

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 20, 2008

The Regents of the University of California met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Present: Regents Blum, Cole, De La Peña, Garamendi, Gould, Hopkinson, Hotchkis, Island, Johnson, Kozberg, Makarechian, Marcus, Pattiz, Ruiz, Schilling, Scorza, Shewmake, Varner, Wachter, and Yudof (20)

In attendance: Regents-designate Bernal, Nunn Gorman, and Stovitz, Faculty Representatives Croughan and Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Grey, Executive Vice Presidents Darling and Lapp, Senior Vice President Stobo, Vice Presidents Beckwith, Dooley, Foley, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Fox, Kang, White, and Yang, and Recording Secretary Johns

The meeting convened at 10:40 a.m. with Chairman Blum presiding.

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

The Committee presented the following from its meeting of November 19-20, 2008:

A. ***Authorization of Leases and Agreements for Various State Capital Improvement Programs***

The Committee recommended that, subject to adoption by the State Public Works Board of a resolution authorizing the issuance of State Public Works Board (SPWB) Lease Revenue Bonds and authorizing interim loans from the State's Pooled Money Investment Account or General Fund for the following projects:

Berkeley campus

Biomedical and Health Sciences Building

Davis campus

Veterinary Medicine 3B

California Animal Health and Food Safety Laboratory, Tulare/Fresno

Los Angeles campus

Hershey Hall Seismic Renovation

Riverside campus

Environmental Health and Safety Expansion

San Diego campus

Management School Facility Phase 2

Santa Barbara campus

Arts Building Seismic Corrections and Renewal

- (1) The President or the Secretary and Chief of Staff be authorized to:
- a. Execute an unsubordinated site lease from The Regents to the SPWB for each project named above, said lease to contain provisions substantially as follows:
 - i. The site shall comprise the approximate size of the footprint for each building named above. Said lease shall also include a license to the SPWB for access from campus roads to the site during the term of the lease.
 - ii. The purpose of the lease shall be to permit construction of the project.
 - iii. The term of the site lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds, and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full.
 - iv. The rental shall be \$1 per year.
 - v. The Regents shall have power to terminate the site lease in the event of default by the SPWB, except when such termination would affect or impair any assignment or sublease by the SPWB and such assignee or subtenant is duly performing the terms and conditions of the lease.
 - vi. The Regents shall provide to the SPWB and any assignee of the SPWB access to the site and such parking and utility services as are provided for similar facilities on the campus.
 - vii. The Regents shall waive personal or individual liability of any member, officer, agent, or employee of the SPWB.

- viii. The Regents shall agree to pay assessments or taxes, if any, levied on the site or improvements attributable to periods of occupancy by The Regents.
 - ix. In the event any part of the site or improvements is taken by eminent domain, The Regents recognizes the right of the SPWB to retain condemnation proceeds sufficient to pay any outstanding indebtedness incurred for the construction of the project.
- b. Execute an agreement between the State of California, as represented by the SPWB, and The Regents for each project named above, said agreements to contain the following provisions:
- i. The SPWB agrees to finance construction for the project, as authorized by statute.
 - ii. The Regents agrees to provide and perform all activities required to plan and construct said project.
- c. Execute a facility lease from the SPWB to The Regents for each project named above, said leases to contain provisions substantially as follows:
- i. The purpose of the building's occupancy shall be to use it as a facility for research and support-related functions in furtherance of the University's mission related to instruction, research, and public service.
 - ii. The SPWB shall lease the State-financed portion of the facility, including the site, to The Regents pursuant to a facility lease.
 - iii. The terms of the facility lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds, and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full.
 - iv. If the SPWB cannot deliver possession to The Regents at the time contemplated in the lease, the lease shall not be void nor shall the SPWB be liable for damages, but the rental payment shall be abated proportionately to the

construction cost of the parts of the facility not yet delivered.

- v. In consideration for occupancy during the term of the lease and after the date upon which The Regents takes possession of the facility, The Regents shall pay base rent in an annual amount sufficient to pay debt service on the bonds or other obligations of the SPWB issued to finance or refinance the facility and additional rent for payment of all administrative costs of the SPWB.
- vi. The Regents covenants to take such actions as may be necessary to include in the University's annual budget amounts sufficient to make rental payments and to make the necessary annual allocations.
- vii. During occupancy, The Regents shall maintain the facility and pay for all utility costs and shall maintain fire and extended coverage insurance at then current replacement cost or an equivalent program of self-insurance, and earthquake insurance if available on the open market at a reasonable cost.
- viii. During occupancy, the Regents shall maintain public liability and property damage insurance, or an equivalent program of self-insurance, on the facility and shall maintain rental interruption or use and occupancy insurance, or an equivalent program of self-insurance.
- ix. In the event of default by The Regents, the SPWB may maintain the lease whether or not The Regents abandons the facility and shall have the right to relet the facility, or the SPWB may terminate the lease and recover any damages available at law.
- x. The Regents shall be in default if the lease is assigned, sublet, or transferred without approval of the SPWB, if The Regents files any petition or institutes any proceedings for bankruptcy, or if The Regents abandons the facility.
- xi. The Regents shall cure any mechanics' or materialmen or other liens against the facility and, to the extent permitted by law, shall indemnify the SPWB in that respect.

- xii. The Regents, to the extent permitted by law, shall indemnify the SPWB from any claims for death, injury, or damage to persons or property in or around the facility.
- xiii. Upon termination or expiration of the lease, other than for breach or because of eminent domain, title to the facility shall vest in The Regents.

B. *University of California Financial Reports, 2008*

The Committee recommended that the Regents adopt the University of California Annual Financial Report 2007-2008 and the June 30, 2008 audited financial statements for the University of California Retirement Plan, including the Public Employees' Retirement System Voluntary Early Retirement Incentive Program (PERS-VERIP); the University of California Retirement Savings Program, including the Defined Contribution, 403(b) and 457(b) Plans; and the University of California Health and Welfare Program, including the retiree health benefit trust and the five University of California Medical Centers.

C. *Approval of University of California 2009-10 Budgets for Current Operations and for State Capital Improvements*

- (1) The Committee recommended that the expenditure plan included in the document, *2009-10 Budget for Current Operations*, be approved as proposed by the Office of the President, with the exception of the following:
 - a. that revenues and expenditures be reduced to reflect appropriate amounts for endowment earnings and for private gifts;
 - b. the budget be revised to reflect a request for additional State General Funds to avoid increases in student fees. The State is advised that, absent these additional funds, student fee increases will be required; and
 - c. in the event the University does not receive the funding being requested, it is the direction of the Board to curtail freshman enrollment.
- (2) The Committee concurred with the recommendation of the Committee on Grounds and Buildings that the *2009-2010 Budget for State Capital Improvements* be approved.

D. ***Amendment to Authorization for Approval of Appropriations from Los Alamos National Security LLC and Lawrence Livermore National Security LLC Fee Income to be Expended in Fiscal Year 2008-2009***

The Committee recommended that the authorization for approval of appropriations from Los Alamos National Security (LANS) LLC and Lawrence Livermore National Security (LLNS) fee income to be expended in fiscal year 2008-2009 be amended as follows:

Additions shown by underscoring, deletions shown by strikeout:

- The President be authorized to expend, for the following purposes and in the following amounts, from the University's net share of LANS and LLNS LLC income earned between September 30, 2007 and December 31, 2008:
 - Supplemental compensation and other payments (including accruals) approved by the Regents for certain LANS LLC and LLNS LLC employees, from July 1, 2008 through June 30, 2009 – \$ 2.2 million.
 - An appropriation to the Office of the President budget for federally unreimbursed costs of University oversight of its interest in LANS LLC and LLNS LLC, paid or accrued July 1, 2008 through June 30, 2009, including but not limited to an allocable share of the costs of the Regents, Research Security Office, Human Resources, Finance, Compliance and Audit, Strategic Communications, Governmental Affairs, the General Counsel, the University appointed Governors on the LLCs, and the Vice President for Laboratory Management – ~~\$3.6~~ 4.05 million.
 - An appropriation in 2008-09 to a post-contract contingency fund – \$1.3 million.
 - An appropriation for research funding in accordance with the Laboratory Fees Research Program process –

Estimated Funds Available

Estimated Net FY 2008 LLC Management Fee	21.45 M
Carryover from 2007-2008 Program	4.0 M
Total	25.45 M

Recommended Allocation

2008-2009 Program New Starts	19.4M
<u>Continuation from 2007-2008 Program</u>	
UCD-LLNL Biophotonics Center	0.3M
UC-LANL Institutes	2.5M

<u>Contingency</u>	<u>3.25M</u>
<u>Total</u>	<u>25.45M</u>

E. ***Authorization for Borrowing from Combined Investment Portfolios of the Short-Term Investment Pool and the Total Return Investment Pool***

The Committee recommended that the Regents authorize allocations of funds from the combined Short-Term Investment Pool (STIP) and the Total Return Investment Pool (TRIP) investment portfolios for up to 40 percent of the combined outstanding balances for liquidity support for the Commercial Paper (CP) Program, Medical Center working capital needs and for the University of California Mortgage Origination Program (MOP). Given the fluidity of these needs, the limitations for the CP Program, Medical Center working capital and MOP would be determined by the President in accordance with Regental policy on a quarterly basis subject to outstanding STIP/TRIP balances and projected utilization. In addition, each specific use would be modified as follows with the understanding that all other actions related to the July 2008 authorization for the increase of the CP program and all other guidelines and parameters related to the Medical Center working capital and MOP remain unchanged:

Deletions shown by strikeout, additions by underlining

A. For the Commercial Paper Program:

- (1) That the President be authorized to either utilize ~~legally available cash balances in the unrestricted portion~~ a portion of the combined investment portfolios of STIP/TRIP as liquidity support for the CP Program or, if determined necessary by the President, negotiate a standby letter of credit, line of credit or other liquidity agreement provided that repayment of any advances shall be provided from previously approved sources.

B. For Medical Centers' Working Capital Borrowing:

- (1) That the President be authorized to utilize the combined investment portfolios of STIP/TRIP for medical centers' working capital borrowings. A hospital's working capital borrowings from STIP/TRIP for a month shall not exceed 60 percent of the hospital's total accounts receivable for that same month (total accounts receivable being defined as patient accounts receivable, net of allowances). ~~plus intergovernmental transfers under SB 855, SB 1255, and Medical Cal Medical Education programs); and~~
- (2) ~~The total working capital borrowing for the medical centers shall not exceed 15 percent of legally available cash balances of the unrestricted portion of STIP.~~

C. For Mortgage Origination Program (MOP) Loans:

- (1) That the President be authorized to utilize the liquidity available in the combined investment portfolios of STIP/TRIP for the Mortgage Origination Program (MOP) Loans. The allocations shall be at levels determined to insure that the aggregate outstanding balance of the loan portfolio does not exceed 25 percent of the legally available cash balances of the unrestricted portion of STIP.

Upon motion of Regent Gould, duly seconded, the recommendations of the Committee on Finance were approved.

The meeting recessed at 10:43 a.m.

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The meeting reconvened at 11:20 a.m. with Chairman Blum presiding.

Present: Regents Blum, Cole, De La Peña, Garamendi, Gould, Hopkinson, Hotchkis, Island, Johnson, Kozberg, Makarechian, Marcus, Pattiz, Ruiz, Schilling, Scorza, Shewmake, Varner, Wachter, and Yudof (20)

In attendance: Regents-designate Bernal, Nunn Gorman, and Stovitz, Faculty Representatives Croughan and Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Grey, Executive Vice Presidents Darling and Lapp, Senior Vice President Stobo, Vice Presidents Beckwith, Dooley, Foley, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Fox, Kang, White, and Yang, and Recording Secretary Johns

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

Upon motion duly made and seconded, the minutes of the meetings of July 16 and September 18, and of the meetings of the Committee of the Whole of September 16, 17, 18, and 21-22, 2008 were approved.

3. **REPORT OF THE PRESIDENT**

President Yudof presented the report concerning University activities and individuals. He referred to the University newsletter included in the mailing to Regents. He drew attention to two items. UC San Diego Professor Roger Tsien, along with two other researchers, received the Nobel Prize in chemistry for discovery of green fluorescent protein and for efforts to design fluorescent molecules that enter cells and reveal their inner workings. Seven UC faculty members have been elected to the National Academies' Institute of Medicine. Membership in the Institute of Medicine is considered one of the highest honors bestowed to professionals in the fields of medicine and health. UC-affiliated members now account for almost ten percent of the Institute's membership.

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

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

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

Regent Ruiz presented the following from the Committee's meeting of November 3, 2008:

There were three public speakers who addressed the Committee regarding wages for the University's service workers.

There were six discussion items and one information item:

A. ***Fair and Accurate Credit Transactions Update***

Chief Compliance and Audit Officer Vacca informed the Committee that she will submit a plan for Committee approval in January 2009 regarding identity theft prevention. This plan is in response to the "Red Flag Rules" which are part of the Fair and Accurate Credit Transactions Act of 2003. While there is an implementation deadline of November 1, 2008 for these rules, enforcement agencies are allowing more time for implementation across industries.

B. ***Annual Report of the External Auditors for the Year Ended June 30, 2008***

PricewaterhouseCoopers (PwC) representatives Joan Murphy and Karen Li presented PwC's annual report of required communications to the Regents. The audit did not detect any significant deficiencies or material weaknesses. They also discussed four recommendations from PwC's report to the Regents for the year ended June 30, 2008, concerning improved review and timeliness of key controls, strengthened accounting for non-routine transactions, periodic review of information technology user access, and risk assessments for sensitive data access.

C. ***Information Technology Security Inventory***

Associate Vice President and Chief Information Officer Ernst informed the Committee of his areas of focus during his first three months in this position. Campus visits have shown that information security is an area of keen importance. He discussed the importance of information security training, the need for more rapid incident response and notification to management, and a current systemwide self-assessment, with results to be reported in March 2009. He emphasized that a systemwide approach and solutions are necessary.

D. ***University of California Ethics and Compliance Services Annual Report for 2007-08***

Chief Compliance and Audit Officer Vacca presented the UC Ethics and Compliance Services Annual Report for 2007-08. Compliance risk committees have met at every campus but one, and have identified an ethics and compliance officer for the campus. Ms. Vacca observed that, culturally, campuses have not discussed cross-function risks enterprise-wide and therefore this is a new concept for the University and will require more effort and skill. The performance metrics of the program are tied to the accountability framework established by President Yudof.

E. ***Presentation of Audit and Advisory Services, Santa Cruz Campus***

UCSC Director of Internal Audit and Advisory Services Geraldine Gail discussed the growth of the Santa Cruz campus and two of its principal control challenges: the reduction of resources due to State budget cuts, which makes it difficult to sustain control activities in a period of rapid growth; and rapid changes in computing technology and related risks. She discussed UCSC audit staffing challenges and organization, and how the UCSC audit program works to maximize use of limited resources.

F. ***Annual Report on Internal Audit Activities 2007-08***

University Auditor Reed presented the Annual Report on Internal Audit Activities for 2007-08. He provided an overview of reports issued, audit advisory services provided, investigations carried out, and recommendations which led to management corrective actions (MCAs). He discussed the status of completion of MCAs, recurring internal control themes of the past year, and internal audit benchmarks and improvement initiatives.

G. ***Risk Management Update***

Chief Risk Officer Grace Crickette provided an update on threat and security issues and noted ongoing activities on the campuses which involve campus leadership, police departments, risk managers, and outside security firms. Detailed risk and security assessments have been completed or are in process on a number of campuses. Ms. Crickette also noted efforts in the employment practices area, and the formation of an Employment Practices Improvement Committee.

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

5. REPORT OF THE COMMITTEE ON COMPENSATION

The Committee presented the following from its meeting of November 20, 2008:

A. *Individual Compensation Actions*

The Committee recommended:

(1) *Interim Slotting for Executive Director – Service Line Administration, Medical Center, San Francisco Campus*

Approval of the following interim slotting for Executive Director – Service Line Administration, Medical Center, San Francisco campus:

- a. Interim slotting at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400) as recommended by Mercer Human Resource Consulting.
- b. Effective November 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(2) *Stipend for Janet Broughton as Acting Executive Dean – College of Letters and Science, Berkeley Campus*

Approval of the following items in connection with a stipend for Janet Broughton as Acting Executive Dean – College of Letters and Science, Berkeley campus:

- a. Per policy, an administrative stipend of \$32,600 (16.5 percent). The stipend, plus her \$197,000 salary as dean, result in total compensation of \$229,600 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. No adjustments should be made to the stipend if adjustments are made to the decanal salary.
- c. This stipend is effective January 1, 2009 through December 31, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance and executive salary continuation for disability).
- Per policy, 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 tenured faculty member.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(3) ***Stipend for Deborah A. Nolan as Acting Dean – Division of Mathematical and Physical Sciences, College of Letters and Science, Berkeley Campus***

Approval of the following items in connection with a stipend for Deborah A. Nolan as Acting Dean – Division of Mathematical and Physical Sciences, College of Letters and Science, Berkeley campus:

- a. Per policy, an administrative stipend of \$82,706 (62.7 percent). The stipend plus the adjusted faculty salary of \$131,994 result in total compensation of \$214,700 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700). This stipend amount is consistent with new SMG policy that dictates that appointment salaries will be within the salary range.
- b. If an adjustment to the base faculty salary is made prior to the termination of this acting appointment, the stipend will be adjusted so as to maintain the total compensation at the minimum of the SLCG Grade 109 salary range. Also, if there is an adjustment made to the SLCG Grade Structure prior to the termination of this acting appointment, the stipend will be adjusted so as to maintain the total compensation at the minimum of the SLCG Grade 109 salary range.
- c. This appointment is at 100 percent time and is effective January 1, 2009 through December 31, 2009.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(4) ***Appointment Salary for David T. Feinberg, M.D., as Associate Vice Chancellor and Chief Executive Officer for the Hospital System, Los Angeles Campus***

Approval of the following items in connection with the appointment of David T. Feinberg, M.D., as Associate Vice Chancellor and Chief Executive Officer (CEO) for the Hospital System, Los Angeles campus:

- a. As an exception to policy, a 179 percent increase (\$474,600) in base salary, for a new annual base salary of \$739,700 at SLCG Grade 118 (Minimum \$585,000, Midpoint \$760,400, Maximum \$935,900). Total cash compensation as a result of this action will increase by 59.7 percent when compared to Dr. Feinberg's current salary, stipend and potential Clinical Enterprise Management Recognition Plan payout.
- b. This appointment is at 100 percent time and will become effective December 1, 2008.
- c. Per policy, participation in the Clinical Enterprise Management Recognition Plan (CEMRP) with a maximum potential bonus of 30 percent (\$221,910).

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive business travel insurance).
- Per policy, ineligible to participate in executive salary continuation for disability benefit due to not yet attaining five years in the Senior Management Group program.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty position.
- Per policy, automobile allowance not to exceed \$8,916 per annum.
- 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(5) ***Correction of Administrative Stipend for Danielle Blanc as Acting Administrative Director – Clinical Practices, Department of Surgery, School of Medicine, San Francisco Campus***

Retroactive approval of the following compensation for Danielle Blanc as Acting Administrative Director – Clinical Practices, Department of Surgery, School of Medicine, San Francisco campus. Ms. Blanc assumed the additional duties on April 28, 2008. However, it recently came to the attention of the UCSF campus Human Resources department that the stipend combined with other compensation required Regental approval since it was over \$205,000:

- a. Per Staff PPSM policy, a 20.0 percent (\$30,105) stipend from April 28, 2008, through June 30, 2008, increasing her current annual salary of \$150,524 to \$180,629 (MSP Grade 4: Minimum \$95,100, Midpoint \$126,100, Maximum \$157,100). This is an exception to policy which allows for administrative stipends up to 15.0 percent of base salary. Additionally, the stipend escalates the base salary above the range maximum. This appointment is at 100 percent time.
- b. Effective retroactive to April 28, 2008 and ending June 30, 2008.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, continued eligibility to participate in the School of Medicine Management Incentive Plan (SOM MIP) with a maximum potential payout of up to 20 percent of base salary (\$30,105).

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(6) ***Salary Adjustment for J. Thomas Rosenthal, M.D., as Chief Medical Officer for the Hospital System, Los Angeles Campus***

Approval of the following salary adjustment for J. Thomas Rosenthal, M.D., Chief Medical Officer for the Hospital System, Los Angeles campus:

- a. As an exception to policy, a base salary increase of \$191,900 (80 percent) to the current annual base salary and elimination of Dr. Rosenthal's Health Sciences Compensation Plan compensation of the same amount (\$191,900). This proposal results in an annual base salary of \$431,500, (SLCG Grade 113: Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100).
- b. Per policy, eligibility for participation in the Clinical Enterprise Management Recognition Plan (CEMRP) with a maximum payout of up to 25 percent of base salary (\$107,875).
- c. Effective October 1, 2008.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive business travel insurance).
- Per policy, ineligible to participate in executive salary continuation for disability benefit due to not yet attaining five years in the Senior Management Group program.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty position.
- 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

B. ***Analysis of Restructuring, Voluntary Separation Program and Approval of Payments for Certain Personnel at the Office of the President***

The Committee recommended approval of the following severance payment for Linda M. Williams as Associate President, Office of the President:

- (1) Payment of \$100,202, consistent with the Voluntary Separation Program parameters.

The compensation described above shall constitute the University's total commitment under the Voluntary Separation Program (VSP) until modified by the Regents and shall supersede all previous oral or written commitments regarding the VSP.

C. ***Deferred Compensation Plan for Jeff Tedford as Head Football Coach, Berkeley Campus***

The Committee recommended that the President be delegated authority to:

- (1) Approve and implement a deferred compensation program ("Plan") that would allow employer contributions to be made to the Plan in lieu of paying a portion of his current cash compensation to Jeff Tedford, Head Football Coach, Berkeley campus.

This delegation will be contingent upon the design of the Plan being compliant with existing law and regulations governing deferred compensation programs for public employers and obtaining an opinion from qualified external tax and legal counsel retained by the University to provide an independent assessment of the proposal.

- (2) Approve and amend Coach Tedford's employment contract to the extent necessary to authorize such employer contributions to be made to the Plan in lieu of being paid to Coach Tedford as current cash compensation.

The amendments to the compensation described above shall constitute the University's total commitment under this delegation until modified and shall supersede all previous oral and written commitments. The recommendation will be released to the public prior to action by the Committee; final action will be released to the public upon approval by the Regents.

D. ***Compensation for Senior Management Group Participants in the Annual Incentive Plan for the Office of the Treasurer for Fiscal Year 2007-08***

The Committee recommended that awards under the Annual Incentive Plan (Plan) for the Office of the Treasurer for two eligible Senior Management Group (SMG) participants receiving awards totaling \$138,550 be approved. In accordance with the terms and conditions of the Plan, approved award amounts will be paid out incrementally over a three-year period. Following is a list of participants and the proposed payout amounts.

Participant	Position	Base Salary ¹	Target AIP as %	Target as \$	Award as % of Base	Total Award	Total Cash Comp
Melvin Stanton	Assoc. CIO	\$303,850	60%	\$182,310	18%	\$54,690	\$358,540
Randall Wedding	Sr. MD, Fixed Income	\$303,850	60%	\$182,310	28%	\$83,860	\$387,710
Totals:		\$607,700	60%	\$364,620	15%	\$138,550	\$746,250

In accordance with the approval authority guidelines approved by the Regents at their September 2008 meeting, and with the new SMG Salary and Appointment Policy, also approved by the Regents at their September 2008 meeting, only those Plan participants with SMG status are presented for Regental approval. Total payouts under the Plan for the fiscal year include 28 eligible participants with recommended awards totaling \$1,780,250.

E. ***Compensation for Senior Management Group Participants in the Clinical Enterprise Management Recognition Plan for Fiscal Year 2007-08***

The Committee recommended that awards under the Clinical Enterprise Management Recognition Plan (Plan), as proposed by the medical centers for 42 eligible Senior Management Group (SMG) participants and totaling \$1,871,584, be approved.

In accordance with the approval authority guidelines approved by the Regents at their September 2008 meeting, and with the new SMG Salary and Appointment Policy, also approved by the Regents at their September 2008 meeting, only those Plan participants with SMG status are presented for Regental approval. Total payouts under the Plan for the fiscal year include 66 eligible participants with recommended awards totaling \$2,599,241.

Last Name	First Name	Title	Base Salary	Award Amount	Award as % of Base	Total Cash Compensation
DAVIS CAMPUS						
Duruiseau	Shelton	Chief Pt. & Admin. Services Officer	\$265,500	\$38,220	14.4%	\$303,720
Madden Rice	Anne	Director/CEO	\$561,200	\$89,700	16.0%	\$650,900
McGowan	Bill	Chief Financial Officer	\$395,800	\$55,400	14.0%	\$451,200
Minear	Michael	Chief Information Services Officer	\$310,000	\$32,000	10.3%	\$342,000
Musallam	Nabil	Chief Ambulatory Care Officer	\$288,200	\$40,300	14.0%	\$328,500
Pomeroy ²	Claire	Dean/Vice Chancellor	\$468,800	\$84,380	18.0%	\$553,180
Robinson	Carol	Chief Pt. Care Services Officer	\$248,400	\$39,400	15.9%	\$287,800
Siefkin	Allan	Exec Dir., Clinical Affairs	\$320,850	\$33,080	10.3%	\$353,930

¹ Actual salary earned during the 2008 fiscal year.

² The Davis campus has confirmed that approved bonuses in prior years have been paid through the "Z" component of the Health Sciences Compensation Plan in accordance with those plan parameters. Dr. Pomeroy's bonus payment will not be reflected in this request in future years; however she will continue to work closely with hospital leadership to set and achieve institutional goals.

Last Name	First Name	Title	Base Salary	Award Amount	Award as % of Base	Total Cash Compensation
IRVINE CAMPUS						
Grosser	Joy	Chief Information Officer	\$301,600	\$37,599	12.5%	\$339,199
King	Ron	Chief Financial Officer	\$431,500	\$60,518	14.0%	\$492,018
Rayburn	Susan	Executive Director, Contracting	\$202,500	\$28,401	14.0%	\$230,901
Reiser	Lisa	Chief Patient Care Services Officer	\$243,000	\$26,507	10.9%	\$269,507
Spiritus	Eugene	Chief Medical Officer	\$289,700	\$38,373	13.2%	\$328,073
Zehntner	Maureen	Chief Executive Officer	\$555,000	\$74,432	13.4%	\$629,432
LOS ANGELES CAMPUS						
Carpenter	Posie	CAO, SM-UCLA Medical Center	\$252,210	\$38,336	15.2%	\$290,546
Crooks	Heidi	Senior Associate Director, Patient Care Services	\$259,705	\$39,475	15.2%	\$299,180
Feinberg	David	Interim CEO, UCLA Medical Center	\$549,000	\$83,448	15.2%	\$632,448
Klove	Carole	Chief Compliance Officer, Medical Sciences	\$251,604	\$38,244	15.2%	\$289,848
Rosenthal ³	J. Thomas	CMO, UCLA Health System	\$325,100	\$49,415	15.2%	\$374,515
Rubin	Amir	COO, Hospital System	\$547,599	\$83,235	15.2%	\$630,834
Shultz	James	COO, Faculty Practice Group	\$226,694	\$34,457	15.2%	\$261,151
Staton	Paul	CFO, Hospital System	\$310,799	\$47,241	15.2%	\$358,040
OFFICE OF THE PRESIDENT						
Munoz	Santiago	Associate VP, Clinical Services Development	\$201,400	\$30,210	15.0%	\$231,610
SAN DIEGO CAMPUS						
Babakanian	Edward	Chief Information Officer	\$284,200	\$42,630	15.0%	\$326,830
Baggett	Margarita	CNO	\$252,000	\$37,800	15.0%	\$289,800
Giddings	Leland	Medical Director - Mgd Care	\$233,200	\$34,980	15.0%	\$268,180
Hofferber	Scott	COO Medical Group	\$204,400	\$30,660	15.0%	\$235,060
Hogan	Robert	CFO Medical Center	\$250,100	\$37,515	15.0%	\$287,615
Jackiewicz	Thomas	Associate Vice Chancellor	\$490,000	\$73,500	15.0%	\$563,500
Liekweg	Richard	CEO	\$591,500	\$88,725	15.0%	\$680,225
Mcafee	Thomas	Physician-in-Chief	\$447,200	\$67,080	15.0%	\$514,280
Moran	Dennis	Chief Professional Services	\$198,000	\$29,700	15.0%	\$227,700
Scioscia	Angela	Medical Director - Med Center	\$315,000	\$47,250	15.0%	\$362,250
Sonnenshein	Mona	COO	\$489,200	\$73,380	15.0%	\$562,580
Taylor	Palmer	Dean, Skaggs School of Pharm	\$317,400	\$47,610	15.0%	\$365,010

³ The Los Angeles campus has confirmed that any approved bonus for Dr. Rosenthal will be paid through the "Z" component of the Health Sciences Compensation Plan in accordance with those plan parameters.

Last Name	First Name	Title	Base Salary	Award Amount	Award as % of Base	Total Cash Compensation
SAN FRANCISCO CAMPUS						
Antrum	Sheila	Chief Nursing/Patient Care Svcs Officer	\$250,000	\$13,500	5.4%	\$263,500
Harris	John	Chief Strategy and Business Development Officer	\$288,700	\$12,414	4.3%	\$301,114
Jones	Ken	Chief Financial Officer	\$445,300	\$22,265	5.0%	\$467,565
Laret	Mark	Chief Executive Officer	\$675,300	\$30,389	4.5%	\$705,689
Lotenero	Larry	Chief Information Officer	\$310,800	\$1,865	0.6%	\$312,665
Ring, MD	Ernie	Chief Medical Officer (retired: 6/27/08)	\$409,500	\$32,760	8.0%	\$442,260
Ryba	Tomi	Chief Operating Officer	\$547,600	\$25,190	4.6%	\$572,790

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation until modified by the Regents and shall supersede all previous oral and written commitments regarding this form of compensation. The final action will be released to the public upon approval by the Regents.

F. *Recommendations for Base Salary Adjustments for Certain Senior Managers in the Medical Centers*

The Committee recommended that the following market equity adjustments for certain members of the Senior Management Group (SMG) at the medical centers be approved, as detailed in Attachment 1, and as earlier approved by the Regents in September 2007: base salary equity increases, as detailed in Attachment 1, totaling \$353,420 (an average increase of 5.9 percent) for 16 SMG members at five medical centers effective October 1, 2008. This second and final action is consistent with the two-phase proposal approved by the Regents in September 2007.

The equity increases described in Attachment 1 shall supersede all previous oral and written commitments regarding equity increases and shall constitute the University's total commitment regarding special equity increases for individuals identified until modified by the Regents.

G. *Merit Increase for Steven Chu as Director – Lawrence Berkeley National Laboratory*

The Committee recommended approval of a merit increase for Steven Chu as Director – Lawrence Berkeley National Laboratory, pursuant to Bylaw 12.8(f)(1), and Standing Order 100.3(b).

- (1) Per policy, a merit increase of \$10,400 (2.6 percent). The merit plus the base salary of \$398,000 result in a total base salary of \$408,400.

- (2) The effective date of this action is October 1, 2008, pending approval by the Regents and by the Department of Energy.

This item reflects only compensation related to the merit adjustment recommended for approval. This approved action will be released to the public upon approval by the Department of Energy and the Regents.

H. ***Stipend for Daniel M. Dooley as Interim Senior Vice President – External Relations and Vice President – Agriculture and Natural Resources, Office of the President***

The Committee recommended approval of:

- (1) Per policy, an administrative stipend in the amount of \$50,000 (15.6 percent), increasing the current base salary of \$320,000 to a total compensation of \$370,000 (SLCG Grade 111: Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100). This stipend amount is consistent with new Senior Management Group policy that dictates that appointment salaries will be within the salary range.
- (2) Effective November 5, 2008 through November 4, 2009, or upon the appointment of a new Senior Vice President – External Relations, including a transition period of up to three months to accommodate transfer of the responsibilities, whichever occurs first.

Continuation of the current, additional compensation and related items include:

- Per policy, standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, executive business travel insurance and executive salary continuation for disability).
- Per policy, continuation of the 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, continuation of an annual automobile allowance of \$743 per month (\$8,916 per annum).
- Per policy, continued participation in the Mortgage Origination Loan Program (MOP), available to be exercised within a period not to exceed 24 months from date of employment.
- Per policy, continued availability of an Administrative Fund for official entertainment and other purposes permitted by University Policy.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

I. ***Delegation of Plan Administration Duties for the University of California Retirement System Plans***

The Committee recommended that each of the University of California Retirement System (UCRS) plans be amended to:

- (1) Designate the President as Plan Administrator with authority to delegate administrative duties with regard to the management and operation of the UCRS plans to a position at the Vice President or higher level.
- (2) Delegate authority to the President to implement these UCRS amendments, which authority may be re-delegated to a position at the Vice President or higher level.

J. ***Technical Amendment of Regents' Policy on Reduced Fee Enrollment for University Employees***

The Committee recommended that a technical correction be made to the *Policy on Reduced Fee Enrollment for University Employees* to return the policy to its original language and intent, as follows.

Deletions shown by strikeout, additions shown by underlining

POLICY ON REDUCED FEE ENROLLMENT FOR UNIVERSITY EMPLOYEES

1. Employees who desire to register as students under rules established by the President are permitted to enroll in regular session courses not to exceed nine units or three courses per quarter, whichever is greater, upon payment of one-third of the University Registration Fee and one-third of the Educational Fee;
2. Employees so registered are ineligible for services provided to students (such as the Counseling Center, recreational facilities, or the Student Health Services).
3. ~~Within four months of their retirement date,~~ Former University employees who have retired within four months of the date of separation from University service and who are annuitants of a retirement system to which the University contributes remain eligible for the Reduced Fee Enrollment Policy for University Employees subject to all of the limitations applicable to employees.
4. The President is authorized to approve reduced fee enrollment exceptions for up to twelve units or four regular session University courses per quarter, whichever is greater, for selected nursing employees. The

President is authorized to delegate to Chancellors the authority to approve similar exceptions.

K. ***Authorization to Amend the University of California Retirement Plan and the Retirement Savings Program Plans to Expand Service Credit Buyback and Redeposit Provisions***

The Committee recommended that the UC Retirement Plan (UCRP) and the Retirement Savings Program plans be amended, effective May 1, 2009⁴, or as soon thereafter as administratively possible, to:

- (1) Amend UCRP and the Retirement Savings Program plans to allow Members expanded payment options for service credit buybacks and redeposits.
- (2) Amend UCRP to allow Members to make buyback or redeposit elections after their three-year election period has expired, provided the purchase cost is based on an individual actuarial cost calculation instead of the Plan normal cost calculation.
- (3) Amend UCRP to allow Members with leaves beginning on or after July 1, 1997⁵ to purchase more than two years of UCRP service credit provided the purchase cost for the service credit in excess of two years is based on an individual actuarial cost calculation.
- (4) Amend UCRP to require that the purchase cost be recalculated in instances where the individual actuarial cost method is used and the Member received a substantial increase in Covered Compensation during the year following the buyback election
- (5) Delegate implementation of these amendments to the Plan Administrator.

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

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

The Committee presented the following from its meeting of November 19, 2008:

A. ***Proposed Public Phase of Fundraising Campaign, Neuroscience Programs, San Francisco Campus***

⁴ It may be necessary to amend UCRP and the Retirement Savings Program plans prior to May 1, 2009 to allow the additional payment provisions if the Internal Revenue Service (IRS) changes its position on pretax payroll deductions, which it is currently reconsidering.

⁵Buyback elections for leaves beginning before July 1, 1997 are based on “grandfathered” buyback provisions in which there is no maximum leave period eligible for a buyback.

The Committee recommended the approval of the proposed Mission Bay Neurosciences Initiative, a fundraising campaign with a goal of \$150 million to support the programs and operating costs associated with the new Mission Bay Neurosciences Building, San Francisco campus.

Upon motion of Regent Island, duly seconded, the recommendation of the Committee on Educational Policy was approved.

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

The Committee presented the following from its meeting of November 20, 2008:

A. ***Proposed Revisions to the Schedule of Reports to the Regents***

The Committee recommended that the Schedule of Reports, shown in Attachment 2, as amended, be approved.

B. ***Resolution in Appreciation of the Role of the Student Regent***

The Committee recommended that the following resolution be adopted affirming the importance of the role of the student regent to emphasize the Board's appreciation of the value of students participating in the governance of the institution and to assist in student regent recruiting.

WHEREAS, on November 5, 1974, the position of student regent of the University of California was authorized by the voter approved amendment of Article IX, section 9 of the California Constitution.

WHEREAS, in February 1975, the Board of Regents adopted the *Policy of Appointment of a Student Regent* to grant the position full rights of participation, including discussion, deliberation and vote, consistent with those rights granted other members of the Board of Regents.

WHEREAS, it is the duty of the student regent to articulate the most salient issues facing the students of the University of California to the members of the Board of Regents and other key decision makers in the institution. This responsibility is founded on trust and the mutually understood purpose to always serve the best interests of the University and higher education in California.

WHEREAS, the position of student regent is not an elected representative of the students, but has the unique responsibility of providing a student perspective to the Board in its deliberations. The student regent is not simply the voice of a single constituency, but is a student voice in the deliberations of the public trust that is the University of California. Accordingly, the student regent must take into account the interests of all

parties and strive to make the most judicious decisions for the institution as a whole.

WHEREAS, the position of student regent requires myriad skills, including the ability to communicate effectively with a wide range of people; the ability to apply strong analytical thinking to policy issues; the ability to process large volumes of information; the willingness to take a public role on behalf of students; and, the skills to interact with various policy-makers and business, political, and civic leaders.

WHEREAS, the position of student regent reflects positively upon the importance of students as leaders, as participants in governance and as public servants while recognizing the valuable contributions students make within the University of California and beyond.

WHEREAS, thirty-four students have served the University of California as student regents as of November 2008.

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California affirm the importance of and support for the position of student regent and extend their sincere appreciation to all student regents, past and present, for their loyal dedication to the University and those it serves.

Upon motion of Regent Wachter, duly seconded, the recommendations of the Committee on Governance were approved.

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

The Committee presented the following from its meeting of November 18, 2008:

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Pauley Pavilion Renovation and Expansion, Los Angeles Campus*

The Committee recommended that the 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended to include preliminary plans funding for the following project:

Los Angeles: Pauley Pavilion Renovation and Expansion – preliminary plans – \$6,500,000, to be funded from gift funds.

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Bioengineering Building, Santa Barbara Campus***

The Committee recommended that the 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended to include preliminary plans funding for the following project:

Santa Barbara: Bioengineering Building – preliminary plans – \$1,600,000, to be funded from campus funds.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Revelle College Apartments, Muir College Apartments, and Muir Stewart Commons Dining Renovation, San Diego Campus***

The Committee recommended that:

- (1) The 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Diego: Muir/Revelle College Apartment Infill and Support Facilities – preliminary plans – \$3,750,000, to be funded from the San Diego campus share of University of California Housing System Net Revenue Reserves.

To: San Diego: Revelle College Apartments – preliminary plans, working drawings, construction, and equipment – \$69,461,000, to be funded from external financing (\$67,025,000) and the San Diego campus share of University of California Housing System Net Revenue Reserves (\$2,436,000).

San Diego: Muir College Apartments – preliminary plans, working drawings, construction, and equipment – \$42,503,000, to be funded from external financing (\$40,576,000) and the San Diego campus share of University of California Housing System Net Revenue Reserves (\$1,927,000).

San Diego: Muir Stewart Commons Dining Facility – preliminary plans, working drawings, construction, and equipment – \$10,872,000, to be funded from external financing (\$10,072,000) and the San Diego campus share of University of California Housing System Net Revenue Reserves (\$800,000).

- (2) The President be authorized to obtain external financing not to exceed \$117,673,000 to finance the Revelle College Apartments, Muir College

Apartments, and the Muir Stewart Commons Dining Facility projects. The President shall require that:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. As long as the debt is outstanding, University of California Housing System fees for the San Diego campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing; and
 - c. The general credit of the Regents shall not be pledged.
- (3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

D. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Amendment of External Financing, UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion, San Diego Campus*

The Committee recommended that:

- (1) The 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Diego: UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion – preliminary plans, working drawings, construction, and equipment – \$171,476,000, to be funded from external financing (\$90,000,000), gifts (\$38,000,000), hospital reserves (\$33,476,000), and capitalized leases (\$10,000,000).

To: San Diego: UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion – preliminary plans, working drawings, construction, and equipment – \$227,296,000, to be funded from external financing (\$129,900,000), gifts (\$38,000,000), hospital reserves (\$21,698,000), and capitalized leases (\$37,698,000).

Deletions shown by strikeout, additions by underscore

- (2) The President be authorized to obtain external financing not to exceed \$90 ~~million~~ \$129,900,000 to finance the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion project, subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. Financing documentation shall require that as long as the debt is outstanding, the gross revenues of UCSD Medical Center shall be maintained in amounts sufficient to pay the debt service and meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, University House Rehabilitation, San Diego Campus***

The Committee recommended that the 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: University House Rehabilitation – preliminary plans – \$413,000, to be funded from campus funds.

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Porter College Phase 2 – House A Seismic, Capital Renewal, and Expansion, Santa Cruz Campus***

The Committee recommended that:

- (1) The 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Santa Cruz: Porter College Phase 2 – House A Seismic, Capital Renewal, and Expansion – preliminary plans, working drawings, and construction – \$49,007,000, to be funded from housing reserves (\$3,200,000) and external financing (\$45,807,000).

- (2) The President be authorized to obtain external financing not to exceed (\$45,807,000) to finance the Porter College Phase 2 – House A Seismic, Capital Renewal, and Expansion project, subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, University of California Housing System fees for the Santa Cruz campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (3) The Officers of the Regents be authorized to provide certification to the lender that interest paid by the Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - (4) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, 2009-2011 Statewide Energy Partnership Program, Systemwide***

The Committee recommended that:

- (1) The 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following projects:

All Campuses: 2009-2011 Statewide Energy Partnership Program
projects – preliminary plans – not to exceed \$2.0 million.
- (2) The President be delegated authority to obtain external financing not to exceed \$2 million to finance the preliminary plans of the 2009-2011 Statewide Energy Partnership project, all campuses, subject to the following conditions:
 - a. Campuses shall submit requests for approval under this delegated authority generally in proportion to the size of the campus energy programs, with such actions to identify specific repayment sources as appropriate to the scope of planned projects and other matters specified by the President.
 - b. The general credit of the Regents shall not be pledged.

H. ***Certification of Environmental Impact Report and Approval of Design, Sanford (San Diego) Consortium for Regenerative Medicine Facility, San Diego Campus***

Upon review and consideration of the environmental consequences of the proposed project, the Committee reported its:

- (1) Certification of the Environmental Impact Report.
- (2) Adoption of the Mitigation Monitoring and Reporting Program and Findings.
- (3) Approval of the design of the Sanford (San Diego) Consortium for Regenerative Medicine Facility, San Diego campus.

[The Environmental Impact Report, Mitigation Monitoring and Reporting Program and Findings were mailed to Committee members in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

I. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Westwood Replacement Hospital, Los Angeles Campus***

The Committee recommended that the 2008-09 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction and equipment – \$829,300,000, to be funded from federal funds (\$439,700,000), State matching funds (\$44,100,000), State lease revenue bond funds (\$125,000,000), State children's hospital grant funds (\$29,827,000), gift funds (\$6,373,000), hospital reserves (\$6,000,000), campus funds (\$1,000,000) and external financing (\$170,300,000), and earnings from previous bond issue (\$7,000,000).

To: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction and equipment – \$914,300,000, to be funded from federal funds (\$439,700,000), State matching funds (\$44,100,000), State lease revenue bond funds (\$125,000,000), State children's hospital grant funds (\$29,827,000), gift funds (\$89,285,000), hospital reserves (\$6,000,000), campus funds (\$3,088,000), external financing (\$170,300,000), and earnings from previous bond issue (\$7,000,000).

J. ***Approval of University of California 2009-10 Budget for State Capital Improvements and Discussion of the State and Non-State Five-Year Capital Program 2009-10 to 2013-14***

The Committee recommended that the 2009-10 Budget for State Capital Improvements be approved, as presented in the document titled *2009-10 Budget for State Capital Improvements*.

K. ***Adoption of Mitigated Negative Declaration, Amendment to the 2005 Long Range Development Plan, and Approval of Design, Environmental Health and Safety Expansion Building, Riverside Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Mitigated Negative Declaration, the Committee reported its:

- (1) Adoption of the Initial Study/Mitigated Negative Declaration;
- (2) Adoption of the Findings;
- (3) Amendment of the 2005 Long Range Development Plan (LRDP) as included in Attachment 3; and
- (4) Approval of the design of the Environmental Health and Safety Expansion Building, Riverside campus.

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

L. ***Adoption of Mitigated Negative Declaration, Amendment of Long Range Development Plan, and Approval of Design, Ocean Science Education Building, Phase I, Santa Barbara Campus***

The Committee reported its:

- (1) Adoption of the Mitigated Negative Declaration;
- (2) Adoption of the Findings, and Mitigation Monitoring Program;
- (3) Amendment of the Long Range Development Plan (LRDP); and,
- (4) Approval of the design of the Ocean Science Education Building Phase I, Santa Barbara campus.

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

M. ***Reapproval of External Financing, Computational Research and Theory Facility***

The Committee recommended the reapproval of the external financing of the Computational Research and Theory Facility as follows:

- (1) The President be authorized to obtain external financing not to exceed \$107.5 million to finance the Computational Research and Theory Facility project, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
 - b. As long as the debt is outstanding, the debt service and related requirements of the authorized financing shall be sought first from Lawrence Berkeley National Laboratory (LBNL) operating funds, to the extent available;
 - c. The President shall create a contingency funding strategy to pay the debt service for the external financing in the event LBNL operating funds are not available or insufficient to pay the debt service; and
 - d. The general credit of the Regents shall not be pledged.
- (2) All other terms and conditions of the project remain the same.
- (3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

Upon motion of Regent Schilling, duly seconded, the recommendations of the Committee on Grounds and Buildings were approved, with Chairman Blum abstaining on Item I, above.

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

The Committee presented the following from its meeting of November 19, 2008:

A. ***Approval to Enhance Pediatric Medical Training, Research, and Care Through Affiliation with Children's Hospital of Orange County and Its Subspecialty Physicians, Irvine Campus***

The Committee recommended the approval of the execution of (i) the proposed affiliation agreement between UC Irvine and Children's Hospital of Orange County (CHOC) (Hospital Affiliation Agreement), and (ii) the proposed affiliation agreement between UC Irvine and PSF (Physician Affiliation Agreement).

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

10. **REPORT OF THE COMMITTEE ON INVESTMENTS**

The Committee presented the following from its meeting of November 12, 2008:

A. ***Recommendation to Change Computation Methodology of Total Fund Policy Benchmark Return***

The Committee recommended that the computation of the University of California Retirement Plan (UCRP) and the General Endowment Pool (GEP) total fund performance benchmark return, as described in Appendix 1 of the Investment Policy Statements for UCRP and GEP, be amended as described in Attachment 4, effective December 1, 2008.

B. ***Approval of Treasurer's Fiscal Year 2007-2008 Annual Report***

The Committee reported its acceptance of the Treasurer's Annual Report for the fiscal year ended June 30, 2008.

C. ***Amendment of Regents' Policy on Divestment of University Holdings in Companies with Business Operations in Sudan***

The Committee recommended that the Policy on Divestment of University Holdings in Companies with Business Operations in Sudan be amended, as shown in Attachment 5, to again permit purchase of four of the companies previously targeted for disinvestment: Tatneft, Videocon, Nam Fatt, and Sudatel.

Upon motion of Regent Wachter, duly seconded, the recommendations of the Committee on Investments were approved.

11. **REPORT OF THE COMMITTEE ON COMPENSATION AND COMMITTEE ON FINANCE**

The Committees presented the following from their meeting of November 20, 2008:

A. ***Amendment to the Policy on Settlement of Litigation, Claims and Separation Agreements***

The Committees recommended that the proposed amendment to the *Policy on Settlement of Litigation, Claims and Separation Agreements* be approved as shown in Attachment 6. The amendment will increase the authority of the President to approve certain settlements of claims and separation agreements and will increase the authority of the General Counsel to approve settlements of litigation and claims in order to conserve the time of the Regents to address the most significant matters and to further streamline the Board's practices and procedures. Approvals by the Chairman of the Board and the Chairman of the Committee on Finance would be required at the \$500,000 level. Approval by the full Board would be required at the \$1 million level.

Upon motion of Regent Wachter, duly seconded, the recommendation of the Committee on Compensation and the Committee on Finance was approved.

12. **AMENDMENT OF STANDING ORDER 100.4: DUTIES OF THE PRESIDENT**

At the September 18, 2008 meeting of The Regents of the University of California, Regent Schilling served notice that at the next regular meeting she would move amendment of Standing Order 100.4 – Duties of the President of the University, as shown below.

Deletions shown by strike out, additions by underscore

STANDING ORDER 100.4

DUTIES OF THE PRESIDENT OF THE UNIVERSITY

Standing Order 100.4—Duties of the President

Additions shown by underlining; deletions shown by strikeout.

.....

(q)(1)

Except as provided in paragraph (q)(2) below, ~~The~~ President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed \$10 million. The President is also authorized to approve amendments to the Capital Improvement Program for projects exceeding \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Grounds and Buildings and also provided that all actions taken in excess of \$10 million up to and including \$20 million under this authority be reported at the next following meeting of the Board. However, the following shall be approved by the Board: (1) projects with a total cost in excess of \$20 million, (2) for projects in excess of \$20 million, any modification in project cost over standard cost-rise augmentation in excess of 25%, or (3) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents

because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications.

(q)(2)

This paragraph shall apply exclusively to capital projects on campuses approved by the Committee on Grounds and Buildings for inclusion in the Pilot Phase of Process Redesign for Capital Improvement Projects.

The President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed \$60 million. However, the following shall be approved by the Board: (1) projects with a total cost in excess of \$60 million, (2) for projects in excess of \$60 million, any modification in project cost over standard cost-rise augmentation in excess of 25%, or (3) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications.

This paragraph shall become inoperative and is repealed on March 31, 2010, unless a later Regents' action, that becomes effective on or before March 31, 2010, deletes or extends the date on which it becomes inoperative and is repealed.

(nn)(1)

Except as provided in paragraph (nn)(2) below, The President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including \$10 million for the planning, construction, acquisition, equipping, and improvement of projects. The President is also authorized to obtain external financing for amounts in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken to obtain external financing for amounts in excess of \$10 million up to and including \$20 million be reported at the next following meeting of the Board. External financing in excess of \$20 million requires Board approval. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in

connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.

(nn)(2)

This paragraph shall apply exclusively to capital projects on campuses approved by the Committee on Grounds and Buildings for inclusion in the Pilot Phase of Process Redesign for Capital Improvement Projects.

The President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including \$60 million for the planning, construction, acquisition, equipping, and improvement of projects. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.

This paragraph shall become inoperative and is repealed on March 31, 2010, unless a later Regents' action, that becomes effective on or before March 31, 2010, deletes or extends the date on which it becomes inoperative and is repealed.

Upon motion of Regent Schilling, duly seconded, the amendment of Standing Order 100.4 – Duties of the President of the University, was approved.

13. **REPORT OF INTERIM ACTIONS**

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

A. The Chair of the Committee on Compensation and the President of the University approved the following recommendations:

- (1) *Establishment and Interim Slotting of New Position and Appointment Salary for Vincent L. Johnson as Chief Operating Officer, UC Davis Medical Center*

Approval of the following items in connection with the interim slotting and appointment salary for Mr. Vincent L. Johnson as Chief Operating Officer, UC Davis Medical Center:

- a. Establishment of a new position within the Senior Management Group, Chief Operating Officer, UC Davis Medical Center.
- b. Approval of interim slotting at SLCG Grade 114 (Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800) as recommended by the Mercer Human Resource Consulting Group.
- c. Per policy, an appointment salary of \$450,000. Per policy, ineligible for merit consideration until October 2009.
- d. This appointment is at 100 percent time and effective September 15, 2008.
- e. Per policy, participation in the UC Davis Health System Clinical Enterprise Management Recognition Program with a target incentive of 20 percent, resulting in a maximum payout of \$90,000 and bringing the total potential compensation to \$540,000.
- f. Per policy, a relocation allowance of 11.1 percent of base pay (\$50,000) to be paid in two equal installments with \$25,000 paid upon arrival and \$25,000 paid in one payment after January 1, 2009 with a four-year service requirement and payback provision of 25 percent for each year of incomplete service.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a 5 percent monthly contribution to the Senior Management Supplemental Benefits Program.
- Per policy, participation in the University of California Mortgage Origination Program (MOP) up to \$800,000. Participation will comply with all University/Campus program parameters.
- Per policy, 30 days of temporary housing and reimbursement of full moving expenses and transportation for two cars from Jacksonville, Florida to Sacramento, California.
- Per policy, one coach-fare house-hunting trip for up to four people for four days.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(2) ***Appointment Salary for Mark Massari as Director of Intercollegiate Athletics, Santa Barbara Campus***

Approval of the following items in connection with the appointment of Mark Massari as Director of Intercollegiate Athletics, Santa Barbara campus:

- a. Appointment salary of an annual base salary of \$200,000 at 100 percent time.
- b. Per policy, \$50,000 (25 percent) lump sum relocation allowance, subject to a repayment requirement. Should Mr. Massari leave the University for any reason before the completion of two years, the relocation allowance will be paid back on a pro-rata basis of one-twenty-fourth (1/24) for each month not completed.
- c. As an exception to policy, reimbursement of 100 percent of actual expenses associated with movement of household effects up to \$10,000. This constitutes an exception to policy which allows for up to 50 percent of actual moving expenses to be reimbursed for MSP employees.
- d. Per policy, the University will pay the reasonable cost of temporary housing in the Santa Barbara area for up to thirty (30) consecutive days after the start of Mr. Massari's employment. This cost has been estimated at \$3,500.
- e. Effective upon approval of the Regents, contract will have a four-year term with an estimated start date of September 29, 2008.

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. All compensation (as defined in the Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(3) ***New Contract Compensation for Michael Teti as Head Men's Crew Coach, Berkeley Campus***

Approval of the following compensation terms for Michael Teti, Head Men's Crew Coach, Berkeley campus, 100-percent time. Pending approval by the Regents of these compensation terms, Mr. Teti's contract will be effective September 1, 2008 and terminate June 30, 2012, unless terminated earlier pursuant to the term of the Employment Contract or unless the parties agree in writing to the terms of a successor contract or a contract extension prior to that date.

The following terms and conditions are reflected in the new proposed contract:

a. Base Salary:

<u>Effective Dates</u>	<u>Amount</u>	<u>Percent Increase</u>
09/01/08 – 06/30/09	\$110,000	
07/01/09 – 06/30/10	\$113,300	(3.0 percent)
07/01/10 – 06/30/11	\$116,700	(3.0 percent)
07/01/11 – 06/30/12	\$120,200	(3.0 percent)

b. Talent Fee: The talent fee for the retiring coach is \$65,000. This contract provides for an annual talent fee of:

<u>Effective Dates</u>	<u>Amount</u>	<u>Percent Increase</u>
09/01/08 – 06/30/09	\$25,000	
07/01/09 – 06/30/10	\$25,000	(0 percent)
07/01/10 – 06/30/11	\$25,000	(0 percent)
07/01/11 – 06/30/12	\$25,000	(0 percent)

c. Additional Income: The retiring coach could earn supplemental compensation of up to \$20,400. This contract provides the opportunity to earn supplemental compensation of up to \$74,400 per annum, as detailed below:

i. Performance Bonuses: In the event that Coach Teti or the Men's Crew team, during the term of this Employment Contract, accomplishes the following, Coach Teti shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

<u>Accomplishment</u>	<u>Bonus Amount</u>
Coach named the Coaches' Association Coach-of-the-Year	\$1,000
Coach named the Pac-10 Coach-of-the-Year	\$1,000
Team finishes top 3 in the Pac-10 Team Championship	\$1,000
Team wins the Pac-10 Team Championship	\$4,000
Team finishes top 6 at IRA/National Championship	\$3,000
Team finishes top 3 at IRA/National Championship	\$2,000
Team wins the IRA/National Championship	\$5,000
Per Individual Boat IRA/National Championship (V8/JV8/Freshman 8)	\$2,000

Coach Teti is eligible to receive identified bonuses for all levels of accomplishment achieved in a Contract Year.

- ii. Camps and Clinics: At the sole discretion of the Director of Intercollegiate Athletics, the University may offer Coach Teti an assignment to participate in a University Men's Rowing camp or clinic. For each contract year in which Coach participates in a University Men's Rowing camp or clinic, Coach shall be paid an amount not to exceed the profit from the camp or clinic after all direct and indirect costs are covered, or \$50,000, whichever is lower.
- iii. Courtesy Car Stipend: One courtesy vehicle or in the event that the University does not have a courtesy vehicle, Coach Teti will receive a stipend of \$450 per month (\$5,400 per year).
- d. Signing Bonus: Upon final execution of the contract, Coach Teti will receive a one-time signing bonus of \$20,000. If Coach Teti terminates his employment prior to September 1, 2009, Coach must repay the signing bonus in full.

If the University terminates the contract early without cause, the University will owe the base salary in amounts noted above, paid out in monthly installments, a prorated portion of the talent fee for the remainder of the contract year and any additional earned bonus income. The University will not be responsible for paying unearned bonus/stipend income in this circumstance. If Coach Teti secures employment during the remaining term of the contract, UC payments will be reduced by any amounts earned by Coach Teti.

If Coach Teti terminates the contract early, Coach will owe the University \$50,000 per contract year remaining on the contract.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fundraising and no State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- Per contract and per policy, vacation accrued in accordance with Personnel Policy 41 (or equivalent in effect at the time).
- Per contract and per policy, 8 hours of sick leave are accrued each month of the contract.
- Per contract and per policy, eligible for standard health and welfare benefits.
- Per contract and as an exception to policy, 100-percent reimbursement for moving costs as outlined below. If Coach terminates Coach's employment with the University prior to September 1, 2009, Coach will repay all monies received as reimbursement for moving costs to the University.
 - (a) Payment to moving company, includes packing and moving services (does not include vehicle relocation).
 - (b) All necessary travel costs for Coach and immediate family (not including pets). Travel must comply with UC Business and Finance Bulletin - Travel Policy G28.
 - (c) Storage in transit, not to exceed 30 days.
 - (d) Temporary housing, not to exceed 30 days.
 - (e) One preliminary trip for Coach and spouse to find housing.

If Coach terminates Coach's employment with the University of California, Berkeley prior to September 1, 2009, Coach must repay moving expenses in full to the University.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(4) ***Appointment Salary for John D.B. Featherstone as Dean – School of Dentistry, San Francisco Campus***

Approval of the following in connection with the appointment of John D. B. Featherstone as Dean – School of Dentistry, San Francisco campus:

- a. As an exception to policy, an increase in base pay of 110.5 percent to \$300,000 from \$142,500 (SLCG Grade 111: Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100). The current base pay of \$142,500 represents an 11-month faculty appointment. Total cash compensation will increase 17.8 percent from \$297,000 to \$350,000.
- b. Continued participation in HSCP at the reduced rate of \$50,000 from \$82,500.
- c. UCSF and Dr. Featherstone have a mutual expectation that he will serve in the position for at least the next two years to ensure stability and continuity for the School. However, this position is at will which means that his appointment can be terminated at any time, with or without cause, including within the two-year period.
- d. Effective September 1, 2008.

Additional elements of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to position as tenured faculty.
- Per policy, continued participation in the UC Mortgage Origination Program (MOP).
- Per policy, continued 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(5) ***Appointment Salary for Shawn T. Sheffield as Assistant Vice Chancellor – Source Strategy and Planning, Health Sciences, San Diego Campus***

Approval of the following in connection with the appointment of Shawn T. Sheffield as Assistant Vice Chancellor – Resource Strategy and Planning, Health Sciences, San Diego campus:

- a. Per policy, base salary increase of \$28,700 (15.4 percent) for a total annual salary of \$215,000. This salary adjustment will preclude her from further merit or equity increase consideration during fiscal year 2008-09.
- b. Slotting of the position at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) as recommended by Mercer Human Resource Consulting.
- c. This appointment is at 100 percent time and will become effective October 1, 2008.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, eligibility for Staff Recognition and Development Program award up to 10 percent of base salary annually.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(6) ***Stipend Extension for Susan A. Harlow as Acting Vice Chancellor – University Advancement, Riverside Campus***

Approval of the following in connection with the stipend extension of Susan A. Harlow as Acting Vice Chancellor – University Advancement, Riverside campus:

- a. As an exception to policy, an administrative stipend of 20.0 percent (\$38,500) to increase Ms. Harlow's base salary of \$192,400 for an annualized salary of \$230,900 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). Actual payout will be prorated based on duration and percentage of time served.
- b. As an exception to policy, this recommendation extends the total duration of this acting appointment beyond the one year allowed by policy. This appointment is 25-percent time and effective September 10, 2008 through October 15, 2008, or until the appointment of the new Vice Chancellor – University Advancement, whichever occurs first.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(7) ***Stipend Extension for Harold G. Levine as Associate Provost for Educational Initiatives, Office of the President***

Approval of the stipend extension for Harold G. Levine as Associate Provost for Educational Initiatives, Office of the President. This request is made in response to the critical need to continue the services of Mr. Levine through the end of this calendar year.

- a. As an exception to policy, continuation of the administrative stipend of \$37,360 (20.0 percent). Policy allows for an administrative stipend up to 15.0 percent. Mr. Levine will be paid his base academic salary of \$186,800 by the Davis campus and the administrative stipend of \$37,360 by the Office of the President for a total annualized salary of \$224,160.
- b. The stipend will be recalculated against any increase in base salary so as to remain at 20.0 percent of base salary.
- c. As an exception to policy, this recommendation extends the total duration of this acting appointment beyond the one year allowed by policy. This appointment is effective September 1, 2008 through December 31, 2008, pending approval of the Regents and will constitute one to two days per week.

Additional items of compensation include:

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

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(8) ***Interim Slotting and Appointment Salary for Michael Baptista as Executive Director – Quality Assurance and Compliance, Human Resources, Office of the President***

Approval of the following items in connection with the appointment of Michael Baptista as Executive Director – Quality Assurance and Compliance, Human Resources, Office of the President:

- a. Interim slotting at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100) as recommended by Mercer Human Resource Consulting.
- b. As an exception to policy, appointment salary of \$192,000. This adjustment to salary represents a 25.3-percent increase of \$38,857 from his current base salary of \$153,143. This is an exception since policy allows for up to a 25-percent increase in one fiscal year. The overall increase in total cash compensation (base salary plus existing stipend) is 9.0 percent. This appointment is at 100 percent time.
- c. Effective September 8, 2008.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(9) ***Contract Compensation for Jay John as Assistant Coach – Men's Basketball, Berkeley Campus***

Approval of the following compensation terms for Assistant Men's Basketball Coach, Jay John, Berkeley campus, 100 percent time. Mr. John's contract will be effective April 17, 2008 and terminate on May

31, 2010, unless terminated earlier pursuant to the terms of the Employment Contract or unless the parties agree in writing to the terms of a successor contract or a contract extension prior to that date.

The following terms and conditions are reflected in the proposed contract:

- a. Base Salary: Coach's annual base salary is \$100,000.
- b. This contract provides opportunity to earn annual supplemental compensation of up to \$122,500 per annum. In addition to the annual guaranteed income, Coach will receive the following performance bonuses during the contract year in which such accomplishment occurs.

- i. Pac-10 Regular Season and Pac-10 Tournament Championships:

In the event the University of California Men's Basketball team earns the Pac-10 Regular Season and/or Pac-10 Tournament Championships, Coach will receive each of the following bonus payments based upon performance levels achieved as set forth below.

<u>Achievement</u>	<u>Bonus Amount</u>
Pac-10 Regular Season Championship	\$2,000
Pac-10 Tournament Championship	\$1,000

- ii. NCAA Tournament Participation:

In the event that the University of California Men's Basketball team participates in the NCAA tournament, Coach will receive each of the following bonus payments for performance levels achieved as set forth below.

<u>Achievement</u>	<u>Bonus Amount</u>
NCAA Tournament Participation	\$10,000
Round of 32 Participation	\$ 6,000
Sweet Sixteen	\$ 6,000
Round of Eight	\$ 6,000
Final Four	\$ 5,000

- iii. NIT Tournament Participation

<u>Achievement</u>	<u>Bonus Amount</u>
Championship Tournament Participation	\$ 5,000

iv. Support of Academic Objectives:

<u>Achievement</u>	<u>Bonus Amount</u>
\$500 per scholarship athlete selected for the Pac-10 Conference All Academic Team	\$ 6,500

v. Camp:

At the sole discretion of the Director of Intercollegiate Athletics, the University may offer Coach an assignment to participate in a University Men's Basketball camp or clinic. For each Contract Year in which Coach participates in a University Men's Basketball camp or clinic, Coach shall be paid an amount not to exceed the profit from the camp or clinic after all direct and indirect costs are covered or \$75,000, whichever is lower.

If the University terminates the contract early without cause, the campus shall continue to pay an amount equal to Coach's base salary during what would have been the remaining term of the employment contract had it not been terminated. However, Coach is obligated to try to mitigate the University's expense and obtain another job. Any amount paid to Coach by another employer will be deducted from the payments made by the University to Coach.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fundraising; no State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- Per contract and policy, 12 hours of vacation per each month of the contract. Coach may not have more than 288 hours of accrued vacation leave at any time during the employment contract. When 288 hours of accrued vacation is reached, Coach will cease to earn additional vacation leave until accrued vacation balance is less than 288 hours.
- Per contract and policy, 8 hours of sick leave accrued each month.
- Per policy, eligible for standard health and welfare benefits.
- Per contract and as an exception to policy, 100-percent reimbursement for moving costs as outlined below. If Coach terminates Coach's employment with the University prior to April 16, 2009, Coach will repay all monies received as reimbursement for moving costs to the University.

- Payment to moving company includes packing and moving services (does not include vehicle relocation).
 - All necessary travel costs for Coach and immediate family (not including pets). Travel must comply with UC Business and Finance Bulletin - Travel Policy G-28.
 - Storage in transit, not to exceed 30 days.
 - Housing in transit, not to exceed 30 days.
 - One preliminary trip for Coach and spouse to find housing.
- Consistent with practice, one courtesy vehicle, or in lieu of a courtesy vehicle, a stipend of \$450 per month (\$5,400 per year).

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(10) ***Interim Slotting and Appointment Salary for Lynn M. Boland as Executive Director – Employee Relations, Programs, Policies, and Services, Human Resources, Office of the President***

Approval of the following items in connection with the appointment of Lynn M. Boland as Executive Director – Employee Relations, Programs, Policies and Services, Human Resources, Office of the President:

- a. Interim slotting at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) as recommended by Mercer Human Resource Consulting.
- b. A base salary increase of \$27,675 (15.0 percent) for a total annual salary of \$212,175. This appointment is at 100 percent time.
- c. Effective September 23, 2008.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(11) ***Appointment Salary for Brian J. Johnson as Investment Officer, Real Assets, Office of the Treasurer***

Approval of the following items in connection with the appointment of Brian J. Johnson as Investment Officer of Real Assets Investments, Office of the Treasurer:

- a. Appointment salary of \$160,000 as Investment Officer, Real Assets, slotted at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100), at 100-percent time.
- b. Effective November 1, 2008.
- c. Base salary increase in the amount of \$20,438 (12.8 percent), bringing the annual base salary to \$180,439, effective no earlier than April 1, 2009, and contingent on receipt of a Master's in Business Administration and on successful achievement of specific pre-established goals.
- d. As an exception to policy, reimbursement of 100 percent of actual expenses associated with movement of household effects. This constitutes an exception to policy which allows for a reimbursement of up to 50 percent of actual expenses for Management and Senior Professional (MSP) positions.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan with a maximum incentive payout of 70 percent of base salary. Target payout level is 35 percent of base salary, and awards are paid out over a three (3) year period, with one third paid out in the first year and the remainder deferred over the next two (2) years.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(12) ***Salary Adjustment for Dennis K. Larsen as Executive Director – Executive Compensation and Performance Management, Human Resources, Office of the President***

Approval of the following items in connection with the appointment of Dennis K. Larsen as Executive Director – Executive Compensation and Performance Management, Human Resources, Office of the President:

- a. Per policy, a base increase of \$8,344 (4.0 percent) from \$208,400 to \$216,744 at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100). This appointment is at 100 percent time.
- b. Effective September 8, 2008.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(13) ***Interim Slotting and Appointment Salary for Randolph R. Scott as Executive Director – Strategic Planning and Workforce Development, Human Resources, Office of the President***

Approval of the following items in connection with the appointment of Randolph R. Scott as Executive Director – Strategic Planning and Workforce Development, Human Resources, Office of the President:

- a. Interim slotting at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100) as recommended by Mercer Human Resource Consulting.
- b. A base salary increase of \$4,398 (2.0 percent) for a total annual salary of \$224,398. This appointment is at 100 percent time.
- c. Effective September 23, 2008.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

- B. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the President of the University concurred in the following recommendation:

Amendment of the Budget for Capital Improvements and the Capital Improvement Program, South Campus Student Center, Los Angeles Campus

That:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2008-09 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Los Angeles: South Campus Student Center - preliminary plans, working drawings, construction, and equipment - \$16,500,000, to be funded from ASUCLA Reserves (\$8,500,000), and Student Programs, Activities, and Resource Complex (SPARC) Fees (\$8,000,000).

- C. The Chairman of the Board, the Chair of the Committee on Compensation, the Chair of the Committee on Finance, and the President of the University concurred in the following recommendation:

Approval for Participation in the Graduated Payment Mortgage Origination Program for Mark Greenberg, Professor of Law, Los Angeles Campus

That the President and the Chair of the Board of Regents and the Chairs of the Committees on Finance and Compensation authorize the making of an interest-only GP-MOP loan in the amount of up to \$1,955,000 with GP-MOP terms providing a fixed Interest Rate Differential of 3 percent for the first fifteen years of the loan term, to support the retention of Mark Greenberg in the Department of Law at the Los Angeles campus. As this loan requires additional approval based upon its dollar amount, it is appropriate to seek simultaneous approval of this non-standard GP-MOP provision. Also, the loan will have an interest-only period of 10 years, followed by a fully amortizing period of 30 years for a total loan term of 40 years.

- D. The Chairman of the Board, the Chair of the Committee on Finance, and the President of the University concurred in the following recommendation:

Authorization to Replace Existing Interest Rate Swaps Entered Into For The Regents of the University of California Medical Center Pooled Revenue Bonds, 2007 Series C-2

That the President be authorized to enter into rate swap agreements to replace interest rate swaps entered into for the above-referenced 2007 Series C-2 Bonds.

- E. The Chairman of the Board, the Chair of the Committee on Compensation, and the Chair of the Committee on Finance approved the following recommendation:

Approval of Costs Associated with the Relocation of Personal Household Effects for Mark G. Yudof as President of the University of California

Approval of Executive Vice President Lapp's request to pay additional expenses associated with the relocation of the President's personal effects from Austin, Texas to Oakland, California.

- a. Authorization to pay the balance of costs amounting to \$45,806.73 related to the movement of personal household effects, per policy.

14. **SUPPLEMENTAL REPORT OF INTERIM ACTIONS**

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

- A. The Chair of the Committee on Compensation and the President of the University approved the following recommendations:

(1) ***Salary Adjustment for Naomi Oreskes as Provost, Sixth College, San Diego Campus***

Approval of the following items in connection with the salary of Naomi Oreskes as Provost, Sixth College, San Diego campus:

- a. As an exception to policy, a base salary increase of \$18,500 (11.1 percent) for a total annual salary of \$185,600, which is above the salary range maximum of SLCG Grade 103 (Minimum \$110,800, Midpoint \$139,000, Maximum \$167,100).
- b. This salary adjustment will preclude Ms. Oreskes from further merit or equity increase consideration during fiscal year 2008-09.

- c. Effective November 1, 2008.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(2) ***Exception to Policy – Vacation Accrual for Thomas McAfee, Dean – Clinical Affairs, San Diego Campus***

Approval of the following item in connection with vacation accrual for Thomas McAfee, Dean – Clinical Affairs, San Diego campus:

- a. Effective upon approval, as an exception to policy, increase of Dr. McAfee's maximum vacation accrual from the per-policy limit of 384 hours to 475 hours. However, Dr. McAfee will not be permitted to accrue further vacation until his accrued hours decrease below the policy maximum of 384 hours.

The remedy described above shall constitute the University's total commitment regarding vacation accrual until modified by the Regents and shall supersede all previous oral or written commitments. The final action will be released to the public upon approval by the Regents.

(3) ***Stipend for Robert M. Price as Acting Vice Chancellor – Research, Berkeley Campus***

Approval of the following items in connection with the temporary appointment compensation for Robert M. Price as Acting Vice Chancellor – Research, Berkeley campus:

- a. Per policy, an administrative stipend of \$110,100 (85.0 percent). The stipend plus the fiscal year faculty salary of \$129,600 result in total compensation of \$239,700 (SLCG Grade 110: Minimum

\$239,700, Midpoint \$307,200, Maximum \$374,500). This stipend amount is consistent with new SMG policy that dictates that appointment salaries will be within the salary range. The \$34,500 stipend provided for service as Associate Vice Chancellor–Research will be suspended.

- b. If an adjustment to the base faculty salary is made prior to the termination of this acting appointment, the stipend will not be adjusted. If there is an adjustment to the salary range, the stipend will be adjusted so as to maintain placement at the range minimum.
- c. This appointment is at 100 percent time and is effective November 1, 2008, through June 30, 2009, or upon appointment of a permanent Vice Chancellor, whatever is earliest.

Additional items of compensation 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(4) ***Appointment Salary for Bruce R. White as Dean – College of Engineering, Davis Campus***

Approval of the appointment of Bruce R. White as Dean – College of Engineering, Davis campus, for a three year term effective January 1, 2009 while the current Dean assumes the role of Provost and Executive Vice Chancellor and the following items in connection with the appointment salary:

- a. Per policy, an appointment salary of \$244,500 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700). This represents a 38.2 percent increase in Mr. White's current base salary of \$176,946 and is at the first quartile of the salary range.
- b. This appointment is at 100 percent time and is effective January 1, 2009 through December 31, 2011, or until the effective date of the return of the incumbent, whichever is earlier.

- c. If an adjustment to the academic base salary is made prior to the termination of this appointment, the salary will be re-calculated against the new adjusted academic base salary.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to dual tenured faculty appointment.
- 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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(5) ***Contract Appointment for Jim. M. Murry as Acting Chief Information Officer – Medical Center, Irvine Campus***

Approval of the following in connection with the appointment for Jim M. Murry as Acting Chief Information Officer – Medical Center, Irvine campus:

- a. MSP contract appointment salary of \$274,300 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- b. Per policy, eligibility to participate in the UC Irvine Medical Center Director's Incentive Plan, up to 15 percent (\$41,145) of his base salary.
- c. The contract appointment is at 100 percent time and is effective November 1, 2008 through October 31, 2009, or until the appointment of a permanent new Chief Information Officer – Medical Center, whichever occurs first.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(6) ***Temporary Appointment Salary for Daniel G. Aldrich, III as Acting Vice Chancellor – University Advancement, Riverside Campus***

Approval of the following in connection with the temporary appointment salary of Daniel Aldrich as Acting Vice Chancellor – University Advancement, Riverside campus:

- a. As an exception to policy, a temporary annualized salary increase of \$80,252 (47.3 percent) to increase Mr. Aldrich's current base salary of \$169,748 to an annualized rate of \$250,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). The \$250,000 will be prorated to reflect his 80 percent appointment as Acting Vice Chancellor – University Advancement. This prorated amount of \$200,000, in addition to the 20 percent prorated amount of \$33,950 for his continuing role as Senior Development Associate – Institutional Advancement at the Office of the President, combine to provide an annualized salary of \$233,950.
- b. This appointment is at 80 percent time and effective October 27, 2008 through October 26, 2009, pending approval of the Regents, or until the appointment of the permanent Vice Chancellor – University Advancement, whichever occurs first.
- c. As an exception to policy, an automobile allowance in the amount of \$8,916. This amount will not be prorated. Per policy, a permanently appointed incumbent of this position would be granted an auto allowance. Current policy review is contemplating providing this benefit for those appointed to acting roles. Mr. Aldrich is performing the full scope and breadth of the duties that require significant travel for the purpose of meeting with prospective donors which supports the need for this exception. He is expected to make the same progress toward the financial goals as would the permanent appointee during this same time frame.

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. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

(7) ***Merit Increases for Certain Senior Management Personnel at Lawrence Berkeley National Laboratory***

Approval of the following merit increases for certain Senior Management Group employees at Lawrence Berkeley National Laboratory:

- a. Approval of the salary rates for certain Officers of the University and Officers of The Regents, pursuant to Bylaws 12.8(t)(1), and Standing Order 100.3(b); and for other employees with cash compensation above \$205,000, as required by Bylaw 12.8(t)(3) and 12.8(t)(4), and Standing Order 101.2(a)(2), effective October 1, 2008, as reflected on Attachment 7.

(8) ***Reappointment and Stipend for David Marshall as Executive Dean, College of Letters and Science and Dean – Division of Humanities and Fine Arts, College of Letters and Science, Santa Barbara Campus***

Approval of the following items in connection with the reappointment of David Marshall as Executive Dean, College of Letters and Sciences, Santa Barbara campus:

- a. Per policy, an administrative stipend of \$40,000 (18.4 percent) as Executive Dean, College of Letters and Science, increasing the current base salary of \$217,900 to a total compensation of \$257,900 (SLCG Grade 107: Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000). This stipend amount is consistent with the new SMG policy that dictates that appointment salaries will be within the salary range.
- b. Effective October 1, 2008 and for a period of up to three years.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, executive business travel insurance and executive salary continuation for disability).
- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- 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. All compensation (as defined in the Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public upon approval by the Regents.

(9) ***Appointment for Jeffrey A. Bluestone as Acting Vice Chancellor of Research, San Francisco Campus***

Approval of the appointment of Jeffrey A. Bluestone as Acting Vice Chancellor of Research, San Francisco campus and the following items in connection with the appointment salary:

- a. Appointment as Acting Vice Chancellor – Research. This appointment is without salary and will be subsumed within his existing 100 percent academic appointment.
- b. Continued academic appointment as Director – UCSF Diabetes Center and The Immune Tolerance Network/AW and Mary Clausen Distinguished Professor of Medicine, Pathology, Microbiology and Immunology, step 8. This appointment is at 100 percent time.
- c. Continued academic base salary of \$197,600 and continued Health Sciences Compensation Plan salary of \$156,000.
- d. Effective July 1, 2008, through June 30, 2009, or upon completion of a three-month transition period after the interim duties are transferred to the new Vice Chancellor of Research, whichever comes 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. All compensation (as defined in the Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public upon approval by the Regents.

(10) ***Title Change for Michael J. Bocchicchio as Associate Vice President – Facilities Administration, Office of the President***

Approval of the following title change for the position held by Michael J. Bocchicchio, Office of the President:

- a. From “Assistant Vice President – Facilities Administration” to “Associate Vice President – Facilities Administration.”
- b. Effective immediately upon approval.

The matter described above shall constitute the University’s total commitment regarding position title until modified by the Regents and shall supersede all previous oral or written commitments. The final action will be released to the public upon approval by the Regents.

(11) ***Stipend Extension for Reynaldo F. Macias as Acting Dean – Division of Social Sciences, College of Letters and Science, Los Angeles Campus***

Approval of the following items in connection with a stipend extension for Reynaldo F. Macias as Acting Dean – Division of Social Sciences, College of Letters and Science, Los Angeles campus:

- a. As an exception to the policy on administrative stipends, a second extension of the existing 15 percent administrative stipend (\$31,600), beyond the one-year duration provided in policy. The stipend plus the adjusted salary of \$210,600, result in an annual salary of \$242,200 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. This appointment is at 100 percent time and is effective from January 1, 2009 through September 30, 2009, or until a permanent appointment is made, whichever occurs first.
- c. If an adjustment to the annualized base salary is made prior to the termination of this acting role, the 15 percent stipend will be recalculated on the new annualized base salary.

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. All compensation (as defined in the

Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public upon approval by the Regents.

(12) ***Salary Adjustment for Christopher Waterman as Dean – School of the Arts and Architecture, Los Angeles Campus***

Approval of the following items in connection with a salary adjustment for Christopher Waterman as Dean – School of the Arts and Architecture, Los Angeles campus:

- a. An equity increase of \$37,800 (18.24 percent) increasing his base salary from \$207,200 to \$245,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. This salary adjustment will preclude Mr. Waterman from further merit or equity increase consideration during fiscal year 2008-09.
- c. Effective December 1, 2008.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, business travel accident insurance, and salary continuation for disability).
- 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. All compensation (as defined in the Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public upon approval by the Regents.

(13) ***Title Change for Richard J. Liekweg to Associate Vice Chancellor and Chief Executive Officer, UCSD Medical Center, San Diego Campus.***

Approval of the following title change for the position held by Richard Liekweg, San Diego campus:

- a. From "Chief Executive Officer, UC San Diego Medical Center" to "Associate Vice Chancellor and Chief Executive Officer, UCSD Medical Center."
- b. Effective upon approval.

The matter described above shall constitute the University's total commitment regarding position title until modified by the Regents and shall supersede all previous oral or written commitments. The final action will be released to the public upon approval by the Regents.

(14) ***Appointment and Salary for Scott L. Waugh as Executive Vice Chancellor and Provost, Los Angeles Campus***

Approval of the following items in connection with the appointment salary for Scott L. Waugh as Executive Vice Chancellor and Provost, Los Angeles campus:

- a. As an exception to policy, appointment salary of \$366,000 (SLCG Grade 112: Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500). This salary represents an 81 percent increase from his current base salary of \$202,100. This is an exception to policy which allows for up to a 25 percent increase in one fiscal year. The overall increase in total cash compensation (base salary plus existing stipend) is 24.9 percent.
- b. This appointment is at 100 percent time and is effective December 1, 2008.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program consistent with Mr. Waugh's senior management appointment prior to July 1, 1996.
- Per policy, an automobile allowance of \$743 per month (\$8,916 per annum).
- 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. All compensation (as defined in the Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public upon approval by the Regents.

(15) ***Temporary Appointment Compensation for Phyllis A. Guze as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine, Riverside Campus***

Approval of the following items in connection with the temporary appointment compensation for Phyllis Guze as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine, Riverside campus:

- a. Per policy, temporary appointment compensation of \$306,933 for her 60.0 percent role as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine. This temporary appointment compensation in addition to her 40.0 percent prorated compensation of \$96,000 for her role as Professor of Clinical Medicine, Los Angeles campus, results in total annual compensation of \$402,933. This represents an 11.9 percent increase over her previous total compensation of \$360,000 as 40.0 percent Professor of Clinical Medicine, Los Angeles campus and 60.0 percent Executive Director – Health Sciences, Riverside campus.
- b. This administrative appointment of 60.0 percent time is to be effective October 1, 2008 through September 30, 2009 or until the appointment of the permanent Vice Chancellor and Dean, whichever occurs first.
- c. Per policy, continued participation in the Health Sciences Compensation Plan (HSCP) for a total annual salary, inclusive of base salary and HSCP, of \$402,933.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, eligible to accrue sabbatical credits due to dual academic 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. All compensation (as defined in the Regents' 1993 Principles of Review of Executive Compensation) in this recommendation will be released to the public upon approval by the Regents.

- B. The Chair of the Committee on Grounds and Buildings and the President approved the following recommendation:

Decertification of the Final Environmental Impact Report and Rescission of the Regents' Approval of Design, Helios Energy Research Facility, Berkeley Campus

The decertification of the Final Environmental Impact Report for and rescission of the design approval of the Helios Energy Research Facility, Berkeley campus.

- C. The Chairman of the Board and the Chair of the Committee on Finance approved the following recommendation:

Authorization for Minor Capital Expenditure, President's Residence

In accordance with the March 2006 action requiring Regental approval of capital expenditures for the President's residence in excess of \$25,000, authorization of the expenditure of up to \$50,000 in non-State funds to install systems to provide additional security at the rental residence of President and Mrs. Yudof.

- D. The Chairman of the Board and the Chair of the Committee on Governance approved the following recommendation:

Appointment of Regent to Standing Committee

Approval of the appointment of Regent Makarechian to the Committee on Investments, effective immediately.

15. REPORT OF PERSONNEL ACTIONS

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 14.7(b), the following personnel action was taken at the September 18, 2008 meeting. There was no roll call vote taken on this action.

Appointment of John D. Stobo, M.D. as Senior Vice President – Health Sciences and Services, Office of the President, 100 percent, effective on or about October 1, 2008. The position will report directly to the President.

16. REPORT OF COMMUNICATIONS RECEIVED

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated October 1 and November 3, 2008.

17. REPORT OF MATERIALS MAILED BETWEEN MEETINGS

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

To Members of the Committee on Compensation

- A. From the President, list of Health Sciences Compensation Plan participants' compensation that exceeds the reporting threshold of \$658,800 for calendar year 2007. (October 13, 2008)

To Members of the Committee on Finance

- B. From the President, University of California Annual Debt Capital Report for Fiscal Year 2007-08. (October 20, 2008)

To Members of the Committee on Health Services

- C. From the President, Medical Center Activity and Financial Status Report for the twelve months ended June 30, 2008. (September 4, 2008)
- D. From the President, Medical Center Activity and Financial Status Report for the month ended July 31, 2008. (October 1, 2008)
- E. From the President, Medical Center Activity and Financial Status Report for the two months ended August 31, 2008. (October 27, 2008)

To The Regents of the University of California

- F. From the President, revenue and expense trends between 2004-2007 for the University of California on a consolidated basis, for each campus location and each medical center. (September 4, 2008)
- G. From the Secretary and Chief of Staff, confirmation of the appointment of Regents Gould, Reiss, Ruiz, Schilling, and Scorza to the Joint Committee to Advise the President on the Selection of a Chancellor for the Davis campus. (September 19, 2008)
- H. From the Secretary and Chief of Staff, report of communications received subsequent to the September 2, 2008 report of communications. (October 1, 2008)
- I. From the President, President's Report to the University of California Board of Regents: Implementation of RE-89 – the policy requiring special review, approval and reporting procedures for proposals to obtain research funding from the tobacco industry. (October 2, 2008)

- J. From the President, letter regarding UC San Diego Professor Roger Tsien's selection as a recipient of the 2008 Nobel Prize in Chemistry. (October 8, 2008)
- K. From the President, announcement that UC reached a tentative agreement with the American Federation of State, County and Municipal Employees on a new five-year labor contract for patient-care employees. (October 20, 2008)
- L. From the President, announcement that the Orange County Human Relations Commission has commended Chancellor Michael V. Drake, M.D. for his administration's leadership and courage in dealing with campus tensions. (October 20, 2008)
- M. From the President, announcement of Chancellor Michael Bishop's intention to step down as Chancellor of UC San Francisco on June 30, 2009. (October 23, 2008)
- N. From the Secretary and Chief of Staff, report of communications received subsequent to the October 1, 2008 report of communications. (November 3, 2008)

The meeting adjourned at 11:25 a.m.

Attest:

Secretary and Chief of Staff

Attachment 1

November 2008

Additions shown by underscoring; deletions shown by strikethrough

SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 <u>November 2008</u>		
	Month(s) Presented or Mailed to Regents	Comments
BOARD		
Report of the President Concerning University Activities and Individuals (the President's Report)	January March May July September November	
COMMITTEE ON <u>COMPLIANCE AND</u> AUDIT		Committee title correction
Annual Report of External Auditors for the Year Ended June 30, ____	November	
Annual Report on Internal Audit Plans	May	
Annual Report on Internal Audit Activities	November	
<u>Annual Report on Compliance</u>	<u>January</u>	Expanded report moved to Compliance and Audit from Health Services
COMMITTEE ON COMPENSATION		
Annual Report on Executive Compensation for Calendar Year ____: Incumbents in Certain Senior Management Positions	March	

SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 November 2008		
	Month(s) Presented or Mailed to Regents	Comments
Annual Report on Compensated Outside Professional Activities for Calendar Year: Incumbents in Certain Senior Management Positions	March	
<u>Annual</u> Report on Health Sciences Compensation Plan Participants' Compensation that Exceed the Reporting Threshold (<i>mbm</i> *)	November	
<u>COMMITTEE ON COMPENSATION AND COMMITTEE ON LONG RANGE PLANNING</u>		
<u>Annual Accountability Sub-Report on Faculty Competitiveness</u>	<u>March</u>	New accountability report to reflect President's focus
COMMITTEE ON EDUCATIONAL POLICY		
Quarterly Report on Private Support, <u>Major Donors, and Namings and Endowed Chairs</u> (<i>mbm</i> *)	January March July <u>February</u> <u>May</u> <u>August</u>	Three separate reports to be combined into one set of mailings between meetings; also modified reporting cycle
Quarterly Report on Major Donors (<i>mbm</i>)	January March July September	

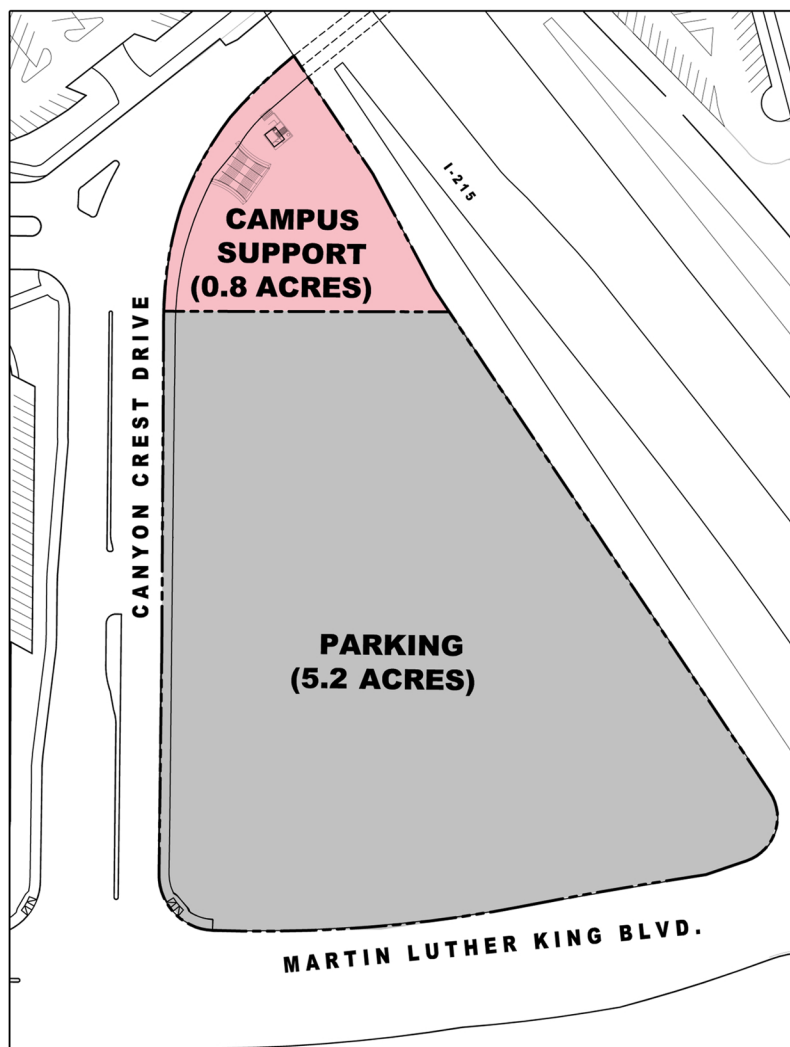
SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 November 2008		
	Month(s) Presented or Mailed to Regents	Comments
Quarterly Report on Namings and Endowed Chairs (mbm)	January March July September	
Annual Report on the University Private Support Program	January <u>November</u>	Modified reporting cycle
Statistical Summary of Students and Staff (mbm*)	March	
Report on Matters Relating to the California Postsecondary Educational Commission (mbm)	August	Eliminate
<u>Annual</u> Report on Student Financial Support (mbm*)	March	
Annual Report on Proposals Seeking Research Funding from the Tobacco Industry (mbm*)	September	To be delivered as mailing between meetings
<u>COMMITTEE ON EDUCATIONAL POLICY AND</u> <u>COMMITTEE ON LONG RANGE PLANNING</u>		
<u>Annual Accountability Sub-Report</u> Report on the University of California Admissions and Enrollments (mbm)	May <u>November</u>	Revised reporting cycle with report presented to Committee; also retitled to add accountability focus
<u>Annual Accountability Sub-Report</u> Report on the Status of Diversity at the University of California	September	Retitle to add accountability focus

SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 November 2008		
	Month(s) Presented or Mailed to Regents	Comments
COMMITTEE ON FINANCE		
University of California Financial Reports	November	Consolidating reports
University of California Retirement System Annual Financial Report University of California Retirement Plan Tax-Deferred 403(b) and Defined Contribution Plan	November	Consolidating reports
<u>Annual</u> University of California Retirement Plan Annual Actuarial Valuation Report	November	Reformat title
Annual Report on External Finance Approvals	November	
Annual Dept Capital Report (<i>mbm*</i>)	May	To be delivered as mailing between meetings
Annual Report on the University of California Technology Transfer Program (<i>mbm*</i>)	November	
Annual Report on University Housing Assistance Programs (<i>mbm*</i>)	January	
<u>Annual</u> Report on Risk Management (<i>mbm*</i>)	January	
<u>Annual</u> Report on Use of Outside Counsel (<i>mbm*</i>)	November <u>January</u>	Modified reporting cycle

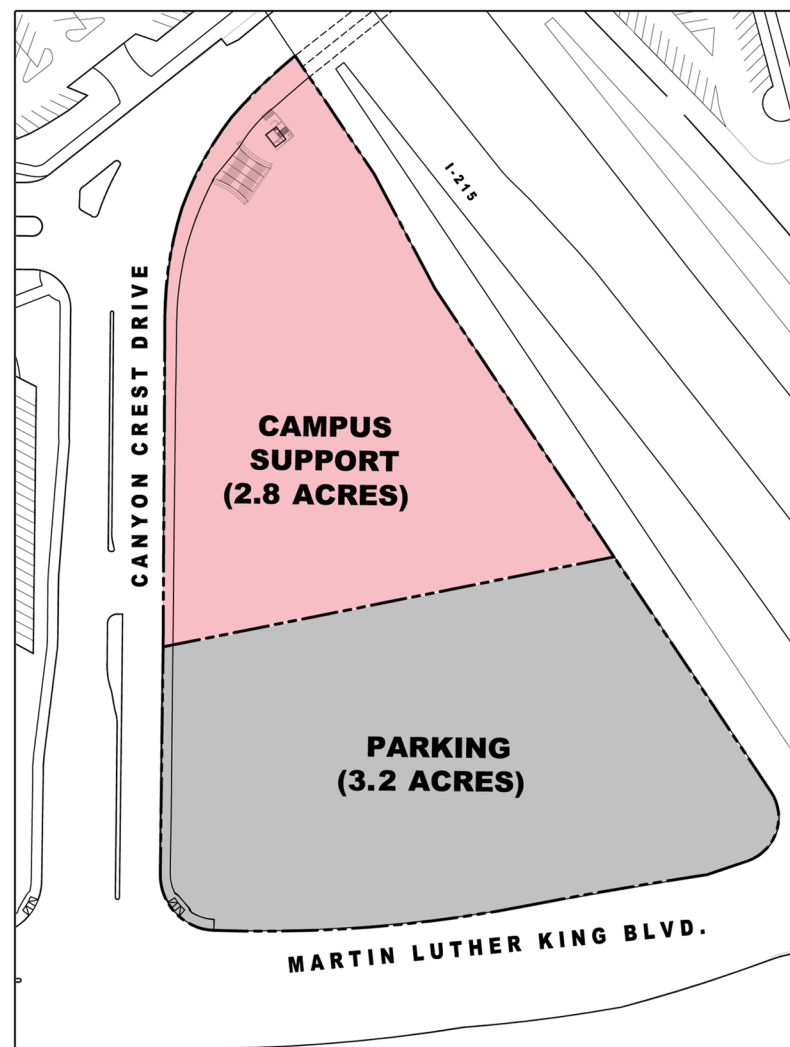
SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 November 2008		
	Month(s) Presented or Mailed to Regents	Comments
<u>Annual Report on the Net Fee Income Received as Owner of a Limited Liability Company Managing a Department of Energy National Laboratory and Expenditures Made Therefrom</u>	<u>November</u>	Moved from DOE Oversight to Finance with revised reporting cycle to conform to current practice
COMMITTEE ON GROUNDS AND BUILDINGS		
Budget for State Capital Improvements	November	
University of California Five-Year Capital Program Non-State and State Funds	November	Non-State Funds Projects to be moved to Ten-Year Campus Report
<u>Annual Report on Campus' Ten-Year Capital Financial Plans</u>	<u>November</u>	New report added November 2008
Annual Report on Green Building, Clean Energy, and Sustainable Transportation Policy	January	
<u>Annual Report on Major Capital Projects Implementation Report</u> (mbm*)	October	
<u>Annual Report on Chancellor's Residence and Other Capital Projects</u>	September	

SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 November 2008		
	Month(s) Presented or Mailed to Regents	Comments
COMMITTEE ON HEALTH SERVICES		
Activity and Financial Status Report on Hospitals and Clinics (<i>mbm</i> *)	January March May June July November	
Annual Report on Corporate Compliance (<i>mbm</i>)	January	Expanded and moved to Compliance and Audit
Annual Report on HIPAA/Privacy Issues (<i>mbm</i>)	January	Eliminate separate report and incorporate into Annual Report on Compliance
COMMITTEE ON INVESTMENTS		
Annual Report of the Treasurer	November	
Annual Endowment Investment Report	February	
COMMITTEE ON THE OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES		
Report on Department of Energy Laboratories	January	Eliminate
Annual Report of the President's Council on the National Laboratories	June	Eliminate

SCHEDULE OF REPORTS TO THE REGENTS [Pursuant to Bylaw 16.8(a)] Amended March 2008 November 2008		
	Month(s) Presented or Mailed to Regents	Comments
Annual Report on the Net Fee Income Received as Owner of a Limited Liability Company Managing a Department of Energy National Laboratory and Expenditures Made Therefrom	September	Moved from DOE Oversight to Finance
<u>COMMITTEE ON LONG RANGE PLANNING</u>		
<u>Annual University of California Accountability Report</u>	<u>May</u>	New accountability report to reflect the President's focus
<u>Annual Accountability Sub-Report on the Research Enterprise</u>	<u>November</u>	New accountability report to reflect the President's focus
<u>Annual Accountability Sub-Report on University Private Support</u>	<u>January</u>	New accountability report to reflect the President's focus



2005 LRDP LAND USE PLAN



AMENDED LRDP LAND USE PLAN

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

INVESTMENT POLICY STATEMENT



Originally approved [September 17, 2008](#)~~March 19, 2008~~
This version dated [November 12, 2008](#)~~September 17, 2008~~

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

APPENDIX 1

Effective: ~~December 1, 2008~~ ~~October 1, 2008~~

Replaces Version Effective: ~~October 1, 2008~~ ~~July 1, 2008~~:

ASSET ALLOCATION, PERFORMANCE BENCHMARKS, AND REBALANCING POLICY

Based on the risk budget for the Retirement Fund, the Committee has adopted the following asset allocation policy, including asset class weights and ranges, benchmarks for each asset class, and the benchmark for the total Retirement Fund.

Criteria for including an asset class in the strategic policy include:

- Widely recognized and accepted among institutional investors
- Has low correlation with other accepted asset classes
- Has a meaningful performance history
- Involves a unique set of investors.

The Current Policy Allocation recognizes the current underinvestment in illiquid asset classes (private equity and real estate) and the corresponding need to set rebalancing ranges around this effective policy allocation until such time as long-term policy weights in these classes are achieved. The allowable ranges for each asset class and in total have been chosen to be consistent with budgets and ranges for total and active risk (see [Appendix 2](#)).

A. Strategic Asset Allocation and Ranges

	Long-Term Target Allocation	Current Policy Allocation	<u>Allowable Ranges</u>	
			<u>Minimum</u>	<u>Maximum</u>
U.S. Equity	23%	34.5%	29	39
Developed Non US Equity	22	22	19	25
Emerging Mkt Equity	5	4	1	7
Global Equity	5	2	0	5
US Fixed Income	12	12	9	15
High Yield Fixed Income	3	3	0	6
Non USD Fixed Income	3	3	0	6
Emerging Mkt Fixed Income	3	3	0	6
TIPS	6	6	3	9
Private Equity	6	4	1	7
Real Estate	7	3	0	6
Absolute Return Strategy	5	3.5	0	6
Liquidity	0	0	0	10
	100%	100%		
Combined Public Equity	55	62.5	55	69
Combined Fixed Income	27	27	22	32
Combined Alternatives	18	10.5	5	15

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

B. Asset Class Performance Benchmarks

The Committee has adopted the following performance benchmarks for each asset class. Criteria for selection of a benchmark include:

- Unambiguous: the names and weights of securities comprising the benchmark are clearly delineated
- Investable: the option is to forego active management and simply replicate the benchmark
- Measurable: it is possible to readily calculate the benchmark's return on a reasonably frequent basis
- Appropriate: the benchmark is consistent with the Committee's investment preferences or biases
- Specified in Advance: the benchmark is constructed prior to the start of an evaluation period
- Reflects Current Investment Opinion: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction

<u>Asset Class</u>	<u>Benchmark</u>
U.S. Equity	Russell 3000 Tobacco Free Index
Developed Non US Equity	MSCI World ex-US (Net Dividends) Tobacco Free
Emerging Mkt Equity	MSCI Emerging Market Free (Net Dividends)
Global Equity	MSCI All Country World Index Net – IMI – Tobacco Free
Fixed Income	Citigroup Large Pension Fund Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index
Non USD Fixed Income	Citigroup World Government Bond Index ex-US
Emg Mkt Fixed Income	33% times JP Morgan Emerging Market Bond Index – Global Diversified, plus 67% times the JP Morgan Global Bond Index – Emerging Markets – Global Diversified
TIPS	Lehman Brothers TIPS Index
Absolute Return Strategy	1 Month T Bill + 450 bp
Private Equity	N/A (see below note 2)
Real Estate	Public: 50% times the FTSE EPRA NAREIT US Index plus 50% times the FTSE EPRA NAREIT Global ex-US Index Private (core strategies): NCREIF Property Index Private (non-core strategies): N/A (see below note 3)

Notes on asset class benchmarks:

1. Global Equity: The Treasurer will determine what constitutes a tobacco company based on standard industry classification of the major index providers (e.g., Russell, MSCI) and communicate this list to investment managers annually and whenever changes occur.
2. Private Equity: *Long-term* portfolio returns will be compared to investable public equity alternatives as well as non-investable peer group indices. There is no appropriate market benchmark to use for *short-term* performance evaluation or decision making.
3. Private Real Estate (non-core strategies only): similar to Private Equity

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

C. Total Retirement Fund Performance Benchmark

This is the composition of the total Fund performance benchmark referred to in the Investment Policy Statement, Part 4(d). The percentages below add to 100%.

<u>Percentage</u>	<u>Benchmark</u>
45% <u>[A]</u> <u>34.5</u>	× Russell 3000 Tobacco Free Index
22%	× MSCI World ex-US (Net Dividends) Tobacco Free
4%	× MSCI Emerging Market Free (Net Dividends)
2%	× MSCI All Country World Index Net – IMI – Tobacco Free
12%.	× Citigroup Large Pension Fund Index
3%	× Merrill Lynch High Yield Cash Pay Index
3%	× Citigroup World Government Bond Index ex-US
3%	× 33% times JP Morgan Emerging Market Bond Index – Global Diversified, plus 67% times the JP Morgan Global Bond Index – Emerging Markets – Global Diversified
6%	× Lehman Brothers TIPS Index
Actual Weight [A.R.] <u>3.5%</u>	× 1 Month T Bill + 450 bp
Actual Weight [P.E.] <u>4%</u>	× Actual return of private equity portfolio
<u>3%</u>	× <u>Aggregate Real Estate benchmark (see section B, with components weighted by their actual weights within the total real estate portfolio)</u>
Actual Weight [public R.E.]	× 50% times the FTSE EPRA NAREIT US Index plus 50% times the FTSE EPRA NAREIT Global ex-US Index
Actual Weight [core private R.E.]	× NCREIF Property Index (lagged 3 Months)
Actual Weight [non-core private R.E.]	× Actual return of private real estate portfolio
—where—	
[A] = Actual A.R. Weight + Actual P.E. Weight + Actual Total R.E. Weight	

Notes on total fund benchmark:

1. The benchmark for private equity is replaced by the private equity portfolio's actual performance. This has the effect of neutralizing the active performance of this class for purposes of total fund performance evaluation.

~~2. The total fund benchmark contains the actual weights of Absolute Returns, Private Equity and Real Estate, rather than their policy weights. This is in recognition of the difficulty in quickly increasing or decreasing allocations in these illiquid asset classes. The difference between policy and actual weight is added to the US equity percentage, as shown. Thus the percentage to US Equity = 34.5% + 3.5% (abs. return) + 4% (private equity) + 3% (real estate) = 45%.~~

23. The calculation of the total fund benchmark will assume a monthly rebalancing methodology.

34. In the event of a significant change in asset allocation, The Regents' generalist consultant may specify an alternative weighting scheme to be used during a transition period.

**UNIVERSITY OF CALIFORNIA RETIREMENT PLAN
INVESTMENT POLICY STATEMENT**

D. Rebalancing Policy

There will be periodic deviations in actual asset weights from the long-term/current policy asset weights specified above. Causes for periodic deviations are market movements, cash flows, and varying portfolio performance. Significant movements from the asset class policy weights will alter the intended expected return and risk of the Fund. Accordingly, the Investment Committee authorizes the Treasurer to rebalance the Fund when necessary to ensure adherence to the Investment Policy.

The Treasurer will monitor the actual asset allocation at least monthly. The Committee directs the Treasurer to take all actions necessary, within the requirement to act prudently, to rebalance assets to within the policy ranges in a timely and cost effective manner when actual weights are outside the prescribed ranges. The Treasurer may utilize derivative contracts (in accordance with Appendix 4) to rebalance the portfolio.

The Treasurer shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. With approval from the Chair of the Committee, the Treasurer may delay a rebalancing program when the Treasurer believes the delay is in the best interest of the Plan. Results of rebalancing will be reported to the Committee at quarterly meetings.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT



Originally approved [September 17, 2008](#)~~March 19, 2008~~
This version dated [November 12, 2008](#)~~September 17, 2008~~

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

APPENDIX 1

Effective: ~~October~~ December 1, 2008

Replaces Version Effective: October 1, 2008 ~~July 1, 2008~~

ASSET ALLOCATION, PERFORMANCE BENCHMARKS, AND REBALANCING POLICY

Based on the risk budget for the GEP, the Committee has adopted the following asset allocation policy, including asset class weights and ranges, benchmarks for each asset class, and the benchmark for the total GEP.

Criteria for including an asset class in the strategic policy include:

- widely recognized and accepted among institutional investors
- has low correlation with other accepted asset classes
- has a meaningful performance history
- involves a unique set of investors

The Current Policy Allocation recognizes the current under-investment in illiquid asset classes (private equity and real estate) and the corresponding need to set rebalancing ranges around this effective policy allocation until such time as long-term policy weights in these classes are achieved. The allowable ranges for each asset class and in total have been chosen to be consistent with budgets and ranges for total and active risk.

A. Strategic Asset Allocation and Ranges

	Long-Term Target <u>Allocation</u>	Current Policy <u>Allocation</u>	<u>Allowable Ranges</u>	
			<u>Minimum</u>	<u>Maximum</u>
U.S. Equity	18%	19%	14	24
Developed Non US Equity	17	18	15	21
Emerging Mkt Equity	5	5	2	8
Global Equity	5	2	0	5
US Fixed Income	5	8	5	11
High Yield Fixed Income	2.5	3	0	6
Non USD Fixed Income	2.5	2.5	0	6
Emerging Mkt Fixed Income	2.5	3	0	6
TIPS	2.5	4	1	7
Absolute Return	23.5	23.5	20	26
Private Equity	9	7	4	10
Real Estate	7.5	5	2	8
Liquidity	0	0	0	10
	100%	100%		
Combined Public Equity	45	44	37	51
Combined Fixed Income	15	20.5	15	25
Combined Alternatives	40	35.5	30	40

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

* Alternatives category including, but not limited to: Real Estate, Private Equity, and Absolute Return Strategies

B. Asset Class Performance Benchmarks

The Committee has adopted the following performance benchmarks for each asset class. Criteria for selection of a benchmark include:

- Unambiguous: the names and weights of securities comprising the benchmark are clearly delineated
- Investable: the option is to forego active management and simply replicate the benchmark
- Measurable: it is possible to readily calculate the benchmark's return on a reasonably frequent basis
- Appropriate: the benchmark is consistent with The Committee's investment preferences or biases
- Specified in Advance: the benchmark is constructed prior to the start of an evaluation period
- Reflecting Current Investment Opinion: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction

<u>Asset Class</u>	<u>Benchmark</u>
U.S. Equity	Russell 3000 Tobacco Free Index
Non US Eq. Devel.	MSCI World ex-US Net Tobacco Free
Emerging Mkt Eq	MSCI Emerging Market Free Net
Global Equity	MSCI All Country World Index Net – IMI – Tobacco Free
Fixed Income	Lehman Aggregate Bond Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index
Non USD Fixed Income	Citigroup World Government Bond Index ex-US
Emg Mkt Fixed Income	33% times JP Morgan Emerging Market Bond Index – Global Diversified, plus 67% times the JP Morgan Global Bond Index – Emerging Markets – Global Diversified
TIPS	Lehman TIPS Index
Absolute Return	1 Month T-Bill + 450 bp
Private Equity	N/A (see below note 1)
Real Estate	Public: 50% times the FTSE EPRA NAREIT US Index return plus 50% times the FTSE EPRA NAREIT Global ex-US Index return Private (core strategies): NCREIF Property Index, lagged 3 months Private (non-core strategies): N/A (see below note 2)

Notes on asset class benchmarks:

1. Private Equity: *Long term* portfolio returns will be compared to investable public equity alternatives as well as non-investable peer group indices. There is no appropriate market benchmark to use for *short term* performance evaluation or decision making.
2. Private Real Estate (non-core strategies only): similar to Private Equity

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

C. Total GEP Performance Benchmark

This is the composition of the total GEP performance benchmark referred to in the Investment Policy Statement, Part 4(b). The percentages below add to 100%.

<u>Percentage</u>	<u>Benchmark</u>
54.5% [A] <u>19%</u>	× Russell 3000 Tobacco Free Index
18%	× MSCI World ex-US Net Tobacco Free
5%	× MSCI Emerging Market Free Net
2%	× MSCI All Country World Index Net – IMI – Tobacco Free
8%	× Lehman Aggregate Bond Index
3%	× Merrill Lynch High Yield Cash Pay Index
2.5%	× Citigroup World Government Bond Index ex-US
3%	× 33% times JP Morgan Emerging Market Bond Index – Global Diversified, plus 67% times the JP Morgan Global Bond Index – Emerging Markets – Global Diversified
4%	× Lehman TIPS Index
Actual Weight [A.R.] <u>23.5%</u>	× 1 Month T Bill + 450 bp
Actual Weight [P.E.] <u>7%</u>	× Actual return of private equity portfolio
Actual Weight [public R.E.] <u>5%</u>	× <u>Aggregate Real Estate benchmark (see section B, with components weighted by their actual weights within the total real estate portfolio)</u>
× 50% times the FTSE EPRA NAREIT US Index return plus 50% times the FTSE EPRA NAREIT Global ex-US Index return	
Actual Weight [core private R.E.]	× NCREIF Property Index, lagged one quarter
Actual Weight [non-core private R.E.]	× Actual return of private real estate portfolio
—where—	
[A] = Actual A.R. Weight + Actual P.E. Weight + Actual Total R.E. Weight	

Notes on Total Fund benchmark:

1. The benchmark for private equity is replaced by the private equity portfolio's actual performance. This has the effect of neutralizing the active performance of this class for purposes of total fund performance evaluation.

~~2. The total fund benchmark contains the actual weights of Absolute Return Strategies, Private Equity and Real Estate, rather than their policy weights. This is in recognition of the difficulty in quickly increasing or decreasing allocations in these illiquid asset classes. The difference between policy and actual weight is added to the US equity percentage, as shown. Thus the percentage to US Equity = 19% + 23.5% (absolute return) + 7% (private equity) + 5% (real estate) = 54.5%.~~

32. The calculation of the Total Fund benchmark will assume a monthly rebalancing methodology.

**UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
INVESTMENT POLICY STATEMENT**

43. In the event of a significant change in asset allocation, The Regents' generalist consultant may specify an alternative weighting scheme to be used during a transition period.

D. Rebalancing Policy

There will be periodic deviations in actual asset weights from the long-term/current policy asset weights specified above. Causes for periodic deviations are market movements, cash flows, and varying portfolio performance. Significant movements from the asset class policy weights will alter the intended expected return and risk of the GEP. Accordingly, the Investment Committee authorizes the Treasurer to rebalance the GEP when necessary to ensure adherence to the Investment Policy.

The Treasurer will monitor the actual asset allocation at least monthly. The Committee directs the Treasurer to take all actions necessary, within the requirement to act prudently, to rebalance assets to within the policy ranges in a timely and cost effective manner when actual weights are outside the prescribed ranges. The Treasurer may utilize derivative contracts [in accordance with Appendix 4] to rebalance the portfolio.

The Treasurer shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. With approval from the Chair of the Committee, the Treasurer may delay a rebalancing program when the Treasurer believes the delay is in the best interest of the GEP. Results of rebalancing will be reported to the Committee at quarterly meetings.

AMENDED TEXT OF POLICY

Additions shown by underscoring; deletions shown by strikethrough

DIVESTMENT OF UNIVERSITY HOLDINGS IN COMPANIES WITH BUSINESS OPERATIONS IN SUDAN

In light of The Regents' decision of November 2005 to adopt a policy of divestment from a foreign government only when the United States government declares that a foreign regime is committing acts of genocide and The Regents' findings that the U.S. government has determined that there is ongoing genocide in the Darfur region of Sudan, it was recommended that The Regents:

A. Divest all shares of the following nine companies: Bharat Heavy Electricals Ltd., China Petroleum and Chemical Corp. (Sinopec), ~~Nam Fatt Co. Bhd.~~, Oil & Natural Gas Co. Ltd., PECD Bhd., PetroChina Company Ltd., ~~Sudan Telecom Co. Ltd. (Sudatel), Tatneft OAO, and Videocon Industries Ltd.~~, held within separately managed equity portfolios of the University of California Retirement Plan (UCRP) and the General Endowment Pool (GEP). The proposed policy would apply to both indexed and actively managed, publicly-traded equity portfolios

B. Prohibit future purchase of shares in the above ~~nine~~ five companies until such time as the Office of the Treasurer reports to the Committee on Investment that either there is compelling information that a company has materially improved its operation and is no longer thought to be contributing to the suffering in the Darfur region of Sudan, or that the situation in the Darfur region has improved to such a point that the prohibition on investment is no longer thought to be in the best interests of the people of Sudan.

C. Condition implementation of the proposed divestment policy upon enactment by the California legislature and signature by the Governor of legislation providing indemnification for past, present, and future individual Regents, and the University, its officers, agents, and employees, for all costs and defense of any claim arising from the decision to divest.

D. Instruct the Office of the Treasurer to contact the management of several other companies identified by the Sudan Divestment Study Group to ask them to ensure that their business operations in Sudan, while providing beneficial effects for the people of Sudan, do not inadvertently contribute to the campaign of genocide.

E. Instruct the Office of the Treasurer to report on the status of this policy to the Committee on Investments as part of the annual review of the Investment Policies for the UCRP and GEP.

F. Divest all shares held in the nine companies within an 18-month period commencing once indemnification legislation has been enacted.

G. Communicate the decision to divest shares held in the nine companies to the managers of commingled accounts in which assets of the UCRP and GEP are invested, with a request that they consider the University's stand on this issue as they make their investment decisions.

H. Communicate the decision to divest shares held in the nine companies to the Investment Committees of the Campus Foundations so that they may consider adopting similar policies for their Funds.

Deletions shown by strikeout; additions shown by underscore

**POLICY ON SETTLEMENT OF LITIGATION, ~~AND NON-EMPLOYEE CLAIMS, AND~~
SEPARATION AGREEMENTS**

~~That~~ The Regents adopt, ~~effective October 1, 1995,~~ the following Policy on Settlement of Litigation, Claims and Separation Agreements ~~Litigation~~ establishing the settlement authority of The Regents, the President, and the General Counsel and requirements with respect to reporting of settlements and separation agreements.

(1) As used in this Policy, the following terms shall have the meaning specified:

a. "Claim" shall refer to any demand for payment from an entity or individual, including other ~~than~~ a University employee, which is disputed in whole or in part and is made other than through litigation. Commercial negotiations to adjust amounts payable under a contract shall not be treated as "claims."

b. "Litigation" shall refer to legal proceedings in the form of a lawsuit, arbitration proceeding, or internal or external administrative proceeding.

c. "Separation Agreement" shall refer to an agreement with a University employee by which the employee separates from University employment, but which does not involve a "claim" or "litigation," as defined above.

d. "Consideration" shall refer to a monetary commitment on the part of the University, whether in the form of a lump sum cash payment, or compensation for services for a specified term, or individually-negotiated payments for benefits (e.g., COBRA), or a non-monetary commitment on the part of the University; it excludes payments for salary and benefits previously earned by the employee (e.g., earned vacation leave) or continued employment on the same terms as existed prior to the agreement. When consideration is received by the University, it can also be monetary or non-monetary.

(2) Settlement Authority of the President

The President shall have authority to settle claims and to enter into separation agreements when the consideration paid or received by the University ~~shall have~~ has a value ~~not in excess of \$100,000~~ of \$500,000 or less. Settlement of claims or separation agreements when the consideration paid or received by the University exceeds ~~\$50,000~~ \$100,000 shall require the concurrence of the General Counsel. The release provisions of all settlements of claims and separation agreements, regardless of the amount of consideration, shall be in a format approved by the General Counsel. Settlement of claims and separation agreements by the President shall be subject to appropriate funding.

(3) Settlement Authority of the General Counsel

The General Counsel shall have authority to settle claims and litigation when the consideration paid or received by the University ~~shall have~~ has a value ~~not in excess of \$250,000~~ of \$500,000 or less. All litigation settlements shall be reviewed and approved by the General Counsel. Settlement of claims or litigation by the General Counsel shall be subject to appropriate funding.

(4) Reporting of Settlements and Separation Agreements ~~Actions~~

~~The following reports of settlement actions shall be submitted to The Regents:~~

a. Annually by the ~~President~~ General Counsel, all settlements of claims and litigation, and all separation agreements, when the consideration paid or received by the University has a value greater than \$50,000.

b. At each regular meeting of The Regents, ~~by the General Counsel~~ The Regents shall receive a report from the General Counsel of all settlements of claims and litigation, and all separation agreements, when the consideration paid or received by the University has a value ~~between greater than \$50,000~~ \$100,000 and up to \$250,000 ~~\$500,000.~~

c. At each regular meeting of The Regents, ~~by the General Counsel~~ The Regents shall receive a report of all settlements of claims and litigation and all separation agreements approved by the Chairman of the Board and the Chairman of the Committee on Finance pursuant to section 5a. hereof.

(5) Settlement Actions Reserved to The Regents

The following proposals for settlements of claims or litigation or for separation agreements shall be submitted to the Chairman of the Board and the Chairman of the Committee on Finance or to The Regents for prior approval:

a. To the Chairman of the Board and the Chairman of the Committee on Finance, ~~settlements~~ when the consideration to be paid or to be received by the University has a value ~~between~~ greater than \$250,000 \$500,000 and up to \$500,000 \$1,000,000.

b. To The Regents, ~~settlements~~ when the consideration to be paid or to be received by the University has a value in excess of ~~\$500,000~~ \$1,000,000.

c. To The Regents, settlements or separation agreements of any amount involving significant questions of University policy.

d. To The Regents, settlements or separation agreements of any amount with Officers of the University (Standing Order 100.1(a)) and Officers of the Regents (Bylaw 20.1).

All settlement and separation agreement proposals which require approval by either the Chair of the Board and the Chair of the Committee on Finance, or by the full Board, shall be accompanied by the recommendation of the General Counsel and a statement of the applicable fund source.

With regard to faculty members with tenure or security of employment, in the event that a faculty member's resignation and severance compensation is deemed by the President to be in the best interests of the University, pursuant to Standing Order 103.7, any resulting separation or settlement agreement shall be subject to this policy.

**FY09 Lawrence Berkeley National Laboratory
Salary Increases
Requiring UC President Approval**

Attachment 7

Name*	Job Title	Pre 10/1/08 Annual Salary	10/01/08 Annual Salary**	% Increase
Alivisatos,A. Paul	Deputy Laboratory Director	\$350,004	\$357,000	2.00%
Gray, Joe W.	Associate Laboratory Director-Life & Environmental Sciences	\$307,344	\$313,488	2.00%
Krupnick,James T.	Associate Laboratory Director-Chief Operating Officer	\$286,428	\$300,744	5.00%
Siegrist, James L.	Associate Laboratory Director-General Sciences	\$275,268	\$278,016	1.00%
Simon,Horst D.	Associate Laboratory Director- Computational Research	\$288,360	\$293,556	1.80%
Fernandez,Jeffrey A.	Management IV-Chief Financial Officer	\$253,644	\$259,980	2.50%
Totals:		\$1,761,048	\$1,802,784	

*Steven Chu taken to the November 2008 meeting of the Regents

** Note: LBNL Salaries are rounded to the nearest dollar