

































































































- The credit rating of each swap counterparty or credit enhancer (where relevant).
- Actual collateral posting by a swap counterparty, if any, per swap agreement and in total by swap counterparty.
- Any termination events that have occurred.
- A summary of derivative instrument activity during the reporting period and balances at the end of the reporting period.

The Regents may hire a financial advisor to assist in the monitoring of its swaps on an on-going basis.

## **B. DEFINITIONS**

**Authorized Representative** – Includes the President and as delegated Executive Vice President – CFO.

**Counterparty** – The participant to which an exchange of payments is made.

**Interest Rate Swap** - Involves exchanging a fixed amount per payment period for a payment that is not fixed, or in the case of a basis swap, an amount based on one floating rate index for another. In an interest rate swap, the principal amount is never exchanged.

**ISDA Master Agreement** - The International Swaps and Derivatives Association (ISDA) is a trade organization of participants in the market for over-the-counter derivatives. The ISDA Master Agreement is a standardized contract that serves as the framework between two counterparties to enter into a swap.

**London Interbank Offered Rate (LIBOR)** – The interest rate that the banks charge each other for loans (usually in Eurodollars). A commonly used base index for swap agreements.

**Notional Amount** - Nominal or face amount that is used to calculate payments for the swap agreement.

**SIFMA Index** - The Securities Industry and Financial Markets Association Municipal Swap Index , produced by Municipal Market Data, is a 7-day high-grade market index comprised of tax-exempt variable rate demand bonds. It is the principal floating rate index for municipal floating rate bonds.

**SUMMARY OF CONSULTING ACTUARY'S RECOMMENDATIONS  
REGARDING ACTUARIAL ASSUMPTIONS FOR UCRP**

**Inflation**—Affects projections of investment returns, active member salary increases, cost-of-living adjustments for retirees. Recommendation: Maintain rate at 3.50 percent per annum.

**Investment Return**—Estimates average future net rate of return on assets over projected lifetime of the Plan as of the valuation date. Recommendation: Maintain rate at 7.50 percent per annum.

**Individual Salary Increases**—Includes salary increases due to inflation, real “across the board” salary increases and promotional and merit increases in salary. Recommendation: Maintain the current inflationary salary increase assumption at 3.50 percent; increase the “across the board” salary increase assumption from 0.25 percent to 0.50 percent; reduce the promotional and merit increase assumptions consistent with the tables established for staff and faculty in the Report.

**Retirement Rates**—Predicts the probability of retirement at each age at which members are eligible to retire. Recommendation: Structure retirement rates as a function of both age and years of service for staff members; for faculty and safety members, continue to structure retirement rates as a function of age only; for deferred vested members, maintain the assumed retirement age at 59.

**Mortality Rates**—Estimates the probability of dying at each age. Recommendation: For nondisabled members, decrease the mortality rates consistent with the RP-2000 Combined Healthy Mortality Tables projected to 2025 with a two-year set back; for disabled members, decrease the mortality rates consistent with the RP-2000 Disabled Retiree Mortality Tables projected to 2025 with a two-year set back for males and no set back for females.

**Termination Rates**—Estimates the probability of leaving active UCRP membership at each age and receiving either a refund of member contributions or a deferred vested retirement benefit. Recommendation: Implement service-based termination rates and increase the current termination rates overall. Also, implement a new assumption that a member will choose between a refund of contributions and a deferred vested benefit based on which option has the greater present value at termination.

**Disability Incidence Rates**—Estimates the probability of becoming disabled at each age. Recommendation: Decrease the current disability rates overall as described in the Report.

**Eligible Survivor Assumptions**—Projects the probability of having a survivor at death. Recommendation: Maintain current percentages, which assume that 85 percent of male members and 65 percent of female members will have an eligible survivor at time of death.

**Conversion of Unused Sick Leave**—Projects amount by which UCRP service credit may be increased due to conversion of unused sick leave. Recommendation: Slightly decrease the current assumption for faculty and safety members retiring from active membership and slightly increase the current assumption for staff members retiring from active membership.

Lump Sum Cashout Take-Rate—Estimates the probability of electing a lump sum in lieu of retirement. Recommendation: For employees terminating while active members, structure the take-rate as a function of years of service; for all others, maintain a flat percentage regardless of years of service.

Future Benefit Accruals—Projects amount of service credit to be earned by active members in years after valuation date: Recommendation: No change to current assumption that all active members earn one year of service credit each year in the future.

UCRP Administrative Expenses—Projects fees for administrative, legal, accounting, and actuarial services carried out by the Plan. Recommendation: No change to the percentage loading to the normal cost of 0.50 percent of payroll.

**SUMMARY OF CONSULTING ACTUARY'S RECOMMENDATIONS  
THAT ALSO APPLY TO OTHER UC BENEFIT PLANS**

Recommended assumption changes carrying over to the actuarial valuations of other UC benefit plans—

- UC-PERS Plus 5 Plan: Mortality Rates
- Retiree Health Benefit Program: Retirement Rates, Mortality Rates, Termination Rates, Disability Incidence Rates and Lump Sum Cashout Take-Rate.

**NEW LITIGATION AND ARBITRATION PROCEEDINGS***Report Period: 4/9/11 – 5/26/11**Regents Meeting**July 2011*

<b><u>Plaintiff</u></b>	<b><u>Location</u></b>	<b><u>Nature of Dispute Alleged by Plaintiff</u></b>	<b><u>Forum</u></b>
<b><u>Employment Cases</u></b>			
Kosberg, Kori A.	UCSD	Discrimination, Retaliation	San Diego County Superior Court
Laird, Richard	UCLA	Discrimination, Retaliation, Failure to Accommodate	Los Angeles County Superior Court
Oswald, Diana	UCSF	Discrimination, Wrongful Termination	San Francisco County Superior Court
Ryder, Mark	UCDMC	Discrimination, Wrongful Termination	Sacramento County Superior Court
<b><u>Professional Liability Cases</u></b>			
Allen, Mary	UCSFMC	Medical Malpractice	San Francisco County Superior Court
Bieber, Zoltanne	UCLAMC	Medical Malpractice, Wrongful Death	Los Angeles County Superior Court
Bravo, Arnold	UCDMC	Medical Malpractice, Wrongful Death	Sacramento County Superior Court
Burnet, Patricia	UCLAMC	Medical Malpractice	Los Angeles County Superior Court
Burton, Jennifer and William Burton	UCSDMC	Medical Malpractice	San Diego County Superior Court
Champlain, Barbara	UCDMC	Medical Malpractice	Sacramento County Superior Court
Clements, Penny	UCLAMC	Medical Malpractice	Los Angeles County Superior Court
Doka, Andrew	UCIMC	Medical Malpractice	Orange County Superior Court
Duval, Foster	UCLAMC	Medical Malpractice	Los Angeles County Superior Court



Garza, Cecilia	UCSDMC	Medical Malpractice	San Diego County Superior Court
Gilbert, Penny	UCSFMC	Medical Malpractice, Wrongful Death	San Francisco County Superior Court
Gilmore, Thomas J.	UCSDMC	Medical Malpractice	San Diego County Superior Court
Joyce, Derek	UCSDMC	Medical Malpractice	San Diego County Superior Court
Lozano, Cynthia	UCSFMC	Medical Malpractice	Fresno County Superior Court
Nguyen, Ann	UCLAMC	Medical Malpractice	Los Angeles County Superior Court
Ourlian, Badrig Pat (decedent)	UCSFMC	Medical Malpractice	Fresno County Superior Court
Paulson, Darryl	UCSDMC	Medical Malpractice	San Diego County Superior Court
Reid, Katrina	UCLAMC	Medical Malpractice	Los Angeles County Superior Court
Saghiv, Ohad	UCSDMC	Medical Malpractice	San Diego County Superior Court
Singh, Baljit	UCDMC	Wrongful Death	Sacramento County Superior Court
Snipes, Abigail	UCLAMC	Medical Malpractice	Los Angeles County Superior Court
Taggart, Steven	UCSDMC	Medical Malpractice	San Diego County Superior Court
Valderrama, Antonio	UCSDMC	Medical Malpractice	San Diego County Superior Court

**Other Cases**

Addo, Emmanuel	UCSF	Writ of Mandate (Wrongful Student Dismissal)	San Francisco County Superior Court
California Rifle and Pistol Association Foundation	UCSC	Petition for Writ of Mandate for: (1) Improper Withholding of Public Records; and (2) Failure to Promptly Produce Public Records	Santa Cruz County Superior Court
Elizalde, Christopher	UCLA	Negligence	Los Angeles County Superior Court

Garrett, Anna Michelle	UCLAMC	Implied Indemnity, Express Contractual Indemnity	Los Angeles County Superior Court
Jordan Worldwide, Inc.	UCSFMC	Contract/Commercial Transaction	Camden County Superior Court of New Jersey
Lewis, Cheri and Michael Arnold	UCD	Motor Vehicle, General Negligence	Sacramento County Superior Court
Medivation, Inc., Medivation Therapeutics, Inc.	UCLA	Breach of Contract (Sponsored Research Agreement) and Breach of Contract (License Agreement);	San Francisco County Superior Court
Miranda, Jose Martin	UCR	Negligence and Wrongful Death	Riverside County Superior Court
Morikis, Vasilios A.	UCSD	Writ of Mandate	San Diego County Superior Court
Official Committee of Unsecured Creditors	UCOP	Fraudulent Transfer, Preferential Transfer, and Unjust Enrichment	U.S. Bankruptcy Court, District of Delaware
Raybin, Sarah	UCB	General Negligence and Premises Liability	Alameda County Superior Court
Spencer, Malfred C.	UCB	False Arrest, Negligent Infliction of Physical Injuries and Emotional Distress	Alameda County Superior Court

**Public Employment Relations Board (“PERB”)**  
**Unfair Practices Alleged by Charging Party**

American Federation of State, County and Municipal Employees (AFSCME) (SFCE981H)	UCOP	Bad Faith Bargaining; Failure to Provide Information; Unilateral Change	PERB
United Auto Workers Local 2865 (UAW) (SFCE982H)	UCB	Failure to Provide Information	PERB

CUE (Coalition of University Employees) (SFCE983H)	UCOP	Unilateral Change	PERB
CUE (SFCE984H)	UCSF	Discrimination/Retaliation; Unilateral Change	PERB
CUE (SFCE985H)	UCSB	Discrimination/Retaliation	PERB

**FY 2011-12 BUDGET SUMMARY  
OFFICE OF THE PRESIDENT**

	TOTAL BUDGET			UNRESTRICTED BUDGET			
	TOTAL FY 2010-11 BUDGET	CHANGE	TOTAL FY 2011-12 BUDGET	TOTAL FY 2010-11	CHANGE	% CHANGE	TOTAL FY 2011-12
<b>GENERAL ADMINISTRATION</b>	\$ 95,078,120	\$ (937,444)	\$ 94,140,676	\$ 60,399,855	\$ (4,311,311)	-7%	\$ 56,088,544
<b>OP Core Administration</b>	55,129,568	1,751,340	56,880,908	41,434,557	(1,152,173)	-3%	40,282,384
Academic Affairs	12,511,076	(280,618)	12,230,458	12,379,369	(349,783)	-3%	12,029,586
Finance	3,836,588	1,171,386	5,007,974	1,864,153	136,672	7%	2,000,825
Business Operations	18,346,483	471,040	18,817,523	13,544,453	(1,039,473)	-8%	12,504,980
President's Exec. Office	4,741,706	(223,568)	4,518,138	4,485,356	(233,744)	-5%	4,251,612
Health Sciences	3,928,656	50,918	3,979,574	2,100,656	50,918	2%	2,151,574
External Relations	8,185,281	449,057	8,634,338	7,060,570	283,237	4%	7,343,807
Lab Management	3,579,778	113,125	3,692,903	-	-	-	-
<b>Academic Senate</b>	1,807,561	(162,373)	1,645,188	1,807,561	(162,373)	-9%	1,645,188
<b>Regents Officers</b>	38,140,991	(2,526,411)	35,614,580	17,157,737	(2,996,765)	-17%	14,160,972
General Counsel	10,556,547	(2,324,014)	7,832,533	9,509,356	(2,672,185)	-28%	6,837,171
Secretary/COS	2,954,319	(98,334)	2,855,985	2,949,319	(98,334)	-3%	2,850,985
Ethics & Compliance	4,704,105	(226,246)	4,477,859	4,699,062	(226,246)	-5%	4,472,816
Treasurer	19,926,020	522,183	20,448,203	-	-	-	-
<b>CENTRAL SERVICES (ADMINISTRATION)</b>	122,160,704	3,888,555	126,049,259	70,180,864	3,564,301	5%	73,745,165
<b>Central Administrative Services</b>	88,518,254	4,104,098	92,622,352	36,538,414	3,779,844	10%	40,318,258
<b>ACADEMIC AFFAIRS</b>							
Admissions/Enrollment Services	13,442,145	(1,192,419)	12,249,726	12,507,145	(1,189,341)	-10%	11,317,804
Financial Aid Services	2,345,537	-	2,345,537	2,345,537	-	0%	2,345,537
Technology Transfer	1,017,650	-	1,017,650	1,017,650	-	0%	1,017,650
Other Academic Initiatives	707,747	92,253	800,000	707,747	92,253	13%	800,000
<b>BUSINESS OPERATIONS</b>							
Compensation, Retirement, Benefits	41,191,195	(86,593)	41,104,602	4,885,610	(686,224)	-14%	4,199,386
Information Technology Services	7,442,490	(730,961)	6,711,529	4,743,666	2,103,007	44%	6,846,673
Systemwide Budget/Facilities	4,735,125	(18,847)	4,716,278	4,425,019	(33,725)	-1%	4,391,294
<b>CHIEF FINANCIAL OFFICER</b>							
Banking, Tax, Accounting and Audit	7,075,078	(795,089)	6,279,989	3,190,525	(370,533)	-12%	2,819,992
External Financing	780,596	33,611	814,207	-	-	-	-
Office of Loan Programs	1,424,794	3,884	1,428,678	-	-	-	-
Risk Services	15,000	(15,000)	-	-	-	-	-
Strategic Sourcing	191,366	12,538	203,904	191,366	3,012,538	1574%	3,203,904
Travel Management Services	377,101	4,114	381,215	364,664	3,725	1%	368,389
<b>EXTERNAL RELATIONS</b>							
Institutional Advancement	2,992,232	(276,856)	2,715,376	542,232	(151,856)	-28%	390,376
<b>HEALTH SCIENCES</b>							
Clinical Trials Fund	-	-	-	-	1,000,000	100%	1,000,000
<b>Centrally Funded</b>	33,642,450	(215,543)	33,426,907	33,642,450	(215,543)	-1%	33,426,907
<i>Debt service, rent, business processing, undistributed benefits and other</i>							
<b>CENTRAL SERVICES (ACADEMIC PROGRAMMING)</b>	189,807,236	(11,178,804)	178,628,432	81,701,443	(22,718,246)	-28%	58,983,197
<b>AGRICULTURE &amp; NATURAL RESOURCES (OP)</b>	3,544,870	(217,664)	3,327,206	2,944,003	(217,664)	-7%	2,726,339
<b>INFO PUBLISHING &amp; BROADCAST</b>	44,944,612	(209,352)	44,735,260	17,234,299	(1,717,230)	(0)	15,517,069
<i>Including California Digital Library and UC Press</i>							
<b>PREPARATION &amp; ACCESS</b>	19,906,464	(1,616,525)	18,289,939	11,406,464	(2,138,876)	-19%	9,267,588
<b>RESEARCH</b>	102,945,626	(17,876,863)	85,068,763	45,793,567	(17,608,939)	-38%	28,184,628
<b>SYSTEMWIDE INSTRUCTION PROGRAMS</b>	18,465,664	8,741,600	27,207,264	4,323,110	(1,035,537)	-24%	3,287,573
<b>SYSTEMWIDE INITIATIVES</b>	169,969,127	(15,460,508)	154,508,619	138,488,289	(15,460,508)	-11%	123,027,781
Agriculture & Natural Resource (Systemwide)	85,523,228	(3,113,178)	82,410,050	62,263,566	(3,113,178)	-5%	59,150,388
Multi-Campus Research Units	14,869,571	(500,000)	14,369,571	11,958,395	(500,000)	-4%	11,458,395
Systemwide Initiatives	69,576,328	(11,847,330)	57,728,998	64,266,328	(11,847,330)	-18%	52,418,998
PRESIDENTIAL INITIATIVES	10,000,000	-	10,000,000	10,000,000	-	-	10,000,000
ADMISSIONS & FINANCIAL AID	759,000	(613,000)	146,000	759,000	(613,000)	-81%	146,000
ADVOCACY/DEVELOPMENT	7,947,000	(7,597,000)	350,000	7,947,000	(7,597,000)	-96%	350,000
FACILITIES	16,998,000	-	16,998,000	16,998,000	-	-	16,998,000
INFO PUBLISHING & BROADCAST	1,292,500	(1,279,915)	12,585	1,292,500	(1,279,915)	-99%	12,585
INSTITUTIONAL SUPPORT	9,941,108	(360,158)	9,580,950	9,671,108	6,139,842	63%	9,310,950
PUBLIC SERVICE	1,601,947	(367,000)	1,234,947	1,601,947	(367,000)	-23%	1,234,947
RESEARCH	19,202,085	(1,225,335)	17,976,750	14,377,085	(1,225,335)	-9%	13,151,750
SYSTEMWIDE INSTRUCTION PROGRAMS	1,834,688	(404,922)	1,429,766	1,619,688	(404,922)	-25%	1,214,766
<b>GRAND TOTALS</b>	\$ 577,015,187	\$ (23,688,202)	\$ 553,326,985	\$ 350,770,451	\$ (38,925,765)	-11%	\$ 311,844,686