

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

Submitted by: UC Irvine Chancellor Drake
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

(5) *Term Appointment of and Total Compensation for Donald A. Barclay as Interim University Librarian, Merced Campus*

Background to Recommendation

The Merced campus requested action under interim authority for the term appointment of and compensation for Donald A. Barclay to the position of Interim University Librarian from July 1, 2011 to June 30, 2012. It was necessary to appoint Mr. Barclay prior to the Regents' meeting in May 2011 in order to announce the incumbent's retirement on July 1, 2011 and enable the campus to maintain momentum on several critical initiatives and effectuate a smooth transition of leadership.

The incoming Chancellor will determine how best to fill the position on a career basis. It is anticipated that a national search for a permanent appointee will be undertaken.

During this one-year assignment, Mr. Barclay will be responsible for the broad areas of library stewardship and further development of many initiatives currently under way. Mr. Barclay joined UC Merced in 2002 as Assistant University Librarian for Public Services, and he has served as Deputy University Librarian from 2006 to the present.

Prior to joining the University of California, Merced University Library, Mr. Barclay held several significant leadership posts, including the following: Assistant Director for Systems and Informatics at the Houston Academy of Medicine – Texas Medical Center Library, Houston, from 2001 to 2002; adjunct faculty member at the University of North Texas School of Library and Information Sciences, during academic year 2001-2002; Assistant Director for Health Informatics and Education Center, Houston Academy of Medicine – Texas Medical Center Library from December 1997 to July 2001; Coordinator of Electronic Services, University of Houston Libraries, Houston, Texas, from October 1996 to November 1997; Reference Librarian and Coordinator of Library Instruction, New Mexico State University, Las Cruces, New Mexico, from September 1990 to September 1996, as well as acting head of the New Library Reference Unit from May 1994 to November 1994. During this period, Mr. Barclay also was promoted to Assistant Professor in July 1995

and granted tenure in July 1996 at New Mexico State University. Mr. Barclay was a Library Assistant II at the Bancroft Library, University of California, Berkeley, from September 1989 to August 1990. He also served as an adjunct faculty member in literature and composition at Boise State University, Boise, Idaho, from September 1985 to May 1989.

Mr. Barclay has led several initiatives related to research library effectiveness, and he has been key to the successful library operation at the UC Merced campus as a member of the founding staff. He is regarded as a highly innovative leader in the research librarian field and is responsible for many cutting-edge initiatives that have defined the UC Merced Library – the cost-effective extension of library services and the 24-hour reference service that has been adopted systemwide. He also worked on development of a shared instruction model that reduces campus workload and provides common efficiencies that can be adopted systemwide, developed the common web interface from campus to campus, was active in developing the iPod touch instructional tour for the library, and was central to the effort to assess library instructional effectiveness. He has maintained membership in several professional and service organizations and has authored several books, articles, book chapters, and reviews.

The campus proposed that Mr. Barclay receive an annual base salary of \$140,000 as the Interim University Librarian, Merced campus. The proposed base salary of \$140,000 is 33.2 percent below the current market median of \$209,555. Market data are provided by Mercer Consulting, which include data from the 2010/2011 College and University Professional Association (CUPA) Administrative Compensation Survey. In addition, the proposed base salary is ten percent below the midpoint for SLCG Grade 104 (Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500) and 34.8 percent below the average base salary of \$214,617 for the University Librarians at the other UC locations.

This position is funded 100 percent by State funds.

Recommendation

The following items were approved in connection with the term appointment of and total compensation for Donald Barclay as Interim University Librarian, Merced campus:

- a. Term appointment of Donald Barclay as Interim University Librarian.

- b. Per policy, an appointment base salary of \$140,000 at SLCG Grade 104 (Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500).
- c. This term appointment is at 100 percent time and is effective July 1, 2011 through June 30, 2012 or until the appointment of a permanent University Librarian, whichever occurs first.

Recommended Compensation**Effective Date:** July 1, 2011**Term Appointment base Salary:** \$140,000**Total Cash Compensation:** \$140,000**Grade Level:** SLCG Grade 104

(Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500)

Median Market Data: \$209,555**Percentage Difference from Market:** 33.2 percent below market**Funding Source:** State funds**Budget &/or Prior Incumbent Data****Title:** University Librarian**Base Salary:** \$162,300**Total Cash Compensation:** \$162,300**Grade Level:** SLCG Grade 104

(Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500)

Funding Source: State funds

Additional items of compensation include:

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

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.

Submitted by: UC Merced Chancellor Kang
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

(6) *Term Appointment of and Total Compensation for Lorelei A. Tanji as University Librarian, Irvine Campus*

Background to Recommendation

Action under interim authority was requested for the approval of the term appointment of Lorelei A. Tanji as University Librarian, effective immediately upon approval. This request was in response to an immediate need to fill the position, which was vacated by an unexpected resignation by the prior acting incumbent on February 28, 2011.

The campus requested a one-year term appointment designed to provide long-term leadership while finalizing two other strategic recruitments before beginning recruitment efforts for a University Librarian. Additionally, the campus will benefit from salary cost savings as Ms. Tanji will be appointed at a lower salary than the prior permanent incumbent and former acting incumbent.

Ms. Tanji is currently serving as Associate University Librarian for Collections for UC Irvine. She has more than 20 years of exemplary service to the UC system, having held various positions at the UC Irvine Libraries and UC Riverside Libraries, each with increasing responsibility. Ms. Tanji will provide the leadership and stability that the UC Irvine Libraries require during this interim period. She has experience in campuswide strategic planning given her involvement on planning committees such as the Task Force on Strategic Planning for the Libraries, the Law School Implementation Team, the Chancellor's Workgroup on Undergraduate Education Research and the Chancellor's Educational Technology Task Force. She has also served on UC systemwide committees related to library planning and collection development. Additionally, her work in technology and education in libraries has been published in a variety of literary media.

This position is funded 100 percent by UC general funds provided by the State. The proposed annual compensation of \$170,000 is 18.9 percent below the average market salary of \$209,555, 17.9 percent below the average base salary of the other UC University Librarians of \$207,143, and 12.9 percent below the midpoint of SLCG Grade 106 of \$195,200.

Recommendation

The following items were approved in connection with the term appointment of Lorelei A. Tanji as University Librarian, Irvine campus:

- a. A term appointment at 100 percent time, effective immediately upon approval and continuing through March 31, 2012 or until the appointment of a permanent incumbent, whichever occurs first.

- b. Per policy, base salary of \$170,000 at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$170,000

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Median Market Data: \$209,555

Percentage Difference from Market: 18.9 percent below market

Funding Source: UC general funds

Budget &/or Prior Incumbent Data

Title: University Librarian

Base Salary: \$188,000

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Funding Source: UC general funds

Additional items of compensation include:

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

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.

Submitted by: UC Irvine Chancellor Drake

Reviewed by: President Yudof

Committee on Compensation Chair Varner

Office of the President, Human Resources

- (7) *Term Appointment of and Compensation for J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested for approval of the term appointment of and compensation for J. Shannon O'Kelley as Chief Operating Officer (COO), UCLA Hospital System, Los Angeles campus, effective upon approval. This urgent request was necessary as a result of the vacancy that was created when the former COO was recruited by a major academic medical center in Northern California to become their Chief Executive Officer. Mr. O'Kelley had been approached by this same

institution to become their COO at significantly greater compensation. This retention, if successful, would help bring stability to the organization.

In his current role, Mr. O'Kelley is responsible for service line reorganization and management of cardiology, cardiothoracic surgery, vascular surgery, hyperbarics, the largest solid organ transplantation program in the country, ventricular assistant devices, oncology, pediatrics, and obstetrics/gynecology for the UCLA Hospital System. Among Mr. O'Kelley's achievements are significant improvements in patient and physician services, with patient satisfaction scores exceeding the 95th percentile. He has been a key leader in developing and implementing Operation Mend, a unique partnership between the U.S. Military's Brooke Army Medical Center and UCLA to provide specialty plastic and reconstructive surgery for United States military patients wounded in Iraq and Afghanistan.

The UCLA Health System has recently extended the nationwide search being conducted by the search firm Spencer Stuart to fill this key role, and it is expected that a final candidate for the permanent position will be identified within 12 months. Mr. O'Kelley would serve as COO for a period not to exceed one year or until appointment of a permanent incumbent, whichever occurs first. Mr. O'Kelley was serving as the Associate Director, Operations, Clinical Services for the UCLA Hospital System at a base salary of \$279,000. To reflect the significant new responsibilities he will assume as COO, the campus proposed an annual base salary of \$478,750. The proposed base salary is 11.5 percent below the midpoint of SLCG Grade 115 (\$541,200) and 15 percent below the market median of \$562,971.

Recommendation

The following items were approved in connection with the term appointment of and compensation for J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles campus:

- a. Appointment of J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles campus.
- b. An annual base salary of \$478,750 (SLCG Grade 115: Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100).
- c. Per policy, continued participation in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target incentive award of 15 percent (\$71,812) and a maximum potential incentive award of 25 percent (\$119,688). The maximum potential incentive of 25 percent applies only for this term appointment as COO. The

actual award will depend on performance related to pre-established goals and will be pro-rated based on time served as the COO.

- d. This appointment is at 100 percent time and will be effective upon approval for a period of 12 months or until the appointment of a permanent incumbent, whichever occurs first.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$478,750

CEMRP: \$71,812 (at 15 percent target rate)

Total Cash Compensation: \$550,562

Grade Level: SLCG Grade 115

(Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100)

Median Market Data: \$562,971

Percentage Difference from Market: 15 percent below market

Funding Source: Hospital System revenue

Budget &/or Prior Incumbent Data

Title: Chief Operating Officer, UCLA Hospital System

Base Salary: \$547,600

CEMRP: \$82,140 (at 15 percent target rate)

Total Cash Compensation: \$629,740

Grade Level: SLCG Grade 115

(Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100)

Funding Source: Hospital System revenue

Additional items of compensation include:

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

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.

Submitted by: UCLA Chancellor Block

Reviewed by: President Yudof

Committee on Compensation Chair Varner

Office of the President, Human Resources

(8) *Contract Compensation Parameters for the Head Coach, Women's Basketball, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested for approval of the contract compensation parameters for recruitment of the Head Coach, Women's Basketball, at UCLA. Former Coach Yolanda ("Nikki") Caldwell recently accepted an external offer following completion of a very successful three-year tenure at UCLA. During the past year, the women's basketball team achieved program bests of 28 wins, a No. 3 seed in the National Collegiate Athletic Association Women's Basketball Championship, and a nationally ranked Top 5 incoming recruit class. UCLA sought approval for contract compensation parameters consistent with other nationally prominent programs, including sister campus UC Berkeley, in an effort to attract a coach who can continue to build upon the program's recent successes. The parameters proposed below exceed local authority delegated to the Chancellor and thus require approval by the Regents.

For purposes of recruitment, the campus recommended approval to offer a seven-year contract with total annual guaranteed compensation of \$602,950 (base salary of \$271,475 plus talent fee of \$331,475), with eligibility for an annual increase of up to five percent each contract year. The proposed contract would also include an annual bonus opportunity of up to a maximum of \$150,000, based on accomplishments such as academic achievement, Pac-10 performance, and participation in tournaments and national championships. To assist with recruitment, approval to offer a home loan with the same terms offered to the previous coach was also requested. No other changes in the former contract were proposed. For comparison purposes, this guaranteed compensation would equal that of the current women's basketball head coach at UC Berkeley, and the maximum bonus opportunity would be less than half.

Recommendation

The following items were approved in connection with the compensation parameters for recruitment of the Head Coach, Women's Basketball, Los Angeles campus:

- a. **Duration:** A contract of up to seven years in duration, to be effective no earlier than April 15, 2011.
- b. **Guaranteed Compensation:** Increase in annual guaranteed compensation as noted below:

	<u>Current</u>	<u>* Proposed</u>
Base Salary:	\$250,000	\$271,475
Talent Fee:	<u>49,500</u>	<u>331,475</u>
Annual Guaranteed Compensation:	\$299,500	\$602,950

*** The base salary and talent fee indicated are for the first year of the contract. The contract would include the opportunity for an annual increase of up to five percent each contract year for both base and talent fee.**

- c. **Supplemental Performance-Based Compensation:** Opportunity to earn an annual performance-based bonus of up to a maximum of \$150,000 for such accomplishments as academic achievement, Pac-10 performance, and participation in tournaments and national championships, based on criteria established in the contract.
- d. **Other:**
- i. Per policy, standard pension and health and welfare benefits except that coaches are not eligible for vacation or sick leave accrual.
 - ii. As an exception to policy, eligibility to participate in the Mortgage Origination Program (MOP) and/or the Supplemental Home Loan Program (SHLP) notwithstanding a non-standard title (Head Coach). If a MOP loan is offered as a Graduated Payment MOP loan (GP-MOP), approval of non-standard terms will result in a fixed interest rate as low as three percent for the term of the loan for the candidate. This is consistent with the terms of the loan provided to the previous women's basketball coach. The loan amount is not to exceed the MOP or SHLP programmatic maximum loan amount at the time the candidate is in escrow and the final loan commitment is made. Any loan offered must comply with all other normal MOP and/or SHLP program parameters and is subject to funding availability.
 - iii. Standard contract provisions related to termination.
 - iv. A courtesy vehicle or payments in lieu of a car of up to \$7,200 annually.

- v. Eligibility to earn up to \$50,000 per year for participating in summer camps as determined by the Director, Intercollegiate Athletics.
- vi. Other standard coach perquisites consistent with department practice.

Recommended Compensation**Effective Date:** No earlier than April 15, 2011**Base Salary:** \$271,475**Talent Fee:** \$331,475**Guaranteed Compensation:** \$602,950**Eligibility for annual increase of up to five percent for both base salary and talent fee each contract year.****Range of Total Incentive/Bonus Awards:** \$0 to \$150,000**Range of Summer Camp Income:** \$0 to \$50,000**Range of Vehicle Payments:** \$0 to \$7,200**Total Maximum Compensation:** \$810,150 (first year of contract)**Grade Level:** Not applicable**Funding Source:** Athletic Revenues**Budget &/or Prior Incumbent Data****Title:** Head Coach Women's Basketball**Base Salary:** \$250,000**Talent Fee:** \$49,500**Guaranteed Compensation:** \$299,500**Range of Total Incentive Bonus Awards:** \$0 to \$100,000**Range of Summer Camp Income:** \$0 to \$50,000**Total Maximum Compensation:** \$449,500**Grade Level:** Not applicable**Funding Source:** Athletic Revenues

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.

Submitted by: UCLA Chancellor Block
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

(9) ***Term Appointment of and Total Compensation for Dallas L. Rabenstein as Executive Vice Chancellor and Provost, Riverside Campus***

Background to Recommendation

Approval was requested for the term appointment of Dallas L. Rabenstein as Executive Vice Chancellor and Provost effective July 1, 2011 through June 30, 2015. Dallas Rabenstein was initially appointed in February 2009 as Acting Executive Vice Chancellor and Provost when the position was vacated by the former incumbent. Mr. Rabenstein has held the appointment of Acting Executive Vice Chancellor and Provost from February 16, 2009 through the present.

The national search to fill the position commenced in 2009 and UC Riverside's efforts to fill the position have been extensive and ongoing. A total of 16 candidates were interviewed and seven were invited for campus visits during two nationwide searches. However, despite the steadfast and exhaustive efforts of the search committee and others engaged in the search process, the search efforts have drawn to a close for the second time in two years without a successful candidate. Due to these recent developments in the nationwide search, the campus has concluded these efforts with the decision to appoint Dallas Rabenstein to a four-year term as the Executive Vice Chancellor and Provost.

The appointment of Dallas Rabenstein to a four-year term appointment will bring stability to this pivotal role and suspend the campus search efforts for the next several years, with a goal to refresh the search in 2014. Mr. Rabenstein is exceedingly qualified to serve as the Executive Vice Chancellor and Provost. His qualifications, experience, and accomplishments equal or exceed those of the candidates previously considered for the position. He is a distinguished professor in the Department of Chemistry, where he has held appointments since 1985. He previously held a number of administrative positions at UC Riverside, including department chair, Interim Dean in the College of Natural and Agricultural Sciences, Interim Director of the Agricultural Experiment Station, and Dean of the Graduate Division. He has served as Acting Executive Vice Chancellor and Provost since February 2009.

As Acting Executive Vice Chancellor and Provost, Mr. Rabenstein served a lead role in the campus strategic planning process, referred to as UCR 2020: The Path to Preeminence. UCR 2020 has created the legacy and strategic framework to guide and direct the campus for the decade ahead in becoming a preeminent research university. During this past year, Mr. Rabenstein led the strategic planning implementation efforts including the establishment of goals, metrics, and benchmarks, as well as a business plan for the campus.

Full accountability and authority are vested with the four-year term appointment. The Executive Vice Chancellor and Provost's scope of responsibilities encompasses major campus initiatives that will frame the future of the campus, including the establishment of the School of Medicine with its first incoming class in fall 2012, the start-up of the graduate medical education program, and the execution of strong leadership for the daunting budget-related initiatives that lie ahead. His leadership and expertise in shepherding these major campus initiatives are of strategic importance to the future of the campus. Mr. Rabenstein is a highly respected, seasoned administrator, who has capably navigated the campus through difficult challenges and transitions with praiseworthy results during his acting appointment.

In conjunction with the four-year term appointment, approval is requested for an appointment salary of \$305,000. The salary increase for Mr. Rabenstein is supported by a number of reasons.

- Since 2009, Mr. Rabenstein has been carrying out the responsibilities of Executive Vice Chancellor and Provost with full authority, but with the knowledge and expectation that the appointment was temporary while the search was under way. Mr. Rabenstein has been asked to assume a four-year term appointment as the Executive Vice Chancellor and Provost, and it is appropriate that the compensation be reflective of the full-term appointment and competitive with the external market.
- UC Riverside's most recent compensation proposal for the top candidate identified during the search process was \$320,000, just slightly below the Chancellor's base salary, but even so, the salary offer was not sufficiently competitive and the candidate withdrew.
- The compensation for two recent UC hires into the position of Executive Vice Chancellor and Provost resulted in approved salaries of \$265,000 (UCSC) and \$350,000 (UCSD). The average of these two appointment salaries is \$307,500. The proposed appointment salary is approximately at the midpoint between these recent appointment salaries.
- The internal UC salary average for the position of Executive Vice Chancellor and Provost is \$315,033.
- Recent market data for the position of Executive Vice Chancellor and Provost indicate the market median at \$353,702 and the market average at \$374,468, with the average 25th percentile at \$275,604. The proposed appointment salary is 18.6 percent below the market average.

Taking into consideration the reasons outlined above, the campus requested approval to increase Mr. Rabenstein's total annual salary of \$262,500 to \$305,000. The proposed annual base salary of \$305,000 is 11.2 percent above the midpoint for SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700) and 3.2 percent below the average base salary of \$315,033 for the Executive Vice Chancellor and Provost at the other UC locations. In addition, the proposed annual base salary is 13.8 percent below the market median of \$353,702. Market data are provided by Mercer Consulting, which include data from the 2010/2011 College and University Professional Association (CUPA) Administrative Compensation Survey.

This position is funded 100 percent from UC general funds provided by the State.

Recommendation

The following items were approved in connection with the term appointment of and total compensation for Dallas L. Rabenstein as Executive Vice Chancellor and Provost, Riverside campus:

- a. Per policy, an annual base salary of \$305,000 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- b. This appointment is at 100 percent time and would be effective July 1, 2011 through June 30, 2015.

Recommended Compensation

Effective Date: July 1, 2011

Base Salary: \$305,000

Total Cash Compensation: \$305,000

Grade Level: SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

Median Market Data: \$353,702

Percentage Difference from Median Market: 13.8 percent below market

Funding Source: UC general funds provided by the State

Budget &/or Prior Incumbent Data

Title: Acting Executive Vice Chancellor and Provost

Base Salary: \$208,661

Stipend: \$53,839

Total Cash Compensation: \$262,500

Grade Level: SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

Funding Source: UC general funds provided by the State

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, continued 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.

Submitted by: UC Riverside Chancellor White
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

- (10) *Approval of the Deferred Incentive Awards for F. Scott Bidy as the Vice Chancellor – University Relations, Berkeley Campus*

Background to Recommendation

Approval was sought for the incentive payment of the 2007-08, 2008-09 and 2009-10 fiscal years non-clinical incentive awards that were deferred by the Berkeley campus as a result of the action taken by the Regents, *Approval of Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans* at the special meeting of January 14, 2009 and related 2009 Regental actions. That action was subsequently amended at the March 2009 meeting and at the September 2009 meeting. Collectively, these actions not only imposed a salary freeze on members of the Senior Management Group (SMG) for the 2008-09 and 2009-10 fiscal years but also imposed certain restrictions on SMG and non-SMG participation in bonus, incentive and variable pay programs for those years, as well as for the 2007-08 fiscal year. With regard to variable and incentive pay programs, the Regents deferred the payment of such awards for non-clinical incentive plans for the 2007-08, 2008-09, and 2009-10 fiscal years until the end of the 2009-10 fiscal year and indicated that this suspension would be reviewed at that time.

A review of the deferred incentive awards for Mr. Bidy was conducted, and it was determined that the awards satisfied the criteria for payment.

The campus confirmed that Mr. Biddy had pre-established goals and objectives and that the recommended awards were determined by assessing Mr. Biddy's achievement of his respective pre-established goals and objectives against their plan's pre-established weights and measures. The President was, therefore, asked to approve these awards and authorize their payment under the authority delegated to him by the Regents as approved at the September 2010 Regents' meeting, subject to the concurrence of the Chair of the Committee on Compensation, with such payments to include interest at the Short Term Investment Pool (STIP) rate where deemed appropriate.

Campus records indicate that Mr. Biddy is owed a maximum incentive payment in the amount of \$139,583. The breakdown of the payment owed to Mr. Biddy follows:

- December 1, 2007 – December 1, 2008: \$50,000
- December 1, 2008 – December 1, 2009: \$50,000
- December 1, 2009 – September 15, 2010: \$39,583

When Mr. Biddy was appointed in December 2006, his compensation package was structured with an ongoing incentive award of up to \$50,000 a year as additional compensation based on his performance in relation to predetermined goals and objectives as approved by the Regents. Such incentive programs are common in the development area. Mr. Biddy received the first incentive payment of \$50,000 for 2006-07 fiscal year in December 2007, upon Regental approval.

The benchmarks for Mr. Biddy's predetermined goals included success in donor cultivation and fundraising as measured by dollars as well as major gifts, effectiveness in building the campus fundraising organization, demonstrated efficiency of a new distributed model of development, and effectiveness in rebuilding the Office of Public Affairs.

The Campaign for Berkeley was launched publicly in September 2008, with \$1.3 billion raised in the quiet phase of the Campaign. In spite of the financial crisis that fall, followed by a recession, UC Berkeley philanthropic efforts have been hugely successful, thanks to Mr. Biddy's leadership. In 2008-09, Mr. Biddy raised \$306 million and, in 2009-10, a further \$313 million. Of the Top 20 fund-raising colleges in 2009-10, Berkeley ranked number one with the highest change as ranked by five-year growth. In spite of the slow economic recovery, the momentum has continued, and the UC Berkeley Campaign crossed the \$2 billion mark at the end of January 2011.

Mr. Biddy has met and exceeded the goals that were set out for his incentive, and the campus is recommending that he receive full payment

The Systemwide Health Sciences Privacy Liaison role has been developed in the Office of ECAS as part of a redefinition of roles related to privacy and information security. The responsibilities of the Systemwide Privacy Officer position in the Office of ECAS were combined with those of the Director of Information Security in Information Resources and Communications (IR&C) to create a new position, Chief Information Security and Privacy Officer (CISPO), effective April 15, 2011. The CISPO reports to the Chief Information Officer and Associate Vice President, IR&C, with a dotted line reporting relationship to the Senior Vice President – Chief Compliance and Audit Officer. The Systemwide Health Sciences Privacy Liaison will be responsible for coordinating with the CISPO on systemwide information security and privacy initiatives that impact health sciences and the medical centers. As a result of these changes, the Systemwide Privacy Officer and Director of Information Security positions will be eliminated.

The responsibilities of the Systemwide Health Sciences Privacy Liaison assignment are significantly greater in scope and level than Martha Arvin's current responsibilities as Chief Compliance Officer for UCLA Health Sciences. The request for an annual stipend of \$30,000 (12.25 percent of Ms. Arvin's current annual base salary of \$244,902) was in recognition of these additional privacy liaison responsibilities and will be funded 100 percent by UC common funds. During this one-year assignment, Ms. Arvin will be responsible for collaboration and communication with the CISPO on all major elements of the systemwide program to meet compliance objectives and to ensure appropriate coordination with health sciences and the medical centers. Ms. Arvin is an effective and seasoned leader in the health sciences compliance and privacy areas and has been collaborating with the UC Health Sciences Compliance Officers since she joined UC in 2009.

Recommendation

The following items were approved in connection with the appointment of and compensation for Martha Arvin as Systemwide Health Sciences Privacy Liaison – Ethics, Compliance and Audit Services, Office of the President:

- a. Per policy, an annual stipend of \$30,000 (12.25 percent of base salary) in addition to base salary of \$244,902 SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. This stipend is effective June 1, 2011, through May 31, 2012, or until the effective date of the liaison assignment to a new Health Sciences Compliance Officer, whichever occurs first.

Recommended Compensation**Effective Date:** June 1, 2011**Base Salary:** \$244,902**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Percent Difference vs. Midpoint: 0 percent**Stipend:** \$30,000 (12.25 percent of base salary)**Total Cash Compensation:** \$274,902**Funding Source:** UC Common Funds**Budget &/or Prior Incumbent Data****Base Salary:** \$244,902**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Total Cash Compensation: \$244,902**Funding Source:** UC Common Funds

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.

Submitted by: Senior Vice President – Chief Compliance and
Audit Officer Vacca

Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

14. REPORT OF COMMUNICATIONS RECEIVED

Associate Secretary Shaw reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated April 1 and May 2, 2011.

15. REPORT OF MATERIALS MAILED BETWEEN MEETINGS

Associate Secretary Shaw 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, January 2011 Bi-Monthly Transaction Monitoring Report for Deans and Faculty Administrators who have transferred from the Senior Management Group Program to Academic Titles and other full-time Faculty Administrators. (March 9, 2011)

- B. From the President, addition of a faculty administrator position to be transferred from governance under the Senior Management Group Program to governance under the Academic Personnel Program. (April 26, 2011)

To Members of the Committee on Educational Policy

- C. From the President, Statistical Summary of Students and Staff for Fall 2010. (April 26, 2011)

To Members of the Committee on Finance

- D. From the President, Technology Transfer Annual Report for 2010. (April 7, 2011)

To Members of the Committee on Health Services

- E. From the President, Medical Center Activity and Financial Status Report for the six months ended December 31, 2010. (March 8, 2011)

To Members of the Committee on Investments

- F. From the Chief Investment Officer and Vice President, copy of a monograph co-authored by the Head of Risk Management in the Treasurer's Office. (April 7, 2011)

To the Regents of the University of California

- G. From the President, Bi-Monthly Transaction Monitoring Report – January 2011. (March 8, 2011)
- H. From the Chair of the Committee on Oversight of the Department of Energy Laboratories, 2010 annual report on the activities of Lawrence Livermore National Security, LLC and Los Alamos National Security, LLC. (March 21, 2011)
- I. From the Secretary and Chief of Staff, appointments to the Committee on Governance for 2011-12. (March 22, 2011)
- J. From the Secretary and Chief of Staff, report of communications received subsequent to the March 1, 2011 report of communications. (April 1, 2011)
- K. From the Chair of the Committee on Oversight of the Department of Energy Laboratories, announcement of the Director of Lawrence Livermore National Laboratory's and President of Lawrence Livermore National Security, LLC's decision to step down, effective October 2011. (April 12, 2011)
- L. From the President, advance copy of the preliminary fall 2011 freshman admissions data. (April 15, 2011)

- M. From the President, letter and enclosure from the Chancellor of UC Riverside regarding his appearance on a television show. (April 20, 2011)
- N. From the Associate Secretary, replacement appointment on the Special Committee on the Selection of a Student Regent for 2012-13. (April 20, 2011)
- O. From the Associate Secretary, report of communications received subsequent to the April 1, 2011 report of communications. (May 2, 2011)

The meeting adjourned at 12:50 p.m.

Attest:

Associate Secretary

Additions shown by underscoring

Internal Audit Charter

Policy Statement

It is the policy of the University of California to maintain an independent and objective internal audit function to provide the Regents, President, and campus Chancellors with information and assurance on the governance, risk management and internal control processes of the University. Further, it is the policy of the University to provide the resources necessary to enable Internal Audit to achieve its mission and discharge its responsibilities under its Charter. Internal Audit is established by the Regents, and its responsibilities are defined by The Regents' Committee on Compliance and Audit as part of their oversight function.

Mission

The mission of the University of California (UC) internal audit program (IA) is to provide the Regents, President, and campus Chancellors independent and objective assurance and consulting services designed to add value and to improve operations. It does this by assessing and monitoring the campus community in the discharge of their oversight, management, and operating responsibilities. Internal audit brings a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Authority

IA functions under the policies established by the Regents of the University of California and by University management under delegated authority.

IA is authorized to have full, free and unrestricted access to information including records, computer files, property, and personnel of the University in accordance with the authority granted by approval of this charter and subject to applicable University policy and federal and state statutes. Except where limited by law, the work of IA is unrestricted. IA is free to review and evaluate all policies, procedures, and practices for any University activity, program, or function.

In performing the audit function, IA has no direct responsibility for, nor authority over any of the activities reviewed. The internal audit review and approval process does not in any way relieve other persons in the organization of the responsibilities assigned to them.

Independence and Reporting Structure

To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit. This independence is based primarily upon organizational status and objectivity and is required by external industry standards.

The Senior Vice President - Chief Compliance and Audit Officer (CCAO) has direct line reporting to both The Regents and the President. For administrative logistics, the CCAO has a dotted reporting line to the Executive Vice President – Business Operations. The CCAO has established an active channel of communication with the Chair of The Regents' Committee on Compliance and Audit, as well as with campus executive managements, on audit matters. The CCAO has direct access to the President and The Regents' Committee on Compliance and Audit. In addition, the CCAO serves as a participating member on all campus compliance oversight/audit committees.

Campus/Laboratory Internal Audit Directors (IADs) report administratively to the Chancellor/Laboratory Director (or designate) and directly to The Regents' Committee on Compliance and Audit through the CCAO. IADs have direct access to the CCAO and to the President or The Regents' Committee on Compliance and Audit as circumstances warrant.

Campus IADs will report periodically to the campus compliance oversight/audit committees on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work; the status of the annual audit plan, and the sufficiency of audit resources. The local audit functions will coordinate with and provide oversight of other control and monitoring functions involved in governance such as risk management, compliance, security, legal, ethics, environmental health & safety, external audit, etc.

IADs may take directly to the respective Chancellor or Laboratory Director, the CCAO, the President, or The Regents matters that they believe to be of sufficient magnitude and importance. IADs shall take directly to the CCAO who shall report to the President and The Regents' Committee on Compliance and Audit Chair, any credible allegations of significant wrongdoing (including any wrongdoing for personal financial gain) by or about a Chancellor, Executive Vice Chancellor or Vice President, or any other credible allegations that if true could cause significant harm or damage to the reputation of the University.

If Chancellors/Laboratory Directors, when pursuant to their re-delegation authority, designate a position to whom the IAD shall report, that position shall be at least at the Vice Chancellor/Deputy Laboratory Director level and the Chancellor/Laboratory Director shall retain responsibility for: approval of the annual audit plan; approval of local audit committee/work group charter; and shall meet with the IAD at least annually to review the state of the internal audit function and the state of internal controls locally. When reporting responsibility is re-delegated, IADs also have direct access to Chancellors/Laboratory Directors as circumstances warrant.

Scope of Work

The scope of IA work is to determine whether UC's network of risk management, control, and governance processes, as designed and represented by management at all levels, is adequate and functioning in a manner to ensure:

- Risk management processes are effective and significant risks are appropriately identified and managed.
- Ethics and values are promoted within the organization.
- Financial and operational information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's risk management and control processes.
- Significant legislative or regulatory compliance issues impacting the organization are recognized and addressed properly.
- Effective organizational performance management and accountability is fostered.
- Coordination of activities and communication of information among the various governance groups occurs as needed.
- The potential occurrence of fraud is evaluated and fraud risk is managed.
- Information technology governance supports UC strategies, objectives, and the organization's privacy framework.
- Information technology security practices adequately protect information assets and are in compliance with applicable policies, rules, and regulations.

Opportunities for improving management control, quality and effectiveness of services, and the organization's image identified during audits are communicated by IA to the appropriate levels of management.

Nature of Assurance and Consulting Services

IA performs three types of projects:

Audits – are assurance services defined as examinations of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, performance, compliance, systems security and due diligence engagements.

Consulting Services – the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include reviews, recommendations (advice), facilitation, and training.

Investigations – are independent evaluations of allegations generally focused on improper governmental activities including misuse of university resources, fraud, financial irregularities, significant control weaknesses and unethical behavior or actions.

Mandatory Guidance

IA serves the University in a manner that is consistent with the standards established by the SVP/CCAO and acts in accordance with University policies and *UC Standards for Ethical Conduct*. At a minimum, it complies with relevant professional standards, and the Institute of Internal Auditors' mandatory guidance including the *Definition of Internal Auditing*, the *Code of Ethics* and the *International Standards for the Professional Practice of Internal Auditing*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Certain Personnel Matters

Action to appoint, demote or dismiss the SVP/CCAO requires the approval of The Regents. Action to appoint an IAD requires the concurrence of the SVP/CCAO. Action to demote or dismiss an IAD requires the concurrence of the President and Chair of the Compliance and Audit Committee, upon the recommendation of the SVP/CCAO.

Deletions shown by strikethrough

Internal Audit Mission Statement, Internal Audit Management Charter, and Audit Management Plan approved March 18, 2004

UNIVERSITY OF CALIFORNIA
(Revised March 2004)

INTERNAL AUDIT MISSION STATEMENT

~~The mission of internal audit is to assess and monitor the university community in the discharge of their oversight, management, and operating responsibilities in relation to governance processes, the systems of internal controls, and compliance with laws, regulations and University policies including those related to ethical conduct by providing relevant, timely, independent, and objective assurance, advisory and investigative services using a systematic, disciplined approach to evaluate risk and improve the effectiveness of control and governance processes.~~

INTERNAL AUDIT MANAGEMENT CHARTER

Authority

~~Internal Audit functions under the policies established by The Regents of the University of California and by University management under delegated authority.~~

Independence

~~To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit.~~

~~Independence is essential to the effectiveness of the Internal Audit Program. This independence is based primarily upon organizational status and objectivity:~~

~~The University Auditor reports functionally to The Regents through its Committee on Audit and administratively to the Senior Vice President — Business and Finance. The University Auditor also has direct access to the President of the University.~~

~~The locally based Internal Audit Departments report functionally to The Regents through the Office of the University Auditor and administratively to the campus Chancellor or Laboratory Director directly or through designated channels. (For reporting purposes, the Chancellor's designee shall be at the level of Vice Chancellor or above, and the Laboratory Director's designee shall be at the level of Associate Director or above.)~~

~~Internal Auditors may take directly to the respective Chancellor or Laboratory Director, the University Auditor, the President, or The Regents matters that they believe to be of sufficient magnitude and importance. Internal Auditors shall take directly to the University Auditor who shall report to the Senior Vice President — Business and Finance and The Regents' Committee on Audit Chair any credible allegations of significant wrongdoing (including any wrongdoing for personal financial gain) by or about a~~

~~Chancellor, Executive Vice Chancellor or Vice President, or any other credible allegations that if true could cause significant harm or damage to the reputation of the University. Internal Auditors shall take directly to the University Auditor who shall report to The Regents' Committee on Audit Chair any allegations by or about the Senior Vice President— Business and Finance or the President. Any such matters will be reported to The Regents' Board Chair at the discretion of the University Auditor or Committee on Audit Chair.~~

~~In performing the audit function, the Internal Audit Office has no direct responsibility for, nor authority over, any of the activities reviewed. Therefore, the internal audit review and appraisal process does not in any way relieve other persons in the organization of the responsibilities assigned to them.~~

Scope

~~Internal Audit is authorized to have full, free and unrestricted access to information including records, computer files, property, and personnel of the University in accordance with the authority granted by the Board's approvals of this charter and applicable federal and state statutes.~~

~~Except where limited by law, the work of Internal Audit is unrestricted. Internal Audit is free to review and evaluate all policies, procedures, and practices of any University activity, program, or function.~~

Standards

~~The responsibility of the Internal Audit Program is to serve the University in a manner that is consistent with the standards established by the University Auditor . At a minimum it shall comply with the relevant professional standards, such as the *Standards For The Professional Practice of Internal Auditing* and with professional standards of conduct such as the *Code of Ethics of the Institute of Internal Auditors, Inc.*~~

UNIVERSITY OF CALIFORNIA
AUDIT MANAGEMENT PLAN
(Revised March 2004)

~~I. The University Audit Program is comprised of three elements:~~

- ~~A. An external independent (PwC) certified public accounting firm reporting to The Regents.~~
- ~~B. The University Auditor's Office reporting functionally to The Regents through its Committee on Audit and administratively to the Senior Vice President Business and Finance.~~
- ~~C. Campus/Laboratory Internal Audit Departments reporting functionally to The Regents through the University Auditor and administratively to the Chancellors/Laboratory Directors or designee.~~

~~II. Objectives of the Internal Audit Program~~

~~To conduct a program of audits, consultations, and investigations which are of service to The Regents and management through the following activities:~~

- ~~A. Reviewing management, financial, and operating controls to appraise their soundness and adequacy to advise management, and on matters of material import, The Regents, as to whether:
 - ~~1. The systems of internal control effected by the University's Board of Regents, management and other personnel, provide reasonable assurance regarding the achievement of objectives in the following categories:
 - ~~—— effectiveness and efficiency of operations~~
 - ~~—— reliability of financial reporting~~
 - ~~—— compliance with applicable laws and regulations;~~~~
 - ~~2. Established plans, policies, and procedures are being complied with;~~
 - ~~3. University assets are accounted for and safeguarded from loss.~~~~
- ~~B. Providing recommendations to improve operating efficiency and internal controls.~~
- ~~C. Providing consultation on current and proposed operating policies and procedures and changes in the system of internal controls.~~
- ~~D. Conducting investigations in support of the University's compliance with laws governing improper government activities.~~

III. ~~Responsibilities of the Audit Group~~

A. ~~External Auditors~~

- ~~1. Perform, in accordance with generally accepted auditing standards, and government auditing standards an audit (PwC) of the financial statements of the University to determine whether such financial statements present fairly the University's financial position changes net assets and cash flows in accordance with generally accepted accounting principles.~~
- ~~2. Review the adequacy of the systems of internal controls related to the financial statement audit and render recommendations as appropriate.~~
- ~~3. Perform such additional financial or compliance audits as directed by The Regents.~~
- ~~4. Provide such accounting and other consultation as requested by management or The Regents.~~

B. ~~Office of the University Auditor~~

- ~~1. Establish a relationship with the University's external auditors whereby annual plans are developed in concert, appropriate support is provided to the external auditors, and an active channel exists for sharing audit findings and other information of mutual interest and concern.~~
- ~~2. Analyze and evaluate Universitywide policies, plans, procedures and practices including those designed to assure ethical conduct.~~
- ~~3. Conduct investigations pursuant to the University Policy on Reporting and Investigating Allegations of Improper Governmental Activities within the Office of the President and at the campuses or laboratories at the request of the President, the Chancellor/Laboratory Director or their designee, or the campus/laboratory Internal Audit Director in the event of a conflict of interest.~~
- ~~4. Provide oversight and administration of compliance with the University Policy on Reporting and Investigating Allegations of Improper Governmental Activities.~~
- ~~5. With the Senior Vice President Business and Finance, provide information with respect to material audit and investigation matters so as to keep the President and appropriate Regents adequately informed on a timely basis.~~

~~about the Senior Vice President Business and Finance or the President. Any such matters will be reported to The Regents' Board Chair at the discretion of the University Auditor or Committee on Audit Chair.~~

- ~~3. Internal Auditors shall report directly to the Senior Vice President Business and Finance who shall report to the Chair of The Regents' Committee on Audit any allegations related to the University Auditor.~~

~~V. Certain Personnel Matters~~

- ~~A. Action to appoint, demote or dismiss the University Auditor requires the approval of The Regents. Action to appoint campus/laboratory Internal Audit Directors requires the concurrence of the University Auditor. Action to demote or dismiss campus/laboratory Internal Audit Directors requires the concurrence of the President upon the recommendation of the University Auditor.~~

Table A: Approval of FY2011-12 CapEquip Authorization

UC Location	\$ Amount Requested	Description of Expected Equipment Purchases
UC Berkeley	\$ 20,000,000	Research equipment, telecommunications equipment, other equipment, software, and refinancing of certain existing capital equipment leases.
UC Davis	10,000,000	Science and laboratory equipment, animal caging, facilities maintenance equipment, and computer software.
UC Davis - Medical Center	25,000,000	Replacement medical equipment, replacement diagnostic equipment, and new equipment related to recently-opened surgical and emergency services pavilion.
UC Irvine	2,500,000	Computing equipment, vehicles, and traffic signals.
UC Irvine - Medical Center	15,000,000	Medical equipment, diagnostic equipment, plant equipment, and health information software.
UCLA	10,000,000	Medical and diagnostic equipment, research equipment, shop equipment, computer equipment, communications and networking equipment, vehicles, software licenses, and refinancing of certain existing capital equipment leases.
UCLA - Medical Center	40,000,000	Medical and diagnostic equipment, computer equipment, communications and networking equipment, vehicles, software licenses, and refinancing of certain existing capital equipment leases.
UC Merced	3,050,000	Fleet vehicles and electric carts.
UC Riverside	-	UC Riverside is not participating in CapEquip for FY2011-12.
UC San Diego	4,650,000	Medical equipment, diagnostic equipment, budget software, DNA sequencing equipment, and refinancing of certain existing capital equipment leases.
UC San Diego - Medical Center	30,000,000	Medical equipment, diagnostic equipment, and budget software.
UC San Francisco	-	UC San Francisco is not participating in CapEquip for FY2011-12.
UC San Francisco - Medical Center	-	UC San Francisco Medical Center is not participating in CapEquip for FY2011-12.
UC Santa Barbara	1,000,000	Diagnostic equipment and instruments, other equipment, vehicles, and refinancing of certain existing capital equipment leases.
UC Santa Cruz	1,665,000	Utility vehicles, refuse trucks, shuttle busses, fire engine, and police vehicles.
UC Office of the President	80,000,000	PPS replacement system, i.e., a single payroll system and a single human resources system that will be deployed across all ten campuses and five medical centers. The use of this funding authorization is dependent upon consideration and decision of the Regents at their scheduled July 2011 meeting.
UC Agriculture & Natural Resources	-	ANR is not participating in CapEquip for FY2011-12.
Total Authorization:	\$240,120,000	