

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 19, 2009

The Regents of the University of California met on the above date at the Commons, Riverside Campus.

Present: Regents Blum, Cole, De La Peña, Gould, Island, Johnson, Kozberg, Lansing, Makarechian, Reiss, Ruiz, Schilling, Scorza, Shewmake, Varner, Wachter, and Yudof

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, Interim Provost Pitts, Executive Vice President Lapp, Senior Vice President Stobo, Vice Presidents Dooley, Lenz, and Sakaki, Chancellors Bishop, Blumenthal, Drake, Fox, Kang, Vanderhoef, White, and Yang, and Recording Secretary Johns

The meeting convened at 11:55 a.m. with Chairman Blum presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the special meeting of January 14, the meeting of February 5, and the meeting of the Committee of the Whole of February 5, 2009 were approved.

2. REPORT OF THE PRESIDENT

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.]

3. RESOLUTION IN APPRECIATION – JOHN F. HOTCHKIS

Upon motion of Chairman Blum, duly seconded, the following resolution was adopted:

WHEREAS, John F. Hotchkis, carrying on a proud family tradition that for three generations has shown a deep and enduring commitment to the University, has served his beloved Alma Mater with untiring dedication and loyalty as a student, alumnus, and as a member of the Board of Regents, giving richly of himself to the lasting benefit of the University and the people of California; and

WHEREAS, he has served on two separate occasions as a Regent of the University of California, discharging his responsibilities with tremendous enthusiasm and an abiding interest in the welfare of the University and its students; and

WHEREAS, he can well and truly be termed a public-spirited civic leader – one who deeply cares about his fellow man, as manifested by his life-long, faithful, and active support of and participation in many diverse, important causes including service as President and Chairman of the Los Angeles Philharmonic Association and Chairman of the Los Angeles World Affairs Council, as well as membership on the Elizabeth Bixby Janeway Foundation, the Rancho Los Alamitos Foundation, The Music Center Foundation, The Music Center Performing Arts Council, Executive Service Corps of Southern California, Los Angeles County Museum of Art, Teach for America, Big Brothers of Greater Los Angeles, and Planned Parenthood/Los Angeles; and

WHEREAS, during both his terms as a Regent, he participated with great enthusiasm as an active member of numerous standing committees and contributed wise counsel and incisive comment on a broad range of Regental deliberations, most recently as a member of the Regents' Committees on Investments, Long Range Planning, and Oversight of the Department of Energy Laboratories, where his extensive financial and management experience greatly benefited the Regents' discussions and made significant contributions to the future of the University; and

WHEREAS, while we, his friends and colleagues on the Board, are fortunate to have had the opportunity to work with John, benefiting greatly from his professional expertise, his loyalty to this grand institution of higher learning, his keen business acumen, and his wide diversity of interests, the students of the University have been the fortunate beneficiaries of his fervent desire to ensure that there is the necessary assistance made available to attract the finest students from throughout the state regardless of their personal situations; and

WHEREAS, in recognition of his devoted service as a member of the Board of Regents of the University of California, and in the hope that he will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon John F. Hotchkis the title, Regent Emeritus;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express to John F. Hotchkis their sincere appreciation for his dedicated service to the University, their gratitude for the benefits of his counsel, and their admiration for his abiding commitment to the values of higher education;

AND BE IT FURTHER RESOLVED that the Regents direct that a suitably inscribed copy of this resolution be given to John and Joan Hotchkis as an expression of the Board's continuing friendship, gratitude, and warmest good wishes for the future.

Chairman Blum noted that Regent Hotchkis has been associated with the University for half a century; his family has been associated with UCLA for a century. He thanked Regent Hotchkis for his service.

4. REPORT OF THE COMMITTEE ON COMPLIANCE AND AUDIT

Regent Ruiz presented the following from the Committee's meeting of March 4, 2009:

There was one public speaker who addressed the Committee regarding changes to the University's undergraduate admissions policy adopted in February 2009.

There was one action item and four information items.

A. *Approval of External Audit Plan for the Year Ending June 30, 2009*

The President recommended that the scope of the external audit plan for the University for the year ending June 30, 2009, including the expanded external audit coverage of the Lawrence Berkeley National Laboratory, be approved.

PricewaterhouseCoopers (PwC) representative Joan Murphy outlined PwC's objectives for the 2009 audit and its communications plan with the Committee and with management. Ms. Murphy described the audit design, which is based on an assessment of the internal control environment. She noted areas of emphasis in the audit and new matters, such as the recent financial crisis and the implementation of Governmental Accounting Standards Board (GASB) Statement 49, regarding pollution remediation obligations. Due to the lack of a quorum, action on this item was delayed to the next Committee meeting.

B. *Information Technology Security Assessment Results*

Associate Vice President and Chief Information Officer Ernst presented the results of a systemwide self-assessment of compliance with UC electronic information security guidelines in 17 key categories. He discussed three particular areas of focus for the coming year – security education and awareness training, risk mitigation measures, and collection, management, and analysis of log data. Mr. Ernst stressed the need for a systemwide information technology strategic plan and anticipated that the first draft of such a plan would be in place by the end of the calendar year.

C. *Internal Audit Quarterly Report*

University Auditor Reed presented the Internal Audit Activity report for the quarter ended December 31, 2008. He noted the effects of a staffing shortage. While the audit director position at UC Irvine was recently filled, most locations are unable to increase staff. Some locations are amending their work plan and reassessing the highest risk areas in order to avoid carrying over an excessive burden of projects into the 2009-10 fiscal year. Mr. Reed discussed systemwide audits carried out during the quarter on effort reporting and executive compensation.

D. ***Presentation of Audit and Advisory Services, San Francisco Campus***

UCSF Director of Audit Services Abby Zubov presented general facts about the campus and its audit services program. She discussed the services provided by the program, including educational town hall sessions about Statement on Auditing Standards (SAS) 112 requirements and review of general ledger reconciliations. Ms. Zubov outlined challenges for the program, such as recent turnover in UCSF executive leadership and budget and FTE reductions, but noted that the development of translational medicine has provided new funding opportunities and that audit services have become more valuable to departments and areas in transition.

E. ***Ethics and Compliance Program Update***

Chief Compliance and Audit Officer Vacca informed the Committee that she would provide a detailed report on ethics and compliance activities of the last eight months at the May meeting. She presented material on efforts at the medical centers regarding compliance with mandatory anesthesia services procedures and documentation. Ms. Vacca briefly reported on the first systemwide risk council meeting.

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

F. ***Approval of External Audit Plan for the Year Ending June 30, 2009***

The Committee recommended that the scope of the external audit plan for the University for the year ending June 30, 2009, including the expanded external audit coverage of the Lawrence Berkeley National Laboratory, be approved.

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

5. **REPORT OF THE COMMITTEE ON COMPENSATION**

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

A. ***Individual Compensation Actions***

The Committee recommended:

(1) ***Term Appointment Salary and Interim Re-slotting for J. Nicholas Entrikin as Vice Provost – International Studies, Los Angeles Campus***

Approval of the following items in connection with a term appointment for J. Nicholas Entrikin as Vice Provost – International Studies, Los Angeles campus:

- a. Interim re-slotting of the position as recommended by Mercer Human Resource Consulting, currently at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100) to SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- b. Effective March 1, 2009, Mr. Entrikin's acting appointment to this position will conclude and he will begin serving a term appointment in this same position up to June 30, 2011.
- c. Compensation for this term appointment will be based upon Mr. Entrikin's adjusted professorial salary and an 11.5 percent administrative stipend.
 - i. Between March 1 and June 30, 2009, Mr. Entrikin's adjusted faculty salary (\$206,900) plus an amount equivalent to an 11.5 percent administrative stipend (\$23,794) result in a term appointment salary of \$230,694 rounded to \$230,700 annually. This appointment salary is the same as that paid to Mr. Entrikin during his current acting appointment in this position.
 - ii. Between July 1, 2009 and June 30, 2011, Mr. Entrikin's adjusted faculty salary (\$227,590) and an 11.5 percent administrative stipend (\$26,173) result in a term appointment salary of \$253,763 rounded to \$253,800 annually.
- d. 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 to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all

previous oral 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) ***Interim Re-slotting and Appointment Salary for Henry E. Brady as Dean – Goldman School of Public Policy, Berkeley Campus***

Approval of the following items in connection with the appointment of Henry E. Brady as Dean – Goldman School of Public Policy, Berkeley campus:

- a. Interim re-slotting of the position as recommended by Mercer Human Resource Consulting, currently at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100) to SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. Per policy, appointment salary of \$283,200. This represents a 15.0 percent increase in Mr. Brady's July 1, 2009, adjusted faculty salary of \$246,228 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). He will not be eligible for annual merit/equity consideration until October 2010.
- c. This appointment is at 100 percent time and effective July 1, 2009.

Additional items of compensation include:

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

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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) ***Interim Re-slotting, Appointment of and Compensation for John Gary Falle as Associate Vice President – Federal Government Relations, Office of the President***

Approval of the following items in connection with the appointment of and compensation for John Gary Falle as Associate Vice President – Federal Government Relations, Office of the President:

- a. Interim re-slotting of the Associate Vice President – Federal Government Relations at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400), as recommended by Mercer Human Resource Consulting.
- b. Appointment of John Gary Falle as Associate Vice President – Federal Government Relations, Office of the President, at 100 percent time, effective March 23, 2009.
- c. Per policy, a 10.4 percent increase in base salary bringing the annual base salary from \$244,500 to \$270,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- d. Per policy, eligibility to participate in the University's Mortgage Origination Program.

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 Benefit Program.
- Per policy, 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.

(4) ***Stipend Extension for Samuel Hawgood as Acting Dean – School of Medicine, San Francisco Campus***

Approval of the following compensation for Samuel Hawgood as Acting Dean – School of Medicine, San Francisco campus:

- a. As an exception to policy, an extension of the existing stipend (currently approved through June 30, 2009), effective July 1, 2009, through June 30, 2010, or until the effective date of the appointment of a permanent Dean, whichever occurs first, and including up to a three-month transition period. This appointment is at 100 percent time. This represents an exception to policy which allows for an administrative stipend to be paid for up to 12 months.
- b. Per policy, continuation of the existing annual administrative stipend of \$181,425 (94 percent) to increase his current faculty base salary of \$192,300 and his Health Sciences Compensation Plan (HSCP) pay of \$195,475 to an annual salary of \$569,200 (SLCG Grade 114: Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800). This level of compensation is needed in order to provide Dr. Hawgood with a market-appropriate level of total income, in recognition of the necessary reduction of clinical revenue he will realize while he continues temporary administrative Dean's duties and reduces his clinical practice.
- c. The stipend amount of \$181,425 is to remain constant with any and all salary adjustments, inclusive of faculty increases per the approved program's step parameters.

Additional items of compensation include:

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

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) ***Interim Re-slotting and Promotion for John A. Meyer as Vice Chancellor – Resource Management and Planning, Davis Campus***

Approval of the following items in connection with the interim re-slotting of the Vice Chancellor – Resource Management and Planning position due to significant expansion of responsibilities and the promotional increase for John A. Meyer as Vice Chancellor – Resource Management and Planning, Davis campus:

- a. Interim re-slotting of the Vice Chancellor – Resource Management and Planning position from SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) to SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). This interim re-slotting is a result of a significant reorganization and is consistent with the recommendation of Mercer Human Resource Consulting and will be effective upon Regental approval.
- b. Per policy, a promotional salary adjustment of \$44,700 (22.3 percent) from \$200,200 to \$244,900 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). This salary amount is consistent with new Senior Management Group (SMG) policy that indicates that salaries will be within the salary range. Mr. Meyer, in response to the significant fiscal constraints at the campus and throughout UC, will forgo the increase in salary for a period of no less than one year, until March 1, 2010, waiving the right to any claims pertaining to this increase during this period. The Chancellor, in consultation with Mr. Meyer, will assess the situation again in 2010 to determine if further deferral of the effective date for his promotional increase is appropriate or if the promotional increase will be processed effective March 1, 2010, or later.

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, continuation of 5 percent monthly contribution to the Senior Management Supplemental Benefit Plan.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. 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) ***Change in Senior Management Group Title for Susan J. Rayburn as Chief Contracting Officer – UC Irvine Healthcare, Irvine Campus***

Approval of the following item in connection with a change in working title for Susan J. Rayburn as Chief Contracting Officer – UC Irvine Healthcare, Irvine campus. Her current working title is Executive Director, Clinical Enterprise Contracting.

- a. Change in working title from Executive Director, Clinical Enterprise Contracting to Chief Contracting Officer – UC Irvine Healthcare. There is no salary action associated with this title change.
- b. Pending approval by the Regents, effective December 1, 2008.

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 a 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, continuation of eligibility to participate in the Clinical Enterprise Management Recognition Plan – up to 20 percent.

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) ***Interim Slotting for Department Manager – Obstetrics, Gynecology and Reproductive Sciences and the Center of Excellence in Women's Health, School of Medicine, San Francisco Campus***

Approval of the following interim slotting for Department Manager – Obstetrics, Gynecology, and Reproductive Sciences and the Center of Excellence in Women's Health, School of Medicine, San Francisco campus:

- a. Interim slotting at SLCG Grade 105 (Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400) as recommended by Mercer Human Resource Consulting.

- b. Effective March 1, 2009.

This recommendation will be released to the public immediately following approval by the Regents.

(8) ***Interim Slotting for Department Manager – Radiology and Biomedical Imaging, School of Medicine, San Francisco Campus***

Approval of the following interim slotting for Department Manager – Radiology and Biomedical Imaging, School of Medicine, San Francisco campus:

- a. Interim slotting at SLCG Grade 105 (Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400) as recommended by Mercer Human Resource Consulting.

- b. Effective March 1, 2009.

This recommendation will be released to the public immediately following approval by the Regents.

(9) ***Interim Slotting for Department Manager – Psychiatry/Langley Porter Psychiatric Hospital and Clinics, School of Medicine, San Francisco Campus***

Approval of the following interim slotting for Department Manager – Psychiatry/Langley Porter Psychiatric Hospital and Clinics, School of Medicine, San Francisco campus:

- a. Interim slotting at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100) as recommended by Mercer Human Resource Consulting.

- b. Effective March 1, 2009.

This recommendation will be released to the public immediately following approval by the Regents.

(10) ***Interim Slotting for Department Manager – Pediatrics, School of Medicine, San Francisco Campus***

Approval of the following interim slotting for Department Manager – Pediatrics, School of Medicine, San Francisco campus:

- a. Interim slotting at SLCG Grade 105 (Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400) as recommended by Mercer Human Resource Consulting.
- b. Effective March 1, 2009.

This recommendation will be released to the public immediately following approval by the Regents.

(11) ***Interim Slotting for Director – Information Technology-Infrastructure Services, Medical Center, San Francisco Campus***

Approval of the following interim slotting for Director – Information Technology-Infrastructure Services, Medical Center, San Francisco campus:

- a. Interim slotting at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) as recommended by Mercer Human Resource Consulting.
- b. Effective March 1, 2009.

This recommendation will be released to the public immediately following approval by the Regents.

(12) ***Interim Slotting for Vice Provost – Education Partnerships, Office of the President***

Approval of the following interim slotting for Vice Provost – Education Partnerships, Office of the President:

- a. Slotting of the new Senior Management Group position of Vice Provost – Education Partnerships at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400), as recommended by Mercer Human Resource Consulting.
- b. Effective upon approval of the Regents.

This recommendation will be released to the public immediately following approval by the Regents.

B. ***Approval of Interim Slotting and Compensation for Peter J. Taylor as Executive Vice President and Chief Financial Officer, Office of the President***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Peter J. Taylor as Executive Vice President and Chief Financial Officer, Office of the President:

- (1) Slotting of the new Senior Management Group position of Executive Vice President and Chief Financial Officer at SLCG Grade 113 (Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100), as recommended by Mercer Human Resource Consulting.
- (2) Base salary of \$400,000 (SLCG Grade 113: Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100).
- (3) Per policy, reimbursement of actual and reasonable costs associated with temporary living expenses not to exceed \$15,000 over a period of three months.
- (4) Per policy, two round-trip coach class airfare trips, plus reasonable accommodation expenses to assist with house-hunting, subject to the limitations under policy for the candidate and his spouse/partner.
- (5) Per policy, 100 percent reimbursement of actual and reasonable relocation expenses, to be completed within one year of assuming the position of Executive Vice President and Chief Financial Officer.
- (6) Per policy, a relocation allowance of 16 percent (\$64,000) of base salary, subject to a repayment schedule if Mr. Taylor elects to have the payment made in a lump sum and resigns in the first four years of appointment. If paid in a lump sum, the repayment schedule would be as follows: 100 percent if resignation occurs within the first year of employment, 60 percent within the second year of employment, 30 percent within the third year of employment, and 10 percent within the fourth year of employment.
- (7) Per policy, eligibility to participate in the University's Mortgage Origination Program.
- (8) Per policy, an automobile allowance in the amount of \$8,916 per annum.

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 Benefit Program.
- Per policy, 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.

C. ***Approval of Compensation for Daniel M. Dooley as Senior Vice President – External Relations, Office of the President***

The Committee recommended approval of the following item in connection with the appointment of Daniel M. Dooley as Senior Vice President – External Relations, Office of the President:

Per policy, effective March 1, 2009, an appointment salary of \$370,000 (SLCG Grade 111: Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100). There is no change in the total compensation for Mr. Dooley, as this new salary is the equivalent of Mr. Dooley's stipend and base salary for his interim role. This amount is consistent with new Senior Management Group policy that dictates that appointment salaries will be within the salary range.

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 \$8,916 per annum.
- Per policy, continued participation in the Mortgage Origination Loan Program.
- 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.

D. *Approval of Emeritus Status and Compensation-Related Items for Larry N. Vanderhoef as Professor Above Scale, Davis Campus*

The Committee recommended approval of the following items for Larry N. Vanderhoef as Professor Above Scale, at 100 percent time, Davis campus:

- (1) Per policy, for the period July 1, 2009, through June 30, 2010, continuation of administrative salary of \$315,000 per annum while he is on paid administrative leave in lieu of sabbatical leave. This is Chancellor Vanderhoef's current base salary as Chancellor, and is consistent with the provisions of Academic Personnel Policy 758-0 B.(2), which govern these types of leaves. This one-year administrative leave is contingent upon Mr. Vanderhoef returning to a tenured faculty position for a minimum of one year at the completion of this leave.

After a long period of administrative service, Chancellor Vanderhoef will spend the leave retooling his laboratory and attending to other academic requirements as appropriate, including University, community, and public service. In addition, Mr. Vanderhoef will begin writing a book tentatively entitled "Chapters Along the Way", speaking to experiences in higher education leadership.

- (2) Per policy, conferral of the title of Chancellor Emeritus in recognition of Mr. Vanderhoef's extensive service to the University as Chancellor of the Davis campus.

Additional items include:

- Per policy, payment of reasonable and customary moving expenses from his University offices and the University-provided housing to his personal residence. These expenses are estimated at approximately \$7,500.
- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

The Davis campus will provide Chancellor Emeritus Vanderhoef with the following, consistent with policies and practices:

- Offices on campus for Chancellor Emeritus Vanderhoef and his staff.
- Staff consisting of an executive assistant, with estimated annual salary expense of approximately \$91,000, not including benefits.
- A non-salary operating budget of \$39,000 for fiscal year 2009-10 consisting of:
 - Approximately \$14,000 in general office expenses.
 - Approximately \$18,000 in international travel-related expenses in support of Chancellor Emeritus Vanderhoef's continuing work in

Asia, including Iran, developing student and faculty exchange programs.

- Approximately \$7,000 in domestic travel-related expenses.
- Required equipment and equipment upgrades for the campus office.
- Continued use of home office equipment for the Chancellor Emeritus. Upgrades to this equipment will be the responsibility of the Chancellor Emeritus.

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.

E. ***Approval of Emeritus Status and Compensation-Related Items for J. Michael Bishop, M.D., as Professor Above Scale, San Francisco Campus***

The Committee recommended approval of the following items for J. Michael Bishop, M.D., as Professor Above Scale, at 100 percent time, San Francisco campus:

- (1) Per policy, for the period July 1, 2009, through June 30, 2010, continuation of administrative salary of \$402,200 per annum while he is on paid administrative leave in lieu of sabbatical leave. This is Chancellor Bishop's current base salary as Chancellor, and is consistent with the provisions of Academic Personnel Policy 758-0 B.(2), which govern these types of leaves. This one-year administrative leave is contingent upon Mr. Bishop returning to a tenured faculty position for a minimum of one year at the completion of this leave. After a long period of administrative service, Chancellor Bishop will spend the leave attending to other academic requirements as appropriate, including University, community, and public service.
- (2) Per policy, conferral of the title of Chancellor Emeritus in recognition of Mr. Bishop's extensive service to the University as Chancellor of the San Francisco campus.

Additional items include:

- Per policy, payment of reasonable and customary moving expenses from his University offices and the University-provided housing to his personal residence. These expenses are estimated at approximately \$10,000.
- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

The compensation described above shall constitute the University's total

commitment until modified by the Regents and shall supersede all previous oral 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.

F. ***Amendments to Freeze of Senior Management Group Salaries and Suspension of Bonus and Certain Other Variable Pay Plans***

The Committee recommended that the *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans*, approved at the January 2009 Special Meeting of the Regents, be amended to add the following section, which section shall replace and supersede in all respects section 5 of the January 2009 proposal. In all other respects the January 2009 proposal shall remain as approved in January.

New Subparagraph 5 of the Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans

5. Payments for staff participants that are currently pending from fiscal years 2007-08 and any payments attributable to fiscal year 2008-09 in all bonus, incentive or variable pay plans other than the plans addressed in paragraph 4, are subject to the following action:
 - a. For SMG members, all pending bonus payments for fiscal year 2007-08 and any such payments attributable to fiscal year 2008-09 and 2009-10 are cancelled.
 - b. For non-SMG members whose total cash compensation is above \$205,000, all pending bonus payments for fiscal year 2007-08 are cancelled.
 - c. For all staff members, consideration of any incentive or variable pay plan payments for fiscal year 2007-08 will be deferred until the end of fiscal year 2009-10, at which time this suspension will be reviewed.
 - d. For all staff members, consideration of any incentive or variable pay plan payments attributable to fiscal years 2008-09 and 2009-10 will be deferred until the end of fiscal year 2009-10, at which time this suspension will be reviewed.

If legal or contractual obligations are identified that require processing of a payout, the Regents' approval will be required.

G. ***Proposed Revisions to Senior Management Group Salary and Appointment Policy***

The Committee recommended approval of the changes to the Senior Management Group Policy on Salary and Appointment, as shown in Attachment 1.

The Regents will have the authority to approve any policy revisions upon recommendation by the President. As described in the Approval Authority section of each of the SMG policies, the Responsible Officer, e.g., Executive Vice President – Business Operations, may apply appropriate interpretations to clarify policy, provided that the interpretations do not result in substantive changes to the underlying policy. The Department of Human Resources and Benefits, Office of the President, will work with the Responsible Officer to implement this policy.

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 March 18, 2009:

A. ***Establishment of a School of Nursing, Davis Campus***

The Committee recommended that, effective immediately, Section 15 (a) of the Regents' provisions as covered under Standing Order 110.1 – Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, be amended as follows:

Additions shown by underscoring

15. Professional Schools

- (a) There are established the following schools, with curricula based on two or more years of undergraduate work:

School of Nursing, at Davis, with curricula leading to the degrees of Bachelor of Science (B.S.), Master of Science (M.S.), and Doctor of Philosophy (Ph.D.).

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

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

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

A. ***Proposed Continuation of Life-Safety Fee, Berkeley Campus***

The Committee recommended that the life-safety portion of the Berkeley Campus Fee continue at its current level for two years, from fall 2009 through spring 2011, with the following specifications:

- (1) All students enrolled at the Berkeley campus during the regular academic year be assessed a mandatory life-safety portion of the Berkeley Campus Fee of \$46.00 per student per term from fall 2009 through spring 2011.
- (2) Students enrolled in summer 2010 be assessed a mandatory life-safety portion of the Berkeley Campus Fee at \$23.00 per student.
- (3) One-third of the fee be used for financial aid purposes.

B. ***Endorsement of Proposition 1A on May 19, 2009 Statewide Special Election Ballot***

The Committee recommended that the Regents endorse Proposition 1A on the May 19, 2009 Statewide Special Election ballot. Proposition 1A is a budget stabilization measure approved by the Legislature and the Governor as part of the Special Session budget package. It establishes a “rainy day” reserve fund, extends tax increases that were part of the budget stabilization package, and makes other modifications to the State budget process.

The Committee further recommended that the Regents direct the President to inform University of California constituents and supporters of the benefit to the University, consistent with what is allowable under State law, Regental policy, and Presidential authority.

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

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

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

A. ***Delegation of the Project Checklist for Implementation of the Pilot Phase of the Redesigned Process for Capital Projects***

The Committee recommended that authority be delegated to the President to develop a project checklist for use in the implementation of the Pilot Phase of the Redesigned Process for capital projects.

B. *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 as follows:

From: Systemwide: 2009-2011 Statewide Energy Partnership Program projects – preliminary plans – not to exceed \$2.0 million.

To: Systemwide: 2009-2011 Statewide Energy Partnership Program – preliminary plans, working drawings, construction, equipment – \$247,367,204 to be funded from external financing (\$178,018,202), campus funds (\$7,916,946), and energy efficiency incentive payments from investor-owned and publicly-owned utilities (\$61,432,056).

Deletions shown by strikeout; additions by underscore

- (2) The President to be authorized to obtain external financing not to exceed ~~\$2,000,000~~ \$178,018,202 to finance the 2009-2011 Statewide Energy Partnership Program. The President requires that:
- 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;~~
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 following fund sources: State operating funds (as provided for under terms set forth in Provision 2 of Item 6440-001-0001 of Section 2.00 of the 2008 Budget Act), housing reserves, hospital reserves, athletics reserves, recreational sports reserves, parking reserves, student fee revenues, Garamendi Funds, University Health System revenues, and ASUC and other auxiliary revenues 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 President to be authorized to obtain standby financing not to exceed \$60,032,749 to finance the 2009-2011 Strategic Energy Partnership and 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. Repayment of the standby financing shall be from energy efficiency incentive payments from investor-owned and publicly-owned utilities; in the event that collection is insufficient, the debt service to be paid by each campus and medical center will be from one or more of the following fund sources: State operating funds (as provided for under terms set forth in Provision 2 of Item 6440-001-0001 of Section 2.00 of the 2008 Budget Act), housing reserves, hospital reserves, athletics reserves, recreational sports reserves, parking reserves, student fee revenues, Garamendi Funds, University Health System revenues, and ASUC and other auxiliary revenues.
 - c. The general credit of the Regents shall not be pledged.
- (4) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, East Campus Infill Housing, 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: East Campus Infill Housing – preliminary plans, working drawings, and construction – \$131,671,000, to be funded from housing reserves (\$7,000,000) and external financing (\$124,671,000).
- (2) The President be authorized to obtain external financing not to exceed \$124,671,000 to finance the *East Campus Infill Housing* project. The President requires 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 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 execute all documents necessary in connection with the above.

D. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Health Sciences Biomedical Research Facility 2, San Diego Campus*

The Committee recommended that:

(1) The 2008-2009 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: San Diego: Health Sciences Biomedical Research Facility 2 – preliminary plans (\$4,720,000) to be funded from campus funds.

To: San Diego: Health Sciences Biomedical Research Facility 2 – preliminary plans, working drawings, construction, and equipment \$150,890,000 to be funded from external financing (\$146,890,000) and campus funds (\$4,000,000).

(2) The President be authorized to obtain external financing not to exceed \$146,890,000 to finance the Health Sciences Biomedical Research Facility 2 project. The President requires 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, the San Diego campus' share of the University Opportunity and Education Funds shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

c. The general credit of the Regents shall not be pledged.

(3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Marine Ecosystem Sensing, Observation, and Modeling Laboratory, San Diego 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:

San Diego: Marine Ecosystem Sensing, Observation, and Modeling Laboratory – preliminary plans, working drawings, construction, and equipment – \$25,933,000, to be funded from external financing (\$10,500,000), federal grant funding (\$11,998,000), and campus funds (\$3,435,000).

- (2) The President to be authorized to obtain external financing not to exceed \$10,500,000 to finance the Marine Ecosystem Sensing, Observation, and Modeling Laboratory project. The President requires 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, the San Diego campus' share of the University Opportunity and Education Funds shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (3) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.

F. ***Adoption of Mitigated Negative Declaration and Approval of Design, Revelle College Apartments, San Diego Campus***

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

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring and Reporting Program.
- (3) Approval of the design of the Revelle College Apartments, San Diego 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.]

G. ***Certification of Environmental Impact Report and Approval of Design, North Campus Housing – Phase 2, 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 Findings and Mitigation Monitoring and Reporting Program.
- (3) Approval of the design of the North Campus Housing – Phase 2, San Diego campus.

[The Environmental Impact Report 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.]

H. ***Adoption of Mitigated Negative Declaration and Approval of Design, Davidson Library Addition and Renewal, Santa Barbara Campus***

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

- (1) Adoption of the Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of the Davidson Library Addition and Renewal, 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.]

I. ***Certification of Environmental Impact Report and Approval of the 2009 Long Range Development Plan, Merced Campus***

The Committee recommended that, upon review and consideration of the Environmental Impact Report, the Regents:

- (1) Certify the Environmental Impact Report for the Merced Campus 2009 Long Range Development Plan.
- (2) Adopt the Findings pursuant to the California Environmental Quality Act.
- (3) Adopt the Statement of Overriding Considerations included in the Findings.
- (4) Adopt the Mitigation Monitoring Program for the 2009 Long Range Development Plan.
- (5) Adopt the 2009 Long Range Development Plan, Merced Campus.

[The Environmental Impact Report 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.]

J. *Certification of Environmental Impact Report, Amendment of Long Range Development Plan, and Approval of Design, Northwest Campus Student Housing Infill Project, Los Angeles Campus*

The Committee recommended that, upon review and consideration of the Environmental Impact Report, the Regents:

- (1) Certify the Environmental Impact Report for the 2008 Northwest Housing Infill Project and Long Range Development Plan Amendment.
- (2) Adopt the Mitigation Monitoring Program for the proposed project (2008 Northwest Housing Infill Project and Long Range Development Plan Amendment).
- (3) Adopt the Findings pursuant to the California Environmental Quality Act and adopt the Statement of Overriding Considerations included in the Findings.
- (4) Amend the UCLA 2002 Long Range Development Plan (LRDP), Chapter 3, to reflect campus-wide existing square footage and development allocations as follows:
 - a. Revise the UCLA 2002 LRDP, Appendix B, Tables *List of Buildings*, and *Campus Buildings Total GSF By Zone*, to reflect 2008 conditions and update existing campus baseline square footage to 16,836,004.
 - b. Revise Table 8, *Proposed Development Re-allocation by LRDP Zone*, to reflect the total remaining development allocation

(1,320,615 gsf without the Project; 1,870,615 gsf assuming the proposed Project is approved) for all campus zones combined under the 2002 LRDP, as proposed for amendment by this Item.

- c. Revise Table 15, *Northwest Zone Existing and Proposed Development*, to add 550,000 gsf to accommodate the 2008 Northwest Campus Student Housing Infill Project (2008 NHIP) and to reflect the total development (3,305,079 gsf), existing/under construction (2,651,079 gsf), and remaining development allocation in the Northwest Zone before (654,000 gsf) and after (104,000 gsf) implementation of the proposed 2008 NHIP.
 - d. Revise Table 11, *Campus Services Zone Existing and Proposed Development*, to reflect the total development (431,072 gsf), existing/under construction (420,072 gsf), and remaining development allocation (11,000 gsf) in the Campus Services Zone.
 - e. Revise Table 13, *Core Campus Existing and Proposed Development*, to reflect the total development (7,382,867 gsf), existing/under construction (7,077,702 gsf), and remaining development allocation (305,165 gsf) in the Core Campus Zone.
 - f. Revise Table 14, *Health Sciences Zone Existing and Proposed Development*, to reflect the total development (4,568,653 gsf), existing/under construction (4,294,503 gsf), and remaining development allocation (274,105 gsf) in the Health Sciences Zone.
 - g. Revise Table 16, *Southwest Zone Existing and Proposed Development*, to reflect the total development (1,550,217 gsf), existing/under construction (1,103,917 gsf), and remaining development allocation (446,300 gsf) in the Southwest Zone.
- (5) Amend the UCLA 2002 LRDP, Table 6, *Regular Session On-Campus Population*, to increase the projected campus population (students, faculty and staff) by 2,780 to reflect a new LRDP planning horizon of 2013 (from 2010-11) and the anticipated completion date of the 2008 NHIP.
 - (6) Approve the design of the 2008 Northwest Campus Student Housing Infill Project, Los Angeles campus.

[The Environmental Impact Report 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.]

K. ***Acceptance of 2008-18 Capital Financial Plan and Physical Design Framework and Authorization to Participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects, San Diego Campus***

The Committee recommended that the Regents:

- (1) Accept the 2008-18 Capital Financial Plan and the Physical Design Framework.
- (2) Authorize the San Diego campus to participate in the pilot phase of the redesigned process for capital improvement projects.

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

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

The Committee presented the following from its meeting of February 24, 2009:

A. ***Recommendation to Change Performance Benchmarks for Absolute Return Strategies and Private Real Estate (Open-Ended Funds)***

The Committee recommended that the performance benchmarks for the Absolute Return Strategies and Private Real Estate (Open-Ended Funds) be changed as indicated below, effective March 1, 2009:

Absolute Return Strategies performance measurement benchmark

- Currently: T Bills + 4.5 percent.
- Proposed: $\frac{1}{2}$ HFRX Absolute Returns Strategies Index + $\frac{1}{2}$ HFRX Market Directional Index

Private Real Estate Benchmark for Open-Ended Funds

- Currently: NCREIF Property Index ("NPI")
- Proposed: NCREIF Fund Index – Open-End Core Diversified Equity Index ("NFI-ODCE")

B. ***Benchmark Standards for Private Real Estate Staff***

The Committee recommended that the following benchmark performance standards be adopted for Fiscal Year 2008-09 for the Office of the Treasurer Private Real Estate Staff:

- (1) Entity Performance (10-20 percent)
- (2) Individual / Subjective (20 percent)
- (3) Asset Class / Sector Performance (60-70 percent)

- a. Each segment (REITS, Open End and Closed End Funds) is weighted by actual dollars invested, consistent with other asset classes in the AIP.
- b. Performance hurdles over respective benchmarks for REITS and Open End Funds.
- c. During a transition period during which initial investments are made, performance for the Closed End Funds will be evaluated subjectively using a variety of quantitative and qualitative portfolio metrics.

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

The Committee recommended that the Annual Endowment Report for Fiscal Year 2008 be approved.

D. ***Amendment of Regents' Investment Policy for University of California Campus Foundations and Merger with Policy on Investments of Campus Foundations***

The Committee recommended that the Regents:

- (1) Rescind the *Investment Policy for the UC Campus Foundations*.
- (2) Rescind the *Policy on Investments of Campus Foundations*.
- (3) Adopt the *Investment Policy for the University of California Campus Foundations*, which merges the former *Policy on Investments of Campus Foundations* into a new comprehensive investment policy for campus foundations, as shown in Attachment 2.

E. ***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 3, to add the following four companies to the list of prohibited investments: CNPC Hong Kong, MISC Berhad (Petronas), Lundin Petroleum, and AREF Investment Group.

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

10. REPORT OF THE PRESIDENT: APPOINTMENTS**A. *Appointment of Daniel M. Dooley as Senior Vice President – External Relations, Office of the President***

Following consultation with the appropriate Committees, the President recommended that Daniel M. Dooley be appointed as Senior Vice President – External Relations, Office of the President, effective March 1, 2009. Mr. Dooley will continue to perform the functions of the Vice President – Agriculture and Natural Resources.

B. *Appointment of Peter J. Taylor as Executive Vice President and Chief Financial Officer, Office of the President*

Following consultation with the appropriate Committees, the President recommended that Peter J. Taylor be appointed as Executive Vice President and Chief Financial Officer, Office of the President, at 100 percent time, effective April 6, 2009.

Upon motion of President Yudof, duly seconded, the recommendations of the President were approved.

11. 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) *Stipend for Takeo Hoshi as Acting Dean, Graduate School of International Relations and Pacific Studies, San Diego Campus***

That the following items be approved in connection with the compensation of Takeo Hoshi as Acting Dean, Graduate School of International Relations and Pacific Studies, San Diego campus:

- a. Per policy, a 5.0 percent annual administrative stipend of \$7,200 for an annualized base salary of \$150,950 (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400).
- b. If an adjustment to the professorial base salary is made prior to the termination of this acting role, the 5.0 percent stipend will be recalculated against the new professorial base salary.

- c. This appointment is at 100 percent time and is effective February 1, 2009 through July 31, 2009.

Additional compensation and related items include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured 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) ***Compensation for Helen K. Henry and Gail A. Yokote as Acting Co-University Librarians, Davis Campus***

That the following items be approved in connection with the appointment of Helen K. Henry and Gail A. Yokote as Acting Co-University Librarians, Davis campus:

- a. Per policy, an administrative stipend of 10.0 percent for each employee:
 - i. Helen K. Henry: An administrative stipend of 10.0 percent (\$11,501) to increase Ms. Henry's base salary of \$115,008 for an annualized salary of \$126,509 (SLCG Grade 106: Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
 - ii. Gail A. Yokote: An administrative stipend of 10.0 percent (\$12,498) to increase Ms. Yokote's base salary of \$124,975 for an annualized salary of \$137,473 (SLCG Grade 106: Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
- b. These stipend amounts will be recalculated if the base salary is increased, so the stipend will continue to equal 10 percent of the base salary, at a 100 percent time appointment.
- c. Effective January 1, 2009 through December 31, 2009.

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:

(1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Chilled Water System Improvements Phase 7B, Davis Campus***

Pursuant to Standing Order 100.4(q)

- a. The President, subject to concurrence of the Chair of the Board, and the Chair of the Committee on Grounds and Buildings, be authorized to amend the 2008-09 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Davis: Chilled Water System Improvements Phase 7B – preliminary plans, working drawings, and construction – \$11,925,000 to be funded from external financing.

Pursuant to Standing Order 100.4(nn)

- b. The President be authorized to obtain external financing not to exceed \$11,925,000 to finance the Chilled Water System Improvements Phase 7B project, subject to these terms:
- i. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - ii. As long as the debt is outstanding, the Davis campus' share of the University Education Fund shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - iii. The general credit of the Regents shall not be pledged.

- c. The Officers of the Regents be authorized to execute all documents necessary in connection with the above.
- C. The Vice Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the President of the University concurred in the following recommendation:
 - (1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, UCSF Medical Center at Mount Zion Building “B” Third/Fourth Floor Operating Room Expansion, San Francisco Campus***

Pursuant to Standing Order 100.4(q)

The President, subject to concurrence of the Chair of the Board, and the Chair of the Committee on Grounds and Buildings, be authorized to amend the 2008-09 Budget for Capital Improvements and the Capital Improvement Program as follows:

From: San Francisco: SB 1953 Mount Zion Buildings A, B, and D Seismic Upgrades and Clinical Expansion – preliminary plans – \$13,500,000 to be funded from hospital reserves.

To: San Francisco: SB 1953 Mount Zion Buildings A, B, and D Seismic Upgrades and Clinical Expansion – preliminary plans – \$12,790,000 to be funded from hospital reserves.

To: San Francisco: UCSF Medical Center at Mount Zion Building “B” Third/Fourth Floor Operating Room Expansion – preliminary plans, working drawings, construction, and equipment – \$16,620,000, to be funded from hospital reserves.

12. 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) ***Promotional Increase for Arunava Majumdar as Associate Laboratory Director, Energy and Environmental Sciences, Lawrence Berkeley National Laboratory***

That the following items be approved in connection with the promotional increase for Arunava Majumdar as Associate Laboratory Director, Energy and Environmental Sciences, Lawrence Berkeley National Laboratory:

- a. Per policy, promotional increase to \$274,000 (LBNL Job Code 198.3, Salary Grade N17: Minimum \$265,608, Midpoint \$341,238, Maximum \$416,868) as Associate Laboratory Director, Energy and Environmental Sciences, Lawrence Berkeley National Laboratory. This represents a 19.6 percent (\$44,920) increase to Dr. Majumdar's current total annualized salary of \$229,080.
- b. This appointment is at 100 percent time and is effective February 1, 2009.

Additional items of compensation include:

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

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

The 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) ***Establishment of a New Senior Management Group Position, Associate Laboratory Director, Photon Sciences, Lawrence Berkeley National Laboratory; and Promotional Increase for Roger Falcone as Associate Laboratory Director, Photon Sciences, Lawrence Berkeley National Laboratory***

That the following items be approved in connection with the establishment of a new Senior Management Group position and for the promotional

increase for Roger Falcone as Associate Laboratory Director, Photon Sciences, Lawrence Berkeley National Laboratory:

- a. Establishment of a new Senior Management Group position: Associate Laboratory Director, Photon Sciences, Lawrence Berkeley National Laboratory.
- b. Per policy, promotional increase for Roger Falcone to \$274,000 (LBNL Job Code 198.3, Salary Grade N17: Minimum \$265,608, Midpoint \$341,238, Maximum \$416,868) as Associate Laboratory Director, Photon Sciences, Lawrence Berkeley National Laboratory. This represents a 19.5 (\$44,767) percent increase to Dr. Falcone's current total annualized salary of \$229,233.
- c. This appointment is at 100 percent time and is effective February 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty and as Associate Laboratory Director.

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

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

- (1) ***Authorization to Declare Official Intent of the Regents to Reimburse Capital Outlay Expenditures from the Proceeds of Future Debt Obligations***

That the President or his designee be authorized to declare an official intent of the Regents to reimburse capital outlay expenditures from the proceeds of future tax-exempt or taxable debt obligations issued by the Regents, the State of California, or other state or local entity as shown in Attachment 4.

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

(1) ***Authorization to Sign a Financial Assistance Award with the U.S. Department of Commerce, National Institute for Standards and Technology, on Behalf of the Irvine Campus and to Take Related Actions to Receive Funding***

That the President or his designee be authorized, after consultation with the General Counsel, to execute the grant documents and take such further actions as necessary to carry out the University's obligation under the Agreement, including:

- a. Execution of the Financial Assistance Award with the U.S. Department of Commerce.
- b. Execution of a Joint Venture Agreement ("Agreement") with Earth Mechanics, Inc., Irvine Ranch Water District, Orange County Sanitation District, and Santa Ana Watershed Project Authority.
- c. Execution and delivery of paperwork required to file as a Joint Venture with the Federal Trade Commission and the Department of Justice.
- d. Execution and delivery of such additional, related instruments, certificates, statements, and documents as are reasonably required to obtain the grant.

13. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 16.9, Regents received summaries of communications in reports dated February 2 and March 2, 2009.

14. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

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

To Members of the Committee on Educational Policy

- A. From the President, for both the first and second quarters of the 2009 fiscal year, the Quarterly Report on Private Support, Quarterly Report on Major Donors (gifts of \$1 million and more), and Quarterly Report on Namings and Endowed Chairs approved by the President. (February 27, 2009)

To Members of the Committee on Finance

- B. From the President, the Annual Report on University Employee Housing Assistance Programs for 2007-08. (February 18, 2009)

To Members of the Committee on Health Services

- C. From the President, the Medical Center Activity and Financial Status Report for the five months ended November 30, 2008. (January 27, 2009)
- D. From the President, the Medical Center Activity and Financial Status Report for the six months ended December 31, 2008. (February 27, 2009)

To the Regents of the University of California

- E. From the President, update on the status of the search for the position of Provost/Executive Vice President – Academic Affairs. (January 23, 2009)
- F. From the President, letter and press release notifying of the tentative agreement reached with the American Federation of State, County and Municipal Employees for a five-year contract. (January 28, 2009)
- G. From the President, letter regarding funding for Cal Grant awards. (January 28, 2009)
- H. From the President, letter notifying of the tentative agreement reached with the California Nurses Association. (January 30, 2009)
- I. From the Secretary and Chief of Staff, Legislative Analyst's Office memorandum regarding the freshman eligibility proposal and the UC response. (January 30, 2009)
- J. From the General Counsel, the Office of the General Counsel's Annual Report of Outside Counsel Legal Expenses. (January 30, 2009)
- K. From the President, the Annual Report on Higher Education Compact Performance Measures, 2007-08. (January 30, 2009)
- L. From the Secretary and Chief of Staff, report of communications received subsequent to the January 5, 2009 report of communications. (February 2, 2009)

- M. From the President, letter announcing the retirement of Vice President for Laboratory Management S. Robert Foley effective February 10, 2009. (February 2, 2009)
- N. From the President, letter concerning the State budget and the federal stimulus package. (February 13, 2009)
- O. From the President, letter regarding the University's Budget. (February 17, 2009)
- P. From the President, letter informing of the final actions of the Special Session on the State budget and the impact on the UC Budget. (February 20, 2009)
- Q. From the President, letter sent to Assembly Member Lieu and Assembly Member Tran regarding the Asian Pacific Islander Legislative Caucus' letter concerning the proposal to reform freshman eligibility. (February 24, 2009)
- R. From the President, letter regarding the UCLA chemical fire that occurred in December 2008. (February 27, 2009)

The meeting adjourned at 12:00 p.m.

Attest:

Secretary and Chief of Staff

Senior Management Group Salary and Appointment



Responsible Officer: ~~Associate~~ Vice President–Human Resources ~~and Benefits~~

Responsible Office: Human Resources ~~and Benefits Policy and Program Design~~

Effective Date: ~~January–March~~ 1, 2009

Next Review Date: ~~To be determined~~ [The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years.]

Who Is Covered: Members of the Senior Management Group, including those with underlying academic appointments. [Note: an effort is underway by Academic Advancement to review compensation and related policies and to develop appropriate monitoring and reporting processes for Deans. Until those policies and processes are developed and approved by The Regents, Deans remain in the Senior Management Group and are covered by the applicable SMG policies and procedures.]

CONTENTS

I. Policy Summary

II. Policy Definitions

III. Policy Text

IV. Approval Authority

V. Compliance

Revision History

Implementation Procedures

Related Documents

Frequently Asked Questions

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

I. POLICY SUMMARY

This policy provides direction and authority for appointing and classifying Senior Management Group members and establishing, approving, reviewing and revising any salary and/or Salary Grade changes for Senior Management Group (SMG) members.

II. POLICY DEFINITIONS

Compensable Factors: Information and data specific to a job or position that is used to evaluate against external market data ~~or~~ and internal comparable positions to determine an appropriate Salary Grade.

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

Executive Officer: The University President ~~for the Office of the President~~, Chancellor, or Laboratory Director.

Performance: The fulfillment of job responsibilities and individual goals and objectives assigned to the incumbent.

Salary Grade: One of the classes, levels or groups into which SMG jobs of the same or similar value are grouped for compensation purposes. All jobs in a salary grade have the same pay range: minimum, midpoint, and maximum.

Salary Range: A range of salaries delineated with a minimum, midpoint, and maximum rate of pay assigned to a given Salary Grade. This represents the competitive range of base salaries for the position.

Senior Management Group: Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

Top Business Officer: Executive Vice President Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

A. Salary Grades and Ranges**1. Establishment of Salary Grades**

The University has established a set of salary grades for SMG positions. A position's salary grade is established by:

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

- a. determining the position's key functions, responsibilities, and other compensable factors.
- b. evaluating and comparing the position's compensable factors to relevant market data and internal comparable positions.

A position will undergo a review to determine an appropriate salary grade if the duties change substantially, ~~or if the market changes substantially, or~~ if a new position is created. Salary Grade assignments, including changes to salary grades for SMG positions or the creation of a new SMG position, must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

2. Purpose of Salary Ranges

The salary ranges allow the University to administer and manage the salaries of SMG members in a manner that is competitive with relevant external comparator groups, fosters appropriate internal consistency, and facilitates budget control.

3. Adjustments of Salary Ranges

Salary ranges are reviewed annually and may be adjusted periodically by The Regents to reflect market movement of salaries for comparable positions.

Adjustments to salary ranges do not automatically result in an increase in the salary paid to an SMG member. If the salary ranges are adjusted and an incumbent's salary falls below the minimum of the new salary range, adjustments may be recommended to bring the salary above the minimum, if documented sustained performance and contributions are at or above "*Satisfactory*" levels. Adjustments may be made in one or more transactions over a period of time to bring the salary above the range minimum and are processed in conjunction with the merit and equity process and as part of that budget allocation.

Adjustments to the Salary Ranges must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

4. Position in Salary Range

The University's ability to pay competitively (total compensation) in regional and national marketplaces ultimately affects its ability to attract, motivate and retain the talent necessary to achieve the University's mission. It is the University's objective to offer competitive salary opportunities which are reflected in market competitive salary ranges. A number of factors will be considered to determine appropriate pay and position in the salary range for individuals, including documented sustained performance and contributions, internal peer comparability, external market comparability, scope and breadth of experience and responsibilities, as well as other factors. Please note that there are no automatic salary adjustments for individuals whose pay does not comport with the following guidelines. Any adjustments must be managed through existing programs and protocol, as outlined in Sections B. – J. below.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

Generally, salaries above the minimum and below the midpoint reflect an individual who may be learning the job's requirements and still improving his or her performance and contribution.

Salaries within 10 percent of the midpoint of the assigned salary range generally reflect competitive salaries in the marketplace for a fully competent, knowledgeable individual with documented sustained successful performance.

Salaries above the midpoint and below the maximum generally reflect an incumbent who has significant experience in the position, who is proficient in the required skills, adept at managing the typical responsibilities, and who has documented sustained high levels of performance.

Placement above the salary range maximum may occur in unusual circumstances. Since the salary ranges reflect the full scope of market competitive salary rates for a position, if a proposed salary would be above the range maximum, the position should first be evaluated to ensure the grade assigned to the position reflects an up-to-date, market-competitive range of pay. In situations where a proposed action would place the salary above the range maximum, and the salary range appropriately reflects competitive pay, the specific facts and circumstances of the recommendation would need to be evaluated. In the event an incumbent's base salary exceeds the salary range maximum, the individual's performance reviews, internal and external comparability reviews, and other considerations are to be assessed in conjunction with the justification.

B. Appointments**1. Criteria for Appointment**

SMG positions must be filled through the appointment of applicants who, in the judgment of the hiring authority, possess the qualifications required to perform the duties of the position most effectively.

Refer to the *Policy on Appointment of Chancellors* [link] and the *Procedures for Appointment of Laboratory Directors* [link] for additional appointment information. Procedures for appointment of academic Deans and Provosts are specified in *Academic Personnel Policy 240, Deans and Provosts*. [link]

2. Authority for Individual Appointment

Individual appointments to all SMG positions must be approved by The Regents. Management and Senior Professional (MSP) personnel program members who assume a position in the Senior Management Group will be considered appointees.

3. Authority to Establish or Abolish Senior Management Positions

Establishment or abolishment of SMG positions and assignment of SMG titles must be approved by The Regents.

4. Nature of Appointment

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

An SMG appointee serves at-will and an SMG appointment may be terminated at any time with or without cause. An SMG member's at-will status cannot be altered except by amendment of this policy.

An appointment as an SMG member is normally at 100 percent time. A career appointment may be at less than 100 percent time, but cannot be less than 50 percent time, upon approval of The Regents.

5. Assignment of Titles

A working title must be assigned to each SMG position that conveys the organizational level of the position and the nature and scope of the responsibilities assigned. ~~The Regents provide approval for all SMG titles. The Chancellor, Laboratory Director or Executive Vice President for Business Operations for the Office of the President may approve minor changes to SMG titles. These changes will be reported to the Regents in the standard report of actions.~~ Regents must approve major changes to SMG titles.

6. Appointment Salary

The salary of a newly appointed SMG member should be within the salary range for the position. The position in the salary range, as described in Paragraph 4 Section III.A.4. above, at the time of appointment is based on the following factors:

- a. Prior relevant job experience.
- b. Internal salary equity with similar SMG positions.
- c. Internal appointments should include relevant documented performance assessments and appraisals.
- d. The availability of funding.
- e. Market competitive base salary rates.

Appointment salaries must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

C. *Merit Increase***1. Basis for Merit Increase**

SMG members are eligible for consideration of an annual merit increase in accordance with University procedures and funding. The merit budgeting process will be conducted annually as part of the larger budgeting process for UC. Market assessments will be conducted to determine the competitive position and budget necessary to properly position UC base salaries with its competitors. Allocations will be based on relative need to achieve that market position and to reward employee contributions.

Annual Merit Budgets will be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

The amount of an individual's merit increase award is based on the following factors:

- a. The SMG member's annual written performance appraisal and contributions measured against predetermined goals and objectives.
- b. The SMG member's current position within the salary grade range and his or her salary relative to internal comparable positions.
- c. The availability of approved merit funding.
- d. The SMG member should have an appointment date no later than the first day of the final fiscal quarter (April 1) to be eligible for merit increase consideration. If the appointment occurs on or after April 1, the appointment salary or promotional increase of a SMG member should take into consideration his/her merit and contribution in the former position. Refer to Section III. A.4. of this policy for proper salary placement in the range.

Merit increases must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

2. Performance Appraisal

An SMG member's most recent annual performance appraisal must be at least "*Satisfactory*" in order to receive a merit increase.

3. Merit Increase Timing

The SMG budget and effective date of annual merit increases are established and approved by The Regents each year and communicated systemwide through Human Resources.

D. Promotional Increase

1. Basis for Promotional Increase

A promotion is defined as either a transfer of an SMG member from an existing SMG position to another SMG position at a higher salary grade, or assignment of a higher salary grade to the SMG member's current position to reflect significantly new and higher-level responsibilities. Factors to consider in granting a promotional increase include:

- a. Prior relevant experience, performance which is at least "*Above Expectations*", and demonstrated capability in meeting the new position's requirements.
- b. The recommended salary in relation to the new salary range midpoint. Generally, a promotional increase should position the incumbent's salary below the midpoint if he or she is still learning the job and is not yet fully competent in all aspects of the job requirements. Salaries within 10 percent of the midpoint of the salary range reflect a fully functioning individual with documented sustained successful performance.
- c. The SMG member's recommended salary in comparison with others in the same or a similar position.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

Promotions and/or promotional increases must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

2. Limitation on Promotional Increase

- a. A promotional increase may not be awarded as a substitute for all or part of a merit increase.
- b. An SMG member's most recent annual performance appraisal rating must be at least "*Above Expectations*" to receive a promotional increase.

E. *Equity Increase*

An equity increase may be granted to correct a significant salary inequity in individual circumstances that results from any number of causes, such as rapidly changing external market conditions or a disparity created by new hires in the same or substantially similar jobs who have comparable levels of skills and experience and higher salaries. Equity increases may also be appropriate for individuals whose salary is below the midpoint of their salary range, and whose documented sustained performance is consistently rated at least "*Satisfactory*".

Equity increases must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

When equity funds are made available, they are typically available systemwide once per year. The timing and budget of the annual equity increase program is established and approved by The Regents and communicated systemwide through Human Resources. Equity increases outside the annual program will be reviewed on a case-by-case basis and must be approved by The Regents.

F. *Retention Increase*

Retention increase recommendations are rare and must be based on all of the following factors:

1. The SMG member is considered a finalist for another position, and his/her immediate departure would result in severe operational, service, or functional disruption in accomplishing the mission of the University and;
2. The SMG member's most recent annual performance rating was at least "*Satisfactory*".

Any retention increase recommendation must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

G. *Order of Salary Increases*

If more than one salary increase is effective on the same date, actions are processed in the following order:

1. Apply a merit increase, and then
2. A promotional increase
3. Apply any equity increase based upon the appropriate position in the salary range.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT***H. Potential Transfers Between Locations (campus, Laboratory, Office of the President)***

A potential transfer between locations occurs when an SMG member considers accepting another comparable SMG position at a location other than his/her present location. Any salary action recommendations must be based on the concepts regarding position in the salary range presented in Section III.A.4. of this policy, including documented sustained performance and contributions. In such an event, and following the SMG member's tentative acceptance of the offer from the new location, the SMG member's current location will be provided with an opportunity to meet, but not exceed the wage offer of the new location for a comparable position. This section of the salary administration policy does not apply to situations in which an SMG member is contemplating another position which is not deemed to be comparable to his/her current position (e.g., a promotional opportunity or significant departure from the current position). The intent of this arrangement is to emphasize the career opportunities being presented in each offer and de-emphasize the competing salary offers. The Office of the President will serve as the broker of such transfer considerations and discussions.

Any increases or other actions must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

I. Transfers and Reclassifications Within the Same Location (campus, Laboratory, Office of the President)

A transfer within the same location occurs when an SMG member changes from one position to another position in the same salary grade. While such lateral moves may be valuable to develop skills or enhance future promotion opportunities, typically they are not accompanied by an increase in pay at the time of transfer unless there is a significant increase in position scope and responsibilities and documented sustained performance and contributions are at least "*Satisfactory*".

A reclassification occurs when an incumbent's job changes, with functions added or eliminated, but the majority of the job's functions remain intact. This may or may not result in a grade change. Each situation will be reviewed on a case-by-case basis to determine if a salary increase or decrease is warranted. Documented sustained performance and contributions of at least "*Satisfactory*" are a consideration in such determinations.

Transfer and reclassification salary increases or other actions must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

J. Salary Decrease Upon Reduction in Salary Grade

When an individual transfers from an existing SMG position to another SMG position at a lower salary grade, or when an individual's current SMG position is assigned to a lower salary grade, any recommendation for a salary decrease is at the discretion of the President, Chancellor, or Laboratory Director. Documented sustained performance and contributions of at least "*Satisfactory*" are a consideration in such determinations. Salary decreases must be approved by The Regents in accordance with Section IV. of this policy.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT***K. Temporary Assignments and Administrative Stipends***

An employee may be asked to temporarily assume an SMG position. An SMG member may be asked to temporarily assume an SMG position at a salary grade higher than his/her career appointment. In rare instances, an SMG member may be asked to temporarily assume only a portion of the responsibilities of another SMG position in addition to his/her current responsibilities. In these circumstances, when the temporarily assumed responsibilities are deemed to be *significantly greater in scope and level* and when the employee is held fully accountable for the temporary responsibilities, the individual may receive a stipend so long as their documented performance evaluations warrant the stipend.

These assignments and the accompanying stipends (if appropriate) may be approved for up to twelve months in duration. Extensions of such arrangements constitute an exception to policy and may only be granted in intervals not to exceed twelve additional months. The purpose of such limitations is to ensure that adequate measures are being undertaken to install permanent stewardship of senior leadership positions.

The determination of the stipend amount, if any, must be based upon guidance provided in this policy regarding incumbent range placement. Additionally, the temporary assignment of a faculty member to an SMG position must take into account the adjusted faculty salary which is inclusive of an assumption of [eleven and one-half months of salary \(typically involving the addition of two and one-half summer ninths to a nine month academic appointment\)](#). An administrative stipend must not be included in the determination of the base salary for purposes of calculating an incumbent's merit increase.

Any stipends or other actions must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

L. Salary Restriction

An SMG member who is appointed at 100 percent time must not receive additional cash compensation from an entity managed exclusively by the University (e.g., Lawrence Berkeley National Laboratory, a UC campus, or a UC medical center) for any work or services, regardless of source or type of payment. However, allowable circumstances in which an SMG member may receive additional compensation are as follows:

1. Payments for teaching University Extension courses (UNEX).
2. Administrative stipends payable under Section K. of this policy.
3. Incentive and recognition awards payable in accordance with approved incentive plans and recognition awards provisions described in the [Cash Incentive and Recognition Awards Policy](#) [link]. Health Science Compensation Plan participants are not eligible for additional incentive awards outside of APM 670.
4. Payments and income derived through Outside Professional activities, in accordance with the [Outside Professional Activities Policy](#) [link].

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

5. Academic Deans and Provosts may receive a 1/12 payment for summer research based on their annual SMG salary. In such instances, accrued vacation is forfeited for the year in which the 1/12 compensation for research is received.

Actions or payments as noted above must be approved by The Regents. Refer to Section IV. of this policy for additional information on approval authority.

M. Home Loan Eligibility

Eligibility to participate in the University home loan program, which conforms with all aspects of the home loan policy, may be approved by the Chancellor, Lawrence Berkeley National Laboratory Director or, for the Office of the President, the Executive Vice President Business Operations. Loans with non-standard terms must be approved by the Regents. Program parameters can be viewed at <http://www.ucop.edu/facil/olp/products.html> with further details available from the Director – Office of Loan Programs or the campus or Laboratory Housing Programs Representative.

Eligibility for participation in the University Home Loan Program does not constitute loan approval.

The Regents will be informed of Home Loan activity as follows:

1. The Office of the President, Office of Loan Programs will provide an annual report to the Regents entitled *University of California Annual Report on University Housing Assistance Programs*. This report will include the number, total dollar amount, and average loan amount of loans made to members of the Senior Management Group during the fiscal year.
2. Human Resources will provide eligibility information and the maximum loan amount in the report to the Regents entitled *Bi-monthly Transaction Monitoring Report*.
3. Human Resources will provide information on the current, actual loan amounts in their annual report to the Regents entitled *Annual Report on Executive Compensation*.
4. Home Loan Program eligibility for newly hired Senior Management Group employees will be identified in the original Regents item pertaining to their appointment and compensation.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The ~~Associate~~-Vice President–Human Resources ~~and Benefits~~ is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

The Office of the President Human Resources will work with the Responsible Officer of each policy to implement each policy.

B. Revisions to the Policy

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The ~~Associate~~-Vice President–Human Resources ~~and Benefits~~ has the authority to initiate revisions to the policy, consistent with approval authorities and applicable Bylaws [link] and Standing Orders [link] of The Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the Senior Management Group Compensation Policy Principles and other governance policies.

C. Approval of Actions

The President must endorse and the Regents must approve aAll salary and appointment actions, -including actions within this policy, those that exceed this policy, or those that are not expressly provided for under any policy. must be approved by The Regents.

It is expected that an appropriate compensation study will accompany any request for an SMG member's salary increase.

V. COMPLIANCE**A. Compliance with the Policy**

The Associate Vice President–Human Resources and Benefits is accountable for monitoring compliance with this policy.

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

The ~~Associate~~ Vice President–Human Resources ~~and Benefits~~ is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically audit and monitor compliance to these policies, and results will be reported to senior management and The Regents.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with The Regents' *Guidelines for Corrective Actions Related to Compensation Practices* [link] and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*. [link]

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and The Regents and The Regents at least three times per fiscal year at each Regents' meeting.

REVISION HISTORY

As a result of the issuance of this policy, the following documents are rescinded as of the original effective date of this policy. The effective date of the original policy was intended to be January 1, 2009, but was approved for September 1, 2008:

- Personnel Policies for Senior Managers II-30 (Salary), dated July 1, 1996,
- Personnel Policies for Senior Managers II-21 (Appointment)
- Delegation of Authority 2113 (as it applies to SMG members), dated February 14, 2000

IMPLEMENTATION PROCEDURES

RELATED DOCUMENTS

- *Policy on Appointment of Chancellors* (referenced in Section III.B.1. of this policy)
- *Procedures for Appointment of Laboratory Directors* (referenced in Section III.B.1. of this policy)
- *Academic Personnel Policy 240, Deans and Provosts* (referenced in Section III.B.1. of this policy)
- *Cash Incentive and Recognition Awards Policy* (referenced in Section III.L. of this policy)
- *Outside Professional Activities Policy* (referenced in Section III.L. of this policy)

SENIOR MANAGEMENT GROUP SALARY AND APPOINTMENT

- Bylaws of The Regents [include the specific Bylaws that are applicable] (referenced in Section IV.B. of this policy)
- Standing Orders of The Regents [include the specific Standing Orders that are applicable] (referenced in Section IV.B. of this policy)
- Other Governance Policies (referenced in Section IV.C. of this policy)
- Guidelines for Corrective Actions Related to Compensation Practices (referenced in Section V.B. of this policy)
- Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews (referenced in Section V.B. of this policy)

FREQUENTLY ASKED QUESTIONS

Temporary Assignments and Administrative Stipends

Q: If an employee in the Management and Senior Professional (MSP) personnel program temporarily assumes an SMG position, what personnel program applies to the employee?

A: Individuals serving in an SMG position on an acting or interim basis retain their membership in the personnel program associated with their career appointment. If the employee's career appointment is in the MSP personnel program and the employee agrees to serve in a SMG position on an acting basis, the employee continues to be covered by the provisions of the MSP personnel program.

Definition of "Provost" in Section III L. 5

Q: Is the definition of "Provost" in this section intended to include the College Provost as well as the Campus Provost?

A: Yes.

Definition of "minor" title change in Section III. B. 5

Q: What is the difference between a "minor" and "major" change in title?

A: In general, a major change in title is a change that alters the title prefix; for example, a change from Assistant Vice Chancellor to Vice Chancellor. In general, a minor change in title is a change that alters the title suffix; for example, a change from Assistant Vice Chancellor-Administrative Services to Assistant Vice Chancellor-Administrative Operations. It is possible that a substantial change to the title suffix could constitute a major change.

Additions shown by underscoring; deletions shown by strikethrough

INVESTMENT POLICY FOR THE UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS

The Regents authorize the Committee on Investments to review the investment policies and practices of campus foundations and conduct an annual review of statements of investment policy and reports of investment performance in a format approved by the Committee on Investments, together with the annual financial reports of campus foundations as audited by certified public accountants. The Treasurer of The Regents is available to provide investment management services, without charge, for any campus foundation which requires such service.

Delegation to Campus Foundations and Statement of Policy.

The Administrative Guidelines for Campus Foundations provide that each Campus Foundation Board of Directors has the duty to develop an appropriate investment policy for such Foundation. It is the Policy of The Regents that each Campus Foundation shall develop and follow an appropriate investment policy, and shall act as a prudent investor in accordance with applicable law, using a portfolio approach in making investments and considering the risk and return objectives of the endowment funds. A Campus Foundation may hold and invest endowments and funds functioning as endowments on a long-term basis. All such investments must be consistent with the terms of the gift instrument. Investment operations shall be conducted in accordance with prudent, sound practices to ensure that gift assets are protected and enhanced and that a reasonable return is achieved, and with due regard for the fiduciary responsibilities of the Foundation's governing Board and the Regents. Financial activities of a Campus Foundation shall be administered and reported in accordance with prudent business practices and generally accepted accounting principles.

Reporting from Campus Foundations.

The Regents generalist investment consultant shall review investment procedures and results annually and report the findings to The Regents. The Administrative Guidelines for Campus Foundations require the following reports from the Campus Foundations to the generalist Investment Consultant:

- A Campus Foundation's enabling documents (e.g., articles of incorporation, bylaws, constitution) shall be provided, and any amendments shall be forwarded promptly following any revision.

Within 90 days of the close of each fiscal year, a Campus Foundation shall submit a detailed report comparing budgeted to actual administrative expenditures by fund source.

- Copies of the Foundation's report to the State Registry of Charitable Trusts, tax returns, and a current list of Foundation officers, directors or trustees, and legal counsel shall be provided promptly each year.
- The external auditor shall furnish a copy of the audit report, including the letter to management with management's response, promptly following the completion of the audit each year.
- A copy of each Foundation's investment policy shall be provided, and any amendments thereto shall be forwarded promptly following any revision.
- A copy of each investment performance report shall be provided [45] days following the close of each quarter.

Review by Investment Consultant.

The Regents' generalist investment consultant shall review, initially and at the time of any change, each Foundation's investment policy, asset allocation policy, and performance on an annual basis, including:

- Asset allocation relative to its policy, and
- Performance by asset class and relative to its benchmarks, and provide a report to the Committee on Investments annually on their findings.
- In addition, on an annual basis, beginning with the Fiscal Year 2006-2007, the Regents' investment consultant will review the written investment policies and governance structure of each Foundation to ensure that each set of written policies includes, at a minimum:
 - Asset allocation target percentages,
 - Ranges for each asset class,
 - Policy benchmarks for each asset class and in total, and
 - Investment guidelines for each asset class.

The Regents generalist investment consultant will raise any issues of concern with the campus foundations, and subsequently, if necessary, with the Committee on Investments.

If any Foundation approves changes to its investment policy (including but not limited to asset allocation targets and policy benchmarks), it must communicate such change to The Regents' generalist investment consultant prospectively before the effective date of such change.

Additions shown by underscoring; deletions shown by strikethrough

~~INVESTMENT POLICY FOR THE UC CAMPUS FOUNDATIONS~~

~~Approved November 2006~~

~~The Regents' generalist Investment Consultant shall conduct an annual review of each Campus Foundation's investment policy and performance on an annual basis, including:~~

~~.Asset allocation relative to its policy, and~~

~~.Performance by asset class and relative to its benchmarks, and provide a report to the Committee on Investments annually on their findings. In addition, on an annual basis, beginning with the Fiscal Year 2006-2007, the Regents' investment consultant will review the written investment policies and governance structure of each Foundation to ensure that each set of written policies includes, at a minimum:~~

~~.Asset allocation target percentages,~~

~~.Ranges for each asset class,~~

~~.Policy benchmarks for each asset class and in total, and~~

~~.Investment guidelines for each asset class.~~

~~Foundations should adopt the investment policies and guidelines of the GEP. If any Foundation's policies differ materially from those of the GEP, the Foundation is required to explain the differences to The Regents' generalist investment consultant. The Regents' generalist investment consultant shall review, initially and at the time of any change, each Foundation's asset allocation policy. If a Foundation's target asset class weights are (or will be) outside the ranges currently set annually for the GEP for the next fiscal year, the Foundation is required to explain its rationale to The Regents' generalist investment consultant. The Regents' generalist investment consultant will then provide an assessment and recommendation to the Committee on Investments, at the next scheduled meeting of the Committee on Investments. Any exception to the Regents' Investment Policy must be approved by the Committee on Investments or the Foundation must immediately move to comply with the approved GEP Policies and demonstrate such compliance to the Committee on Investments.~~

~~If the Committee on Investments approves an exception to The Regents investment policies, it will be reevaluated by The Regents' Investment Consultant on an annual basis and brought back to the Committee on Investments for approval each successive year.~~

~~If any Foundation makes changes to its policy (asset allocation percentages and/or benchmarks) that are outside the GEP guidelines, it must communicate such change to The Regents' generalist investment consultant and must be approved by the Committee on Investments before such change can be effective.~~

~~Beginning next fiscal year, the Committee on Investments will require the Foundations to also be in compliance with the GEP's risk budget, which will also be reviewed by the Consultant. The Treasurer's Office will work with the Foundations over the course of the next year to ensure that the Foundations are informed of the key assumptions underlying the risk budget.~~

Additions shown by underscoring; deletions shown by strikethrough

~~POLICY ON INVESTMENTS OF CAMPUS FOUNDATIONS~~ □

~~Approved March 20, 1981~~ □ ~~Amended September 22, 2005~~

~~The Regents authorizes the Committee on Investments to review the investment policies and practices of campus foundations and conduct an annual review of statements of investment policy and reports of investment performance in a format approved by the Committee on Investments, together with the annual financial reports of campus foundations as audited by certified public accountants. The Treasurer of The Regents is available to provide investment management services, without charge, for any campus foundation which requires such service.~~

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I-9 Attachment

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), Oil & Natural Gas Co. Ltd., PECD Bhd., PetroChina Company Ltd., CNPC Hong Kong, MISC Berhad (Petronas), Lundin Petroleum, and AREF Investment Group 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 ~~five~~ nine 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.

**RESOLUTION OF
OF THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
DELEGATING AUTHORITY TO MAKE FUTURE
DECLARATIONS OF OFFICIAL INTENT**

WHEREAS, the Regents of the University of California (“the Regents”) intends to build, construct, purchase, renovate or otherwise acquire various projects serving the University of California (the “Projects”);

WHEREAS, the Regents expects all or some portion of the costs associated with the Projects to be financed through the issuance of interim and/or long term debt to be issued by the Regents or by the State of California or another state or local government entity;

WHEREAS, the Regents expects certain expenditures in connection with the Projects (the “Reimbursement Expenditures”) to be paid prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis;

WHEREAS, the Regents reasonably expects that debt obligations will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures;

WHEREAS, by its Resolution dated July 19, 1991, the Regents has authorized the President of the University of California, or the President’s designee, to declare the official intent of the Regents to reimburse expenditures from the proceeds of future taxable or tax-exempt debt obligations issued by the Regents;

WHEREAS, by this Resolution the Regents desire to expand the authorization of the President, or the President’s designee, to declare the official intent of the Regents to reimburse expenditures from the proceeds of future taxable or tax-exempt debt obligations whether issued by the Regents, the State of California or another state or local government entity;

NOW, THEREFORE, the Regents do hereby make the following findings and determinations and resolve as follows.

Section 1. The foregoing recitals are true and correct.

Section 2. This Resolution is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the United States Treasury Regulations. This Resolution does not bind the Regents to make any expenditures, incur any indebtedness, or proceed with the Projects.

Section 3. The President of the University of California, or the President’s designee, is hereby authorized to declare the official intent of the Regents to reimburse expenditures from the proceeds of future taxable or tax-exempt debt obligations whether issued by the Regents, the State of California or another state or local government entity and to specify the particular projects relating to such declaration.

Section 4. This Resolution shall take effect from and after its adoption.