Veterinary Medicine</b>		
Davis	\$14,664	\$14,664

(a) Some schools have opted to set professional degree fee levels for *nonresident* students lower than those for *resident* students in the same program in acknowledgement of the \$12,245 in Nonresident Tuition that nonresident students must pay in addition to mandatory fees and professional degree fees. Total charges for nonresident students continue to be significantly above those for resident students.

(b) Fee amounts include an amount equivalent to the \$376 Special Fee for Law and Medical Students approved in 1990.

C. ***Approval of University of California 2010-11 Budgets for Current Operations and for State Capital Improvements***

The Committee recommended that:

- (1) The expenditure plan included in the document, *2010-11 Budget for Current Operations*, be approved with two additions: \$444,275 for nursing enrollments at the Davis campus, and \$10 million for planning for a new medical school at the Riverside campus.
- (2) Subject to concurrence of the Committee on Grounds and Buildings, the *2010-11 Budget for State Capital Improvements* be approved.

D. ***Authorization to Revise Internal Limits and Liquidity Support Options for the Commercial Paper Program***

The Committee recommended that the Regents:

- (1) Authorize the removal of limitations on the amount of the Regents' commercial paper (CP) program that is authorized for (1) the interim financing of capital projects and equipment and financing of working capital for the teaching hospitals and other working capital needs and (2) standby/interim financing for gift-related projects. The overall \$2 billion authorized amount of the Regents' commercial paper program will remain unchanged.
- (2) Authorize the removal of limitations on the sources of repayment for advances for any liquidity facilities supporting the Regents' commercial paper program to allow additional security pledges to be used.

The July 2008 authorization for increase of the commercial paper program will be modified as follows with the understanding that all other actions related to the July 2008 authorization remain unchanged.

**Deletions shown by strikeout, additions by underlining**

- (1) That the President be authorized to increase the current commercial paper (CP) Program from \$550 million to \$2 billion. The reauthorization of the CP Program would be issued for the following:
  - i) ~~\$1.5 billion~~ Commercial Paper (tax-exempt/taxable) authorization for interim financing related to capital projects, interim financing of equipment, financing of working capital for the University's teaching hospitals, and other University working capital needs; and

- ii) ~~\$500 million~~ Commercial Paper (taxable) authorization for standby/interim financing for gift related projects.

The November 2008 authorization of allocation of Short-Term Investment Pool (STIP) and Total Return Investment Pool (TRIP) funds for up to 40 percent of the combined outstanding balances for liquidity support for the CP program, medical center working capital needs and the Mortgage Origination Program (MOP) will be modified as follows with the understanding that all other actions related to the November 2008 authorization and all other guidelines and parameters related to the medical center working capital and MOP remain unchanged.

**Deletions shown by strikeout, additions by underlining**

- (1) That the President be authorized to either utilize a portion of STIP/TRIP as liquidity support for the CP Program or if necessary negotiate a standby letters of credit, lines of credit or other liquidity agreements ~~provided that repayment of any advances shall be provided from sources identified in 1(e), 1(f), 1(g) and 1(h)~~ to provide additional liquidity support for the CP Program. Repayment of advances under any such liquidity facility shall be repaid from revenue sources identified by the President so that the general credit of The Regents is not pledged.

**E. *Authorization to Submit Applications for Proposition 3 (Children's Hospital Bond Act of 2008) Grant Funding and Take Related Action to Receive Proposition 3 Funding on Behalf of Medical Centers, Davis, Irvine, Los Angeles, San Diego and San Francisco Campuses***

The Committee recommended that:

- (1) The Regents authorize the President to submit – on behalf of the UC Davis, UC Irvine, UCLA, UC San Diego, and UC San Francisco Medical Centers – Proposition 3 (Children's Hospital Bond Act of 2008) applications to the California Health Facilities Financing Authority under the Children's Hospital Program for grant funding in the amount of \$39.2 million less administration and issuance cost (the Grants) for each medical center.
- (2) The Regents authorize the President or his designee, after consultation with the General Counsel, to execute grant contract documents and take such further actions, including but not limited to (a) the establishment of a mechanism for financial transactions, and (b) execution and delivery of such additional, related instruments, certificates, statements, and documents as are reasonably required to obtain the Grants.

- (3) Any action taken by the President or his designees, in furtherance of the matters authorized by the foregoing actions, is hereby ratified, approved, and confirmed as the act and deed of the Regents.

[Regents were provided with a packet of correspondence received regarding this item, and copies are on file in the Office of the Secretary and Chief of Staff.]

Regent Bass responded to remarks made earlier that day by Regent Reiss about the critical financial situation facing the University and her request for hearings to inform legislators about this situation. She stated that she planned to contact the chair of the State legislative budget subcommittee concerned with education to arrange hearings. Concerning the date of such hearings, she noted that a rally is planned for March 2010. She suggested that the date of the rally be moved to January. This would provide an opportunity for the Legislature to hear about the University and its challenges, especially the fee increase. Regent Bass called attention to the fact that, like the University, the State Legislature has had to make difficult decisions, given the State's \$60 billion deficit. She emphasized that raising revenue is the key issue. In addressing the \$60 billion deficit, devastating cuts have been made in all areas. K-12 education funding was cut by \$11 billion. Six hundred thousand children almost lost health care. There have been cuts to health and human services. Hundreds of social workers have lost their jobs. Regent Bass noted that, although individual legislators may be highly critical of the University, this does not necessarily reflect the view of the Legislature as a body.

Regent Bass emphasized the importance of votes by legislators to raise revenue. She appealed to the Regents for assistance in securing votes for measures such as an oil severance tax or increased taxes on upper-income individuals who received tax cuts during better financial times. She recalled the two-thirds majority requirement in California to approve a budget and raise revenue. Some legislators who voted to increase revenue may now be facing recall. She reiterated her request for the Regents' help in securing votes to raise revenue for UC, K-12, and health and human services.

Regent Marcus suggested that degrees in social work do not properly belong in the professional school category and that the University should examine this question in the future. Given the income level of graduates, he felt that social work should not be in the same category as law.

Regent Marcus moved to separate the graduate academic fee increase proposed for this and next year in 7.A above, to be voted on separately. He emphasized the principle of ensuring quality through attracting the best graduate students to the University.

President Yudof expressed his opposition to Regent Marcus' motion. He observed that 50 percent rather than 33 percent of the increased graduate student fee is used for scholarships. A large proportion of the graduate fees in engineering and the sciences is paid by grants. He cautioned against allowing the level of graduate fees to fall below that of undergraduate fees. The increases for graduate students are not as large as the increases for undergraduates, but there is parity between the resident graduate and undergraduate fees.

In response to Chairman Gould's request, General Counsel Robinson stated that the Regents could first vote on Regent Marcus' motion to divide the item, and then, if that motion passes, vote on each part of the divided item.

Regent Marcus clarified that his motion addressed the graduate academic fees for resident and non-resident students in item 7.A, not the professional school degree fees.

Regent Kieffer expressed agreement with President Yudof and opposed the recommendation to divide this item. He advocated keeping the item together as originally presented.

Chairman Gould expressed agreement with Regent Kieffer and President Yudof.

Upon motion duly made and seconded, Regent Marcus' motion failed.

Upon motion of Regent Lozano, duly seconded, the recommendations of the Committee on Finance were approved, with Regent Bernal voting "no" on items 7.A and 7.B, and Regent Stovitz voting "no" on item 7.B on the grounds that this action should await the review of underlying policies to be presented at the January meeting.

## 8. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS**

The Committee presented the following from its meeting of November 17, 2009:

### A. *Adoption of Findings and Approval of Design, Anna Head West Student Housing, Berkeley Campus*

Upon review and consideration of the environmental consequences of the proposed project as described in the Addendum to the 2020 Long Range Development Plan (LRDP) Environmental Impact Report (EIR), the Committee reported its:

- (1) Adoption of the Findings.
- (2) Approval of the design of the Anna Head West Student Housing Project, Berkeley campus.

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

### B. *Approval of University of California 2010-11 Budget for State Capital Improvements*

Subject to concurrence of the Committee on Finance, the Committee on Grounds and Buildings recommended that the 2010-11 Budget for State Capital

Improvements be approved, as presented in the document titled *2010-11 Budget for State Capital Improvements*.

C. ***Acceptance of 2009-19 Capital Financial Plan and Physical Design Framework and Authorization to Participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects, Riverside Campus***

The Committee recommended that the Regents:

- (1) Accept the *UC Riverside 2009-19 Capital Financial Plan and Physical Design Framework*.
- (2) Authorize the Riverside campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects.

D. ***Acceptance of 2009-19 Capital Financial Plan and Physical Design Framework and Authorization to Participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects, Berkeley Campus***

The Committee recommended that the Regents:

- (1) Accept the *UC Berkeley 2009-19 Capital Financial Plan and the Physical Design Framework (November 2009)*.
- (2) Authorize the Berkeley campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Santa Monica/Orthopaedic Replacement Hospital and Parking Structure, Los Angeles Campus***

The Committee recommended that:

- (1) The 2009-10 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction and equipment – \$377,900,000 to be funded from State lease revenue bond funds (\$55,000,000), federal funds (\$72,200,000), external financing (\$244,700,000), gifts (\$3,000,000) and hospital reserves (\$3,000,000).

To: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction and equipment – \$572,900,000 to be funded from

State lease revenue bond funds (\$55,000,000), federal funds (\$72,200,000), external financing (\$390,700,000), hospital reserves (\$30,000,000) and State Children's Hospital Program Bond Funds (\$25,000,000).

**Deletions shown by strikeout; additions by underscore**

- (2) The President be authorized to obtain an additional amount of external financing not to exceed ~~\$138,000,000~~ \$146,000,000 to finance the *Santa Monica/Orthopaedic Replacement Hospital and Parking Structure* project. The President shall require that:
  - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
  - b. Repayment of the debt shall be from the net patient revenues of the UCLA Hospital System and as long as the debt is outstanding, the net patient revenues of the UCLA Hospital System shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
  - c. The general credit of the Regents shall not be pledged.
- (3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

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

9. **REPORT OF THE COMMITTEES ON FINANCE AND COMPLIANCE AND AUDIT**

The Committees presented the following from their meeting of November 18, 2009:

***University of California Financial Reports, 2009***

The Committee on Finance recommended that the Regents adopt the University of California Annual Financial Report 2008-2009 and the June 30, 2009 audited financial statements for the University of California Retirement Plan, including the PERS-VERIP; the University of California Retirement Savings Program, including the Defined Contribution, 403(b) and 457(b) Plans; and the University of California Health and Welfare Program, including the retiree health benefit trust and the five University of California Medical Centers.

Upon motion of Regent Lozano, duly seconded, the recommendation of the Committee on Finance was approved.

**10. REPORT OF THE COMMITTEES ON COMPENSATION AND GOVERNANCE**

The Committees presented the following from their meeting of November 19, 2009:

***Amendment of Bylaw 12.8 and Standing Orders 100.2, 100.3, 101.1 and 101.2 to Conform with Senior Management Group Compensation Policies and Other Regental Actions Regarding Executive Compensation***

The Committee on Compensation recommended that following service of appropriate notice, Bylaw 12.8 and Standing Orders 100.2, 100.3, 101.1, and 101.2 be amended, as shown in Attachment 2 and Attachment 3. This Item itself constitutes the notice of proposed amendments that is required pursuant to Bylaw 30.1 and Standing Order 130.1. Final action to approve these amendments will be recommended at the January 2010 meeting.

In the event that the Regents take final action in January 2010 to approve both sets of amendments to Bylaw 12.8 and Standing Orders 100.2 and 100.3 proposed in this recommendation and the recommendation to the Committees on Compliance and Audit and Governance (*Amendment of Bylaw 12.8, Standing Orders 100.1, 100.2 and 100.3 and the Policies Entitled Charter of the Committee on Compliance and Audit, Statement of Expectations of the Members of the Board of Regents, Policy on the Associate of the President and the Associate of the Chancellor, and Principles for Review of Executive Compensation*), the amendments to those sections proposed in this recommendation shall become effective with the additional amendments proposed to those sections in the recommendation to the Committees on Compliance and Audit and Governance.

Upon motion of Regent Varner, duly seconded, the recommendation of the Committee on Compensation was approved.

**11. REPORT OF THE COMMITTEES ON COMPLIANCE AND AUDIT AND GOVERNANCE**

The Committees presented the following from their meeting of November 19, 2009:

***Amendment of Bylaw 12.8, Standing Orders 100.1, 100.2 and 100.3 and the Policies Entitled Charter of the Committee on Compliance and Audit, Statement of Expectations of the Members of the Board of Regents, Policy on the Associate of the President and the Associate of the Chancellor, and Principles for Review of Executive Compensation***

The Committee on Compliance and Audit recommended to the Regents that following service of appropriate notice, Bylaw 12.8, Standing Orders 100.1, 100.2, and 100.3, and the policies entitled Charter of the Committee on Compliance and Audit, Statement of Expectations of the Members of the Board of Regents, Policy on the Associate of the President and the Associate of the Chancellor, and Principles for Review of Executive

Compensation be amended, as shown in Attachment 4. This Item itself constitutes the notice of proposed amendments that is required pursuant to Bylaw 30.1 and Standing Order 130.1. Final action to approve these amendments will be recommended at the January 2010 meeting.

In the event that the Regents take final action in January 2010 to approve both sets of amendments to Bylaw 12.8 and Standing Orders 100.2 and 100.3 proposed in the recommendation to the Committees on Compensation and Governance (*Amendment of Bylaw 12.8 and Standing Orders 100.2, 100.3, 101.1 and 101.2 to Conform with Senior Management Group Compensation Policies and Other Regental Actions Regarding Executive Compensation*) and this recommendation, the amendments to those sections proposed in the recommendation to the Committees on Compensation and Governance shall become effective with the additional amendments proposed to those sections in this recommendation.

Upon motion of Regent Ruiz, duly seconded, the recommendation of the Committee on Compliance and Audit was approved.

12. **REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES**

The Committee presented the following from its meeting of November 19, 2009:

***Authorization to Approve and Execute Modification to the Department of Energy Contract for the Lawrence Berkeley National Laboratory as a Result of Changes to the Federal Acquisition Regulations***

The Committee recommended that the President be authorized to execute a modification to the provisions of Lawrence Berkeley National Laboratory (LBNL) contract DE-AC02-05CH11231 in order to incorporate Federal Acquisitions Regulation (FAR) 52.222-54 Employment Eligibility Verification (January 2009).

Upon motion of Regent Pattiz, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was approved.

13. **REPORT OF INTERIM ACTIONS**

Secretary and Chief of Staff Griffiths reported that, in accordance with authority previously delegated by the Regents, interim action was taken on routine or emergency matters as follows:

- A. The Chairman of the Board of Regents, the Chairman of the Committee on Finance, and the President of the University approved the following recommendation:

***Approval of Contingent Payment of Debt Service and Related Contingent Loan for the Construction of the Sanford Consortium for Regenerative Medicine (Research Facility), San Diego Campus***

- (1) That the President, after consultation with the General Counsel, be authorized to approve and to execute an agreement between The Regents and the trustee to pay debt service (“Agreement”), on fixed-rate, tax-exempt bonds (“Bonds”) to be issued by an unrelated governmental entity for the benefit of the Sanford Consortium for Regenerative Medicine (“Consortium”), obligating The Regents to pay any shortfall in the debt service due on such Bonds, with substantially the following terms and conditions:
  - a. The principal amount of the Bonds shall not exceed \$62,000,000 plus the cost of issuance, and a reserve fund, if required.
  - b. The Bonds shall be secured by a pledge of Consortium gross revenues, including but not limited to payments received pursuant to occupancy agreements with members of the Consortium, investment income, and any unrestricted grants or gifts.
  - c. If The Regents is required to pay any shortfall in the debt service due on such Bonds and such shortfall is attributable to a default by any member of the Consortium under an occupancy agreement with such member, then:
    - i. The defaulting member shall be required to vacate the Research Facility, and The Regents shall have the right to occupy the space covered by the defaulting member’s occupancy agreement.
    - ii. If such defaults by members of the Consortium cause members other than The Regents to occupy fewer than eight modules of the Research Facility, then The Regents shall have the right, commencing ten years following the date of the Notice of Grant Award issued pursuant to the California Institute for Regenerative Medicine (CIRM) Grant, to purchase the Research Facility for the outstanding amount then owing on the Bonds and the amount of any other permitted indebtedness, if any, to any other lender.
  - d. The general credit of The Regents shall not be pledged.
- (2) That the President, after consultation with the General Counsel, be authorized to approve and to execute a contingent loan agreement (“Loan

Agreement”) between The Regents as lender and the Consortium as borrower, with substantially the following terms and conditions:

- a. The Consortium shall use its best efforts to publicly place the Bonds in an amount and on terms reasonably acceptable to the President or his designee.
  - b. If the Consortium is unsuccessful in obtaining the funding required to complete construction of the Research Facility from other sources, then The Regents shall make a loan to the Consortium under the terms and conditions of the Loan Agreement.
  - c. The principal amount borrowed under the Loan Agreement shall not exceed \$62,000,000 plus closing costs.
  - d. Repayment of the loan shall commence upon completion of construction of the Research Facility, and shall be payable in monthly installments of approximately equal amounts amortizing the loan over not more than thirty years at an interest rate comparable to the fixed rate of interest that The Regents would pay for a comparable loan for a similar purpose as of the date the loan is made to the Consortium.
  - e. The Regents shall have the right, commencing ten years following the date of the Notice of Grant Award issued pursuant to the CIRM Grant, to forgive the loan to the Consortium and purchase the Research Facility for the amount of any other permitted indebtedness, if any, to any other lender.
- (3) That the President be authorized to obtain external financing if necessary in an amount not to exceed \$62,000,000 plus any necessary financing costs to provide funding for the loan referred to in (2) above, subject to the following terms and conditions:
- a. Repayment of the external financing shall be from payments received from the Consortium under the Loan Agreement.
  - b. At any time that payments received from the Consortium under the Loan Agreement are insufficient to fund repayment of the external financing, such deficiency shall be paid from the San Diego campus’ share of University Opportunity Funds.
  - c. As long as the external debt is outstanding, the San Diego campus’ share of the University Opportunity Funds shall be maintained in amounts sufficient to meet the University’s Opportunity Fund Debt Repayment Policy.

- d. The general credit of The Regents shall not be pledged.
  - (4) That the President or his designee be authorized to execute all documents necessary in connection with these transactions, and with the concurrence of the General Counsel, to approve any modification to terms or amendments to documents that do not materially increase The Regents' obligations or commit significant additional funds.
- B. The Chair of the Committee on Compensation and the President of the University approved the following recommendations:

(1) ***Appointment Compensation for Joseph S. Lewis III as Dean – Claire Trevor School of the Arts, Irvine Campus***

Action under interim authority was requested for the approval for the appointment compensation for Joseph S. Lewis III as Dean – Claire Trevor School of the Arts, Irvine campus. The appointment follows the completion of a nationwide search and is effective March 24, 2010. Interim action was in response to the need for Mr. Lewis to provide immediate notice to his current institution. The campus requested approval of \$195,000 annual salary, which will be reduced by nine percent to \$177,450 during participation in the salary reduction and furlough plan. Mr. Lewis will not be eligible for annual merit/equity consideration until October 2010.

An appointment salary of \$195,000 is the lowest of all Irvine academic deans. The proposed salary lags the one other UC comparator by 2.5 percent and leads the SLCG Grade 105 midpoint of \$174,300 by 10.6 percent. The proposed salary represents a 10.3 percent increase to his current base salary of \$175,000 at Alfred University. The proposed total salary of \$195,000 is 14.1 percent below the market median of \$227,000. Market data is provided by Mercer Human Resource Consulting using the 2008/2009 College and Universities Professional Association (CUPA) Compensation Survey. This position is funded with general funds provided by the State.

The following items were approved in connection with the interim re-slotting and appointment compensation for Joseph S. Lewis III as Dean – Claire Trevor School of the Arts, Irvine campus:

- a. Appointment salary of \$195,000 (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400). This reflects a 10.3 percent increase to Mr. Lewis' current base salary of \$175,000.
- b. This appointment is at 100 percent time and is effective March 24, 2010.

- c. Per policy, a relocation allowance of 25 percent of his base salary (\$48,750). If the candidate terminates employment prior to the completion of five years of service, repayment will be required per an established schedule prorated based on years of service.
- d. Per policy, payment of 100 percent of actual and reasonable moving expenses for personal and professional property.
- e. Per policy, participation in the Mortgage Origination Program (MOP), up to \$1 million.
- f. A dual tenured faculty appointment as Professor in the Claire Trevor School of the Arts.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$199,800	\$227,000	\$261,500

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(2) ***Extension of Stipend for Alan L. Terricciano as Acting Dean – Claire Trevor School of the Arts, Irvine Campus***

Alan L. Terricciano has been serving as Acting Dean – Claire Trevor School of the Arts since July 2008. At that time, the campus began recruitment efforts with the expectation of filling the position with a permanent incumbent within a year. The campus formed a search committee in November 2008 and interviewed nine candidates from a pool

of 98 applicants. The campus has extended an offer to the top candidate, and it has been accepted. Since the start date, however, is not until March 24, 2010, the Irvine campus requested an extension of Mr. Terricciano's acting appointment to March 31, 2010, allowing for a two-week transitional period with the new dean.

The proposed total salary of \$160,000 is 29.5 percent below the market median of \$227,000. Market data is provided by Mercer Human Resource Consulting using the 2008/2009 College and Universities Professional Association (CUPA) Compensation Survey. This position is funded with general funds provided by the State.

The following items were approved in connection with the appointment for Alan L. Terricciano as Acting Dean – Claire Trevor School of the Arts, Irvine campus:

- a. As an exception to policy, extension of an administrative stipend of \$43,722 (37.6 percent). The stipend plus the adjusted faculty salary of \$116,278 result in total compensation of \$160,000 (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400). Exception to policy due to extension of stipend beyond 12 months.
- b. If an adjustment to the base faculty salary is made prior to the termination of this acting appointment, the \$43,722 stipend will be reduced to maintain the total compensation at \$160,000.
- c. This appointment is at 100 percent time and is effective July 1, 2009 through March 31, 2010.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$199,800	\$227,000	\$261,500

The compensation described above shall constitute the University's total

commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(3) ***Establishment and Interim Slotting of New Position and Appointment Compensation for G. Richard Olds as Vice Chancellor – Health Affairs and Dean – School of Medicine, Riverside Campus***

In July 2008 the Regents approved establishment of a four-year School of Medicine at the University of California, Riverside, in support of the 2007 recommendation from the UC Advisory Council on Future Growth in the Health Professions. The new School of Medicine will build on the existing UCR/UCLA Thomas Haider Program in Biomedical Sciences. Founded in 1974, this program provides the first two years of accredited medical education to students at UC Riverside, who then complete their third and fourth years (clinical clerkships) at the David Geffen School of Medicine at UCLA, where they obtain their Doctor of Medicine degrees. Fewer than ten percent of these students return to the Inland Empire to practice medicine. By establishing the third and fourth year program at Riverside along with residency programs, the hope is that these doctors will stay and practice in the region, which is significantly underserved. There are 56 students currently enrolled in this program.

The new Vice Chancellor – Health Affairs and Dean – School of Medicine will oversee the existing program and begin immediately to create the foundation to bring the third and fourth years of medical education to UC Riverside. As an example, by fall 2010 UCR will have in place a program to provide clerkships to third-year students, meaning they will be in local regional hospitals and clinics working with and learning from area physicians, serving the local community.

A major focus for the Vice Chancellor and Dean will be graduate medical education (residency training for medical school graduates). This is necessary because of the long lead time needed to develop the foundation for residency training to accommodate graduates of UCR School of Medicine. For this, the School of Medicine will enter into partnerships with area hospitals and clinics to offer residency programs. Because physicians tend to practice where they do their residencies, this approach will result in greater access to health care for the region's diverse and medically underserved population.

The School of Medicine will benefit from the pipeline provided by UC Riverside's diverse undergraduate population, currently ranked fifth in the nation among public research universities. UCR's two pipeline programs – FastStart and Medical Scholars – have a proven history of significantly

increasing the academic performance of educationally and socio-economically disadvantaged students and providing a pathway to medical school. In this way, Riverside will be a strong contributor to the diversity of UC's medical student population. Indeed, today over 21 percent of the students in the UCR/UCLA program are classified as underrepresented minorities, which is above the overall UC and national average.

The appointment of the founding dean will also accelerate fundraising for the School of Medicine. Already the school has developed a Founder's Circle of donors of \$1 million or more, which currently has nine members. When the state Legislature is in a position to allocate funding to assure the full development of the UCR School of Medicine, Kaiser Permanente is prepared to enter into an agreement for an additional multi-year grant of \$10 million.

This interim action request was in response to the immediate need to fill this important founding position on a permanent basis and the need for Dr. Olds to provide immediate notice to his current employer. This position will be funded initially 100 percent from non-State general funds – United Healthcare funds – until such time as appropriate State funds become available. The proposed base salary of \$525,000 is slightly above the current market median of \$499,900. Market data provided by Mercer Human Resource Consulting includes data from the College and University Professional Association (CUPA) Administrative Compensation Survey. The proposed base salary is above the average base salary of \$492,450 and the total compensation is below the average total cash compensation of \$687,914 for the other permanent (excluding acting or interim) Vice Chancellors – Deans, School of Medicine at the other UC locations.

The following items were approved in connection with the establishment and interim slotting of a new position and compensation for G. Richard Olds as Vice Chancellor – Health Affairs and Dean – School of Medicine, Riverside Campus:

- a. Establishment of a new position within the Senior Management Group, Vice Chancellor – Health Affairs and Dean – School of Medicine, Riverside Campus.
- b. Interim slotting of the new position of Vice Chancellor – Health Affairs and Dean – School of Medicine at SLCG Grade 113 (Minimum 333,900, Midpoint \$431,500, Maximum \$529,100), as recommended by Mercer Human Resource Consulting.
- c. Per policy, an appointment salary of \$525,000. This base represents an 8.6 percent decrease from Dr. Olds' current base

salary.

- d. As an exception to policy, annual performance-based incentive compensation up to \$100,000. This constitutes an exception to policy because there is currently no approved incentive plan at the campus providing for such an incentive. This compensation will be in lieu of compensation pursuant to a Health Sciences Compensation Plan (HSCP), which does not yet exist at the Riverside campus. Once an HSCP is established, this component of compensation will be shifted to that plan.
- e. This appointment is at 100 percent time and effective no later than February 1, 2010.
- f. Per policy, reimbursement of \$3,000 per month associated with temporary living expenses for a period of 90 days.
- g. Per policy, two house-hunting round-trip coach class airfare trips each, plus reasonable accommodations, to take place between approval of the appointment and the effective date of employment, for Dr. Olds and his spouse.
- h. Per policy, 100 percent reimbursement of actual and reasonable relocation expenses, to be completed within one year of assuming the position of Vice Chancellor – Health Affairs and Dean – School of Medicine.
- i. Per policy, reimbursement of reasonable travel expenses for all business related visits to the campus during the transition period from the time the appointment is approved by the Regents and the effective start date of no later than February 1, 2010.
- j. Per policy, a relocation allowance of 25 percent (\$131,250) of base salary, to be paid in a lump sum. If Dr. Olds leaves the University prior to the completion of five consecutive years of service, he will be required to pay back the amount of the allowance, prorated to the length of time he has served.
- k. Per policy, participation in the University of California Home Loan Programs.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance,

- and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25<sup>th</sup> Percentile</u>	<u>50<sup>th</sup> Percentile</u> (median)	<u>75<sup>th</sup> Percentile</u>
\$355,500	\$499,400	\$560,000

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

#### 14. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated September 1, October 1, and November 3, 2009.

#### 15. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Griffiths reported that, on the dates indicated, the following were sent to the Regents or to Committees:

##### **To Members of the Committee on Compensation**

- A. From the President, list of Health Sciences Compensation Plan participants' compensation that exceeds the reporting threshold of \$658,800 for calendar year 2008. (October 21, 2009)
- B. From the President, salary actions taken for professors, as well as approved salary actions taken for administrators in the Academic Personnel Program. (October 21, 2009)

##### **To Members of the Committee on Educational Policy**

- C. From the President, Quarterly Report on Private Support, Quarterly Report on Major Donors, and Quarterly Report on Namings and Endowed Chairs approved by the President, all for the fourth quarter of the 2009 fiscal year. (September 3, 2009)

**To Members of the Committee on Finance**

- D. From the President, annual report of the budget expenditures for the Associates of the President and of the Chancellors for fiscal year 2008-09. (October 2, 2009)
- E. From the President, the University of California Technology Transfer Annual Report for 2008. (October 21, 2009)

**To Members of the Committee on Grounds and Buildings**

- F. From the President, Annual Report on Major Capital Projects Implementation for fiscal year 2008-09. (October 29, 2009)

**To Members of the Committee on Health Services**

- G. From the President, Medical Center Activity and Financial Status Report for the month ended July 31, 2009. (November 2, 2009)

**To the Regents of the University of California**

- H. From the President, letter informing of the University's successful general revenue bond sale for new money projects systemwide. (August 28, 2009)
- I. From the President, letter and enclosed results of the *Washington Monthly's* annual college rankings. (September 2, 2009)
- J. From the President, letter and enclosed Issues and Opportunities for Achieving University Priorities presentation from the March 2008 meeting of the Committee on Long Range Planning. (September 8, 2009)
- K. From the President, annual summary of University-operated housing fees to be charged in fiscal year 2009-2010. (September 9, 2009)
- L. From the President, letter informing of a shooting that occurred on the Irvine campus. (September 14, 2009)
- M. From the President, the *Annual Report on Proposals Seeking Research Funding from the Tobacco Industry*, through the end of fiscal year 2008-09. (September 24, 2009)
- N. From the President, letter and enclosed opinion piece by Staff Advisors Abeyta and Martinez and Staff Advisor Emeritus Johansen. (October 1, 2009)
- O. From the Secretary and Chief of Staff, report of communications received subsequent to the September 1, 2009 report of communications. (October 1, 2009)

- P. From the President, letter and two opinion pieces from the *Chronicle of Higher Education* offering differing perspectives on financing the University. (October 2, 2009)
- Q. From the President, letter regarding UCLA's Volunteer Day. (October 2, 2009)
- R. From the President, letter regarding UCSF Professor Elizabeth Blackburn who received the 2009 Nobel Prize in Physiology or Medicine. (October 5, 2009)
- S. From the President, letter concerning a stabbing incident at UCLA. (October 8, 2009)
- T. From the President, letter informing of the death of Chancellor Emerita Carol Tomlinson-Keasey. (October 12, 2009)
- U. From the President, letter regarding UCB Professor Oliver E. Williamson who received the 2009 Nobel Prize in Economic Sciences. (October 12, 2009)
- V. From the President, letter and enclosed white paper concerning the need for an expanded federal role in funding higher education. (October 12, 2009)
- W. From the President, letter written to Mr. Henry Gehman responding to his letter concerning Berkeley's California Memorial Stadium. (October 15, 2009)
- X. From the President, letter and enclosed *Wall Street Journal* story noting that the University of California leads all institutions with the most Nobel Prize laureates. (October 16, 2009)
- Y. From the President, letter informing of two proposals concerning student access and affordability to be brought before the Board for approval at the November meeting. (October 19, 2009)
- Z. From the President, letter announcing the election of Chancellor Yang as the Chair of the Association of American Universities. (October 21, 2009)
- AA. From the President, letter and enclosed news reports discussing an offer from Patrick Soon-Shiong, M.D., on behalf of the Chan Soon-Shiong Family Foundation, to provide financial support for the reopening of the Martin Luther King, Jr. Hospital in Los Angeles. (October 30, 2009)
- BB. From the President, letter regarding the San Francisco campus plans to establish a new managed-care contracting framework. (November 2, 2009)

The meeting adjourned at 12:35 p.m.

Attest:

Secretary and Chief of Staff

**KEY ELEMENTS FOR CONTRACT BETWEEN COUNTY & UNIVERSITY  
REGARDING OPERATION OF MLK COMMUNITY HOSPITAL**

This document lists the key commitments that the County and the University would make to each other in a binding legal contract between them (“**Coordination Agreement**”) regarding MLK Community Hospital (“**Hospital**”).

Please note that this document *does not* separately list the important commitments that either party would make vis-à-vis the nonprofit entity licensing the Hospital (“**HospitalCo**”), any separate corporation operating the Hospital (“**OperatingCo**”), or the state of California (*e.g.*, CMAC, DHCS), *except* to the extent that commitments to be made in these other agreements are to be cross-referenced in the Coordination Agreement. The Physician Agreement between the University and HospitalCo, as well as any subsequent changes to the Coordination Agreement, require Regental approval.

The reopened MLK Hospital will be a free-standing community hospital operated by HospitalCo with 120 beds, an emergency room, and no trauma center. It will coordinate care with an ambulatory care system to include outpatient clinics in the service area. UC will not provide money for capitalization or operating expenses.

**Key Terms of Coordination Agreement**

- A. **County’s Commitments.** The County shall fulfill the following commitments:
1. ***Physical Plant and Equipment.*** Make available to HospitalCo (via conveyance or lease) designated facilities and equipment meeting applicable OSHPD, CMS, and Joint Commission structural requirements, provided that HospitalCo signs an appropriate lease or conveyance. County agrees to provide HospitalCo and University a preliminary list of the equipment, by general type, by no later than July 1, 2010 and structural plans for the designated facilities by no later than September 1, 2010. A final list of equipment shall be prepared and mutually approved by the parties.
  2. ***Financial Support.*** To establish and support ongoing operation of a 120 bed Hospital, the County agrees to the following funding commitments.
    - a. ***Start-Up Fund.*** County shall establish and capitalize a one-time start-up fund for the Hospital. Such funds shall be used for necessary expenses related to opening the hospital, including but not limited, to consultant services, staffing, equipment and supplies, as well as supplemental funding for operating expenses incurred during the period before all beds are operational. The fund shall total \$50,000,000 and be capitalized by budgeting and reserving \$10,000,000 increments by each July 15, beginning on July 15, 2010. Such funds will provided to HospitalCo after execution of the LAC-HospitalCo Agreement on an as- requested basis up to the then budgeted and reserved amount. This will make available to HospitalCo \$30,000,000 prior to Hospital's anticipated opening.

- b. *LAC-Funded Line of Credit and Reserve.* County shall make available to HospitalCo a revolving Line of Credit in the amount of \$20,000,000 at the County Treasury Pool rate, to be available when hospital operations commence, and establish and capitalize a one-time reserve fund for the Hospital totaling \$8,000,000 to be capitalized in full by the date hospital operations commence. LAC shall include provisions in the LAC-HospitalCo Agreement providing that the Hospital may only access the Line of Credit and reserve funds under “exigent circumstances” as determined by an affirmative vote of 5 of the 7 HospitalCo board members.
- c. *Intergovernmental Transfer.* County shall annually make an intergovernmental transfer (IGT) of \$50,000,000 for the benefit of the Hospital.

The County shall transfer twenty five percent of the total annual IGT by September 15, December 15, March 15, and June 15 to the State and provide confirmation to a third party paying agent that the payment has been made. If the third party paying agent has not received confirmation that the required payment was made within 15 days of the date that the transfer was due, it shall send written inquiry to the County (“Inquiry Letter”). To assure that the IGT occurs, the County shall, for a six year period beginning 30 days before Hospital is scheduled to open, have in place Letter(s) of Credit, which at the outset shall be in the amount of \$100,000,000. Such Letter(s) of Credit shall provide that, in the event that the County has not transferred to the State the full amount of any quarterly payment, the financial institution will, on behalf of the County, transfer to the State the amount of any unpaid IGT for the particular quarter. The paying agent will initiate this draw under the Letter(s) of Credit unless it receives written confirmation – within 15 days of issuing the Inquiry Letter – that the County has made the scheduled transfer in its entirety. During the fifth year after the hospital has opened, the parties shall meet and confer, in good faith, on whether the Letter(s) of Credit should be maintained for an additional period of time. Any such extension of the County's obligation to maintain Letter(s) of Credit shall be memorialized in a formal amendment to the Coordination Agreement.

- d. *Indigent Care Payment.* County shall annually make a payment of \$13,300,000 to support indigent care services furnished at the Hospital.
- e. *Growth Factor.* County shall calculate a Growth Factor equal to the amount by which any funds specially allocated by the Legislature for services in South Los Angeles for any year increase above the amount of such funds allocated for the year that the Hospital first treats patients; however, in no event shall the Growth Factor exceed the amount by which

Medi-Cal payment to hospitals operated by the County have increased above amounts received during the year that the Hospital first treats patients. County shall use such growth factor to calculate the increased payment amount by applying the Growth Factor to the IGT amount.

County shall provide the benefit of the increased payment amount so calculated to HospitalCo either as part of payments made via the IGT or through the Indigent Care Payment, at the County's discretion.

- f. *Memorializing the Financial Commitment.* The Parties understand and agree that the County shall annually set aside funds or make payments necessary to meet the financial commitments in subsections a, b, c and d of section A.2 of the Coordination Agreement. The County commits to providing an annual appropriation in the amount necessary to effectuate the terms in subsections a, b, c and d in section A.2 (e.g. \$50,000,000 for the intergovernmental transfer – as adjusted by the growth factor provided for in subsection e of section A.2 – and \$13,300,000 for indigent care services). University understands and agrees that the appropriation of these funds is contingent on the University continuing to meet its obligations as set forth in Section B.
3. *Board Appointments.* County shall observe designated standards and procedures for making appointments to the HospitalCo board.

**B. University's Commitments.** University shall fulfill the following commitments:

1. *Board Appointments.* University shall observe designated standards and procedures for making appointments to the HospitalCo board.
2. *Participation in Start-Up.* University shall participate in clinical planning and other activities which require physician expertise in connection with the opening of the Hospital.
3. *Physician Coverage.* HospitalCo will contract with UC for the services of full time hospitalists/intensivists (approximately 20) to provide a broad spectrum of physician services necessary to provide inpatient services for a 120 bed hospital. This contract will be provided in a Physician Agreement to be negotiated between University and HospitalCo. This obligation shall be contingent upon University's ability to secure initially and on an ongoing basis payments for its physician services that in University's discretion are reasonable for the type, quality, and volume of services furnished. Without limiting the foregoing, University shall make available to HospitalCo qualified University employees to act as the hospitals' Chief Medical Officer and all hospitalists/intensivists. HospitalCo may arrange for other non-University physician services. University physicians shall adhere to their obligations under the Medical Staff bylaws and any other requirements binding upon physicians from regulatory venues. The intent is that UC Physicians would be part of a larger inpatient hospital medical staff which

would include community physicians and medical groups. UC will not be required to provide health professionals or staff other than physicians.

4. **Teaching.** The University shall have the primary responsibility to direct and manage efforts to establish teaching activities for medical students, residents and fellows consistent with accreditation standards and time frames for the reestablishment of educational programs.
5. **Quality of Clinical Care.** University shall work with County and HospitalCo representatives to establish a subcommittee of the HospitalCo board to oversee all aspects of quality assurance in accordance with HospitalCo's bylaws. Additionally, University will assure that its physicians play an active ongoing role in all medical staff functions including but not limited to credentialing, quality assurance, and quality improvement activities.

**C. Mutual Commitments.**

1. **HospitalCo.** Both parties shall ensure that an entity, HospitalCo, with a seven member Board of Directors/Trustees, is formed or otherwise put in place to act as a license holder. The parties will both work to assure that University and County each have the permanent right to appoint two Board members, and the right mutually to appoint the remaining Board members. After five years, University and County may reconsider their authority to appoint members of HospitalCo's Board, and will, if mutually agreed, jointly request HospitalCo to modify such Board appointment authority.
2. **Use of Name.** Neither party shall represent to third parties that the Hospital is owned, licensed, or operated by the University or the County. Neither party shall represent to third parties that the University or the County is financially liable for the activities or debts of the Hospital. However, the HospitalCo is permitted to represent that it is staffed by University physicians.
3. **Acknowledgement.** Both parties shall acknowledge that the University and the County are not responsible for the financial viability of the Hospital, are not liable for the Hospital's debts, and that the University is not a source of capital or operating funds for the Hospital.

**D. Term.** Unless terminated earlier pursuant to the provisions of Section E of the Coordination Agreement, the agreement shall be effective on the date it is fully executed and shall continue until same date the physician care agreement provided for in Section B.3 terminates or expires or, if later and if applicable, the same date as the lease provided for in Section A.1 terminates or expires.

**E. Termination of the Agreement.**

1. **Termination by Either Party:** This Agreement may be terminated by either the County or the University based on the occurrence of any of the events as set forth

below. However, such termination shall occur only after a reasonable period has been given in order to cure the default, and the defaulting party is unable substantially to cure the default.

- a. Designated actions by the HospitalCo and/or OperatingCo.
  - i. *Licensure*. Failure to secure licenses, permits or registrations necessary to operate a general acute care Hospital by a deadline to be specified in the final Coordination Agreement or loss of any such licenses, permits or registrations thereafter. The parties acknowledge that the effort to secure such licenses, permits or registrations may be comprised of one or more attempts, and that any unsuccessful attempt, by itself, shall not be considered an event of default so long as licensure is achieved by the deadline.
  - ii. *Accreditation*. Failure to secure initial accreditation from The Joint Commission or other appropriate accrediting body(ies) by a deadline to be specified in the final Coordination Agreement or subsequent denial of accreditation. The parties acknowledge that the effort to secure initial accreditation may be comprised of one or more attempts, and that any unsuccessful attempt, by itself, shall not be considered an event of default, so long as accreditation is achieved by the deadline.
  - iii. *Provider Agreements*. Failure to secure Medicare and Med- Cal provider agreements by a deadline to be agreed upon by both parties. The parties acknowledge that the effort to secure Medicare and Medi-Cal agreements may be comprised of one or more attempts, and that any unsuccessful attempt, by itself, shall not be considered an event of default, so long as provider agreements are in place by the deadline.
  - iv. *OSHPD*. Failure to secure OSHPD approval as needed to open the Hospital. The parties acknowledge that the effort to secure OSHPD approval may be comprised of one or more attempts, and that any unsuccessful attempt, by itself, shall not be considered an event of default, so long as OSHPD approval is timely achieved.
  - v. *Exclusion/Debarment/False Claims*. The occurrence of any of the following:
    - (1). Exclusion or suspension from participation in a federal health care program;
    - (2). debarment by federal or state government contracting agencies;
    - (3). conviction for activity that (1) violates §1320a-7b or (2) qualifies as a federal health care program offense under 18 U.S.C. §14(a).
  - vi. *Bankruptcy*. The filing of a petition for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code (Title 11, U.S. Code).
  - vii. *HospitalCo-Funded Reserve*. Failure of HospitalCo to fund and maintain a reserve, as provided for in its contracts with County and

University, and as set forth in its corporate bylaws. The reserve shall be an annual amount of 2% (or a lesser amount if there are insufficient funds) of the annual operating expenses to be set aside during any year in which revenue exceeds operating expenses. This obligation to set aside a reserve shall exist until such time as HospitalCo has accumulated a reserve of at least 10% of the operating expenses based on the average operating expenses for the previous three years. The reserve fund balance shall be available for use only under “exigent circumstances” as determined by an affirmative vote of 5 of the 7 HospitalCo board members. The obligation to set aside the reserve remains in effect each year, unless the reserve fund balance is at the 10% level.

- b. **Medi-Cal Funding Requirements.** If HospitalCo/Hospital is unable to obtain (i) reimbursement based on State general fund and related federal financial participation for inpatient services to Medi-Cal beneficiaries at a rate which is at least 60% of hospital costs, (ii) Medi-Cal payment for debt services costs on a County project on the Hospital site pursuant to Welf. & Inst. Code Section 14085.5 (SB. 1732) or (iii) reimbursement for outpatient services to Medi-Cal beneficiaries under the same methodology as is established in Welf. & Inst. Code Section 14105.24 (CBRC) or, if any of those reimbursement systems are changed or repealed, and HospitalCo/hospital is unable to obtain the equivalent amount of Medi-Cal funds as would have been available had those reimbursement systems not been modified or repealed. Further, the parties may terminate in the event that the State materially reduces or eliminates the special funding to the County for the South Los Angeles area.

2. ***Termination by University Only:*** Termination of the Coordination Agreement by the University may also occur as provided in this section, based on any of the following events of default. However, such termination shall occur only after a reasonable period has been given in order to cure the default, and County is unable substantially to cure the default.

- a. County fails to make available the physical plant and equipment as required under section A.1.
- b. County fails to maintain its financial commitment as required under section A.2.
- c. Any breach of the Physician Agreement will also constitute an event of default under this Coordination Agreement and will constitute grounds for termination.

Termination pursuant to this section does not preclude University from asserting that a material breach has occurred.

3. ***Termination by County Only:*** Termination of the Coordination Agreement by the County may also occur as provided in this section based on any of the following events of default. However, such termination shall occur only after a reasonable

period has been given in order to cure the default, and University is unable substantially to cure the default:

- a. University fails to provide assistance in the start up to the extent required under section B.2.
- b. University fails actually to furnish the physicians services referenced in Section B.3.
- c. University fails to fulfill its obligations under section B.4.

Termination pursuant to this section does not preclude the County from asserting that a material breach has occurred.

- F. **Renegotiation.** The parties agree to negotiate in good faith revisions to the financial terms of the Coordination Agreement, including but not limited to the amount of the IGT or the Indigent Care Payment, in the event that changes are made to the Medi-Cal Program or to federal health care laws or regulations which materially affect the amount of revenue that Hospital would receive for its care to inpatients or outpatients, or the amount of supplemental revenue the County receives for the South Los Angeles area. Nothing in this paragraph limits or supersedes UC's termination rights under section E2.

**Deletions shown by strikeout; additions by underscore**

**Bylaw 12.8 Committee on Compensation.**

The Committee on Compensation shall:

- a. On an ongoing basis, advise the Board on all matters pertaining to the elements of compensation and benefits for University employees to ensure that compensation and benefits polices, procedures, programs, and practices are fair, effective, clear, comprehensible, transparent, and accountable, and inspire the trust of the University community and the public.
- b. Assess the University's progress in achieving the goals of obtaining, prioritizing, and directing funds to increase salaries to achieve market comparability for all groups of employees over periods established by the Board.
- c. Review and advise the Board on all matters relating to the implementation of ~~the Senior Leadership Compensation Policy, adopted by The Regents in November 2005~~ Senior Management Group compensation policies approved by The Regents, and other Regental policies or actions that require Regental authorization for employee compensation.
- d. Undertake actions as necessary to carry out 12.8(a), (b), and (c), including:
  - (1) Conduct regular studies to examine the competitiveness of the compensation for faculty and all categories of administrative employees relative to comparable institutions;
  - (2) Review the compensation of members of the Senior ~~Leadership Compensation~~ Management Group, and other employees which require Regental approval prior to review and approval by the Board;
  - (3) Review existing Regental policies on faculty and administrative employee compensation as well as the transparency of compensation practices and modify or establish new policies, as appropriate; and
  - (4) Review the annual reports on ~~senior management~~ senior management compensation for members of the Senior Management Group and for Deans and the annual reports on outside professional activities ~~by~~ for members of the Senior Management Group and for Deans ~~senior managers.~~
- e. Act in an advisory capacity to the President of the University with respect to appointment compensation for such Officers of the University as may be appropriate for consideration by the Committee.
- f. Recommend to the Board:

(1) All compensation of Officers of the University and other members of the Senior Management Group, including those individuals serving in an acting capacity in those positions ~~the following Officers of the Corporation and Officers of the University: Principal Officers of The Regents and their chief deputies, , President of the University, Executive Vice Presidents, Senior Vice Presidents, Senior Vice Presidents, other Vice Presidents, University Auditor, Chancellors, Laboratory Directors and Directors of University hospitals; and~~

(2) The rates of compensation of Regents' Professors at salary rates above the approved range and the rates of compensation of University Professors at exceptional-above-scale salary rates. An exceptional-above-scale salary rate is defined as a salary rate that exceeds the maximum salary step of the applicable academic salary scale, as adjusted from time to time, by more than the percent difference between the maximum salary step of the Regular Ladder-Faculty Academic Year salary scale and the Indexed Compensation Level ~~compensation approval level~~. The Indexed Compensation Level ~~indexed compensation approval level~~ shall be adjusted ~~indexed~~ annually in accordance with the California Consumer Price Index (CPI) Urban Consumers for all items as determined by the Bureau of Labor Statistics ~~Consumer Price Index~~, said percent increase to be reported annually to the Board.

(3) The rates of compensation of all other University personnel, including personnel holding staff positions in academic medical centers, except faculty other than Regents' Professors and University Professors, whose total cash compensation ~~annual full-time salary rate~~ exceeds the Indexed Compensation Level and who meet the criteria listed below. The Indexed Compensation Level for 2004-05 fiscal year is \$168,000 and thereafter shall be adjusted ~~indexed~~ annually in accordance with the California Consumer Price Index (CPI) Urban Consumers for all items as determined by the Bureau of Labor Statistics ~~Consumer Price Index~~, said percent increase to be reported annually to the Board.

Board approval pursuant to this subsection shall only be required for employees that are in the following categories:

(i) Other Specified Employees (OSE), as designated by the President, such as Athletic Directors and Coaches;

(ii) Employees who directly report to the President;

(iii) Employees who directly report to a Chancellor or to the Director of the Ernest Orlando Lawrence Berkeley National

Laboratory, when the compensation action requires an exception to policy; or

(iv) Employees who work at the Office of the President, when the compensation action requires an exception to policy.

Notwithstanding the above, employees exclusively subject to the provisions of the Academic Personnel Manual (APM) are not included in this Regental approval authority and instead are subject to all relevant APM approval requirements.

~~(4) Consider and act upon the rates of compensation of University personnel holding staff positions in academic medical centers whose annual full-time salary rate exceeds the Indexed Compensation Level of \$168,000 for 2004-05 fiscal year. The Indexed Compensation Level shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board.~~

g. Consider and recommend to the Board on matters relating to academic and staff personnel policies and personnel programs and labor relations presented by the President of the University.

h.. Recommend to the Board on matters relating to professorial salary scales.

i. Consider and recommend to the Board on matters concerning employee welfare benefit programs, including reports and recommendations presented by the President of the University relating to retirement systems for University employees.

**Deletions shown by strikeout; additions by underscore**

**1. STANDING ORDER 100.2 Employment Status**

(a) Appointment and dismissal of the President of the University shall be by an affirmative vote of not less than a majority of the members of the Board.

(b) Appointment or reemployment after retirement of all Officers of the University and other members of the Senior Management Group ~~the Executive Vice Presidents, Senior Vice President, other Vice Presidents, University Auditor, Chancellors, and Laboratory Directors~~ shall be voted by the Board upon recommendation of the President of the University following consultation with an appropriate Standing Committee of the Board, as determined by the President, or with a special committee established for that purpose. ~~Appointment of other Officers of the University shall be made by the President and reported annually to the Board.~~

(c) Action to demote or dismiss Chancellors, the Directors of the Ernest Orlando Lawrence Berkeley National Laboratory, ~~the Ernest Orlando Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, the General Counsel and Vice President for Legal Affairs,~~ and the University Auditor shall be voted by the Board upon recommendation of or following consultation with the President of the University.

(d) Action to demote or dismiss other Officers of the University shall be taken by the President of the University upon recommendation of or following consultation with appropriate Officers and shall be reported to the Board.

(e) ~~Temporary appointments to~~ A of acting status in Officer of the University or other Senior Management Group positions shall be voted by the Board upon recommendation of the President of the University. ~~for periods not to exceed one year may be made by the President of the University. All such appointments shall be reported annually to the Board, provided, however, that appointments as Acting Chancellors and Acting Directors of the Ernest Orlando Lawrence Berkeley National Laboratory, the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory shall be made by the President only when such appointments are necessary to meet emergency situations and shall be subject to confirmation by the Board at its next regular meeting.~~

(f) Minor changes in titles of Officers of the University and other members of the Senior Management Group may be approved by the President of the University. Any such changes shall be reported ~~annually~~ to the Board in the Bi-Monthly Transaction Monitoring Report.

(g) ~~Mutually agreeable changes in the effective date of appointments of Officers of the University may be approved by the President of the University. Any such changes shall be reported annually to the Board.~~

## 2. STANDING ORDER 100.3 Compensation

(a) Compensation of the President of the University shall be determined by the Board upon recommendation of the Committee on Compensation.

(b) Compensation of all Officers of the University and other members of the Senior Management Group, including those individuals serving in an acting capacity, and the Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, University Auditor, Chancellors, and Laboratory Directors, including compensation upon appointment and subsequent changes in compensation, shall be determined by the Board upon recommendation of the President of the University through the Committee on Compensation. ~~Compensation of other Officers of the University with annual salary rates below \$168,000 shall be determined by the President and reported annually to the Board. The compensation approval level shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board.~~

~~(c) Compensation of Officers of the University positions in Acting status appointed pursuant to the provisions of Standing Order 100.2(e) shall be determined by the President of the University. Any such compensation shall be reported annually to the Board, with the exception of compensation for Acting Chancellors and Acting Directors of the Ernest Orlando Lawrence Berkeley National Laboratory, the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory, which shall be made by the President only when such appointments are necessary to meet emergency situations and shall be subject to confirmation by the Board at its next regular meeting.~~

~~(d) Mutually agreeable changes in percent of time to be served by Officers of the University may be approved by the President of the University with commensurate adjustment in compensation. Any such changes shall be reported annually to the Board.~~

~~(e) Mutually agreeable changes in the effective date of appointment of Officers of the University may be approved by the President of the University with commensurate adjustment in compensation. Any such changes shall be reported annually to the Board.~~

## 3. STANDING ORDER 101.1 Employment Status

(a) Appointments of Regents' Professors and University Professors shall be voted by the Board upon recommendation of the President of the University, following consultation with the Committee on Educational Policy.

(b) Dismissal of an academic appointee who holds tenure or security of employment shall be voted by the Board upon recommendation of the President of the University, following consultation with the appropriate Chancellor. Prior to recommending dismissal, the Chancellor shall consult with the appropriate advisory committee(s) of the Division of the Academic Senate.

(c) Appointments, promotions, demotions, and dismissals of all faculty members and other employees, except as otherwise provided in the Bylaws and Standing Orders, shall be under the jurisdiction of the President of the University, and of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents in their respective areas of responsibility.

(d) No political test shall ever be considered in the appointment and promotion of any faculty member or employee.

(e) Re-employment appointments of retired University employees to any position whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the Indexed Compensation Level shall be shall be voted by the Board upon recommendation of the President of the University.

#### **4. STANDING ORDER 101.2 Compensation**

(a) Rate of compensation and subsequent changes in rate of compensation shall be determined by the Board upon recommendation of the President of the University or upon recommendation of the Secretary and Chief of Staff, Chief Investment Officer, or General Counsel of The Regents in their respective areas of responsibility through the Committee on Compensation for:

(1) All members of the Senior Management Group.

(24) A Regents' Professor at a salary rate above the approved range, and a University Professor at an exceptional-above-scale salary rate. An exceptional-above-scale salary rate is defined as a salary rate that exceeds the maximum salary step of the applicable academic salary scale, as adjusted from time to time, by more than the percent difference between the maximum salary step of the Regular Ladder-Faculty Academic Year salary scale and the Indexed Compensation Level compensation approval level. The Indexed Compensation Level compensation approval level is defined as the dollar limit on the President's authority to approve salaries (\$168,000). The compensation approval level shall be indexed adjusted annually in accordance with the California Consumer Price Index (CPI) Urban Consumers for all items as determined by the Bureau of Labor Statistics Consumer Price Index, said percent increase to be reported annually to the Board;

(32) Other University personnel, except faculty other than Regents' Professors and University Professors, whose total cash compensation exceeds the Indexed Compensation Limit (ICL), and who meet the criteria listed below. annual salary rate is \$168,000 or more. The compensation approval level The Indexed Compensation Level shall be adjusted indexed annually in accordance with the California Consumer Price Index (CPI) Urban Consumers for all items as determined by the Bureau of Labor Statistics California Consumer Price Index, said percent increase to be reported annually to the Board.

Board approval pursuant to this subsection shall only be required for employees that are in the following categories:

(i) Other Specified Employees (OSE), as designated by the President, such as Athletic Directors and Coaches;

(ii) Employees who directly report to the President;

(iii) Employees who directly report to a Chancellor or to the Director of the Ernest Orlando Lawrence Berkeley National Laboratory, when the compensation action requires an exception to policy; or

(iv) Employees who work at the Office of the President, when the compensation action requires an exception to policy.

Notwithstanding the above, employees exclusively subject to the provisions of the Academic Personnel Manual (APM) are not included in this Regental approval authority and instead are subject to all relevant APM approval requirements.

~~(b) Mutually agreeable changes in the effective date of appointment of and in percent of time to be served by those enumerated in (a) above may be approved by the President of the University and by the Secretary and Chief of Staff, Chief Investment Officer, or General Counsel of The Regents in their respective areas of responsibility with commensurate adjustment in compensation based on the salary rates approved by The Regents. Any such changes shall be reported annually to the Board.~~

(c) Compensation of other employees except as otherwise provided in the Bylaws and Standing Orders of The Regents shall be under the jurisdiction of the President of the University and of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents in their respective areas of responsibility.

**Additions shown by underscoring; deletions shown by strikethrough****BYLAW 12.8 Committee on Compensation**

The Committee on Compensation shall:

- a. On an ongoing basis, advise the Board on all matters pertaining to the elements of compensation and benefits for University employees to ensure that compensation and benefits policies, procedures, programs, and practices are fair, effective, clear, comprehensible, transparent, and accountable, and inspire the trust of the University community and the public.
- b. Assess the University's progress in achieving the goals of obtaining, prioritizing, and directing funds to increase salaries to achieve market comparability for all groups of employees over periods established by the Board.
- c. Review and advise the Board on all matters relating to the implementation of the Senior Leadership Compensation Policy, adopted by The Regents in November 2005.
- d. Undertake actions as necessary to carry out 12.8(a), (b), and (c), including:
  - (1) Conduct regular studies to examine the competitiveness of the compensation for faculty and all categories of administrative employees relative to comparable institutions;
  - (2) Review the compensation of members of the Senior Leadership Compensation Group which require Regental approval prior to review and approval by the Board;
  - (3) Review existing Regental policies on faculty and administrative employee compensation as well as the transparency of compensation practices and modify or establish new policies, as appropriate; and
  - (4) Review the annual report on senior management compensation and the annual report on outside professional activities by senior managers.
- e. Act in an advisory capacity to the President of the University with respect to appointment compensation for such Officers of the University as may be appropriate for consideration by the Committee.
- f. Recommend to the Board:
  - (1) All compensation of the following Officers of the Corporation and Officers of the University: Principal Officers of The Regents and their chief deputies, President of the University, Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, ~~University Auditor~~, Chancellors, Laboratory Directors and Directors of University hospitals; and

(2) The rates of compensation of Regents' Professors at salary rates above the approved range and the rates of compensation of University Professors at exceptional-above-scale salary rates. An exceptional-above-scale salary rate is defined as a salary rate that exceeds the maximum salary step of the applicable academic salary scale, as adjusted from time to time, by more than the percent difference between the maximum salary step of the Regular Ladder-Faculty Academic Year salary scale and the compensation approval level. The indexed compensation approval level shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board.

(3) The rates of compensation of all other University personnel, except faculty other than Regents' Professors and University Professors whose annual full-time salary rate exceeds the Indexed Compensation Level. The Indexed Compensation Level for 2004-05 fiscal year is \$168,000 and thereafter shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board.

(4) Consider and act upon the rates of compensation of University personnel holding staff positions in academic medical centers whose annual full-time salary rate exceeds the Indexed Compensation Level of \$168,000 for 2004-05 fiscal year. The Indexed Compensation Level shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board.

- g. Consider and recommend to the Board on matters relating to academic and staff personnel policies and personnel programs and labor relations presented by the President of the University.
- h. Recommend to the Board on matters relating to professorial salary scales.
- i. Consider and recommend to the Board on matters concerning employee welfare benefit programs, including reports and recommendations presented by the President of the University relating to retirement systems for University employees.

#### **STANDING ORDER 100.1 Designation and to Whom Responsible**

- a. Officers of the University shall be the President of the University, Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, Associate Vice Presidents, Assistant Vice Presidents, ~~University Auditor,~~ Chancellors, Vice Chancellors, and ~~Directors and Deputy Directors~~ Director and Deputy Director of the Ernest Orlando Lawrence Berkeley National Laboratory, ~~the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory,~~ and Directors of University hospitals.
- b. The President shall be responsible directly to the Board. All other Officers shall be responsible to the President directly or through designated channels, with the exception of the General Counsel and Vice President for Legal Affairs and the Senior Vice

President - Chief Compliance and Audit Officer, both of whom shall have dual responsibility to the Board and to the President.

### **STANDING ORDER 100.2 Employment Status**

- (a) Appointment and dismissal of the President of the University shall be by an affirmative vote of not less than a majority of the members of the Board.
- (b) Appointment of the Executive Vice Presidents, Senior Vice President, other Vice Presidents, ~~University Auditor~~, Chancellors, and Laboratory Director ~~Directors~~ shall be voted by the Board upon recommendation of the President of the University following consultation with an appropriate Standing Committee of the Board, as determined by the President, or with a special committee established for that purpose. Appointment of other Officers of the University shall be made by the President and reported annually to the Board.
- (c) Action to demote or dismiss a Chancellor or Chancellors, ~~Directors~~ Director of the Ernest Orlando Lawrence Berkeley National Laboratory, ~~the Ernest Orlando Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, the General Counsel and Vice President for Legal Affairs, and the University Auditor~~ shall be voted by the Board upon recommendation of or following consultation with the President of the University.
- (d) Action to demote or dismiss other Officers of the University shall be taken by the President of the University upon recommendation of or following consultation with appropriate Officers and shall be reported to the Board.
- (e) Temporary appointments to Acting status in Officer of the University positions for periods not to exceed one year may be made by the President of the University. All such appointments shall be reported annually to the Board, provided, however, that appointments as Acting Chancellors ~~and or~~ Acting Director ~~Directors~~ of the Ernest Orlando Lawrence Berkeley National Laboratory, ~~the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory~~ shall be made by the President only when such appointments are necessary to meet emergency situations and shall be subject to confirmation by the Board at its next regular meeting.
- (f) Minor changes in titles of Officers of the University may be approved by the President of the University. Any such changes shall be reported annually to the Board.
- (g) Mutually agreeable changes in the effective date of appointments of Officers of the University may be approved by the President of the University. Any such changes shall be reported annually to the Board.

### STANDING ORDER 100.3 Compensation

- (a) Compensation of the President of the University shall be determined by the Board upon recommendation of the Committee on Compensation.
- (b) Compensation of the Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, ~~University Auditor~~, Chancellors, and Laboratory Director ~~Directors~~, including compensation upon appointment and subsequent changes in compensation, shall be determined by the Board upon recommendation of the President of the University through the Committee on Compensation. Compensation of other Officers of the University with annual salary rates below \$168,000 shall be determined by the President and reported annually to the Board. The compensation approval level shall be indexed annually in accordance with the Consumer Price Index, said percent increase to be reported annually to the Board.
- (c) Compensation of Officers of the University positions in Acting status appointed pursuant to the provisions of Standing Order 100.2(e) shall be determined by the President of the University. Any such compensation shall be reported annually to the Board, with the exception of compensation for Acting Chancellors and Acting Director ~~Directors~~ of the Ernest Orlando Lawrence Berkeley National Laboratory, ~~the Ernest Orlando Lawrence Livermore National Laboratory~~, and ~~the Los Alamos National Laboratory~~, which shall be made by the President only when such appointments are necessary to meet emergency situations and shall be subject to confirmation by the Board at its next regular meeting.
- (d) Mutually agreeable changes in percent of time to be served by Officers of the University may be approved by the President of the University with commensurate adjustment in compensation. Any such changes shall be reported annually to the Board.
- (e) Mutually agreeable changes in the effective date of appointment of Officers of the University may be approved by the President of the University with commensurate adjustment in compensation. Any such changes shall be reported annually to the Board.

### CHARTER OF THE COMMITTEE ON COMPLIANCE AND AUDIT

Purpose: The Charter of the Committee on Compliance and Audit (the “Committee”), which is issued as a Regents’ Policy, is designed to provide a detailed description of the Committee’s responsibilities as outlined in Bylaw 12.1. It confirms the Committee’s duties for its members and for the Board of Regents as a whole, guides the annual agenda, permits tracking of tasks that discharge the Committee's responsibilities and provides, in part, for orientation of new Committee members.

~~The Charter is divided into six sections as follows:~~

- ~~I. Committee Membership—Composition, requirements and duration of appointment~~
- ~~II. Meetings—Frequency, attendees and closed sessions~~
- ~~III. Oversight Responsibilities—Duties of the Committee~~
- ~~IV. Reporting Responsibilities—To the Board as a whole~~

~~V. Authority—To retain and oversee non-University experts~~

~~VI. Assessment—Committee effectiveness and charter~~

### **I. Committee Membership**

A. With the exception of the Governor, who is an ex officio member of the Committee ~~on Audit~~, all members of the Committee shall meet the standards of The Regents' Guideline for Determination of Board Member Independence (March, 2005) in order to serve.

B. Committee members will be appointed for staggered two year terms. The Chair of the Committee ~~on Compliance and Audit~~ will be expected to serve for two years where possible and should be succeeded by a Vice Chair who has served a one-year term where possible.

C. ~~Members will have access to compliance and financial expertise either collectively among committee members or from~~ The Committee may appoint a Compliance Advisor and/or a Financial Advisor appointed to advise them—the members. See Regents Policy on Appointment of Expert Advisors to the Committee on Compliance and Audit.

### **II. Meetings**

A. The Committee ~~on Compliance and Audit~~ will meet as needed to address matters on its agenda, but not less frequently than four times each year. The Committee may ask members of management or others to attend a meeting and provide pertinent information as necessary.

B. As permitted by the California Open Meeting Act, the Committee will conduct closed sessions with the outside auditors, Chief Financial Officer ~~(CFO)~~, Vice President—Financial Management, Controller, Senior Vice President—Chief Compliance and Audit Officer, General Counsel, other counsel to the Committee, ~~outside counsel~~, or others when needed.

### **III. Oversight Responsibilities**

A. Monitor development and implementation of a systemwide compliance program via periodic reports from the ~~SVP~~ Senior Vice President—Chief Compliance and Audit Officer and location representatives.

B. Monitor specific programs designed to achieve compliance objectives.

C. Oversee development of a culture attentive to the University's commitment to ethics and compliance.

D. Review with the Senior Vice President—Chief Compliance and Audit Officer monitoring of compliance with the Statement of Ethical Values and Standards of Ethical Conduct, with particular attention to compliance with University policies and applicable laws and regulations.

E. Periodically review the University's Statement of Ethical Values and Standards of Ethical Conduct to assure that they are adequate and up-to-date.

F. Review University procedures for receipt, retention, and treatment of whistleblower and other complaints submitted by any party, internal or external to the organization, other than litigation. Review the topics, current status, and resolution of such complaints.

G. Receive and review the annual report on the University's risk management program.

H. Oversee the functional reporting relationship of the ~~University Auditor~~ Senior Vice President—Chief Compliance and Audit Officer with the Committee ~~on Audit~~, including review of the position's appointment, replacement, reassignment, or dismissal.

I. Review ~~with the University Auditor~~:

- Significant findings on internal audits during the year and progress regarding management corrective actions.

- Whether Internal Audit encountered any difficulties in the course of its audits, such as restrictions on the scope of its work or access to required information.
- Any changes required in the scope of the internal audit mission and responsibilities.
- The Internal Audit department resources, i.e., budget and staffing.
- The Internal Audit charter.
- Internal Audit compliance with the Institute of Internal Auditors' (IIA's) Standards for the Professional Practice of Internal Auditing (Standards).

J. Review with management any interim financial reports issued since the last meeting.

K. Review with the independent auditors, Chief Financial Officer, Controller, and Senior Vice President–Chief Compliance and Audit Officer the audit scope and plan of the internal auditors and the independent auditors. Address the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and effective use of University resources in the audits.

L. Review adequacy of internal controls, including computerized information system controls and security with the independent auditors and the Senior Vice President–Chief Compliance and Audit Officer.

M. Review with management and the independent auditors:

- The effect of regulatory and accounting initiatives, as well as other unique transactions and financial relationships.
- Significant findings and recommendations of the independent auditors as well as management corrective actions.
- Critical accounting policies and practices used by the University.
- All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of each alternative, and the treatment preferred by the University.

N. Review with the independent auditors matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, Communication With Audit Committees (AICPA, Professional Standards, vol. 1, AU sec. 380), as amended, related to the conduct of the audit.

This will include:

1. All material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
2. The independent auditors' audit of the financial statements and related footnotes and their report thereon.
3. The independent auditors' judgment about the quality, not just acceptability, of the University's accounting principles and practices as applied in its financial reporting.
4. Any significant changes required in the independent auditors' audit plan.
5. Any serious difficulties or disputes with management encountered during the audit.

O. Review with the General Counsel, other counsel to the Committee and the Chief Financial Officer, Vice President–Financial Management, Controller, ~~University Auditor~~, and the Senior Vice President–Chief Compliance and Audit Officer legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related organization compliance policies, and programs and reports received from regulators.

P. ~~The Committee on Compliance and Audit will p~~Perform such other functions as assigned by the Bylaws, the Charter, or The Regents.

#### **IV. Reporting Responsibilities**

- A. ~~The~~ At the earliest opportunity, the Committee on Compliance and Audit will report to the Board as a whole any action taken or significant discussions held ~~at the earliest opportunity.~~
- B. The Committee will receive and review annual reports for functional areas within the scope of its responsibilities and will advise the Board as a whole regarding its review.

#### **V. Authority to Retain and Oversee Non-University Experts**

- A. The Committee will recommend appointment of and oversee the independent auditors to be engaged by the Board of Regents, establish the fees of the independent auditors, and approve any nonaudit services to be provided, including unusual tax services, before the services are rendered.
- B. The Committee is authorized to engage additional independent auditors, counsel, or other consultants as necessary to discharge its duties.

#### **VI. Assessment**

- A. Review the Committee's charter ~~annually~~ periodically, reassess its adequacy and recommend proposed changes to the Board.
- B. Review the effectiveness of the Committee periodically, including review of its annual agenda.

### **STATEMENT OF EXPECTATIONS OF THE MEMBERS OF THE BOARD OF REGENTS**

#### **Guidelines for Discharge of Regental Duties**

The responsibility of individual Regents is to serve as trustees for the people of the State of California and as stewards for the University of California, acting to govern the University in fulfillment of its educational, research, and public service missions in the best interests of the people of California.

Recognizing the broad authority and responsibility vested in the Board of Regents for the governance and operation of the University of California, there is a specific expectation that members of the Board become knowledgeable regarding the educational, research, and public service programs of the University of California as well as the duties, responsibilities, and obligations of Regents.

#### **Preparation**

Members of the Board are expected to prepare themselves for the issues coming before the Board and to base votes on the information available and their best judgment. An orientation is mandatory for all new Regents.

#### **Attendance and Participation**

Members of the Board are expected to attend and participate in meetings of Board and committees to which they are assigned. Board members are also welcome to attend meetings of other committees to which they are not assigned, but they are not required or expected to do so. Board members are also encouraged to attend and participate in other events at which Board member participation is appropriate.

**Cooperation**

It is expected that Board members will abide by Board decisions and policies in a manner consistent with the member's fiduciary duties. This is not intended to preclude either forthright expression of opposition or efforts to change such policies or decisions. Expression of opinion or position at variance with such policies or decisions should clearly indicate that it is not to be construed as a position of the Board and that the opinion expressed is that of an individual Regent. Board members should respect the opinions of other Board members, University officials, faculty, students, and staff. Consistent with the Regents Policy on the President as Spokesperson for the University (effective January 18, 1962), the President shall be the spokesperson for the University with the Chairman of the Board being the spokesperson for the Board.

**Confidentiality**

Board members are expected to maintain the confidential nature of Board deliberations held in closed session, including written and verbal communication.

**Ethics**

Regents are expected to serve the public trust and to fulfill their responsibilities ethically in a manner consistent with that obligation. This means that decisions are to be made solely to promote the best interests of the University as a public trust, rather than the interests of a particular constituency, and that Board members will disclose personal, familial, business relationships, or other potential conflicts of interest as appropriate.

**Fiduciary Responsibilities**

Regents are expected to accept responsibility for the integrity of the financial, physical, and intellectual resources of the University.

**Policy Responsibilities**

It is the responsibility of the Board to set policy and the responsibility of the University administration to implement and carry out policy, which includes responsibility for the day-to-day operations of the University.

**Support for the University**

Regents are expected to be active supporters and advocates for the University and to take opportunities to help with fundraising, legislative advocacy, and other efforts on behalf of the University.

**Board Responsibilities**

The Board is expected to:

- A. Appoint, support, assess the performance of, and, if necessary, dismiss the President.
- B. Appoint the Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, ~~University Auditor~~, Chancellors and Laboratory Directors upon recommendation of the President pursuant to Standing Order 100.2 (b).
- C. Approve and periodically review the appropriateness and consequences of all major institutional policies and programs, including addition or discontinuation of major programs and services consistent with the institution's mission and financial capacity.

- D. Ensure that good planning is done periodically, participate in the process as appropriate, assess the quality of the outcomes, and monitor progress against goals.
- E. Fulfill fiduciary responsibilities by approving and monitoring the annual budget, protecting the institution's financial and capital assets, ensuring responsible and prudent investment of funds, and ensuring a comprehensive compliance program and annual audit process.
- F. Ensure adequate resources and their effective management. This includes serving as advocates for institutional needs with external constituencies.
- G. Interpret the institution to the public and defend the institution, when necessary, from inappropriate intrusion.
- H. Ensure that the Board's reputation is exemplary in the course of meeting its responsibilities.
- I. Ensure that the institution serves as a good citizen in its relationships with other social, educational, and business enterprises through appropriate collaborations and partnerships.
- J. Assess the Board's performance periodically through an appropriate process.

#### **POLICY ON THE ASSOCIATE OF THE PRESIDENT AND THE ASSOCIATE OF THE CHANCELLOR**

- A. Upon the request of the President or Acting President, The Regents may approve the appointment of the spouse or domestic partner of the President or Acting President as the Associate of the President.
- B. Upon the request of a Chancellor or Acting Chancellor, the President may approve the appointment of the spouse or domestic partner of a Chancellor or Acting Chancellor as the Associate of the Chancellor. The President will provide a report to The Regents of such appointments.
- C. Appointment as the Associate of the President (or Chancellor) is intended to reflect and recognize the contributions and services of those individuals who are called upon to serve as ambassadors for the University and/or the President (or Chancellor). The Associate will represent the University in association with the President (or Chancellor) or independently at the campuses, National Laboratories and at national and international functions. The Associate will be expected to accompany the President (or Chancellor) in settings where this will enhance the University's relationships with students, alumni, faculty, staff, donors, friends, public officials, private sector officials, and representatives of foreign governments. Intended significant involvement in activities and functions such as described above is required in order to be granted the appointment as Associate. This appointment is without salary.
- D. The Associate of the President and the Associate of the Chancellor will be eligible for the following:
  - 1. A University identification card which will allow access to campus facilities and services (e.g.

University library privileges) in accordance with campus procedures.

2. Reimbursement of University-related travel expenses, including expenses associated with use of a personal automobile when providing substantial services on behalf of the University. Such expenditures will be reimbursed in accordance with the provisions contained in Business and Finance Bulletin G-28, Policy and Regulations Governing Travel, and Business and Finance Bulletin G-45, Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors.

3. Reimbursement of business meeting and entertainment expenses incurred when providing substantial services on behalf of the University. Such expenditures will be reimbursed in accordance with the provisions contained in Business and Finance Bulletin BUS-79, Expenditures for Entertainment, Business Meetings, and Other Occasions.

4. Reimbursement of costs associated with cellular phones and other portable electronic resources used when providing substantial services on behalf of the University. Such expenditures will be reimbursed in accordance with the provisions contained in Business and Finance Bulletin G-46, Guidelines for the Purchase and Use of Cellular Phones and Other Portable Electronic Resources.

5. Use of University equipment (e.g. laptop) when providing substantial services on behalf of the University. Such expenditures will be in accordance with the provisions contained in Business and Finance Bulletin BUS-29, Management and Control of University Equipment, Section N. Personal Use of University Property, Electronic Communications Policy, Business and Finance Bulletin IS-3 Electronic Information Security, and Business and Finance Bulletin RMP-8 Legal Requirements on Privacy of and Access to Information.

6. Travel insurance coverage while traveling on University business in an amount equivalent to that provided to non-SMG University employees.

7. Workers compensation coverage for any injury arising out of the course and scope of the service performed as an Associate, in accordance with the California Workers Compensation Act.

8. Defense and indemnification of the Associate with respect to any claims resulting from acts or omissions in the service performed as an Associate, except when the action or failure to act resulted from actual fraud, corruption, or malice.

9. Business cards bearing the Associate of the President or Associate of the Chancellor title.

10. Courtesy parking permits for use at University-owned facilities.

E. The cost of expenses incurred under parts D. 2, 3, and 4 above will be charged to unrestricted, non-State funds.

F. Annual Budget

1. The budget for the Associate to the President must be included as a discrete item in the budget

of the President's immediate office when the annual budget for the Office of the President is submitted to the Regents for approval.

2. The budget for each Associate to the Chancellor must be approved in advance by the President annually based on submission of a detailed budget for the year.

#### G. Approval of Expenditures

1. The Secretary and Chief of Staff to The Regents will approve the reimbursement of expenses based on receipts submitted by the Associate to the President, in conformance with the approved annual budget for the Associate to the President and applicable University policy. If an expense represents an exception to the approved annual budget or applicable University policy, the expenditure must be approved by the Chair of The Regents' Finance Committee.

2. The Executive Vice President and Chief Financial Officer will approve the reimbursement of expenses based on receipts submitted by each Associate to the Chancellor, in conformance with the approved annual budget for the Associate to the Chancellor and applicable University policy. In the absence of the Executive Vice President and Chief Financial Officer approval authority will be delegated to the Executive Vice President-Business Operations.

3. An annual report will be provided in September of each year to The Regents with the budget expenditures for the Associate to the President and each Associate to the Chancellor for the preceding fiscal year.

H. ~~The University Auditor~~ Senior Vice President/Chief Compliance and Audit Officer will be responsible for conducting regular audits of the expense reimbursement process under this Policy.

I. This policy will become effective immediately and supersedes the July 1, 1995 Associate of the President/Chancellor policy and guidelines.

### **PRINCIPLES FOR REVIEW OF EXECUTIVE COMPENSATION**

WHEREAS, the Regents recognize that the people of California have entrusted them with the responsibility for careful stewardship of the resources of the University of California; and

WHEREAS, the Regents are committed to public access, awareness, knowledge, and understanding of The Regents' decision-making processes; and

WHEREAS, public concerns about the openness of Regents' deliberations with regard to executive compensation require a response;

NOW, THEREFORE, BE IT RESOLVED that the following principles shall obtain with regard to activities involving executive compensation:

1. Executive compensation shall be defined as including base salary, retirement and other benefits, perquisites, severance payments (except those made in connection with a dismissal or a

litigation settlement), all forms of deferred compensation, supplemental retirement, all components of housing allowances or any other form of compensation applicable to the Officers of the University and the Principal Officers of The Regents, as currently and as may subsequently be described in the Bylaws and Standing Orders of The Regents. Pursuant to Standing Order 100.1, the Officers of the University are the President, Senior Vice Presidents, Vice Presidents, Associate Vice Presidents, Assistant Vice Presidents, ~~University Auditor~~, University Controller, Chancellors, Vice Chancellors, Directors and Deputy Directors of Lawrence Berkeley Laboratory, the Lawrence Livermore National Laboratory, and the Los Alamos National Scientific Laboratory, and Directors of University hospitals. The Principal Officers of The Regents, as consistent with Bylaw 20, are the Secretary, Treasurer and General Counsel; and

2. Discussions of and actions on executive compensation programs shall occur in open session of the Subcommittee on Officers' Salaries and Administrative Funds and/or the Committee on Finance. All members of the Board shall be invited to attend such meetings. Final action regarding such programs shall occur in open session of the Board at a meeting held no sooner than twenty days following the meeting at which a recommendation requiring Board approval shall have been approved by the Committee on Finance. Information and background materials shall fully and clearly disclose all relevant and material facts related to executive compensation programs, such as annual reviews of market data and comparison studies that form the analytical bases for the establishment of executive compensation levels. These materials shall be provided in advance of the meeting in such a manner as to afford sufficient opportunity for review and understanding of the contents; and

3. Discussions concerning appointment, status of employment, performance evaluations and compensation of individual officers specifically discussed in conjunction with such evaluations, and actions with respect to recommendations concerning such matters, shall occur in closed sessions of the Subcommittee on Officers' Salaries and Administrative Funds and/or the Committee on Finance, consistent with the Education Code and the Bagley-Keene Open Meeting Act. All members of the Board shall be invited to attend. Final action regarding such matters shall occur in closed session of the Board, except that final action regarding compensation for the President, Vice Presidents, Chancellors, Treasurer, Associate Treasurer, General Counsel, and Secretary shall occur in open session of the Board as the last action item on the agenda. The specific proposal will be made available to members of the public in attendance, prior to the commencement of the open session at which it will be voted upon.

Agendas for such meetings shall be provided to all Regents in advance of the meeting and shall contain information and background materials sufficient to lead to a full understanding of the matters under discussion, including all compensation elements relevant to each individual officer under consideration.

The meeting notice for any meeting at which compensation for the Principal Officers of The Regents, President, Vice Presidents, Chancellors, and Associate Treasurer shall be voted upon shall so state; and

4. Any paid leave of absence for Officers of the University, as defined above, granted by the

President pursuant to Standing Order 100.4(e), shall be reported to the Board by the President. Any paid leave of absence for the President, or for Principal Officers of The Regents, as defined above, shall be approved by The Regents; and

5. All actions affecting executive compensation and paid leaves of absence for Officers of the University and Principal Officers of The Regents shall be released to the public in a timely manner consistent with Bylaw 14.7. It is the intention of The Regents that administrative mechanisms to implement this provision shall be coordinated, strengthened and refined; and

6. Effective July 1, 1992, and thereafter, annual reports on the level of compensation and funding sources for Officers of the University and Principal Officers of The Regents shall be approved by The Regents and submitted by the President to the California Postsecondary Education Commission, the Joint Legislative Budget Committee, and the relevant policy and fiscal committees of the Legislature and the Governor.