The Regents of the University of California

COMMITTEE ON COMPENSATION

September 19, 2007

The Committee on Compensation met on the above date at the Mondavi Center, Davis campus.

Members present: Regents Blum, Dynes, Hopkinson, Lozano, Moores, Nuñez, Parsky, Pattiz, and Varner; Advisory members Cole and Brown

In attendance: Regents Allen, Brewer, Bugay, De La Peña, Island, Johnson, Kozberg, Lansing, Marcus, Preuss, Schilling, and Wachter, Regents-designate Scorza and Shewmake, Faculty Representative Croughan, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Hume, Executive Vice Presidents Darling and Lapp, Vice Presidents Foley and Sakaki, Chancellors Bishop, Block, Drake, Kang, Vanderhoef, and Yang, Acting Chancellors Blumenthal and Grey, and Recording Secretary Bryan

The meeting convened at 9:20 a.m. with Committee Chair Lozano presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of July 19, 2007 were approved.

2. REPORT FROM CLOSED SESSION FOR APPROVAL OF INDIVIDUAL SALARY ITEMS

INDIVIDUAL SALARY ITEMS

The President recommended the following:

A. ***Appointment Salary for Lorraine Midanik as Dean–School of Social Welfare, Berkeley Campus***

Approval of the following items in connection with the appointment salary for Lorraine Midanik as Dean–School of Social Welfare, Berkeley campus:

(1) As an exception to policy, an appointment salary of $200,000. This represents a 38.8 percent increase in Ms. Midanik's current adjusted faculty salary of $144,644. (SLCG Grade 106: Minimum $150,000, Midpoint $189,900, Maximum $229,700). This increase takes into consideration that Ms. Midanik will not be eligible for merit/equity consideration in October 2007.

(2) This appointment is 100 percent time and effective September 1, 2007 pending 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 Manager Life Insurance, Executive Business Travel Insurance, Executive Salary Continuation for Disability.
- Per policy, accrual of sabbatical credits.
- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to dual faculty appointment.

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.

B. ***Appointment Salary for Albert F. Bennett as Dean–School of Biological Sciences, Irvine Campus***

Approval of the following items in connection with the appointment salary for Albert F. Bennett as Dean–School of Biological Sciences, Irvine campus:

(1) Per policy, appointment salary of $250,000. This represents a 23.6 percent increase over Mr. Bennett's Fiscal Year Academic salary of $202,200 (Salary Grade 108: Minimum $187,100, Midpoint $238,200, Maximum $289,300). This increase takes into consideration that Mr. Bennett will not be eligible for merit/equity consideration in October 2007.

(2) This appointment is 100 percent time and effective August 1, 2007 pending approval of The Regents.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, Executive Salary Continuation for Disability.
- Per policy, accrual of sabbatical credits as a member of faculty.
- Per policy, ineligible for participation in the Senior Management Supplemental Benefits Program due to dual appointment as a member of faculty.

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.

C. ***Establishment of New Position and Appointment Salary for James R. Herron as Associate Vice Chancellor–Administration of Health Affairs, Irvine Campus***

Approval of the following items in connection with the establishment of a new Senior Management Group position and an appointment salary for James R. Herron as Associate Vice Chancellor–Administration of Health Affairs, Irvine campus:

(1) Establishment of new position within the Senior Management Group, of Associate Vice Chancellor–Administration of Health Affairs, Irvine campus. This new position combines responsibility for Health Sciences Corporate Compliance and Privacy Officer as well as the duties of the Associate Dean–Administration.

(2) Approval of interim slotting of new position, Associate Vice Chancellor–Administration of Health Affairs at SLCG Grade 110: Minimum $233,200, Midpoint $298,800, Maximum $364,300, per Mercer Human Resource Consulting Group recommendation.

(3) Appointment salary of $298,800. This represents a 46.8 percent increase to Mr. Herron's base salary of $203,500 and takes into consideration that Mr. Herron will not be eligible for merit/equity consideration in October 2007.

(4) This appointment is 100 percent time and effective September 1, 2007 pending 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 Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, eligible to participate in the Senior Management Benefits Compensation Plan.

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.

D. ***Appointment Salary for Paul W. Drake as Senior Vice Chancellor–Academic Affairs, San Diego Campus***

Approval of the following items in connection with the appointment salary for Paul W. Drake as Senior Vice Chancellor–Academic Affairs, San Diego campus:

(1) As an exception to policy, salary increase of $81,300 (37.2 percent) to bring his annual base salary from $218,700 to $300,000 (SLCG Grade 111: Minimum $260,400, Midpoint $334,600, Maximum $408,700 SLCG).

(2) This appointment is 100 percent time and effective October 1, 2007.

(3) Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program. Per policy, as a Senior Manager who was in the Executive Program and who held a dual academic appointment as of June 30, 1996 shall continue participation in the Supplemental Benefit Program. Mr. Drake has been a member of the Senior Management Group since 1995.

Additional items of compensation are:

- Per policy, authorization by The Regents to participate in the Graduated Payment Mortgage Origination Program with a loan up to $1,330,000.
- Per policy, accrual of sabbatical credits.
- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, an annual automobile allowance of $8,916.

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.

E. ***Appointment Salary for Jane C. Moores as Assistant Vice Chancellor– Intellectual Property, San Diego Campus***

Approval of the following items in connection with the appointment salary for Jane C. Moores as Assistant Vice Chancellor–Intellectual Property, San Diego campus:

(1) As an exception to policy, salary increase of $70,500 (61.6 percent) to bring her annual base salary from $114,500 to $185,000. (SLCG Grade 107: Minimum $167,600, Midpoint $212,700, Maximum $257,800).

(2) This appointment is at 100 percent time and effective October 1, 2007.

Additional items of compensation are:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, Ms. Moores will not be eligible to participate in the merit/equity program until October 1, 2008.

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.

F. ***Title Change and Appointment Salary for Daniel W. Park as Chief Campus Counsel and Associate General Counsel, San Diego Campus***

Approval of the following items in connection with the appointment salary and title change for Daniel W. Park as Chief Campus Counsel and Associate General Counsel, San Diego campus.

(1) As an exception to policy, a salary increase of $48,600 (35.6 percent) to bring his annual base salary from $136,400 to $185,000, 100 percent time.

(2) Mr. Park will not be eligible for merit or equity consideration on October 1, 2007.

(3) Change in title for the position from Campus Counsel to Chief Campus Counsel and Associate General Counsel.

(4) Effective date of October 1, 2007.

Additional items of compensation include:

- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.

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.

G. ***Appointment Salary for Sheila E. Antrum as Chief Patient Care Services Officer, Medical Center, San Francisco Campus***

Approval of the following items in connection with the appointment salary for Sheila E. Antrum as Chief Patient Care Services Officer, San Francisco Medical Center:

(1) As an exception to policy, a salary increase of $62,900 (33.6 percent increase) to bring her annual base salary from $187,100 to $250,000, (SLCG Grade 109: Minimum $208,900, Midpoint $266,800, Maximum $324,600) 100 percent time.

(2) As an exception to policy, two house-hunting trips, the total number of days not to exceed 10 for Ms. Antrum. Reasonable expenses for coach, air fare, meals and lodging will be reimbursed.

(3) As an exception to policy, a $50,000 (20 percent) lump sum Relocation Allowance to offset the cost of living differential. A portion of the allowance will be distributed each year, over four years and conditioned upon Ms. Antrum's active employment at UCSF during each year of the payout. Providing a relocation allowance to Ms. Antrum constitutes an exception to policy because this policy does not provide for the payment of a relocation allowance to intra-state transfers.

(4) The appointment is at 100 percent and is effective October 1, 2007.

(5) Per policy, eligibility to participate in the Mortgage Origination Program with a potential loan of up to $1,000,000.

(6) Per policy, eligibility to participate in the Senior Management Supplemental Benefit Program at the contribution rate of 5 percent of base salary.

(7) Per policy, eligibility for participation in the Clinical Enterprise Management Recognition Program (CEMRP) with a maximum payout of up to 20 percent of base salary.

(8) Per policy, reimbursement of 100 percent of moving expenses to the extent allowed by policy.

(9) Per policy, one month of temporary housing assistance.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.

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.

H. ***Appointment Salary for Brenda L. Johnson as University Librarian, Santa Barbara Campus***

Approval of the following items in connection with the appointment salary for Brenda L. Johnson as University Librarian, Santa Barbara Campus:

(1) Appointment salary of $195,000. This represents a 15.6 percent increase in Ms. Johnson's current salary of $168,694 as Associate University Librarian for Public Services, University of Michigan, Ann Arbor (SLCG Grade 105: Minimum $134,400, Midpoint $169,600, Maximum $204,700).

(2) This appointment is 100 percent time and effective January 1, 2008 pending approval by The Regents.

(3) Per policy, $48,750 (25 percent) as relocation allowance, subject to a pro-rated repayment requirement in the event that Ms. Johnson resigns within the first four years of employment.

(4) Per policy, reimbursement of 100 percent of the actual moving expenses up to $10,000.

(5) Per policy, one house-hunting trip, not to exceed four days for Ms. Johnson and her spouse. Coach air fare, meals and lodging will be reimbursed up to $2,500.

(6) Per policy, participation in the Mortgage Origination Program.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits, and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, eligible for participation in the Senior Management Supplemental Benefits Program.

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.

I. ***Appointment Salary for Donald J. DePaolo as Earth Sciences Division Director–Faculty, Lawrence Berkeley National Laboratory***

Approval of the following items in connection with the appointment salary for Donald J. DePaolo as Earth Sciences Division Director–Faculty, Lawrence Berkeley National Laboratory (LBNL):

(1) Per policy, an increase in the amount of 15 percent ($37,940) of his current annualized faculty salary of $252,933, plus an administrative stipend of $4,000 (1.5 percent) paid by the Berkeley campus for additional duties as Director of the Center of Isotope Geochemistry, for a total salary of $294,873.

(2) If an adjustment to the academic base salary is made during the term of this ongoing appointment, the 15 percent stipend and the annualized salary will be recalculated against the new academic base salary.

(3) This appointment is at 50 percent time during the academic year (simultaneous 50 percent faculty appointment at UCB during the academic year) and at 100 percent time during the three summer months, and is effective September 1, 2007 pending approval by The Regents.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, accrual of sabbatical credits as a member of faculty.

The source of funds for payment of these LBNL related compensation items is the Department of Energy (DOE) as provided under the University's contract with the DOE.

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. Approval from DOE has been received.

J. ***Appointment Salary for Arunava Majumdar as Environmental Energy Technologies Division Director–Faculty, Lawrence Berkeley National Laboratory***

Approval of the following items in connection with the appointment for Arunava Majumdar as Environmental Energy Technology Division Director–Faculty, Lawrence Berkeley National Laboratory (LBNL):

(1) An administrative stipend in the amount of 15 percent ($29,160) of his current annualized faculty salary of $194,400 for a total salary of $223,560.

(2) If an adjustment to the academic base salary is made during the term of this ongoing appointment, the 15 percent stipend and the annualized salary will be recalculated against the new academic base salary.

(3) This appointment is at 50 percent time during the academic year (simultaneous 50 percent faculty appointment at UC Berkeley during the academic year) and at 100 percent time during the three summer months; and is effective October 1, 2007 pending approval by The Regents.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, accrual of sabbatical credits as a member of faculty.

The source of funds for payment of these LBNL related compensation items is the Department of Energy (DOE) as provided under the University's contract with DOE.

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.

K. ***Stipend for Vicki L. Ruiz as Acting Dean–School of Humanities, Irvine Campus***

Approval of the following items in connection with the appointment for Vicki L. Ruiz as Acting Dean–School of Humanities, Irvine campus:

(1) Per policy, an administrative stipend of 8.2 percent ($16,411) plus her adjusted academic salary of $199,589 for an annual salary of $216,000 (Salary Grade 108: Minimum $187,100, Midpoint $238,200, Maximum $289,300).

(2) If an adjustment to the adjusted academic base salary is made prior to the termination of this acting role, the 8.2 percent stipend will be recalculated against the new annualized academic base salary.

(3) This appointment is 100 percent time and is effective September 1, 2007 through August 31, 2008, or until the appointment of a permanent Dean–School of Humanities, whichever occurs first.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, accrual of sabbatical credits as a member of faculty.

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.

L. ***Stipend for Fernando Torres-Gil as Acting Dean–School of Public Affairs, Los Angeles Campus***

Approval of the following items in connection with the appointment of Fernando Torres-Gil as Acting Dean–School of Public Affairs, Los Angeles campus:

(1) Per policy, an administrative stipend of 3.8 percent ($8,000) to increase his 9-month professorial salary of $158,000 plus 3 summer ninths of $52,700 to $218,700.

(2) If an adjustment to the annual academic base salary is made prior to the termination of this acting role, the current stipend will be recalculated against the new annualized academic base salary.

(3) This appointment is at 100 percent time and is retroactive to August 1, 2007, and effective through June 30, 2008, or until the permanent incumbent returns to the position, whichever occurs first. It will be understood that if a shorter period of time is appropriate, the acting appointment and stipend will end.

(4) Mr. Torres-Gil is currently receiving an $8,000 administrative stipend for his responsibilities as Associate Dean–School of Public Affairs. Effective August 1, 2007, through June 30, 2008, that stipend will be used to compensate Mr. Torres-Gil for both his responsibilities as Associate Dean and Acting Dean. If the permanent incumbent in the Dean position returns prior to June 30, 2008, Mr. Torres-Gil will retain this stipend for his duties as Associate Dean.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

- Per policy, accrual of sabbatical credits as a member of faculty.

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.

M. ***Stipend for Sharon A. Duffy as Acting Dean–University Extension, Riverside Campus***

Approval of the following items in connection with the appointment salary for Sharon A. Duffy as Acting Dean–University Extension, Riverside campus:

(1) As an exception to policy, an administrative stipend of 39.4 percent ($44,661) plus Ms. Duffy's adjusted academic salary of $113,339 for an annual salary of $158,000 (Salary Grade 105: Minimum $134,400, Midpoint $169,600, Maximum $204,700).

(2) If an adjustment to the adjusted academic base salary is made prior to the termination of this acting role, the 39.4 percent stipend will be recalculated against the new annualized academic base salary.

(3) This appointment is 100 percent time and is effective October 1, 2007 through September 30, 2008, or until the appointment of a permanent Dean–University Extension, whichever occurs first.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, accrual of sabbatical credits as a member of faculty.

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.

N. ***Stipend for Susan Harlow as Acting Vice Chancellor–University Advancement, Riverside Campus***

Approval of the following items in connection with the appointment salary for Susan Harlow as Acting Vice Chancellor–University Advancement, Riverside campus:

(1) As an exception to policy, an administrative stipend of 20 percent ($37,000) to increase Ms. Harlow's base salary of $185,000 for an annual salary of $222,000 (Salary Grade 108: Minimum $187,100, Midpoint $238,200, Maximum $289,300).

(2) If an adjustment to the base salary is made prior to the termination of this acting role, the 20 percent stipend will be recalculated against the new base salary.

(3) This appointment is 100 percent time and effective September 10, 2007 through September 9, 2008 or until the appointment of a permanent Vice Chancellor–University Advancement, whichever occurs first, pending approval of The Regents.

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 or written commitments.

O. ***Stipend for Jeffrey L. Elman as Acting Dean–Division of Social Sciences, San Diego Campus***

Approval of the following items in connection with the compensation for Jeffrey L. Elman as Acting Dean–Division of Social Sciences, San Diego campus:

(1) Per policy, an annual administrative stipend of 12.8 percent ($30,000) plus his adjusted academic salary of $235,367 for total annual compensation of $265,367.

(2) If an adjustment to the adjusted academic base salary is made prior to the termination of this acting role, the 12.8 percent stipend will be recalculated against the new annualized academic base salary.

(3) This appointment is at 100 percent time and is effective October 1, 2007 through September 30, 2008, or until a new Dean is hired, whichever occurs first.

Additional compensation and related items include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, accrual of sabbatical credits as a member of the faculty.

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.

P. ***Stipend Extension for Patricia Calarco as Acting Dean–Graduate Division, San Francisco Campus***

Approval of the following items in connection with the stipend extension for Patricia Calarco as Acting Dean–Graduate Division, San Francisco campus:

(1) As an exception to policy, an extension of her existing stipend of $32,880 (20.9 percent) to increase her base salary of $157,700 for an annual salary of $190,580 (SLCG Grade 107: Minimum $167,600, Midpoint $212,700, Maximum $257,800). The total stipend percentage of 20.9 percent represents an exception to the policy which provides for a maximum stipend amount of 15 percent.

(2) The stipend amount of $32,880 is to remain constant with any and all salary adjustments, inclusive of merit increases.

(3) The stipend will be effective July 1, 2007 through June 30, 2008. This period represents an exception to policy which provides for one-year acting appointments. Ms. Calarco has served in this acting capacity since November 1, 2005 (20 months). Ms. Calarco is to serve in this capacity up to an additional three months following the appointment of a permanent Dean or June 30, 2008, whichever occurs first, to facilitate a transition.

(4) This is an 80 percent appointment.

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 or written commitments.

Q. ***Stipend Extension for Harold G. Levine as Associate Provost for Education Initiatives, Office of the President***

Approval of the following items in connection with the stipend extension for Harold G. Levine as Associate Provost for Education Initiatives, Office of the President:

(1) As an exception to policy, increase in administrative stipend from $26,865 (15 percent) to $35,820 (20 percent) to increase his base salary of $179,100, for a total annual salary of $214,920. The stipend of 20 percent represents

an exception to the policy which provides for a maximum stipend amount of 15 percent.

(2) The stipend amount will be increased as the base salary is increased, so the stipend will equal 20 percent of the base salary.

(3) Effective September 1, 2007 through August 31, 2008.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, Executive Salary Continuation for Disability.

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.

R. ***Stipend for Acting Department Counsels in the Office of the General Counsel***

Approval of the following in support of a reorganization of the Office of the General Counsel:

(1) Six stipends totaling $265,904 on an annualized basis as shown in Attachment 1. Four of the six stipends are exceptions to policy since they exceed 15 percent of base salary.

(2) The stipend amount will be increased as the base salary is increased, so the stipend will remain at the same percent of the base salary.

(3) Effective July 1, 2007 through June 30, 2008, or until the positions are filled permanently, and to be paid from State and common funds in the Office of the General Counsel.

The compensation described in Attachment 1 shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

S. ***Retention Increase for Charles F. Louis as Vice Chancellor–Research, Riverside Campus***

Approval of the following items in connection with the retention increase for Charles F. Louis as Vice Chancellor–Research, Riverside campus:

(1) Per policy, retention increase of $18,700 (8.5 percent) to increase his annual base salary from $221,300 to $240,000. (Salary Grade 107: Minimum $167,600, Midpoint $212,700, Maximum $257,800).

(2) This appointment is 100 percent time and effective July 1, 2007.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, accrual of sabbatical credits as a member of faculty.
- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to dual appointment as a member of the faculty.
- Per policy, participating in Mortgage Origination Program as part of his original appointment package in 2004.

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.

T. ***Title Change and Salary Adjustment for Thomas V. McAfee, M.D., as Dean–Clinical Affairs, Health Sciences, San Diego Campus***

Approval of the following items in connection with the title change and salary adjustment for Thomas V. McAfee, M.D., as Dean–Clinical Affairs, Health Sciences, San Diego campus. These actions recognize the assumption of additional responsibilities as a result of a reorganization.

(1) Title change from Physician-In-Chief to Dean–Clinical Affairs, Health Sciences. Dr. McAfee will continue to retain his dual appointment at 0 percent as non-tenured Associate Clinical Professor Health Sciences. Per Academic Personnel Policy 240-16, Restrictions, the title of Dean will be regarded as a non-academic Dean.

(2) As an exception to policy, a salary adjustment of $94,100 (26.7 percent) to increase his annual base salary from $353,100 to $447,200. This salary adjustment will take into consideration Dr. McAfee's 2007-08 merit increase and preclude him from further merit or equity increase consideration until October 2008.

(3) Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a maximum payout of up to 20 percent of base salary annually.

(4) Effective retroactive to July 1, 2007, the date the additional responsibilities were assumed.

(5) Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program. Dr. McAfee continues to be eligible for this benefit program since his dual, academic appointment as Health Sciences Associate Clinical Professor (Fiscal Year) is a non-tenured position.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.

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.

U. ***Retroactive Compensation of One Summer Month, Each Year for Five Years, for Robert Rosen as Dean–School of Theater, Film, and Television, Los Angeles Campus***

Approval of an exception to policy to provide a total retroactive payment of $70,300 in compensation for one summer month for the years 2002, 2003, 2004, 2005, and 2006 for Robert Rosen, Dean–School of Theater, Film, and Television, Los Angeles campus. Erroneously, Mr. Rosen was not compensated for the past five years during which he engaged in summer research. Corresponding vacation time will be forfeited from his accrued vacation.

The compensation described above includes only the University's commitment for the one summer month salary for each of five years, as outlined in this recommendation.

V. ***Additional Compensation of One Summer Month for Two Employees at the Santa Barbara Campus***

Approval of additional one month summer compensation payments to the following employees at the Santa Barbara campus:

(1) David B. Marshall as Executive Dean–College of Letters and Science and Dean–Humanities and Fine Arts, to add to his current $235,100 salary $17,091 for 11 days in July 2007 plus 10 days in August 2007, for a total annual salary of $252,191. Dean Marshall will forfeit 21 days of vacation.

(2) Melvin L. Oliver as Dean–Division of Social Sciences, College of Letters and Science, to add to his current $202,650 salary $16,833 for the month of August 1007, for a total annual salary of $219,483. Dean Oliver will forfeit 23 days of vacation.

The funding source for both payments is unrestricted gift funds.

The compensation described above includes only the University's commitment for the one summer month salary outlined in this recommendation.

W. ***Participation in the Treasurer's Office Annual Incentive Plan for the Director of Operations and the Business Manager, and Adjustment to the Recently Approved Incentive Target for the Director of Communications, Office of the Treasurer***

Approval of participation in the Treasurer's Office Annual Incentive Plan for the Director of Operations and the Business Manager, and an adjustment to the recently approved incentive target for the Director of Communications (Attachment 2). All three new participants would have a target incentive of 20 percent of base pay. The annual cost of adding the three participants at a 20 percent target incentive totals $68,905.

Upon motion duly made and seconded, the Committee approved the recommendations and voted to present them to the Board.

3. **REPORT FROM CLOSED SESSION FOR APPROVAL OF COMPENSATION FOR PARTICIPANTS OF THE CLINICAL ENTERPRISE MANAGEMENT RECOGNITION PLAN FOR FISCAL YEAR 2006-07**

The Committee recommended that awards under the Clinical Enterprise Management Recognition Plan, as proposed by the medical centers for 72 eligible participants and totaling $2,878,234, be approved for certain members of the Senior Leadership Compensation Group, as shown below.

Last Name	First Name	Title	Base Salary	Actual Award Amount[1]	Annual Total Cash
Davis					
Madden Rice	Ann	Director/CEO	**$495,000**	**$74,250**	**$569,250**
Pomeroy	Claire	Vice Chancellor/Dean	**$435,600**	**$77,319**	**$512,919**
McGowan	William	CFO/Acting CEO	**$341,400**	**$51,210**	**$392,610**
Bonham	Ann	Executive Associate Dean	**$303,300**	**$60,660**	**$363,960**
Nesbitt	Thomas	Executive Associate Dean	**$303,200**	**$60,640**	**$363,840**
Siefkin	Allan	Executive Dir., Clinical Affairs	**$320,850**	**$32,085**	**$352,935**
Musallam	Nabil	Chief Ambulatory Care Officer	**$270,000**	**$40,500**	**$310,500**
Koppel	Guy	Executive Dir., Information Services	**$266,355**	**$13,318**	**$279,673**
Duruisseau	Shelton	Chief Pt. & Admin. Services Officer	**$234,600**	**$35,190**	**$269,790**
Robinson	Carol	Chief Pt. Care Services Officer	**$224,000**	**$33,600**	**$257,600**
Irvine					
Zehntner	Maureen	Interim CEO	**$375,500**	**$75,100**	**$450,600**
King	Ron	CFO	**$365,000**	**$49,275**	**$414,275**
Spiritus	Eugene	CMO	**$269,100**	**$34,983**	**$304,083**
Grosser	Joy	CIO	**$216,600**	**$32,490**	**$249,090**
Winner	Cynthia	Chief Ambulatory Care Officer	**$215,100**	**$26,880**	**$241,980**
Herron	James	Chief Compliance Officer (Assc Dean)	**$203,500**	**$28,490**	**$231,990**
Reiser	Lisa	Chief Patient Care Services Officer	**$195,000**	**$25,350**	**$220,350**
Thatcher	Patricia	Chief Human Resource Officer	**$189,000**	**$23,625**	**$212,625**
Rayburn	Susan	Exec Dir, Clin Entrprse Contracting	**$184,200**	**$27,630**	**$211,830**

Last Name	First Name	Title	Base Salary	Actual Award Amount[1]	Annual Total Cash
Office Of The President					
Munoz	Santiago	Associate Vice President, Clinical Services Dev.	**$190,000**	**$28,500**	**$218,500**
Los Angeles					
Callender	David	AVC Hospital System, CEO UCLA Medical Center	**$549,018**	**$79,717**	**$628,735**
Rubin	Amir	COO, UCLA Medical Center	**$526,510**	**$78,029**	**$604,539**
Fawzy	Fawzy	Hospital Medical Director, NPI/H	**$460,000**	**$66,930**	**$526,930**
Creem	Mitch	AVC & CFO, Medical Sciences	**$436,893**	**$61,907**	**$498,800**
Rosenthal	J. Thomas	CMO, UCLA Medical Center	**$325,100**	**$46,619**	**$371,719**
Staton	Paul	CFO Hospital System	**$298,793**	**$44,102**	**$342,895**
Klove	Carole	Chief Compliance Officer, Medical Sciences	**$241,894**	**$33,938**	**$275,832**
Crooks	Heidi	Senior Associate Director, Operations & Patient Care Services	**$232,603**	**$33,914**	**$266,517**
Speare	Mark A.	Sr. Associate Director, Patient Relations, Human Resources & Marketing	**$218,008**	**$32,309**	**$250,317**
Carpenter	Posie	CAO, SM-UCLA Medical Center	**$218,196**	**$31,420**	**$249,616**
O'Kelley	Shannon	Associate Director, Clinical Services	**$215,001**	**$23,413**	**$238,414**
Shultz	James	COO, Practice Plan	**$197,691**	**$30,599**	**$228,290**
Flynn	Meredith	Associate Director, Managed Care Programs	**$195,291**	**$30,228**	**$225,519**
Watkins	Paul	Associate Director, Support Services	**$184,996**	**$20,143**	**$205,139**
San Diego					
Liekweg	Richard	CEO	**$470,500**	**$70,105**	**$540,605**
Sonnenshein	Mona	COO	**$365,000**	**$54,385**	**$419,385**
Mcafee	Thomas	Physician-in-Chief	**$353,100**	**$52,612**	**$405,712**
Sakai	David	CFO Health Sciences	**$313,900**	**$46,771**	**$360,671**
Taylor	Palmer	Assoc Vice Chan Health Sciences & Founding Dean School of Pharm & Pharmaceutical Sciences	**$303,400**	**$45,207**	**$348,607**
Babakanian	Edward	Chief Information Officer	**$273,300**	**$43,318**	**$316,618**
Scioscia	Angela	Medical Director - Med Center	**$261,000**	**$38,889**	**$299,889**
Baggett	Margarita	Chief Patient Care Services Officer	**$232,000**	**$36,772**	**$268,772**
Hogan	Robert	CFO Medical Center	**$217,900**	**$32,467**	**$250,367**
Friedman	Lawrence	Medical Director - Med Group	**$217,000**	**$32,333**	**$249,333**
Giddings	Leland	Chief Compliance Officer/Privacy Officer/Med. Dir. For Clin Resource Mgt	**$202,800**	**$32,144**	**$234,944**
Antrum	Sheila	Chief of Ambulatory Services	**$187,100**	**$27,878**	**$214,978**

Last Name	First Name	Title	Base Salary	Actual Award Amount[1]	Annual Total Cash
San Francisco					
Laret	Mark	Chief Executive Officer	**$552,700**	**$82,905**	**$635,605**
Ryba	Tomi	Chief Operating Officer	**$526,500**	**$78,975**	**$605,475**
Ring, MD	Ernie	Chief Medical Officer	**$367,800**	**$55,170**	**$422,970**
Jones	Ken	Chief Financial Officer	**$353,900**	**$53,085**	**$406,985**
Barclay	Steve	SVC-Administration and Finance	**$335,000**	**$50,250**	**$385,250**
Harris	John	Chief Strategy and Business Development Officer	**$256,300**	**$38,445**	**$294,745**
Lotenero	Larry	Chief Information Officer	**$255,900**	**$38,385**	**$294,285**
Wittenberg	Catherine	Chief Nursing/Patient Care Officer	**$242,600**	**$36,390**	**$278,990**
Louie	Clifton	Executive Director, Clinical/Professional Svcs	**$239,100**	**$35,865**	**$274,965**
Fawley	Reece	Executive Director, Contracting & Revenue Mgmt	**$238,200**	**$35,730**	**$273,930**
Fernandes	Roxanne	Executive Director, Mothers' and Children's Svcs	**$238,200**	**$35,730**	**$273,930**
Mahaney	Tim	Executive Director, Facilities & Support Services	**$238,200**	**$35,730**	**$273,930**
Odato	David	Executive Director, Human Resources & Svc Exc	**$238,200**	**$35,730**	**$273,930**
Morgan	David	Executive Director, Ambulatory Care Svcs	**$238,200**	**$34,777**	**$272,977**
Moore	Susan	Director, Finance	**$213,200**	**$31,980**	**$245,180**

[1]Per RE61, *Policies on Universitywide and Senior Leadership Compensation, and Procedures for Senior Leadership Compensation* and subsequent revisions, those individuals with total annual cash compensation in excess of $205,000 are presented for Regental approval.

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

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

4. **REPORT FROM CLOSED SESSION FOR APPROVAL OF 2006-07 ANNUAL INCENTIVE AWARDS FOR SELECTED PARTICIPANTS OF THE ANNUAL INCENTIVE PLAN FOR OFFICE OF THE TREASURER**

The Committee recommended approval of the following award amounts for certain individuals of the Senior Leadership Compensation Group under the 2006-07 Office of the Treasurer's Annual Incentive Plan (AIP). This award, consistent with AIP terms and conditions, will be paid out incrementally over a three-year period.

Incumbent	Position	Base Salary (1)	Target AIP ($)	Target as a % of Base Salary	Total Award ($)	Award as a % of Base Salary	Total Cash Comp
Melvin Stanton	Asst. Treasurer	$262,675	$157,605	60%	$234,710	89%	$497,385
Randall Wedding	MD, Fixed Income	$259,258	$155,555	60%	$150,130	58%	$409,388
Jesse Phillips	MD, Risk Management	$251,467	$150,880	60%	$205,460	82%	$456,927
Linda Fried	Sr. Portfolio Mgr	$214,375	$96,469	45%	$102,980	48%	$317,355
Satish Swamy	Sr. Portfolio Mgr	$211,583	$95,212	45%	$72,080	34%	$283,663
David Schroeder	Sr. Portfolio Mgr	$214,083	$96,337	45%	$104,770	49%	$318,853
Kim Evans	Sr. Portfolio Mgr	$212,708	$95,719	45%	$87,840	41%	$300,548
Lynda Choi	Dir. of Absolute Return	$209,531	$94,289	45%	$168,520	80%	$378,051
Gloria Gil	Dir. Of Real Estate	$215,750	$97,088	45%	$173,520	80%	$389,270
Thomas Lurquin	PE Investment Officer	$147,279	$51,548	35%	$92,130	63%	$239,409
Rebecca Stafford	RE Investment Officer	$137,495	$48,123	35%	$86,000	63%	$223,495
Aileen Liu	Assoc Director	$147,731	$51,706	35%	$70,410	48%	$218,141
TOTAL (2)		$2,483,935	$1,190,530	48%	$1,548,550	62%	

(1) Actual salary earned during the 2007 fiscal year.

(2) Totals include payout values for individuals with >$205,000 Total Cash Compensation. Totals that include all eligible incumbents except the CIO are: Base Salary: $3,276,073; Target AIP: $1,448,185; Average Target Percent: 44%; Total Actual AIP: $1,756,880; Average Actual Percent: 54%

The compensation described above shall constitute the University's total commitment under the Treasurer's Annual Incentive Plan until modified by The Regents and shall supersede all previous oral or written commitments.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

5. **REPORT FROM CLOSED SESSION FOR APPROVAL OF RECOMMENDATIONS FOR BASE SALARY ADJUSTMENTS FOR CERTAIN SENIOR MANAGERS IN THE MEDICAL CENTERS**

The Committee recommended that equity adjustments for certain individuals of the Senior Leadership Compensation Group be approved, as illustrated in Attachment 3.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

6. **REPORT FROM CLOSED SESSION FOR APPROVAL OF COMPENSATION FOR PARTICIPANTS OF BONUS AND/OR INCENTIVE PLANS FOR FISCAL YEAR 2006-07**

The Committee recommended approval of award amounts as proposed by UCLA, UCSF, UCI, UCSD, and the Office of the President for certain members of the Senior Leadership Compensation Group. The award payments total $576,033, to be paid to 29 senior managers.

The incentive compensation described in Attachment 4, which shall supersede all previous oral or written commitments, shall constitute the University's total commitment regarding incentive awards for the individuals identified, until modified by The Regents.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

7. **REPORT FROM CLOSED SESSION FOR APPROVAL OF CHANGE IN TITLE, CLASSIFICATION, SLOTTING OF POSITION, AND SALARY ADJUSTMENT FOR CATHRYN NATION, M.D., AS ASSOCIATE VICE PRESIDENT–HEALTH SCIENCES, OFFICE OF THE PRESIDENT**

The Committee recommended approval of the following items in connection with the change in title, classification, slotting of position, additional responsibilities, and salary adjustment for Dr. Cathryn Nation:

A. Change in title from Executive Director–Health Affairs to Associate Vice President–Health Sciences.

B. Classification of position in the Senior Management Group.

C. Approval of interim slotting of new position, Associate Vice President–Health Sciences at SLCG Grade 106: Minimum $150,000, Midpoint $189,900, Maximum $229,700 per the Mercer Human Resource Consulting Group recommendation.

D. As an exception to policy, salary adjustment of $40,900 (28.4 percent) added to her current salary of $144,100, for a total annual salary of $185,000.

E. This appointment is at 100 percent time and effective October 1, 2007 pending approval by The Regents.

F. Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.

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.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

8. **REPORT FROM REGENTS ONLY SESSION FOR APPROVAL OF COMPENSATION FOR VICE PROVOST NICHOLAS P. JEWELL AS VICE PROVOST–ACADEMIC PERSONNEL, OFFICE OF THE PRESIDENT**

The Committee recommended approval of the following items in connection with the appointment salary for Nicholas P. Jewell as Vice Provost–Academic Personnel:

A. Appointment salary of $263,750.

B. Appointment is at 100 percent time and is effective September 1, 2007, pending approval of the Regents.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Continuation of faculty appointment at 0 percent in School of Public Health, Berkeley campus.
- Per policy, accrual of sabbatical credits as a member of the faculty.
- Per policy, ineligible to participate in the merit/equity program until October 1, 2008.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program.

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.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

9. **REPORT FROM REGENTS ONLY SESSION ON POSITION REVIEW AND COMPENSATION FOR MARIE N. BERGGREN AS CHIEF INVESTMENT OFFICER, VICE PRESIDENT–INVESTMENTS, AND ACTING TREASURER OF THE REGENTS**

The Committee recommended approval of the following actions for Marie N. Berggren as Chief Investment Officer, Vice President–Investments, and Acting Treasurer of The Regents.

A. Slotting the position to SLCG Grade 114: Minimum $362,700, Midpoint $470,200, Maximum $577,600) to align with current competitive market data and consistent with the recent slotting recommendations for other positions within the Office of the Treasurer, as presented to The Regents in May. This recommendation has also been documented in a letter from Mercer Human Resource Consulting dated June 4, 2007.

B. A base salary increase of 5.3 percent ($23,750) over Ms. Berggren's base salary (including stipend), resulting in a final base salary of $470,000. This adjustment reflects the competitive market data review and takes into account Ms. Berggren's performance and contribution over the 2006-07 fiscal year. This increase incorporates Ms. Berggren's normal 2007 merit increase and will be effective October 1, 2007, consistent with normal program timing. The stipend Ms. Berggren is currently receiving will cease effective October 1, 2007.

C. Adjust the maximum incentive opportunity for the Chief Investment Officer and Treasurer position to 165 percent of the target incentive from the current maximum of 150 percent, effective commencing with the 2007-08 plan year. The University of California, Office of the Treasurer Annual Incentive Plan dated March 2002 (Plan) states that maximum incentive opportunity for Plan participants is to be capped at 200 percent of the target incentive opportunity; however, the incentive opportunity for this position was capped at 150 percent of target due to a provision inherited through a contractual agreement that UC negotiated with Ms. Berggren's predecessor.

D. Per policy, continuation of an automobile allowance of $8,916 per annum.

E. Per policy, continued eligibility for participation in the Mortgage Origination Program.

F. Per policy, continued 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.

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.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

10. **REPORT FROM REGENTS ONLY SESSION ON 2006-07 ANNUAL INCENTIVE AWARD FOR CHIEF INVESTMENT OFFICER ,VICE PRESIDENT–INVESTMENTS, AND ACTING TREASURER OF THE REGENTS**

The Committee recommended that the total award amount of $486,200 for 2006-07 contributions and performance under the Office of the Treasurer Annual Incentive Plan (AIP) be approved for Marie N. Berggren as Chief Investment Officer, Vice President–Investments, and Acting Treasurer of The Regents. This award, consistent with AIP terms and conditions, will be paid out incrementally over a three-year period.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

11. **REPORT FROM REGENTS ONLY SESSION FOR APPROVAL OF TOTAL COMPENSATION FOR SENIOR VICE PRESIDENT–CHIEF COMPLIANCE AND AUDIT OFFICER**

The Committee recommended approval of the following items in connection with the appointment salary for Sheryl Vacca as Senior Vice President–Chief Compliance and Audit Officer, 100 percent, effective no later than October 10, 2007.

A. An annual salary of $405,000 be approved, along with the additional compensation related items listed below.

B. As exception to policy, reimbursement of actual reasonable costs associated with temporary accommodations not to exceed $25,000 over a period of six months to assist with the transition of Ms. Vacca from her current location to Oakland.

C. As exception to policy, reimbursement of up to three round-trip, coach-class airfares plus reasonable accommodation expenses between San Francisco Bay Area and Orange County, to be used before October 10, 2007.

D. As exception to policy, reimbursement of round-trip, coach-class airfares up to a maximum of $6,000 between the San Francisco Bay Area and Orange County during Ms. Vacca's first 12 months of employment if needed to complete the sale or other arrangements necessary to take care of her current home and family in Orange County.

E. Per policy, relocation of household effects.

F. Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

G. Per policy, an automobile allowance of $8,916 per annum.

H. Per policy, participation in the Mortgage Origination Loan Program, available to be exercised within a period not to exceed 24 months from date of employment.

Additional compensation and related items include:

- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy.
- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance.
- Per policy, continuation of her current speaking and teaching activities on behalf of two not-for-profits (Health Care Compliance Association (HCCA) and the Society of Corporate Compliance and Ethics (SCCE)) as well as her current board membership of HCCA and her advisory board membership of SCCE.

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.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

12. **APPROVAL OF ADJUSTMENTS TO SELECTED PROVISIONS OF THE ANNUAL INCENTIVE PLAN FOR INVESTMENT PROFESSIONALS IN THE OFFICE OF THE TREASURER**

Regent Wachter recommended approval of the following actions effective with the 2007-08 plan year:

A. Amend the University of California Office of The Treasurer Annual Incentive Plan (Plan), as indicated below, to bring the Plan into alignment with common and competitive practices among other incentive plans for university endowments and foundations.

B. Authorize the Office of the President, Human Resources and Benefits, to implement the proposed amendments.

Plan Design Changes

The key Plan design features that are being recommended for change will align with market prevalent practices based on the Mercer Human Resource Consulting *2007 Compensation Survey of Investment Groups within University Endowments and Foundations*. These three changes include:

Performance Measures
Implement a three-year rolling average investment performance measurement period to replace the one year performance measurement period/claw-back feature. This will provide for longer-term focus on and accountability for sustainable performance results.

The current one-year measurement period (Current 1-Year) features a "claw-back," which provides potential for awards to carry a negative value and affect both current year and deferred (i.e., previously earned but unpaid) awards.

The rolling three-year average (Recommended 3-Year) measures performance in the current and prior two years. Investment returns in a given year, whether positive or negative, will inherently affect this average, and thus the incentive award, in three separate plan years.

The lowest value of any award under the three-year rolling average would be zero. Measuring multiyear performance to determine awards is the predominant market practice, used in 73 percent of Mercer survey respondents who offer incentive compensation. The chart below provides a side-by-side comparison of the current one-year period with claw-back feature with the three-year rolling average.

Feature	Period for Performance Measure	Impact on Annual Incentive Award Earned	Impact on Annual Incentive Award Paid
Current 1-Year	One year	Award amount earned each year could be negative or positive.	Payout comprised of current year award and prior two years' deferred awards. Negative Accruals[1] in a given year will reduce payout, but never below zero.
Recommended 3-Year	Average of three years, comprised of the current plan year and the two prior plan years.	Award amount earned each year could be zero or positive.	Payout comprised of current year award and the two prior years' deferred awards.

[1] Performance below the threshold level in one performance area can earn a negative award ("Negative Accrual"), and thus offset awards earned in other areas, including unpaid awards from previous years.

Cost Impact of Implementing a Recommended Measurement Period
Because incentive opportunity is not changing, the amount that can be earned under the plan at threshold, target, and maximum performance levels remains unchanged and unaffected by this recommendation.

The amount that could be paid to the recipient under the adoption of the three-year rolling average could be greater or lesser than under the one year claw-back, depending on investment performance. Preliminary analysis using a model based on twenty years of investment performance randomly assigning positive and negative returns indicates the Plan's total average annual payout would increase by approximately $430,000 or 0.0006 percent of assets under management. The CIO was not included in these calculations and would need to be added to determine the full impact. Because of the complexity of the plan calculations, further review of this preliminary analysis would be required to validate the results.

Weight performance measures by position are displayed in the following table. This provides rewards based on "line of sight," appropriately aligning rewards with the performance in those areas for which the position has direct responsibility. All levels continue to have varying degrees of tie-in to overall entity performance.

Recommended Weighting	Entity	Asset Class / Sector	Individual / Subjective
Chief Investment Officer	75%	0%	25%
Associate CIO	60%	15%	25%
Senior Managing Director (Risk Mgmt)	70%	0%	30%
Senior Managing Director (Asset Class)	20%	60%	20%
Managing Director	20%	60%	20%
Senior Portfolio Manager	10%	70%	20%
Investment Officer, Director	10%	70%	20%
Investment Officer, Risk Management	70%	0%	30%
Risk Management Analyst	70%	0%	30%
Jr. Portfolio Manager; Jr. / Sr. Analyst	10%	70%	20%

Cost Impact of Implementing Recommended Weightings
Because incentive opportunity is not changing, the amount that can be earned under the plan at threshold, target, and maximum performance levels remains unchanged and unaffected by this recommendation.

Had this recommendation been in place for the FY 2006 plan year, the amounts paid would not have materially changed.

Award Determination
Individual subjective awards for Senior Managing Director level positions and below (all those who have primary responsibilities for asset class performance) will be contingent on respective asset classes meeting threshold investment performance rather than on the entity meeting threshold performance. Individual subjective awards for Chief Investment Officer, Associate Chief Investment Officer, all Risk Management would continue to be contingent on the entity's achieving threshold investment performance.

Cost Impact
Because incentive opportunity is not changing, the amount that can be earned under the plan at threshold, target, and maximum performance levels remains unchanged and unaffected by this recommendation.

Had this recommendation been in place for the FY 2006 plan year, the amount paid would have decreased by $30,000, due to below-threshold performance in the Public Equity asset class. Investment Officers would not have received an individual subjective award.

Revised Plan Summary

The proposed Plan summary below notes any changes from the current plan provisions:

Eligibility

- Eligible participants include senior management, professional investment and trading staff, and the following senior operations positions: Director of Communications, Director of Operations and Business Manager (new to FY 2008).
- Eligibility is reviewed annually. Recommendations for eligibility are made by the Chief Investment Officer and approved by the President, in consultation with the Chairs of the Committee on Investments and Committee of Compensation.
- Plan participants must be active, full-time employees at the end of the plan year and must be employed by the UC Office of the Treasurer (UCOT) for at least six months during the year to be eligible to receive an award for that plan year.

Incentive Opportunity and Performance Measures

- The incentive award is earned based on performance relative to policy portfolio benchmarks and individual contribution.
- Target awards vary from 20 percent to 100 percent of base salary, depending on position.
  - Threshold awards range from 40 percent to 50 percent of Target awards, depending on position.
  - Maximum awards are equal to 200 percent of Target awards, with the exception of the Chief Investment Officer, whose maximum award is equal to 150 percent of Target.
- Investment performance of both UC and the market is measured using a three-year rolling average (new to FY 2008).

Award Determination and Payout

- Payout is determined using a polynomial curve.
- Investment returns in a given year, whether positive or negative, affect the payout over three separate plan years via measurement of a three-year rolling average (new to FY 2008).
- Individual subjective awards for Managing Director level positions and below are contingent on respective asset classes' meeting threshold level of performance rather than on the entity meeting a threshold level of performance (new to FY 2008).
- Individual subjective awards for Senior Managing Directors and above (i.e., Chief Investment Officer, Associate Chief Investment Officer, Risk Management) are contingent on the entity's achieving a threshold level of performance.
- Annual incentive awards are payable in three equal annual payments. The first award payment is paid as soon as practicable following the end of the plan year.
- The deferred portion of the award earns interest based on the Short-Term Investment Pool (STIP) rate of return.

The Office of the President (UCOP) requested that Mercer Human Resource Consulting (Mercer) review the Office of the Treasurer's (UCOT) annual incentive plan (AIP or the Plan) to:

- Evaluate the following Plan features against market prevalent practices:
  - Plan Objectives
  - Eligibility
  - Performance Measures
  - Incentive Opportunity
  - Award Determination
  - Award Payout
- Ensure the Plan is competitive, fair and reasonable.
- Provide recommendations, if needed, to strengthen the Plan.

Listed below by plan feature are:

- Current incentive plan provisions based on the University of California Office of the Treasurer Annual Incentive Plan document dated March 2002.
- Market prevalent practices based on the Mercer 2007 *Compensation Survey of Investment Groups within University Endowments and Foundations*. This study surveyed 45 institutions including UC competitors such as Stanford, University of Texas System, Columbia, Cornell, Duke, MIT, Notre Dame, University of Chicago, and others.
- Recommendations for aligning the UC plan with prevalent market practices.

<u>Plan Objectives</u>

Current Incentive Plan

The objectives of the current Plan are to:

- Provide contingent financial incentives to those responsible for attaining or exceeding key objectives in the Treasurer's Office which are consistent with University objectives.
- Provide an annual non-base building cash incentive based on performance of UC's investment portfolio, the Treasurer's Office, functional groups within the Treasurer's Office and the individual.
- Focus participants on maximizing real, long-term total returns for all funds managed while assuming appropriate levels of risk.
- Support teamwork so that members of the Treasurer's Office operate as a cohesive group.

Recommendations

No change.

Eligibility

Current Incentive Plan

- Eligible participants include senior management, professional investment and trading staff, and other key positions.
- Eligibility is reviewed annually. The President, in consultation with the Chair of the Committee on Investments and the Chair of the Committee on Compensation, will approve any changes to eligibility.
- Participants must be active, full-time employees of UCOT at the end of the plan year and must be employed by the UCOT for at least six months during the year to be eligible to receive an award for that plan year.
- Participants are not eligible to receive an award under any other UC incentive program.

Recommendations
No change.

Performance Measures

Current Incentive Plan

- The incentive is earned based on performance relative to policy portfolio benchmarks and individual contribution. At the request of the UCOT, select benchmarks are reviewed each year by Mercer Investment Consulting to ensure performance standards are consistent with opportunities to add value and an appropriate degree of risk and difficulty to achieve. A letter dated April 25, 2006 reflects the most recent review, which assessed and supported various amendments to asset class performance standards as well as a recalibration of the entity performance standard.
- Performance measures differ by position and level in the organization and may include entity performance, asset class, sector/functional group, and individual subjective objectives.
- Standards of performance are defined below:
    - Below Threshold: If threshold entity performance is not met, participants will receive no award component for individual subjective performance, as well as no award for entity performance; however, participants can still earn awards for asset class and sector components, if such performance exceeds threshold performance levels.
    - Threshold Performance: The minimum acceptable performance for which an incentive can be paid. This level represents satisfactory results, but less than full achievement of performance objectives.

  - Target Performance: Achievement of the desired outcome or the objective level of performance.
  - Maximum Performance: Represents results which clearly exceed expectations.
- Investment performance is measured over a one-year period.

Market Prevalent Practices

- The majority of organizations (58 percent) base the incentive award on both quantitative and qualitative measures; 26 percent of organizations base the award entirely on quantitative performance.
- Policy benchmarks are measured in 79 percent of organizations, whereas 53 percent of organizations include a peer group measure.
- The qualitative measure is based on individual performance and is typically weighted up to 25 percent of the incentive award.
- Investment performance is measured most commonly using a three-year rolling average; individual performance is typically measured over a one-year period.

Recommendations

- Measure investment performance of both UC and the market using a three-year rolling average rather than single year performance.
- Weight performance measures by position as shown in the previous table.

Incentive Opportunity

Current Incentive Plan

- The incentive award is earned based on performance relative to policy portfolio benchmarks and individual contribution. Target awards vary from 20 percent to 100 percent of base salary depending on position.
  - Threshold awards range from 40 percent to 50 percent of Target awards, depending on position.
  - Maximum awards are equal to 200 percent of Target awards, with the exception of the Chief Investment Officer whose maximum award is equal to 150 percent of Target.
- Performance below the threshold level in one performance area can earn a negative award (Negative Accrual), and thus offset awards earned in other areas, including unpaid awards from previous years. Negative Accruals are used only on performance objectives that individuals affect directly.

- Award opportunity by individual is as follows:

Position	AIP Award Opportunity (% of Base Salary)		
	Threshold	Target	Maximum
Chief Investment Officer	50%	100%	150%
Sr. MD	25%	60%	120%
Sr. MD, Fixed Income	25%	60%	120%
Sr. MD, Risk Management	25%	60%	120%
MD, Absolute Return	20%	45%	90%
MD, Real Assets	20%	45%	90%
MD, Private Equity	20%	45%	90%
Sr. Portfolio Mgr, Fixed Income	20%	45%	90%
Sr. Portfolio Mgr, Fixed Income	20%	45%	90%
Sr. Portfolio Mgr, Fixed Income	20%	45%	90%
Sr. Portfolio Mgr, Fixed Income	20%	45%	90%
Sr. Portfolio Mgr, Fixed Income	20%	45%	90%
Investment Officer, Public Equity	15%	35%	70%
Investment Officer, Risk Mgmt	15%	35%	70%
Investment Officer, Private Equity	15%	35%	70%
Investment Officer, Absolute Return	15%	35%	70%
Investment Officer, Real Assets	15%	35%	70%
Investment Officer, Public Equity	15%	35%	70%
Jr. Portfolio Mgr	10%	20%	40%
Sr. Analyst, Fixed Income	10%	20%	40%
Sr. Analyst, Private Equity	10%	20%	40%
Risk Management Analyst	10%	20%	40%
Risk Management Analyst	10%	20%	40%
Sr. Analyst, Real Assets	10%	20%	40%
Jr. Analyst	10%	20%	40%

Recommendations
No change.

<u>Award Determination</u>

Current Incentive Plan

- A polynomial curve is used to determine payouts for entity, asset class, and sector performance objectives. A logarithmic payout curve is used to determine negative award opportunities for entity, asset class, and sector performance objectives.

- Negative Accruals will offset any positive award components, as stated above, but also affect deferred, unpaid awards. If a participant's total unpaid balance were to fall below zero, however, he/she would receive a zero payout and would not owe UC money.

Market Prevalent Practices

- Typical incentive plans are designed such that incentive awards are determined only if a threshold level of entity (or other financial measure) performance is reached.
- Negative accrual of awards earned in a current year and clawback of awards earned in previous years are rare, present in less than 10 percent of organizations surveyed. Rather, if a threshold level of performance is not met, the associated payout is $0.

Recommendations

- Replace the claw-back feature (i.e., the ability for awards to carry a negative value and affect both current year and previously earned awards) by using a rolling three-year average (i.e., an average of the current and prior two years investment returns). Investment returns in a given year, whether positive or negative, will already affect this average and thus the incentive award, in three separate plan years. The lowest value of any award would be zero.
- Individual subjective awards for Managing Director level positions and below contingent on respective asset classes' meeting threshold level of performance rather than on entity meeting a threshold level of performance. Individual subjective awards for Senior Managing Directors and above (i.e., Chief Investment Officer, Associate Chief Investment Officer, Risk Management) would continue to be contingent on the entity's achieving a threshold level of performance.

<u>Award Payout</u>

Current Incentive Plan

- Annual incentive awards are payable in cash, subject to appropriate taxes and pursuant to normal payroll procedures.
- Subject to negative accrual and continued employment, the award is paid in three equal annual payments. The first award payment is paid at the end of the plan year.
- The deferred portion of the award earns interest based on the Short-Term Investment Pool rate of return.

Recommendations

No change.

Current (FY 2007) Incentive Plan Award Opportunity and Performance Measure Weighting

Incumbent	Position	AIP Award Opportunity (% of salary)			Performance Measure Weighting			
		Threshold	Target	Maximum	Entity	Asset Class/ Funct.Grp	Sector	Individual Performance
Marie Berggren	Chief Investment Officer	50	100%	150%	75%	0%	0%	25%
Melvin Stanton	Sr. MD	25	60%	120%	60%	15%	0%	25%
Randy Wedding	Sr. MD, Fixed Income	25	60%	120%	25%	60%	0%	15%
Jesse Phillips	Sr. MD, Risk Management	25	60%	120%	75%	0%	0%	25%
Lynda Choi	MD, Absolute Return	20	45%	90%	25%	60%	0%	15%
Gloria Gil	MD, Real Assets	20	45%	90%	60%	0%	0%	40%
Tim Recker	MD, Private Equity	20	45%	90%	60%	0%	0%	40%
Kim Evans	Sr. Portfolio Mgr, Fixed Income	20	45%	90%	25%	30%	30%	15%
Linda Fried	Sr. Portfolio Mgr, Fixed Income	20	45%	90%	25%	30%	30%	15%
David Schroeder	Sr. Portfolio Mgr, Fixed Income	20	45%	90%	25%	30%	30%	15%
Satish Swamy	Sr. Portfolio Mgr, Fixed Income	20	45%	90%	25%	30%	30%	15%
Alice Yee	Sr. Portfolio Mgr, Fixed Income	20	45%	90%	25%	30%	30%	15%
David Hughes	Investment Offcr, Public Equity	15	35%	70%	25%	60%	0%	15%
Aileen Liu	Investment Offcr, Risk Mgmt	15	35%	70%	75%	0%	0%	25%
Thomas Lurquin	Investment Offcr, Private Eqty	15	35%	70%	25%	40%	0%	35%
Jonathan Mandle	Investment Offcr, Absolute Rtrn	15	35%	70%	25%	60%	0%	15%
Rebecca Stafford	Investment Offcr, Real Assets	15	35%	70%	60%	0%	0%	40%
Bill Ziomek	Investment Officer, Public Eqty	15	35%	70%	25%	60%	0%	15%
Aaron Staines	Jr. Portfolio Mgr	10	20%	40%	25%	60%	0%	15%
Jung Cho	Sr. Analyst, Fixed Income	10	20%	40%	25%	60%	0%	15%
Michelle Cucullu	Sr. Analyst, Private Eqty	10	20%	40%	25%	40%	0%	35%
Cay Sison	Sr. Analyst, Real Assets	10	20%	40%	25%	40%	0%	35%
Leslie Watson	Jr. Analyst	10	20%	40%	25%	40%	0%	35%
Duane Gilyot	Jr. Analyst	10	20%	40%	75%	0%	0%	25%
Farhan Zamil	Jr. Analyst	10	20%	40%	75%	0%	0%	25%

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

14. **SENIOR LEADERSHIP COMPENSATION GROUP SALARY RANGE ADJUSTMENT AND BUDGET ALLOCATIONS FOR SENIOR MANAGEMENT GROUP MERIT AND EQUITY INCREASES**

The President recommended the following changes to the Senior Leadership Compensation Group (SLCG) and Senior Management Group (SMG) merit and equity budget, effective upon approval of The Regents for FY 2007-08:

A. A salary range structure increase of 2.8 percent, to maintain competitiveness with the SLCG salary ranges with the external higher education labor market.

B. An overall budget allocation of 5 percent for SMG merit and equity increases, comprised of a 4 percent allocation for merit increases and a 1 percent allocation for equity increases. Equity moneys will be used to recognize and reward performance and contribution of individuals. Equity monies will be used to increase base salaries for those individuals whose performance warrants and whose salary is further below midpoint, or where market pressures or internal equity considerations warrant adjustments.

Salary Range Structure Adjustment

In November 2005 The Regents approved a salary structure comprised of sixteen grades within which salaries for all Senior Leadership Compensation Group positions would be administered. The structure consists of salary ranges that provide salary opportunities competitive with those offered by other employers with which UC competes. At the time the Regents approved the initial structure, it was contemplated that the salary ranges would be reviewed and adjusted annually in order to maintain market competitiveness.

Mercer Human Resource Consulting's *2007/2008 US Compensation Planning Survey* indicates that salary structure adjustments in education (19 participants) are expected to be approximately 2.8 percent. It is recommended that the SLCG salary range structure be increased by 2.8 percent to maintain competitive positioning with the majority of academic market data. Following is the proposed SLCG salary range structure which reflects a 2.8 percent increase of the existing salary range structure.

Recommended SLCG Salary Range Structure
2007-2008

Grade	Spread	Increment	Min	Mid	Max
102	50.1%		$ 99,200	$124,100	$148,900
103	50.8%	12.0%	$110,800	$139,000	$167,100
104	51.5%	12.0%	$123,800	$155,600	$187,500
105	52.2%	12.0%	$138,200	$174,300	$210,400
106	53.1%	12.0%	$154,200	$195,200	$236,100
107	53.8%	12.0%	$172,300	$218,700	$265,000
108	54.7%	12.0%	$192,300	$244,900	$297,400
109	55.4%	12.0%	$214,700	$274,300	$333,700
110	56.2%	12.0%	$239,700	$307,200	$374,500
111	56.9%	12.0%	$267,700	$344,000	$420,100
112	57.7%	12.0%	$298,900	$385,300	$471,500
113	58.5%	12.0%	$333,900	$431,500	$529,100
114	59.2%	12.0%	$372,900	$483,400	$593,800
115	60.0%	12.0%	$416,300	$541,200	$666,100
116	60.0%	12.0%	$466,300	$606,200	$746,100
117	60.0%	12.0%	$522,300	$679,000	$835,800
118	60.0%	12.0%	$585,000	$760,400	$935,900

Budget Allocation for SMG Merit and Equity Increases

In Mercer's *2007/2008 US Compensation Planning Survey*, data for 2007 pay increases for the education sector averaged 3.7 percent for executives (29 participants). It is recommended that the 2007-08 merit budget for SMG be set at 4 percent and the equity budget at 1 percent. The merit allocation of 4 percent will provide limited additional opportunity to recognize and further differentiate top performance, improving UC's position to market. The equity allocation will be used to increase base salaries for those individuals whose performance warrants and whose salary is furthest below midpoint, or where market pressures or internal equity considerations warrant adjustments beyond a merit increase.

The overall budget allocation of 5 percent for SMG merit and equity increases is in accordance with the University's approved salary budget for 2007-08. Merit and equity increases for those employees whose total cash compensation exceeds $205,000 will be presented to The Regents for approval in November 2007.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

15. **AUTHORIZATION TO ENTER INTO DISCUSSION WITH THE DEPARTMENT OF ENERGY/NATIONAL NUCLEAR SECURITY ADMINISTRATION REGARDING TRANSFER OF UNIVERSITY OF CALIFORNIA RETIREMENT PLAN ASSETS AND LIABILITIES TO FACILITATE THE CLOSE-OUT OF THE LAWRENCE LIVERMORE NATIONAL LABORATORY MANAGEMENT CONTRACT AND AMENDMENTS OF THE PLAN TO PROVIDE AN ALTERNATE METHOD FOR PAYING ACCRUED BENEFITS FOR FORMER LABORATORY EMPLOYEES PRIOR TO THE FINAL TRANSFER**

The President recommended that, effective October 1, 2007:

A. In accordance with the Contract, the Associate Vice President–Human Resources and Benefits be authorized to enter into discussions with the Department of Energy/National Nuclear Security Administration (DOE/NNSA) to determine the final amount of assets and liabilities to be transferred from the University of California Retirement Plan (UCRP) to the Lawrence Livermore National Security, LLC (LLNS) Plan and the funding methodology to be adopted by DOE/NNSA to address any shortfalls in funding within the Lawrence Livermore National Laboratory segment of UCRP, provided that the proposed Final Transfer amount and any funding agreement not become effective until consultation with the Academic Senate has occurred and unless approved by The Regents at a future meeting.

B. The Regents authorize the amendment of UCRP to provide an alternative method for paying the UCRP benefits accrued through September 30, 2007 to or on behalf of eligible members of the LLNS Plan who retire, die, or become disabled prior to the Final Transfer and to the alternate payees of members of the LLNS Plan named in a qualified domestic relations order, including former spouses, who request that their benefits begin before the Final Transfer, and delegate to the Associate Vice President–Human Resources and Benefits, as the Plan Administrator, the authority to implement the necessary UCRP amendments. Any monies paid from UCRP to Eligible Payees under the alternative method will be accounted for in the determination of the amount of the Final Transfer.

UCRP assets and liabilities attributable to the benefits of LLNL employees who accept employment with LLNS and choose to participate in the LLNS Plan will be transferred to the LLNS Plan when all necessary and appropriate regulatory approvals have been obtained. In addition, the University's legal advisors must be satisfied with the documentation and representations regarding the LLNS Plan's tax-qualified status and its assumption of liabilities, consistent with the terms of the Contract. The recommended amount of the Final Transfer to the LLNS Plan will be determined through discussions with the DOE/NNSA, in consultation with the Academic Senate, internal and external legal counsel, and the Plan actuary.

Beginning in October 2007, a team of UC administrators led by Associate Vice President–Human Resources and Benefits Boyette, will begin discussions with a team of DOE/NNSA officials regarding the Final Transfer. It is important to begin discussions with DOE/NNSA representatives as soon as possible in order to accomplish the Final Transfer expeditiously. UC administration will return to The Regents at a future date to discuss the methodology for determining the final transfer amount required by the Contract and to seek authority to make the Final Transfer.

Alternative Method for Delivering Benefits to Eligible Payees Prior to Final Transfer

At its meeting of May 16, 2007, The Regents authorized the transfer of UCRP assets to the LLNS Plan at a rate sufficient to meet the LLNS Plan's cash flow requirements to cover reasonable plan-related expenses and to make distributions to eligible payees under the LLNS Plan prior to the Final Transfer. The interim funding method is consistent with the terms of the Contract. The Plan Administrator will provide interim funding as authorized at the May 2007 Regents' meeting if LLNS concurs with the arrangement. The alternative method for ensuring that eligible payees will receive their benefits in a timely manner will be invoked only if LLNS adopts a position similar to that taken by the Los Alamos National Security, LLC (LANS) regarding funding on an as-needed basis. LANS maintained that, on advice of counsel, it could not accept assets on a cash flow basis without jeopardizing the tax-qualified status of the LANS Plan. To resolve the impasse, under Interim Authority The Regents authorized UCRP to be amended to pay benefits to eligible payees under the LANS Plan to the extent accrued under UCRP, subject to specified conditions, prior to the final transfer of assets and liabilities from UCRP to the LANS Plan. Eligible payees under the LANS Plan received benefits accrued under the LANS Plan following the transition to LANS from the LANS Plan. In order to avoid the need to seek Interim Authority if LLNS takes a similar position with respect to the cash flow funding method, it is proposed that that the Plan

Administrator be authorized to amend UCRP to incorporate a similar alternative method for paying the portion of benefits accrued under UCRP to Eligible Payees, if needed, subject to the following conditions that also applied to the LANS transaction:

- The Eligible Payee must elect payment in one of the actuarially equivalent distribution forms available under the LLNS Plan.
- The DOE/NNSA confirms in writing that (i) the Contract provision limiting transfers from UCRP to the LLNS Plan to amounts necessary to satisfy the cash flow needs of the LLNS Plan is waived, (ii) the DOE/NNSA will treat any taxes, penalties, claims, expenses, and other losses that arise out of or in connection with such payments as reimbursable costs; (iii) the DOE/NNSA will make its best effort to come to agreement with the University regarding the asset/liability transfer as soon as possible; (iv) the DOE/NNSA acknowledges that the University reserves its right to terminate the arrangement upon a finding by the Plan Administrator that it is causing an undue administrative burden on UCRP; and (v) UCRP will receive credit for all such payments, and earnings on such payments at the agreed-upon rate, in the true-up of the Final Transfer.
- The amount, form, and starting date of each such stated monthly payment to an Eligible Payee is confirmed in an Exhibit to an Appendix to UCRP approved by the Plan Administrator prior to the date of the first payment to or on behalf of an Eligible Payee. The authority to make such payments from UCRP will cease no later than the date of the Final Transfer, at which time an Eligible Payee's total benefit will begin to be paid under the LLNS Plan. As a point of reference, benefit payments were made to nine LANL employees and survivors who became entitled to benefits under the LANS Plan prior to the final transfer of UCRP assets.

Implementation

It is proposed that the Plan Administrator be authorized to begin discussions and to implement the UCRP amendments as described above as necessary to administer UCRP appropriately. If, in the course of obtaining the necessary and appropriate governmental rulings for the actions described above, it becomes necessary or desirable to make additional amendments to UCRP, the 415(m) Restoration Plan, and/or the Retirement Savings Program plans to facilitate the Contract close-out, interim action may be necessary. In all cases, the UC administration will come back to The Regents at a future meeting, after discussions with the DOE/NNSA and following consultation with the Academic Senate, internal and external legal counsel, and the Plan actuary, to request authority to transfer a specified amount of assets and liabilities to the LLNS Plan at the Final Transfer. The Regents will continue to be updated concerning the Contract closeout and any interim action during the period of discussions with the DOE/NNSA. The University will take appropriate action concerning proposed changes that may trigger notice, consultation, and meeting and conferring obligations under the Higher Education Employer-Employee Relations Act and UC policy

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Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

16. **REPORT ON IMPLEMENTATION OF UNIVERSITYWIDE AND CAMPUS/LABORATORY CORRECTIVE ACTION PLANS**

Associate Vice President Boyette provided a progress report on actions taken pursuant to the Corrective Action Plans approved by The Regents in March and July 2007 (Attachments 5 and 6). These plans were implemented Universitywide by the Office of the President and locally by the campuses in advance of the upcoming merit salary review cycle. The plans address items which resulted from deficiencies in compensation policies and procedures at each respective location, and certain systemwide deficiencies. The Associate Vice President–Human Resources and Benefits is responsible for oversight of the implementation of the Corrective Action Plans.

It was recalled that in March 2007, The Regents approved the Universitywide Corrective Action Plan which covered broad systemic issues identified in the compensation audits and management reviews that were not limited to single actions or locations. In July 2007, The Regents approved the Campus/Laboratory Corrective Action Plans which addressed violations of compensation policies related to each respective campus or laboratory. The development of the Corrective Action Plan Progress Reports included in this item is the result of an interactive process between each location and Human Resources and Benefits at the Office of the President. The collaboration with the campuses also resulted in the identification of suggested strategies that may be implemented systemwide in order to enhance the University's ability to ensure compliance with compensation policies and procedures in the future.

Universitywide Corrective Action Plan

The Progress Report on the Universitywide Corrective Action Plan addresses six elements of compensation practices where deficiencies were found (Attachment 5). Corrective actions for each of the plan elements have been implemented, and processes continue to be refined as additional experience is gained in administration. Periodic testing will occur in partnership with Internal Audit and the Compliance Office.

Campus/Laboratory Corrective Action Plans (CAPs)

Attachment 6 is a summary of the Progress Reports submitted by each location on the implementation of specific corrective actions to address local deficiencies. The summary combines the reports from locations with similar issues, as those locations collaborated to ensure consistent application of corrective actions and sharing of information relevant to improving processes and practices.

Suggestion Summary

As part of the Corrective Action Plan project, locations were asked to submit suggestions for systemwide improvements that would enhance their ability to prevent deficiencies in compensation practices. The locations expressed broad support for a) the implementation of a centrally managed Human Resources Information System coordinated with local payroll and accounts payable systems, b) the Policy Review project to create a comprehensive policy framework to review and revise compensation and related policies, and c) the publication of a comprehensive matrix of delegations of authority for approvals of compensation and related items. The University is already working on these important initiatives and the locations are ready to enhance their effectiveness through the implementation of the new tools that may be offered. In addition, the locations identified some specific suggestions as follows:

- Development of a more rapid process for approving positions created or filled in the SMG program.
- Creation and implementation of mandatory alert flags in payroll systems across locations to track special payment categories.
- Creation of enhanced on-line resource tools that incorporate current "rules" in the recruitment process and can alert and guide users of policy limits.

These suggestions will be incorporated into efforts currently underway to improve systems, policies and procedures.

The meeting adjourned at 10:50 a.m.

Attest:

Secretary and Chief of Staff