THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 25, 2010

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

Present: Regents Bernal, Blum, De La Peña, Gould, Island, Kieffer, Lansing, Makarechian, Nunn Gorman, Pattiz, Reiss, Ruiz, Schilling, Stovitz, Varner, Wachter, and Yudof

In attendance: Regents-designate Cheng, DeFreece, and Hime, Faculty Representatives Powell and Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, and Lenz, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 11:40 a.m. with Chairman Gould presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of January 21 and the meetings of the Committee of the Whole of January 20 and 21, 2010 were approved.

2. **REPORT OF THE PRESIDENT**

President Yudof presented his report concerning University activities and individuals. President Obama has nominated Goodwin Liu, associate dean and professor at the UC Berkeley School of Law, for the Ninth Circuit Court of Appeals. Professor Liu is considered an outstanding legal educator and scholar. Six UC faculty members have been elected to the National Academy of Engineering (NAE). Membership in the NAE is one of the highest honors an engineer can receive and is awarded to those who have made important contributions to engineering theory and practice and to those who have demonstrated unusual accomplishment in the pioneering of new and developing fields of technology. One of those elected to the NAE, Professor Arthur Rosenfeld of UC Berkeley, is also the subject of a proposal to have a unit of electricity savings named in his honor. He is considered the godfather of energy efficiency. Scientists define the "rosenfeld" as an electricity savings of three billion kilowatt hours per year. Of 118 scientists selected to receive Sloan Research Fellowships, 17 are from the University of California. These prestigious fellowships are intended to enhance the careers of young faculty in seven fields: chemistry, computational and evolutionary biology, computer science, economics, mathematics, neuroscience, and physics.

President Yudof announced that, the following month, Regent-designate DeFreece would be presented with the Cal Alumni Association's Excellence in Service award for his work in overseeing the implementation of the Alumni Association's strategic plan to reinvent its mission in order to emphasize the support of the University.

[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 – KAREN BASS**

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

WHEREAS, the members of the Board of Regents wish to express their deep gratitude and heartfelt appreciation to Karen Bass for the distinguished service she has rendered to the cause of education as the 67th Speaker of the California State Assembly and as a respected ex officio member of this Board; and

WHEREAS, in her role as Speaker of the Assembly, she has at all times exhibited the highest ideals of public service, representing the people of California with tremendous distinction as the first African American and Democratic woman to ever serve as Speaker of the Assembly in California and as the first African American woman to lead a legislative body in the nation; and

WHEREAS, as an ex officio Regent of the University of California and steward of this great State treasure, she has brought deep insight and seasoned judgment to the Board's deliberations, generously shared her personal commitment to the improvement of society through education, represented with compassion and concern the best interests of students, faculty, and staff of the University, and served as a powerful advocate for higher education throughout the state; and

WHEREAS, her distinguished career outside the Legislature has been marked by a mission of healing communities, building coalitions, and shaping public policy, beginning with her early years as a physician's assistant, where she brought her skills of healing and education to her community, as clinical instructor at the University of Southern California Keck School of Medicine, where she taught and served as a role model to hundreds of students in public health, and finally as a community organizer, building community-based social justice programs in South Los Angeles; and

WHEREAS, serving in the Assembly and as its Speaker, she has forged alliances that have improved the conditions and services for youth in California's foster care system, helped stop predatory lending practices and ensured real estate industry accountability to consumers, worked to reduce dropouts by expanding multiple pathways in high school to prepare students for college, career, and civic responsibility, established the Firefighter Bill of Rights, and removed barriers in order to allow low-risk offenders to return productively to the community; and

WHEREAS, she has brought an activist's vision to her role as Speaker, working tirelessly to legislate and to lead, most recently in guiding the Assembly in its efforts to address the almost insurmountable fiscal challenges facing the Golden State and, in so doing, has been recognized by the John F. Kennedy Library Foundation with its prestigious John F. Kennedy Profile In Courage Award;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California convey their deep respect and sincere appreciation to Karen Bass for the wisdom she has brought to the Assembly and this Board, the courage of her convictions, the strength of her leadership, and the outstanding service she has provided to the University of California and the people of California;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be presented to Karen Bass as a token of the Board's lasting appreciation and enduring friendship.

Chairman Gould noted that the Regents appreciated Speaker Bass' service as a Regent and described her as a strong supporter of the University.

Chairman Gould announced that he intended to create a committee to investigate the issue of campus climate. The committee would include participation by Regents, students, alumni, and faculty. It would be chaired by Regent Island and would provide important information to the Regents to help them monitor and assess campus climate throughout the UC system.

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

Regent Ruiz presented the following from the Committee's meetings of January 25 and March 10, 2010:

From the meeting of January 25, 2010:

There were five discussion items and one information item:

A. ***The University of California's Technology Agenda – 2010***

Chief Information Officer Ernst discussed the University's information technology agenda for 2010, including cultural issues surrounding adoption of new technology at UC and a review of initiatives that are under way or planned. Ongoing projects include the development of shared regional data centers, a pilot project for shared research computing for faculty, and the standardization of the UC payroll system.

B. ***Conflict of Interest and Commitment Disclosure Form***

Senior Vice President Stobo presented a draft Conflict of Interest and Commitment Disclosure Form for medical school faculty. UC policies on conflict of interest and conflict of commitment are found in at least three different locations and thus not easy for faculty to reference. The draft document represents an attempt to bring together in a single document the basic conflict of interest and conflict of commitment principles for clinical activities in the medical centers. This is an area of significant potential liability for the University.

C. ***Internal Audit Quarterly Report***

Chief Compliance and Audit Officer Vacca presented the Internal Audit Quarterly Report for the quarter ended December 31, 2009, including information on Management Corrective Actions, distribution of hours among audits, investigations, and advisory services, and recurring themes that have been observed. Systemwide Audit Manager Hicks discussed current projects: an update of the internal audit manual, implementation of a new internal audit management system which will provide significant efficiencies, and enhancement of the online internal audit report repository database.

D. ***Ethics and Compliance Program – Compliance Quarterly Update***

Chief Compliance and Audit Officer Vacca presented a quarterly update on the compliance program. She discussed activities related to the American Recovery and Reinvestment Act, the Higher Education Opportunity Act, and royalty audits. Deputy Compliance Officer Hilliard outlined key focus areas of the compliance program, including performance metrics, effort reporting, and export control. Ms. Vacca provided comments on staffing issues and the results of hotline reporting.

E. ***Audit of Hastings College of the Law for Fiscal Year Ended June 30, 2009***

Chief Financial Officer Taylor presented UC’s review of the annual audit of Hastings College of the Law for the fiscal year ended June 30, 2009. The University did not detect any violations that could be defined as control deficiencies, significant deficiencies, or material weaknesses. Mr. Taylor clarified that UC’s oversight role in this matter is required by law. Given the result of this most recent audit, the University has determined that it is not necessary to communicate with the appropriate committees of the State Legislature.

F. ***Presentation on Industry Trends in Higher Education***

PricewaterhouseCoopers representative John Mattie discussed industry trends in higher education, noting areas of focus for senior management and trustees at institutions like UC, including balance sheet modeling, flexibility in the use of donor-restricted endowments, and response to increased federal auditing. Mr. Mattie praised the University for its operational and shared service initiatives and encouraged it to examine how it manages its international operations.

From the meeting of March 10, 2010:

There were one action item and four discussion items:

A. ***Approval of External Audit Plan for the Year Ending June 30, 2010***

The Committee recommended that the scope of the external audit of the University for the year ending June 30, 2010, including the expanded external audit coverage of the Lawrence Berkeley National Laboratory, be approved.

B. ***Ethics and Compliance Program Update***

Associate Vice President and Chief Information Officer Ernst reported on the preliminary results of the third consecutive year of the University's information technology security self-assessment. There has been no deterioration of security in any area. Mr. Ernst noted ongoing work on security awareness training and suggested that the University should focus on target areas where improvement is needed.

C. ***Internal Audit Services Update***

Systemwide Audit Manager Hicks presented information on the status of the audit plan, with completion statistics as of December 31, 2009 for audits planned for completion in the first two quarters of fiscal year 2010. He discussed cumulative closure rates for Management Corrective Actions and audit activity by external agencies and organizations at UC locations in the current fiscal year.

D. ***Risk Prioritization Process***

Systemwide Audit Manager Hicks presented a risk assessment and audit planning timeline. UC Berkeley Internal Audit Director Wanda Lynn Riley discussed the risk assessment process at the Berkeley campus, including data gathering and analysis, specific issues of concern for the campus, and internal and external factors which contribute to risk.

E. ***Risk Services Update***

Chief Risk Officer Crickette provided an update on the Risk Services program. She discussed reductions in the cost of risk and risk itself, loss prevention focus areas, reduction in injuries and workers' compensation program costs, current challenges, general and employment practices liability program costs, the

University Controlled Insurance Program, emerging risks, and mission continuity and emergency management.

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

5. REPORT OF THE COMMITTEE ON COMPENSATION

The Committee presented the following from its meeting of March 25, 2010:

A. ***Individual Compensation Actions***

(1) ***Recall from Retirement Compensation and Appointment for Susan Kirkpatrick as Provost, Sixth College, San Diego Campus***

Background to Recommendation

Approval is requested for the recall from retirement, at a 100-percent-time appointment for a period of approximately three months, for Susan Kirkpatrick as Provost of Sixth College at the San Diego campus. This request is in response to the campus' need to appoint a Provost to serve during Provost Naomi Oreskes' sabbatical leave, effective April 1, 2010 through June 30, 2010. Ms. Kirkpatrick's scholarly accomplishments and her commitment to undergraduate education make her well qualified to provide leadership as Provost of Sixth College during this period. To be compliant with policy, Ms. Kirkpatrick's appointment must stay at or below 43 percent over a rolling 12-month period. Ms. Kirkpatrick's appointment during this three-month period, when annualized, falls below 43 percent.

This position is funded 100 percent from UC general funds provided by the State. The proposed total annualized compensation rate of $177,800 reflects UC San Diego's consistent approach of applying 15 percent to the adjusted faculty salary of the candidate. Ms. Kirkpatrick's adjusted faculty salary rate reflects a career of distinguished accomplishment. The proposed salary is 4.2 percent below the salary of Ms. Oreskes ($185,600). Market data indicate a median base salary, for a comparable position, of $182,923. The proposed salary will be reduced by eight percent to $163,576 during participation in the salary reduction/furlough plan.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Susan Kirkpatrick as Provost, Sixth College, San Diego campus:

a. Appointment of Susan Kirkpatrick as Provost, Sixth College, San Diego campus, at 100 percent time, effective April 1, 2010 through June 20, 2010.

b. As an exception to policy, appointment salary of $177,800 (SLCG Grade 103: Minimum $110,800, Midpoint $139,000, Maximum $167,100). This is an exception because the appointment salary is above the salary range maximum. This position is subject to the salary reduction/furlough plan with an eight percent salary reduction.

Recommended Compensation
Effective Date: April 1, 2010
Base Salary: $177,800
Grade Level: SLCG Grade 103:
Min $110,800 Midpt $139,000 Max $167,100
Median Market Data: $182,923 (base only)
Total Cash Compensation: $177,800
Funding Source: UC General Funds
Percentage Difference from Market: -2.8 percent

Budget &/or Prior Incumbent Data
Base Salary: $185,600
Grade Level: SLCG Grade 103
Funding Source: UC General Funds

Additional items of compensation include:

- Per policy, Ms. Kirkpatrick will sign and accept the Rehired Retiree Waiver Form which will serve to decline participation in the UC Retirement System (UCRS) and allow Ms. Kirkpatrick to continue receiving her retirement annuity while receiving compensation related to this appointment.
- Per policy, medical and dental coverage will be continued as a retiree.
- Per policy, a mandatory employee contribution of 7.5 percent of base salary to the University's Defined Contribution Plan (DCP) as a Safe Harbor Plan participant.
- Per policy, eligibility to voluntarily contribute to the 403(b) and 457(b) plans.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCSD Chancellor Fox**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(2) ***Term Appointment of and Compensation for Jay D. Keasling as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory***

Background to Recommendation

Jay D. Keasling was selected by former Interim Laboratory Director Paul Alivisatos to serve as the Acting Deputy Director based on his experience and reputation at the Laboratory and his demonstrated excellence in pioneering science and management of large-scale, strategic initiatives, a skill that is widely recognized in the Department of Energy (DOE) Office of Science. Since Mr. Alivisatos was named Laboratory Director in November 2009, the Laboratory has been conducting an active search to fill the Deputy Laboratory Director position. Until the Deputy Laboratory Director vacancy is filled, Mr. Keasling has been asked to continue serving as Acting Deputy Laboratory Director, a role he has held since February 1, 2009. There are no changes in the compensation or other terms of Mr. Keasling's appointment.

The Acting Deputy Laboratory Director is a critical position in the Laboratory's senior leadership organization, working closely with the Laboratory Director in developing the strategic vision of the Lawrence Berkeley National Laboratory. The principal duties of the Acting Deputy Laboratory Director are to be principal partner and counsel to the Laboratory Director in making decisions on new and ongoing major scientific programmatic initiatives and the formulation of policy and the long-term direction of the Laboratory. The Deputy, in partnership with the Laboratory Director, is also responsible for organizing and administering Laboratory Directorate funds such as Laboratory-Directed Research and Development (LDRD), Strategic Planning Support Activities (SPSA), and royalties; for the quality of scientific appointments at the level of Senior Scientist or Senior Faculty and above; and for interacting with senior program officials at the Department of Energy on a wide variety of scientific programs and initiatives. The Deputy acts with full authority in the Laboratory Director's absence. The Deputy is also expected to continue an active research program.

The source of funds for payment of this compensation item is Department of Energy funds as provided under the University's contract with the DOE.

Recommendation

The Committee recommended approval approval of the following items in connection with the appointment of Jay D. Keasling as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory:

a. A term appointment for Jay D. Keasling as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory.

b. Continued annualized base salary of $354,240.

c. This appointment is at 100 percent time and is effective February 1, 2010 through January 31, 2011, or until the permanent appointment of Deputy Laboratory Director, whichever occurs first.

Recommended Compensation
Effective Date: February 1, 2010
Annualized Base Salary: $354,240
Grade Level: N17, Job Code 198.4
Minimum $268,260, Midpoint $344,646, Maximum $421,032
Funding Source: DOE funds

Budget &/or Prior Incumbent Data
Title: Deputy Laboratory Director
Base Salary: $357,000
Funding Source: DOE Funds

Additional items of compensation include:

- Per policy, continued eligibility for 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 and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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

(3) ***Appointment of and Compensation for Mary Croughan as Executive Director – Research Grants and Program Office, Office of the President***

Background to Recommendation

Approval was requested for the appointment of and compensation for Mary Croughan, Ph.D., as Executive Director, Research Grants and Program Office (RGPO) in the Office of Research and Graduate Studies (ORGS) at the Office of the President (UCOP). ORGS concluded a national search for the Executive Director position and Ms. Croughan emerged as the top candidate due to her unique and extensive experience in health sciences programs, academic administration and leadership, and grant program management. RGPO is a newly designed grants program office that houses three statewide research programs as well as four UC grant programs distributing close to $100 million in research grants per year.

Ms. Croughan comes to UCOP from UC San Francisco as a Professor in Residence in the Departments of Obstetrics, Gynecology and Reproductive Sciences, and Epidemiology and Biostatistics. Since joining the faculty at UCSF in 1987, she has been actively involved in conducting research and developing research policy. Ms. Croughan served as Vice Chair and Chair of the Academic Senate from 2007 to 2009, as well as serving as a Faculty Representative to the Board of Regents. During that time, her work included assisting in the RGPO redesign of the grant review process for research funded by Department of Energy Laboratory fees, and consulting on issues associated with the Multicampus Research Programs and Initiatives grant competition.

The funding for this position is split between State funds and special research program funds. The requested base salary of $165,000 is six percent above the midpoint of the SLCG Grade 104 range ($155,600) and three percent above the market median of $160,200, as provided by Mercer Human Resource Consulting using the Council on Foundations' Grantmakers Salary and Benefits Report.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Mary Croughan as Executive Director – Research Grants and Program Office, Office of the President:

a. Appointment of Mary Croughan as Executive Director – Research Grants and Program Office, Office of the President.

b. Per policy, an annual base salary of $165,000 (SLCG Grade 104: Minimum $123,800, Midpoint $155,600, Maximum $187,500). This position is subject to the salary reduction/furlough plan with an eight percent salary reduction.

c. This appointment is at 100 percent time and effective February 15, 2010.

Recommended Compensation
Effective Date: February 15, 2010
Base Salary: $165,000
Grade Level: SLCG Grade 104:
Minimum $123,800, Midpoint $155,600, Maximum $187,500
Median Market Data: $160,200
Funding Source: Split between State and special research program funds
Percentage Difference from Market: 3.0 percent

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 five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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

(4) ***Appointment of and Compensation for Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles Campus***

Background to Recommendation

Approval was requested for the appointment of and compensation for Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles campus, effective April 5, 2010. This request follows the completion of a national search in which Ms. Arvin was identified as the top candidate to fill this critical position.

Ms. Arvin is uniquely qualified to serve in this capacity based on her comparable experience as the Chief Compliance and Privacy Officer at the University of Louisville and at the University of Pittsburgh. She provided consulting services to UCLA Health Sciences while the search was under way. In her permanent role, she will participate at an executive level on campus compliance committees and serve as a key executive member of the Campus Compliance Research Roundtable. Ms. Arvin will join UCLA at a critically important time, as she will oversee the implementation of all compliance matters at the medical center, including privacy obligations under recently enacted federal and State laws.

The proposed annual base salary is $244,900, which is equal to the SLCG Grade 108 midpoint and 2.7 percent below the previous incumbent's salary. Additionally, Ms. Arvin will be eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) at the same level as other chief level and key senior clinical enterprise leaders, up to 25 percent of base salary.

The proposed compensation is funded 100 percent by medical enterprise revenue. Market data indicate a median base salary of $257,006, 4.7 percent higher than the proposed salary for Ms. Arvin. The proposed salary will be reduced by ten percent to $220,410 during participation in the salary reduction/furlough plan.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles campus:

a. Appointment of Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles campus, at 100 percent time, effective April 5, 2010.

b. Per policy, an appointment salary of $244,900 (SLCG Grade 108: Minimum $192,300, Midpoint $244,900, Maximum $297,400). This position is subject to the salary reduction/furlough plan with a ten percent salary reduction.

c. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target of 15 percent and a maximum potential payout of up to 25 percent of salary.

Recommended Compensation
Effective Date: April 5, 2010
Base Salary: $244,900
Grade Level: SLCG Grade 108:
Minimum $192,300 Midpoint $244,900 Maximum $297,400
Median Market Data: $257,006 (base only)
Clinical Incentive Plan: $36,735 (at target)
Total Cash Compensation: $281,635
Funding Source: Medical Enterprise revenue
Percentage Difference from Market: -4.7 percent

Budget &/or Prior Incumbent Data
Base Salary: $251,604
Grade Level: SLCG Grade 108
Clinical Incentive Plan: $37,741 (at target)
Funding Source: Medical Enterprise revenue

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 five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, reimbursement of costs associated with two trips to secure housing in the Los Angeles area up to a total of $4,000 for coach airfare, meals, and temporary lodging.
- Per policy, a 25 percent relocation allowance of $61,225, to offset costs of moving from New Albany, Indiana to a higher cost-of-living area. This allowance will be paid in annual installments over four years: 40 percent ($24,490) in year one, 30 percent ($18,368) in year two, 20 percent ($12,245) in year three, and ten percent ($6,122) in year four. The relocation allowance is subject to repayment on a pro-rated basis, should Ms. Arvin leave the University prior to the completion of two consecutive years of service. Any unpaid relocation allowance amounts will be forfeited at the time of separation.
- As an exception to policy, reimbursement of temporary housing expenses for up to four months at $3,000 per month, not to exceed $12,000 total. The fourth month of temporary housing assistance is sought, in light of coordinating a cross-country relocation and as part of a total package in which Ms. Arvin made significant salary and benefit concessions.
- Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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

(5) ***Appointment of and Compensation for J. Duncan Campbell as Medical Group Executive Director, UC San Diego Medical Center, San Diego Campus***

Background to Recommendation

Approval was requested for the appointment of and compensation for J. Duncan Campbell, who has been selected to fill the Medical Group Executive Director position at UC San Diego Medical Center. The position was vacated on June 13, 2009 when Scott Hofferber resigned to accept another position outside the UC system. Following a national search, Mr. Campbell was identified as the top candidate. Mr. Campbell has extensive leadership experience and has worked as the Executive Director of Financial Operations for the faculty practice plan of Texas A&M University College of Medicine and as a Director, Physician Business Services for Catholic Healthcare West. This is an urgent request to allow Mr. Campbell sufficient opportunity to resign from his current position and coordinate the relocation of his household from Texas to San Diego by the projected start date of March 15, 2010.

This position is funded 100 percent from medical center operating revenue. Market data indicate a market median base salary of $263,441, 5.1 percent higher than the salary proposed for Mr. Campbell. The proposed base salary of $250,000 is 17.5 percent higher than that of the previous incumbent, who was paid $212,700, and 14.3 percent higher than the SLCG Grade 107 salary range midpoint of $218,700. Mr. Campbell will be eligible to participate in the Clinical Enterprise Management Recognition Plan at the same level as all other UC chief level and other key senior clinical enterprise leadership members at an amount of up to 25 percent of base salary.

The proposed salary will be reduced by ten percent to $225,000 during participation in the salary reduction/furlough plan.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for J. Duncan Campbell as Medical Group Executive Director at the UC San Diego Medical Center, San Diego campus:

a. Appointment of J. Duncan Campbell as Medical Group Executive Director, UC San Diego Medical Center, San Diego campus, at 100 percent time, effective March 15, 2010.

b. Per policy, an annual base salary of $250,000 (SLCG Grade 107: Minimum $172,300, Midpoint $218,700, Maximum $265,000). This position is subject to the salary reduction/furlough plan with a ten percent salary reduction.

c. Per policy, eligibility for additional non-base building incentive pay as an eligible participant of the Clinical Enterprise Management Recognition Plan with a target of 15 percent and a maximum potential of 25 percent.

Recommended Compensation
Effective Date: March 15, 2010
Base Salary: $250,000
Clinical Incentive Plan: $37,500 (at target)
Total Cash Compensation: $287,500 (at target)
Grade Level: SLCG Grade 107:
Minimum $172,300 Midpoint $218,700 Maximum $265,000
Median Market Data: $263,441
Funding Source: Medical Center operating revenue
Percentage Difference from Market: -5.1%

Budget &/or Prior Incumbent Data
Base Salary: $212,700
Grade Level: SLCG Grade 107
Funding Source: Medical Center revenue
Clinical Incentive Plan: $31,905 (at target)

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 five percent monthly contribution to the Senior Management Supplemental Benefit Program.

- Per policy, a relocation allowance totaling 25 percent of base salary ($62,500) to help offset costs associated with moving from Belton, Texas to a higher cost-of-living area. Sperling's Best Places cites the cost of housing in San Diego as 271 percent higher than in Belton. This allowance will be paid out according to policy. The relocation allowance is subject to repayment on a pro-rated basis, should the appointee leave the University prior to the completion of two consecutive years of service. Any unpaid relocation allowance amounts will be forfeited at the time of separation.
- Per policy, up to two coach fare house-hunting trips for Mr. Campbell and his spouse.
- Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving.
- Per policy, a temporary housing allowance of $2,000 for three months, not to exceed $6,000 to assist with the relocation.
- Per policy, authorization to participate in the Mortgage Origination Program (MOP) with a loan amount up to the policy limit, currently at $1,330,000.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCSD Chancellor Fox**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(6) ***Promotional Appointment of and Compensation for Jeffrey A. Bluestone as Executive Vice Chancellor and Provost, San Francisco Campus***

Background to Recommendation

Approval was requested for the appointment of Jeffrey A. Bluestone as Executive Vice Chancellor and Provost (EVCP) at the San Francisco campus, effective upon approval by the Regents. This appointment fills the EVCP position vacant due to the recent departure of A. Eugene Washington, former EVCP, who accepted the position of Dean of the David Geffen School of Medicine and Vice Chancellor, Health Sciences at UCLA effective February 1, 2010.

Mr. Bluestone will report directly to the Chancellor as EVCP and will act on behalf of the Chancellor during the Chancellor's absences from campus, lead the research enterprise, manage the units reporting to the EVCP, and advance the educational mission in collaboration with the deans.

The base salary for this position is funded 100 percent by UC general funds provided by the State. The requested base salary of $385,300 is equal to the midpoint of the SLCG Grade 112 range and to the previous incumbent's base salary. There are no UC San Francisco SLCG Grade 112 comparators. Market data include data from the 2008-2009 College and University Professional Association (CUPA) Administrative Compensation Survey and indicate a market median base salary of $355,620. The requested base salary is 8.3 percent above that market rate.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Jeffrey A. Bluestone as Executive Vice Chancellor and Provost, San Francisco campus:

a. Appointment of Jeffrey A. Bluestone as Executive Vice Chancellor and Provost, San Francisco campus, at 100 percent time.

b. Per policy, appointment base salary of $385,300, as Executive Vice Chancellor and Provost, San Francisco campus. This appointment represents a promotion from his current UCSF academic salary and classification.

c. Per policy, continued participation in the Health Sciences Compensation Plan (HSCP) at an annual rate of $52,300.

d. Per policy, annual automobile allowance of $8,916.

e. Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009, through August 31, 2010, with a ten percent salary reduction.

f. This appointment is effective upon approval by the Regents.

Recommended Compensation
Effective Date: upon Regental approval
Base Salary: $385,300
Health Sciences Compensation Plan: $52,300
Total Cash Compensation: $437,600
Grade Level: SLCG Grade 112:
Minimum $298,900, Midpoint $385,300, Maximum $471,500

Median Market Data: $355,620 (base only)
Funding Source: State Funds
Percentage Difference from Market: 8.3 percent

<u>Prior Incumbent Data</u>
Title: Executive Vice Chancellor and Provost
Base Salary: $385,300
Health Sciences Compensation Plan: $52,300
Funding Source: State Funds

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.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- Per policy, continued participation in the UC Home Loan Program.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCSF Chancellor Desmond-Hellmann**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(7) ***Promotional Appointment of and Compensation for Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer, San Francisco Campus***

<u>Background to Recommendation</u>

Approval was requested for the promotional appointment of and compensation for Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer (VC-IT/CIO), San Francisco campus, effective upon approval of the Regents and pending suitable transition notice. This request is in response to a need to fill a vacancy that is critical in meeting the campus' strategic initiatives. The VC-IT/CIO position replaces the previous "Co-CIO" arrangements in which two individuals jointly filled the academic and administrative CIO roles. The VC-IT/CIO position now oversees both the academic and administrative information technology activities for the campus, a uniquely broad and challenging range of activities among UC campuses. In addition, the UCSF Medical Center's CIO will also have a dotted line relationship to the VC-IT/CIO, reflecting the coordination leadership the VC-IT/CIO has for UCSF's information technology policies and infrastructure. It is anticipated that $30 million to $40 million in savings will be realized by efficiencies related to the overall restructuring of this area.

After an extensive national search, Mr. Harel was selected as the top candidate. In the role of VC-IT/CIO he will report jointly to the Executive Vice Chancellor and Provost and the Senior Vice Chancellor – Finance and Administration and will serve as the department head for the Office of Academic and Administrative Information Systems (OAAIS).

Mr. Harel is currently the Assistant Vice Chancellor for Administrative Computing and Telecommunications at UC San Diego. He has previously served in information technology leadership positions at UCLA. He has a track record at UCSD of cost-effective innovation, dramatically improving customer and staff satisfaction, with improved information technology infrastructure and services that are recognized as among the best in higher education. While at UCSD, Mr. Harel implemented a sustainable funding model for the information technology infrastructure, a graphical digital dashboard for decision support, an integrated set of Web-based administrative systems, and portals for the UCSD community, including students. These successes have led to his recognition and participation in key higher education technology activities, including EDUCAUSE, the Microsoft Higher Education Advisory Council, the Sun Microsystems Academic Advisory Council, and the Corporation for Education Network Initiatives in California (CENIC) Board of Directors.

This position is funded 100 percent by non-State funds. The position is currently slotted at SLCG Grade 109; however, given the expansion of the role and scope of the position, slotting at SLCG Grade 110 is being recommended. The requested base salary of $310,800 is 1.2 percent above the midpoint of the SLCG Grade 110 range ($307,200); approximately 14.5 percent lower than the average annual salary of other SLCG Grade 110 positions at UCSF; 10.6 percent above the market median of $281,000, as taken from the College and University Professional Association (CUPA) Administrative Compensation Survey (top 26 competitor institutions); and four percent lower than the medical school market median of $324,000 as taken from the CUPA Administrative Compensation Survey (comprised of 14 of the 26 competitor institutions with a school of medicine).

Recommendation

The Committee recommended approval of the following items in connection with the promotional appointment of and compensation for Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer, San Francisco campus:

a. Appointment of Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer, San Francisco campus, at 100 percent time.

b. Per policy, appointment salary of $310,800.

c. Interim re-slotting at SLCG Grade 110 (Minimum $239,700, Midpoint $307,200, Maximum $374,500).

d. Per policy, a 25 percent ($77,700) relocation allowance with installment payments spread over a period of four years. Payments to be issued monthly on a declining balance totaling 40 percent ($31,080) in year one, 30 percent ($23,310) in year two, 20 percent ($15,540) in year three, and 10 percent ($7,770) in year four. This relocation allowance is warranted based on the 43 percent higher housing cost in San Francisco and 20 percent overall higher cost of living.

e. Per policy, eligibility to participate in the Finance and Administrative Services Incentive Plan (FAS) with a maximum potential payout of up to ten percent of base salary ($31,080). The FAS Incentive Plan is suspended for fiscal year 2009-2010, pending further budgetary considerations.

f. Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009 through August 31, 2010, with a ten percent salary reduction.

g. This appointment is effective upon Regental approval, pending suitable transition notice to Mr. Harel's current manager.

Recommended Compensation
Effective Date: Upon Regental Approval
Base Salary: $310,800
FAS Incentive: $31,080
Total Cash Compensation: $341,880
Grade Level: SLCG Grade 110:
Minimum $239,700, Midpoint $307,200, Maximum $374,500
Median Market Data: $281,000

Funding Source: Non-State Funds
Percentage Difference from Market: 10.6

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 five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, 90-day temporary living assistance including cost of furnished temporary lodging and reasonable residential parking fees, reimbursed within normal policy limits, not to exceed $4,000 per month. Additionally, meals for the first 30 days of residence in temporary quarters that do not have cooking facilities, reimbursed within normal policy limits.
- Per policy, two house-hunting trips each, subject to the limitations under policy for the candidate and his spouse/partner.
- Per policy, 100 percent reimbursement of all reasonable moving expenses for the purpose of relocation of the primary residence subject to the current policy guidelines.
- Per policy, eligibility to participate in the UC Home Loan Program, available to be exercised within a period not to exceed 24 months from date of employment. Participation will comply with all University/campus normal program parameters.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by:	**UCSF Chancellor Desmond-Hellmann**
Reviewed by:	**President Yudof**
	Compensation Committee Chair Varner
	Office of the President, Human Resources

B. ***Approval of Compensation for Senior Management Group Participants of the Annual Incentive Plan for the Office of the Treasurer for Fiscal Year 2008-09***

<u>Background to Recommendation</u>

In accordance with the Annual Incentive Plan (AIP) for the Office of the Treasurer approved by the Regents in March 2002, the Senior Management Compensation Group of the Office of the President, as Plan Administrator, is submitting proposed incentive compensation (non-base building) awards for

2008-09. The Regents' action of January 2009, which restricted administration of incentive programs, specified the AIP as a program allowed to continue in fiscal years 2008-09 and 2009-10.

Under the AIP, awards are based largely on the investment results of the portfolios relative to predetermined investment objectives (benchmarks) established by the Regents. Results were tabulated by Mercer Human Resource Consulting. Investment returns were calculated by State Street and Cambridge Associates, and reviewed by UC Office of the President Internal Audit.

It is standard practice for organizations that employ investment personnel – from universities to charitable organizations to investment firms – to use incentive pay to motivate and reward investment personnel for their performance as measured against specific investment objectives.

The basic premise of incentive pay plans is simple: the better an employee's performance, the higher the investment returns and the higher the incentive pay. Conversely, if an employee does not meet performance objectives, she/he does not receive incentive pay.

Modeled after industry practices, for years UC has used incentive pay for its investment managers to help ensure individual and organizational performance. This incentive pay is based on specific criteria set by the Regents, and employees must meet or exceed performance benchmarks in order to receive incentive pay.

Good investment management usually is associated with positive investment returns (gains). However, it takes equal skill to minimize losses in a bad market as it does to maximize gains in a good one. It is also important to remember that benchmarks fluctuate as markets fluctuate and that incentive pay is based on performance relative to identified benchmarks, not absolute gains or losses. Thus, under current practices, investment personnel may still be eligible for incentive pay if they meet or exceed the benchmark, even though the market may be in decline.

In light of the recent turmoil in the global financial markets, and the related scrutiny of compensation for investment managers, institutions nationwide are reassessing and revising incentive pay practices. President Yudof has requested that UC's incentive pay plan for the Treasurer's Office be reviewed and modified as needed to ensure that it aligns with evolving industry practices.

There were 34 eligible participants for the 2008-09 fiscal year with award recommendations totaling $1,634,440. In accordance with the approval authority guidelines approved by the Regents at their September 2008 meeting, and with the Senior Management Group (SMG) Salary and Appointment Policy, also approved by the Regents at their September 2008 meeting, only those Plan participants with SMG status are presented for Regental approval.

Recommendation

The Committee recommended that awards under the Annual Incentive Plan (Plan) for the Office of the Treasurer for three of the five eligible Senior Management Group participants, totaling $372,500, be approved. Two SMG participants in the Plan did not receive award recommendations based on the calculations defined in the Plan. In accordance with the terms and conditions of the Plan, approved award amounts will be paid out incrementally over a three-year period.

The payments for the three SMG members who earned awards under the Plan for the 2008-09 fiscal year are represented below.

Participant	Position	Base Salary	Target Award	Proposed Award*	Total Cash Comp
Melvin Stanton	Assoc. CIO	$306,825	$184,095	$55,228	$362,053
Randall Wedding	Sr. MD, Fixed Income	$306,800	$184,080	$108,814	$415,614
William Coaker	Sr. MD, Public Equity	$275,000	$165,000	$208,458	$483,458
				$372,500	

*Proposed Awards will be paid incrementally over a three-year period

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

C. ***Approval of Waiver of Policy Requiring Housing on Campus and Housing Allowance for the Chancellor, San Diego Campus***

Background to Recommendation

In order for chancellors to best perform the many after-hours duties required of them, the University provides housing for chancellors on or near each of its ten campuses, and normally requires chancellors to live in that housing. Policy 2.725, University Provided Housing policy (2.725), section III, states in part:

"The University, therefore, provides Executive Officers [the President and chancellors] **and members of their households with suitable housing as their primary residence to perform the administrative, ceremonial and social duties required of their respective positions** [bolded for emphasis]."

As further stated in this policy, section III, C, Alternative Housing Arrangements:

"If the President determines that the University-provided housing is not suitable for supporting the Executive Officer's required range of duties or is not habitable as a personal residence as a result of disrepair or other like reason, the President may recommend to the Regents that the Executive Officer be provided other housing until the University-provided housing is repaired or otherwise improved to suitable standards. The President may make a request to the Regents for an alternative housing arrangement on his/her own behalf if he/she deems the University-provided housing is unsuitable for the performance of presidential duties or is not habitable."

Since 2004, the year Chancellor Fox was appointed, the Office of the President and the San Diego campus have sought to address the deficiencies of the Chancellor's residence, University House (UH). To date, these deficiencies include an engineering expert determination that UH is uninhabitable because of structural instabilities, extensive mold and major cliff erosion exposing the slab. Efforts to remedy these deficiencies have been complicated because of issues regarding the historical significance of the structure and the determination by local Native Americans that the UH site is a sacred burial ground.

For nearly six years, Chancellor Fox has been assigned housing in a rental property in La Jolla. Currently the lease on that property is approximately $83,000 per year, which is paid by UCSD. In addition, the campus pays for certain utilities, security, and cable/internet services, totaling approximately $15,000 per year in fiscal year 2008-09, for a total cost of approximately $98,000 per year. That property is located slightly less than four miles from the main campus. This rental property has been problematic because it is poorly configured for entertaining even small groups of donors or guests for cultivation or solicitation. Further, it has no capacity for catering, and no on-street parking; nor does it have a sidewalk, so guests cannot park nearby and easily walk to the residence.

At the time the rental property was assigned by President Dynes in 2004, Chancellor Fox had been advised that the necessary UH repairs and remodeling could be completed within three to six months, a goal that has proved impossible. The campus architect has advised that at this stage (i.e., after nearly six years from the first diagnosis of problems), the necessary repairs, remodeling, and renovations will require, at a minimum, two years.

The current rental agreement for the housing assigned to the Chancellor expires in April 2010. The campus anticipates an increase in the rent if the Chancellor remains in the housing. Recently, Chancellor Fox purchased a three-bedroom home close to the San Diego campus. The financing for the purchase was made without the benefit of a University Mortgage Origination Program (MOP) loan, and no University assets were used for the purchase. The property has ample street parking, is well-configured for catering and has a large deck that could accommodate small dinner parties or other gatherings. It is located approximately 1.5 miles from the nearest UC San Diego property (the Scripps Institution of Oceanography property) and is slightly less than four miles from the main campus.

In light of these facts, the Chancellor has proposed that she move to her own, recently-purchased home, until such time as the UH is habitable. The Chancellor is also prepared to use her private home as a venue for some of her administrative, ceremonial and social duties. In recognition of the wear and tear upon her home, as well as increased utilities and other expenses associated with University-related business and entertainment being conducted in her home, it is proposed that Chancellor Fox receive a taxable housing allowance of $20,000 per year paid in monthly installments. The University will also reimburse the Chancellor for reasonable and actual expenses associated with University-related business and entertainment events held at her home consistent with budget allocations for that purpose. This would save the campus approximately $78,000 per year. This proposed allowance would remain in effect until Chancellor Fox steps down as the UCSD Chancellor or UH becomes habitable, whichever occurs first.

Recommendation

The Committee recommended approval of the following items in connection with the San Diego Chancellor's relocation from her official, leased residence, to her personal residence in La Jolla, California:

(1) As a waiver to policy, Chancellor Fox be permitted to reside full-time in her personal residence in La Jolla, California, until the University-provided housing becomes habitable.

(2) Chancellor Fox be provided with a taxable, temporary housing allowance of $20,000 per annum, paid in monthly installments, to address the wear and tear on her private home and increased utility usage and other expenses associated with using her home for University administrative, ceremonial, and social events. This housing allowance would be discontinued when University-provided housing becomes habitable or Chancellor Fox steps down from her position as the Chancellor of UC San Diego, whichever occurs first.

Additional items of compensation related to housing:

- Upon approval of the above exception to policy permitting the Chancellor to reside full-time in her personal residence, Chancellor Fox will receive reimbursement for reasonable moving costs of her household goods from her current residence to her private residence.
- Chancellor Fox will not be eligible to receive moving reimbursement for household goods when she ceases to serve as Chancellor of UC San Diego.

The compensation described above shall constitute the University's total commitment with respect to the Chancellor's housing, unless modified by the Regents, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Reviewed by: President Yudof

Compensation Committee Chair Varner
Office of the President, Human Resources
Office of the President, Budget and Capital Resources

D. ***Approval of Appointment of and Compensation for Lawrence H. Pitts, M.D., as Provost and Executive Vice President, Academic Affairs, Office of the President***

Background to Recommendation

Lawrence H. Pitts has been serving as Interim Provost and Executive Vice President, Academic Affairs for the last year as a national search was undertaken to identify a permanent replacement. During this process, Dr. Pitts has provided strong leadership and guidance as the University continues restructuring to address fiscal and other challenges. As a result of the search, and Dr. Pitts' demonstrated skills and extensive institutional knowledge, he has emerged as the leading candidate for this important role.

This appointment will constitute an exception to the policy governing Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions which states that retired employees be rehired at no more than a 43 percent appointment. Given the critical nature and importance of the responsibilities, and the need to have a dedicated full-time incumbent to fulfill the obligations of this role, Dr. Pitts has agreed to this appointment at 100 percent time.

The proposed base salary of $350,000 is below the market median of $415,800 by 18.8 percent. Market data are compiled from a number of sources including the College and University Professional Association (CUPA) Compensation Survey. This position is funded by UC general funds provided by the State.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Lawrence H. Pitts, M.D., as Provost and Executive Vice President, Academic Affairs, Office of the President:

(1) As an exception to policy, appointment of Lawrence H. Pitts, M.D., as Provost and Executive Vice President, Academic Affairs, Office of the President, at 100 percent time. This constitutes an exception to policy exceeding the normal appointment maximum of 43 percent time. Appointments in excess of 43 percent time require the endorsement of the President and approval of the Regents.

(2) Per policy, annual base salary of $350,000 (SLCG Grade 113: Minimum $333,900, Midpoint $431,500, Maximum $529,100). This base salary is equal to the salary received by Dr. Pitts for the Interim Executive Vice

President and Provost appointment. This position is subject to the salary reduction/furlough plan with a ten percent salary reduction.

(3) This appointment and compensation will be effective April 1, 2010.

(4) Per the policy for rehired retirees, Dr. Pitts' retirement pension benefits will continue to be suspended. Under University policy, this will result in accrual of additional pension service credit during his appointment as Interim Provost.

Recommended Compensation
Effective Date: April 1, 2010
Base Salary: $350,000
Grade Level: SLCG Grade 113:
Minimum $333,900, Midpoint $431,500, Maximum $529,100
Median Market Data: $415,800
Funding Source: UC General Funds
Percentage Difference from Market: -15.8%

Budget &/or Prior Incumbent Data
Base Salary: $425,000 (last permanent incumbent)
Grade Level: Grade 113
Funding Source: UC General Funds

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 five percent monthly contribution to the Senior Management Supplemental Benefit Program. Dr. Pitts no longer holds a tenured academic appointment.
- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy.
- Dr. Pitts has declined the automobile allowance of $8,916 which is normally provided to this position.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted By: President Yudof
Reviewed by: Compensation Committee Chair Varner

Office of the President, Human Resources

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

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

The Committee presented the following from its meeting of March 25, 2010:

A. ***Amendments to Various Policies on Defense and Indemnification for Regents, Employees, and Other Affiliates of the University***

The Committee recommended that:

(1) The Regents approve the proposed amendments to the *Policy on Defense and Indemnification of Regents in Civil Proceedings* set forth in Attachment 1, and that the Regents rescind the *Policy on Directors' and Officers' Insurance*: *Indemnification Resolution* set forth in Attachment 2.

(2) The Regents approve the proposed amendments to the *Policy on Indemnification of Employees for Punitive Damages* set forth in Attachment 3.

(3) The Regents approve the proposed amendments to the *Policy on Indemnification of Trustees of Campus Foundations* set forth in Attachment 4.

(4) The Regents rescind the *Policy on Indemnification of Individuals Serving on the UC President's Council on the National Laboratories* set forth in Attachment 5.

B. ***Amendment of Bylaw 20 – Officers of the Corporation***

The Committee recommended that following service of appropriate notice, Bylaw 20 – Officers of the Corporation be amended, as shown in Attachment 6.

This item itself constitutes the notice of proposed amendments that is required pursuant to Bylaw 30.1. In the event that this Committee approves the recommendation, final action to approve these amendments will be recommended at the next regularly scheduled Regents meeting.

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

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

The Committee presented the following from its meeting of March 23, 2010:

A. ***University of California Capital Program: Monitoring Progress and Performance***

The Committee recommended that:

(1) The Regents endorse the initiatives that the Office of the President is in the process of implementing in response to the following recommendations set forth in the 2005 report to the Regents entitled, *Transforming Capital Asset Utilization: Opportunities for Reducing Project Costs and Achieving More Program for the University's Capital Dollar*:

a. Ownership and Accountability. Identify individuals accountable for capital asset utilization, delivery and performance.

b. Formal Business Case Analysis. Develop a thorough examination of non-building solutions and alternatives at earliest identification of need, and develop a high-level function for executing analysis and planning.

c. Shorter, Simpler Process. Significantly shorten lengthy pre-planning and pre-design phases. Use business case analysis for concept development. Provide more clearly defined decision-making authority.

d. Robust Flexible Contracting Environment. Advocate for statutory authority to award construction contracts on the basis of "Best Value," modify UC contracts to be less onerous, advocate for changes to laws that preclude UC from benefitting from early design consultation with qualified subcontractors.

e. Systemwide Building and Project Metrics, and Standards and Data. Develop a common project administration system that automates roll-up reporting to track projects and benchmark design and construction metrics as resources allow.

(2) The Office of the President return to the Regents in July 2010 with a progress report concerning the actions addressed in (1) and other initiatives including: a process to provide the Regents with timely opportunities to address material changes to project budgets and scope; increased reporting for high-risk projects; the establishment of an Office of the President/Campus Capital Program Leadership Forum; guidelines

and criteria for business case analysis; quarterly financial status reports; and the potential need for a Change Agent.

B. ***Acceptance of 2010-20 Capital Financial Plan and Physical Design Framework and Authorization to Participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects, Merced Campus***

The Committee recommended that the Regents:

(1) Accept the UC Merced 2010-20 Capital Financial Plan and the Physical Design Framework.

(2) Authorize the Merced campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects.

C. ***Acceptance of 2009-19 Capital Financial Plan and Physical Design Framework and Authorization to Participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects, Santa Cruz Campus***

The Committee recommended that the Regents:

(1) Accept the UC Santa Cruz 2009-19 Capital Financial Plan and the Physical Design Framework.

(2) Authorize the Santa Cruz campus to participate in the Pilot Phase of the Redesigned Process for Capital Improvement Projects at its main campus and 2300 Delaware and its Marine Science Campus.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Glen Mor 2 Student Apartments, Riverside Campus***

The Committee recommended that:

(1) The 2010-11 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Riverside: <u>Glen Mor 2 Student Apartments</u> – preliminary plans, working drawings, construction, and equipment – $144,462,000, to be funded from external financing ($140,895,000) and the Riverside campus' Housing Net Revenue Fund Reserves ($3,567,000).

(2) The President be authorized to obtain external financing not to exceed $140,895,000 to finance the Glen Mor 2 Student Apartments project. The Riverside campus shall satisfy the following requirements:

a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

b. As long as the debt is outstanding, the Riverside campus' Housing Net Revenue Fund Reserves and associated Net Parking 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 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, UCSD Medical Center East Campus Bed Tower, San Diego Campus***

The Committee recommended that:

(1) The 2009-10 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: UCSD Medical Center East Campus Bed Tower – preliminary plans, working drawings, construction, and equipment – $663,800,000, to be funded from external financing ($356,800,000), gift funds ($131,000,000), hospital reserves ($72,000,000), Children's Hospital Bonds ($69,000,000), and capitalized leases ($35,000,000).

(2) The Regents approve the UCSD Medical Center East Campus Bed Tower with a project scope that includes: new bed tower of approximately 470,300 gsf with capacity for approximately 245 beds and 11 operating rooms, a new stand-alone central plant of approximately 35,900 gsf, and renovation of approximately 63,800 gsf in the existing Thornton Hospital.

(3) The President be authorized to obtain external financing of $356,800,000 and capitalized leases of $35,000,000 for a total not to exceed $391,800,000 to finance the UCSD Medical Center East Campus Bed Tower project. The San Diego campus shall satisfy the following requirements:

a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

b. As long as the debt is outstanding, UCSD Medical Center gross 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.

(4) The President be authorized to execute all documents necessary in connection with the above.

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

8. REPORT OF THE COMMITTEE ON INVESTMENTS

The Committee presented the following from its meeting of March 24, 2010:

A. ***Real Assets Allocation and Investment Guidelines for General Endowment Pool and University of California Retirement Plan***

The Committee recommended that:

(1) A one-half percent (0.5%) current policy allocation to Real Assets be approved for the UC Retirement Plan (UCRP) and General Endowment Pool (GEP) funds, with a long-term allocation of three percent (3%).

(2) The Investment Guidelines for the Real Assets allocation, as shown in Attachment 7, be adopted.

The new allocation and guidelines will be effective April 1, 2010.

B. ***University of California Retirement Plan/General Endowment Pool Asset Allocation Review and Recommendations***

The Committee recommended that the following changes to the General Endowment Pool (GEP) and the UC Retirement Plan (UCRP) Investment Policy Statements be adopted, as shown in Attachment 8, with an effective date of April 1, 2010.

General Endowment Pool (GEP):

(1) Reduce Non-USD Bond allocation from 2.5 percent to 0.0 percent (also reduce long-term targets).

(2) Add an allocation to Real Assets of 0.5 percent (long-term allocation of 3.0 percent).

(3) Add an allocation to Opportunistic Investments of 0.5 percent.

(4) Increase US Equity allocation by 1.0 percent (to 20.0 percent).

(5) Increase Non-U.S. Developed Equity allocation by 0.5 percent (to 18.5 percent)

University of California Retirement Plan (UCRP):

(1) Reduce U.S. Equity allocation from 32.0 percent to 31.0 percent (consistent with long-term targets).

(2) Add an allocation to Real Assets of 0.5 percent (long-term allocation of 3.0 percent).

(3) Add an allocation to Opportunistic Investments of 0.5 percent.

See tables below:

UCRP							
All Values in Percent		Effective May 2009		Proposed: April 1, 2010		Proposed Changes from Existing Policy	
Asset Class	Actual Wts. (Jan 2010)	Current Policy	Long Term Policy	**Current Policy**	**Long Term Policy**	**Current Policy**	**Long Term Policy**
US Equity	33.2	32.0	23.0	**31.0**	23.0	**(1.0)**	-
Non US Devl Equity	21.0	22.0	22.0	22.0	22.0	-	-
Emerging Mkt Equity	3.8	4.0	5.0	4.0	5.0	-	-
Global Equity	2.0	2.0	2.0	2.0	2.0	-	-
Total Equity	**60.0**	**60.0**	**52.0**	**59.0**	**52.0**	**(1.0)**	**-**
Core Fixed Income	12.9	12.0	12.0	12.0	12.0	-	-
HYD	2.7	2.5	2.5	2.5	2.5	-	-
EMD	2.3	2.5	2.5	2.5	2.5	-	-
Non US$ Debt	-	-	-	-	-	-	-
TIPS	7.2	8.0	8.0	8.0	8.0	-	-
Cash	0.6	-	-	-	-	-	-
Total Fixed Income	**25.7**	**25.0**	**25.0**	**25.0**	**25.0**	**-**	**-**
Absolute Return	4.8	5.0	10.0	5.0	**6.5**	-	**(3.5)**
Real Assets	0.5	0.0	0.0	**0.5**	**3.0**	**0.5**	**3.0**
Opportunistic	0.6	0.0	0.0	**0.5**	**0.5**	**0.5**	**0.5**
Subtotal	5.9	5.0	10.0	6.0	10.0	1.0	0.0
Private Equity	5.9	6.0	6.0	6.0	6.0	-	-
Real Estate	2.5	4.0	7.0	4.0	7.0	-	-
Total Alternatives	**14.3**	**15.0**	**23.0**	**16.0**	**23.0**	**1.0**	**0.0**
Grand Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**	**0.0**
CHANGES FROM EXISTING POLICY HIGHLIGHTED							

GEP							
All Values in Percent		Effective Sept 2008		Proposed: April 1, 2010		Proposed Changes from Existing Policy	
Asset Class	Actual Wts. (Jan 2010)	Current Policy	Long Term Policy	**Current Policy**	**Long Term Policy**	**Current Policy**	**Long Term Policy**
US Equity	20.3	19.0	18.0	**20.0**	**19.0**	**1.0**	**1.0**
Non US Devl Equity	17.0	18.0	17.0	**18.5**	**18.0**	**0.5**	**1.0**
Emerging Mkt Equity	4.7	5.0	5.0	5.0	5.0	**-**	**-**
Global Equity	1.8	2.0	5.0	2.0	**2.0**	**-**	**(3.0)**
Total Equity	**43.8**	**44.0**	**45.0**	**45.5**	**44.0**	**1.5**	**(1.0)**
Core Fixed Income	8.7	8.0	5.0	8.0	5.0	**-**	**-**
HYD	2.8	3.0	2.5	3.0	2.5	**-**	**-**
EMD	2.6	3.0	2.5	3.0	2.5	**-**	**-**
Non US$ Debt	2.3	2.5	2.5	**-**	**-**	**(2.5)**	**(2.5)**
TIPS	3.5	4.0	2.5	4.0	2.5	**-**	**-**
Cash	1.6	-	-	-	-	**-**	**-**
Total Fixed Income	**21.5**	**20.5**	**15.0**	**18.0**	**12.5**	**(2.5)**	**(2.5)**
Absolute Return	23.0	23.5	23.5	23.5	23.5	**-**	**-**
Real Assets	1.1	0.0	0.0	**0.5**	**3.0**	**0.5**	**3.0**
Opportunistic	0.7	0.0	0.0	**0.5**	**0.5**	**0.5**	**0.5**
Subtotal	24.8	23.5	23.5	24.5	27.0	1.0	3.5
Private Equity	6.5	7.0	9.0	7.0	9.0	**-**	**-**
Real Estate	3.4	5.0	7.5	5.0	7.5	**-**	**-**
Total Alternatives	**34.7**	**35.5**	**40.0**	**36.5**	**43.5**	**1.0**	**3.5**
Grand Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**	**0.0**
CHANGES FROM EXISTING POLICY HIGHLIGHTED							

C. ***University of California Retirement Plan/General Endowment Pool Investment Policy and Guideline Review and Recommendations***

The Committee recommended that the changes to Investment Policies and Guidelines for the University of California Retirement Plan (UCRP) and the University of California General Endowment Pool (GEP) be approved, as shown in Attachment 9, effective April 1, 2010.

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

9. **REPORT OF THE COMMITTEES ON FINANCE AND EDUCATIONAL POLICY**

The Committees presented the following from their meeting of March 24, 2010:

Adoption of Statement Clarifying the University of California's Student Fee Policies

The Committee on Finance recommended that the Regents approve clarifying the intent and purpose of the Regents' student fee policies by placing an asterisk following the title of *The University of California Student Fee Policy*; *Principles Underlying the Determination of Registration Fees*; *Policy on Fees for Selected Professional School Students*; and *Principles Underlying the Determination of Fees for Students of Professional Degree Programs*, and inserting the following language at the end of the student fee policies, as shown in Attachment 10:

**Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any fees ultimately authorized by The Regents will be limited by any term or provision of this policy. The Regents expressly reserves the right and option, in its absolute discretion, to establish fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on fees of a specified level or based on a specified formula.*

Upon motion of Regent Varner, duly seconded, the recommendation of the Committee on Finance was approved.

10. **REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES**

The Committee presented the following from its meeting of March 25, 2010:

Authorization to Approve and Execute Modification to the Department of Energy Contract for the Lawrence Berkeley National Laboratory as a Result of Changes to the Federal Acquisition Regulation and the Department of Energy Acquisition Regulation

The Committee recommended that the President be authorized to execute a modification to the provisions of Lawrence Berkeley National Laboratory (LBNL) contract DE-AC02-05CH11231 in order to incorporate clause updates and two clause deletions.

Deleted Clauses:

- Clause I.72 - DEAR 952.224-70 *Paperwork Reduction Act* (APR 1994)
- Clause I.117 - FAR 52.222-39 *Notification Of Employee Rights Concerning Payment Of Union Dues Or Fees* (DEC 2004)

Clauses updated as a result of technical and administrative changes:

- Clause I.50 FAR 52.244-6 *Subcontracts For Commercial Items* (DEC 2009)
- Clause I.66 - DEAR 952.209-72 *Organizational Conflicts Of Interest* (AUG 2009) (ALTERNATE I) (AUG 2009)
- Clause I.69 - DEAR 952.215-70 *Key Personnel* (DEC 2000)
- Clause I.73B - DEAR 952.247-70 *Foreign Travel* (AUG 2009)
- Clause I.75 - DEAR 952.251-70 *Contractor Employee Travel Discounts* (AUG 2009)
- Clause I.76 - DEAR 970.5203-1 *Management Controls* (JUN 2007) (DEVIATION)
- Clause I.83 - DEAR 970.5215-3 *Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts* (AUG 2009) (ALTERNATE I) (AUG 2009)
- Clause I.98 - DEAR 970.5228-1 *Insurance – Litigation And Claims* (AUG 2009) (DEVIATION)
- Clause I.103 - DEAR 970.5232-3 *Accounts, Records, And Inspection* (AUG 2009) Clause I.112 - DEAR 970.5242-1 *Penalties For Unallowable Costs* (AUG 2009)
- Clause I.114 - DEAR 970.5244-1 *Contractor Purchasing System* (AUG 2009)
- Clause I.125 - DEAR 952.235-71 *Research Misconduct* (JUL 2005)

Clause updated as a result of the final rule implementing Section 3(b) of the Trafficking Victims Protection Reauthorization Act (TVPRA) of 2003 (Combating Trafficking In Persons):

- Clause I.118 – FAR 52.222-50 *Combating Trafficking In Persons* (FEB 2009)

As a result of the changes, the table of contents for the LBNL contract will be revised accordingly.

Upon motion of Regent Pattiz, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was 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) ***Delegation of Authority to Recruit and Set Compensation for the Head Coach, Women's Volleyball, Los Angeles Campus***

Background to Recommendation

Action under interim authority was requested to grant authority to recruit and set the maximum compensation for the head coach for women's volleyball, Los Angeles campus. Interim authority was requested because of the urgent need to fill this position and the anticipated negotiation process (including securing all agreements and commitments) surrounding the compensation for this position.

It is not anticipated that the final employment agreement will include the maximum amount in every category of compensation listed below. The compensation provided under this agreement shall be funded exclusively from athletic department revenues and private fundraising; no State or general campus funds will be used.

Recommendation

The following items were approved as the maximum total compensation threshold for the new head volleyball coach, Los Angeles campus, subject to an appropriate coach contract, which will be reviewed by the Office of the General Counsel. Approval of this list of possible compensation categories and maximum compensation amounts is intended to facilitate successful contract negotiations with the desired candidate. Once the contract has been signed by both parties, an informational report will be made to the Regents disclosing the final terms of the agreement. Approval of this recruitment authority will serve as approval of the final compensation of the head coach for women's volleyball, provided the compensation is within the threshold outlined in this proposal. It is understood that Regental authorization for this authority will expire upon the signing of the contract by both parties.

In its negotiations with all candidates, the University will expressly state that there will be no commitment between the University and the candidate unless and until a formal contract is signed between them and that all negotiations are non-binding, such that the candidate will have no recourse against the University for any form of compensation or University benefits that is not set forth in a fully executed contract, including, but not limited to, compensation for any employment or business opportunities that the candidate might have had but for the candidate's negotiations with the University.

The maximum compensation thresholds proposed for the head coach for women's volleyball, Los Angeles campus are as follows:

a. Contract Duration: A contract of up to five years in duration.

b. Base Salary: A maximum initial annual base salary of $200,000.

c. Deferred Compensation: The head coach may be entitled to a specified amount as deferred compensation of up to the equivalent of the first year's guaranteed compensation, payable at the expiration of the contract term. In the event the head coach becomes unable to perform the services described in the contract due to illness, incapacity, or some other non-performance based reason, and the contract is terminated, the head coach or his assignees shall receive a pro-rata portion of the deferred compensation as described in the contract between the parties. If the coach is terminated for cause, the coach will forfeit this deferred payment. If the coach is terminated under the "at will" provisions of the agreement, the coach will be entitled to the amount vested through the date of termination.

d. Signing Bonus: A one-time signing bonus of not more than 33 percent of the first year's guaranteed compensation. The appropriateness of a signing bonus as well as the amount of the signing bonus will be determined in conjunction with the agreed-upon base salary, such that the higher the base, the lower the signing bonus. The agreement will require that the coach forfeit the entire signing bonus if the coach fails to complete the term of the contract.

e. Incentive Pay: An annual maximum of up to $40,000 based on achievement of performance goals established in the contract.

Additional items of compensation include:

- Per policy, eligible for standard health and welfare benefits.
- Camp earnings up to a $100,000 maximum, subject to availability of facilities and at the discretion of UCLA's Director of Intercollegiate Athletics.
- A courtesy vehicle or payments in lieu of a car up to $5,400 annually.
- In accordance with University policies and regulations governing travel and subject to approval by the Athletics Director, the University will pay spouse travel for required events outside the Los Angeles area.
- Approval for a non-standard title (Head Coach) to be eligible for participation in the Mortgage Origination Program (MOP) and/or the Supplemental Home Loan Program (SHLP). The loan amount will not exceed the MOP or SHLP programmatic maximum loan amount at the time the candidate is in escrow and the final loan commitment is made. Any loan offered will comply with all other

normal MOP and/or SHLP program parameters, and is subject to funding availability.

- Reimbursement for reasonable relocation costs consistent with University policy.

Termination Clause: The University will retain the right to terminate the contract for cause, at which point all compensation and other obligations will cease, and there will be no obligation by the University to "buy out" the remainder of the contract.

The University will retain the unilateral right to terminate the Employment Contract, without cause, at any time. In the event the University terminates the agreement without cause, it shall be obligated to pay the head coach, as a liquidated damage, a portion of the remaining contract amount, offset by any future income earned by the coach in subsequent employment during the remaining contract period. The University shall not be liable for any University benefits which are not vested nor for any collateral business opportunities or other benefits associated with the candidate's position as coach.

There is an additional potential cost that does not directly relate to compensation, but that is now customary in this environment. The hiring institution now customarily pays any liquated damage amounts contractually owed a former institution by the coach's early termination of that agreement.

(2) ***Appointment and Compensation for David H. Hosley as Interim Vice Chancellor – University Relations, Merced Campus***

<u>Background to Recommendation</u>

Action under interim authority was requested for the approval of the appointment and compensation for David H. Hosley as Interim Vice Chancellor – University Relations for a one-year period, effective February 1, 2010 through January 31, 2011. This urgent request is in response to the resignation of the previous incumbent, effective January 4, 2010, to pursue a new career path. Mr. Hosley is a seasoned fundraiser with a strong background in communications, governmental relations, and administration. A national search for a permanent appointee will be undertaken in the future.

This position is funded 100 percent by UC general funds provided by the State. The proposed base salary of $201,000 is below the current market median of $300,000. Market data are provided by Mercer Human Resource Consulting, which include data from the 2008/2009 College and University Professional Association (CUPA) Administrative

Compensation Survey. In addition, the proposed base is nine percent below the midpoint for SLCG Grade 107 (Minimum $172,300, Midpoint $218,700, Maximum $265,000) and 37 percent below the average base salary of $275,225 for the Vice Chancellor – University Relations at the other UC locations.

During this one-year assignment, Mr. Hosley will be responsible for the broad areas of fundraising, communications, and governmental relations as well as the further development of a strategic plan for the university relations area. Mr. Hosley is an effective and seasoned leader in the university relations arena, and has direct and successful experience in fundraising, communications, and governmental relations. Mr. Hosley joined UC Merced in 2008 as President of the Great Valley Center (GVC), a not-for-profit entity headquartered in Modesto and affiliated with the UC Merced campus. He will retain the position of GVC President during this one-year period.

Mr. Hosley has led strategic planning efforts and has recorded impressive success in fundraising throughout his career. He is active in San Joaquin Valley civic and educational efforts and serves on the UC Davis Foundation Board, the Dean's Advisory Council for the UC Davis College of Agriculture and Environmental Sciences, the California Partnership for the San Joaquin Valley (Executive Committee), and the California Asian-Pacific Chamber of Commerce, among others. He has lectured at the Stanford University Graduate School of Business on "Strategic Management in the Nonprofit Environment," and at the Stanford University Mass Media Institute on "Mass Media and Society" and "Broadcast Newswriting." He has served as an adjunct faculty member at the College of Notre Dame and Florida International University and as an assistant professor at the University of Florida. Mr. Hosley is a recognized documentary film producer and the author of numerous articles.

Recommendation

The following items were approved in connection with the appointment and compensation of David H. Hosley as Interim Vice Chancellor – University Relations, Merced campus:

(a) Appointment of David H. Hosley as Interim Vice Chancellor – University Relations, Merced campus.

(b) Per policy, an annual base salary of $201,000 (SLCG Grade 107: Minimum $172,300, Midpoint $218,700, Maximum $265,000).

(c) This appointment is at 100 percent time and effective February 1, 2010, through January 31, 2011, or until the effective date of the appointment of a permanent Vice Chancellor – University Relations, whichever occurs first.

Additional items of compensation include:

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

<u>Recommended Compensation</u>
Effective Date: February 1, 2010
Base Salary: $201,000
Grade Level: SLCG Grade 107:
Minimum $172,300, Midpoint $218,700, Maximum $265,000
Median Market Data: $300,000
Funding Source: UC General Funds
Percentage Difference from Market: 49 percent

<u>Budget &/or Prior Incumbent Data</u>
Base Salary: $207,200
Grade Level: SLCG Grade 107
Funding Source: UC General Funds

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

B. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the President of the University approved the following recommendations:

(1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Wilshire Center Exterior Repairs and Refurbishment, Los Angeles Campus***

Pursuant to Standing Order 100.4(q)

The President, subject to concurrence of the Chairman of the Board and the Chair of the Committee on Grounds and Buildings, authorized that the 2009-10 Budget for Capital Improvements and the Capital Improvement Program include the following project:

Los Angeles: <u>Wilshire Center Exterior Repairs and Refurbishment</u> – preliminary plans, working drawings and construction – $12,346,000 to be funded from Wilshire Center Major Maintenance Reserves.

(2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Barbara and Art Culver Center for the Arts, Riverside Campus***

Pursuant to Standing Order 100.4(q)

The President, subject to concurrence of the Chairman of the Board and the Chair of the Committee on Grounds and Buildings, authorized that the 2009-10 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Riverside: Barbara and Art Culver Center for the Arts – preliminary plans, working drawings, and construction – $15,581,000, to be funded from State funds ($8,065,000), gift funds ($4,800,000), and campus funds ($2,716,000).

To: Riverside: Barbara and Art Culver Center for the Arts – preliminary plans, working drawings, and construction – $16,506,000, to be funded from State funds ($8,065,000), gift funds ($4,800,000), and campus funds ($3,641,000).

12. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated February 1, 2010 and March 1, 2010.

13. **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 Compliance and Audit

A. From the President, summary report of the Payroll Personnel System Project Initiative. (February 10, 2010)

To Members of the Committee on Educational Policy

B. From the President, Quarterly Report on Private Support, Quarterly Report on Major Donors, and Quarterly Report on Namings and Endowed Chairs. (March 2, 2010)

C. From the President, Annual Report on Student Financial Support for 2008-09. (March 2, 2010)

To Members of the Committee on Finance

D. From the President, Annual Report on University Employee Housing Assistance Programs for 2008-09. (January 12, 2010)

To Members of the Committee on Health Services

E. From the President, Medical Center Activity and Financial Status Report for the five months ended November 30, 2009. (February 4, 2010)

To the Regents of the University of California

F. From the President, letter and statements of the President and of the Chairman regarding the Governor's State of the State address. (January 6, 2010)

G. From the Chief Investment Officer, Treasurer's Annual Report for the fiscal year ended June 30, 2009. (January 8, 2010)

H. From the President, letter and enclosed statement regarding the Governor's 2010-11 State budget proposal. (January 8, 2010)

I. From the President, letter regarding video message discussing the Governor's proposed 2010-11 State budget. (January 11, 2010)

J. From the President, letter regarding the fall 2010 application data. (January 13, 2010)

K. From the Secretary and Chief of Staff, article regarding the Governor's budget, sent on behalf of Regent Blum. (January 20, 2010)

L. From the President, Vice President Lenz's presentation on the Governor's proposed 2010-11 State budget and UC budget issues. (January 27, 2010)

M. From the President, letter and enclosure outlining key points regarding current UC issues. (January 29, 2010)

N. From the Secretary and Chief of Staff, report of communications received subsequent to the January 4, 2010 report of communications. (February 1, 2010)

O. From the President, letter and enclosure regarding the new eligibility policy. (February 3, 2010)

P. From the Secretary and Chief of Staff, article concerning higher education funding, sent on behalf of Chairman Gould. (February 8, 2010)

Q. From the General Counsel, Annual Report of UC Legal Expenses for Outside Counsel, Fiscal Year 2009. (February 8, 2010)

R. From the Chairman, letter regarding the UC Student Association's "March on Sacramento." (February 9, 2010)

S. From the President, letter and enclosure regarding enrollment targets for the 2010-11 academic year. (February 10, 2010)

T. From the Secretary and Chief of Staff, copy of letter to the president of the American Federation of State, County, and Municipal Employees, AFL-CIO Local 3299, sent on behalf of Chairman Gould. (February 11, 2010)

U. From the President, letter and enclosure regarding eligibility reform simulations. (February 12, 2010)

V. From the President, letter and enclosure regarding admissions tests and UC principles for admissions testing. (February 17, 2010)

W. From the Secretary and Chief of Staff, letter and enclosure concerning the incidents at UCSD, sent on behalf of Regent-designate Cheng. (February 22, 2010)

X. From the President, letter and article reporting on UC's budget advocacy progress. (February 22, 2010)

Y. From the President and Chairman, email message regarding Regent Reiss' appointment as California Secretary of Education. (February 23, 2010)

Z. From the Chairman, letter concerning events at UCSD and UCI. (February 23, 2010)

AA. From the Secretary and Chief of Staff, press release issued by the Governor announcing Regent Reiss' appointment as Secretary of Education. (February 23, 2010)

BB. From the President, letter and summary of advocacy activities during January and February. (February 24, 2010)

CC. From the President, letter and statement of the President and Chairman regarding an incident at UCSD. (February 26, 2010)

DD. From the President, letter and statement of the President, Chancellors, Chair and Vice Chair of the Academic Senate regarding several incidents across the UC system. (February 26, 2010)

EE. From the Secretary and Chief of Staff, report of communications received subsequent to the February 1, 2010 report of communications. (March 1, 2010)

14. **UNFINISHED BUSINESS**

A. ***Amendment of Bylaw 12.6 and Standing Order 100.4 to Conform to Current University Relationship with the Department of Energy National Laboratories***

At the January 21, 2010 meeting of the Regents of the University of California, Regent Kozberg served notice that at the next regular meeting Committee Chair Wachter would move amendment of Bylaw 12.6 and Standing Order 100.4 as shown below.

Deletions shown by strikeout, additions by underscore

BYLAW 12.

RESPONSIBILITIES OF STANDING COMMITTEES

***

12.6 Committee on Oversight of the Department of Energy Laboratories.

The Committee on Oversight of the Department of Energy Laboratories shall:

(a) Consider and report to the Board, or to appropriate Committees of the Board, on matters concerning relations with the United States Department of Energy and matters relating to the Ernest Orlando Lawrence Berkeley National Laboratory, ~~the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory~~ Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC.

(b) Act in an advisory capacity to the President of the University with respect to appointments of the Director~~s~~ and Deputy Director~~s~~ of the Ernest Orlando Lawrence Berkeley National Laboratory~~, the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory;~~, and to the President of the University and the Chairman of the Board with respect to appointments to the University positions on the Executive Committee of the Boards of Governors of Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC.

***

STANDING ORDER 100.

OFFICERS OF THE UNIVERSITY

***

100.4 Duties of the President of the University.

***

(c) The President of the University, in accordance with such regulations as the President may establish, is authorized to appoint, determine compensation, promote, demote, and dismiss University employees, except as otherwise provided in the Bylaws and Standing Orders and except those employees under the jurisdiction of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents. Before recommending or taking action that would affect personnel under the administrative jurisdiction of Chancellors, Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, or the Director~~s~~ of the Ernest Orlando Lawrence Berkeley National Laboratory~~, the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory~~, the President shall consult with or consider recommendations of the appropriate Officer. When such action relates to a Professor, Associate Professor, or an equivalent position; Assistant Professor; a Professor in Residence, an Associate Professor in Residence, or an Assistant Professor in Residence; a Professor of Clinical (e.g, Medicine), an Associate Professor of Clinical (e.g., Medicine) or an Assistant Professor of clinical (e.g., Medicine); a Senior Lecturer with Security of Employment, or a Lecturer with Security of Employment, the Chancellor shall consult with a properly constituted advisory committee of the Academic Senate.

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(e) The President is authorized to grant leaves of absence with or without pay, in accordance with such regulations as the President may establish, except that paid leaves of absence that exceed ninety days for Chancellors, the Ernest Orlando Lawrence Berkeley National Laboratory Director~~s~~, Executive Vice Presidents, Senior Vice Presidents, and other Vice Presidents shall be subject to approval by the Board upon recommendation of the President of the University.

***

(m) The President is authorized to negotiate and approve indirect cost rates to be applied to contracts and grants under which the University conducts programs supported by extramural funds, provided that such negotiations shall be directed toward full recovery of indirect costs~~, except that the fixed payment in lieu of indirect costs under the major United States Department of Energy contracts shall be approved by the Committee on Finance~~. Newly approved indirect cost rates determined under the provisions of *Office of Management and Budget Circular A21*, and any successor publication thereto, shall be reported to the Committee on Finance annually.

***

(dd) Except as otherwise specifically provided in the Bylaws and Standing Orders, the President is authorized to execute on behalf of the Corporation all contracts and other documents necessary in the exercise of the President's duties, including documents to solicit and accept pledges, gifts, and grants, except that specific authorization by resolution of the Board shall be required for documents which involve or which are:

***

(2) Renewal or modification of the prime contract~~s~~ with the Department of Energy for the operation of the Ernest Orlando Lawrence Berkeley National Laboratory~~, Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory~~; renewals or substantive modifications of the Los Alamos National Security LLC and Lawrence Livermore National Security LLC Agreements; and modifications to the prime contracts pertaining to the Los Alamos National Laboratory or the Lawrence Livermore National Laboratory that would constitute a cardinal change.

***

Upon motion of Regent Wachter, duly seconded, the recommendation was approved.

B. ***Amendment of Standing Order 100.4 (q) and (nn) to Extend the Pilot Phase of the Process Redesign for Capital Improvement Projects***

At the January 21, 2010 meeting of the Regents of the University of California, Regent Schilling served notice that at the next regular meeting she would move amendment of Standing Order 100.4 as shown below.

Deletions shown by strikeout, additions by underscore

STANDING ORDER 100.

OFFICERS OF THE UNIVERSITY

***

100.4 Duties of the President of the University.

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(q)

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

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

This paragraph shall become inoperative and is repealed on March 31, ~~2010~~ 2011, unless a later Regents' action, that becomes effective on or before March 31, ~~2010~~ 2011, deletes or extends the date on which it becomes inoperative and is repealed.

***

(nn)

***

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

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

This paragraph shall become inoperative and is repealed on March 31, ~~2010~~ 2011, unless a later Regents' action, that becomes effective on or before March 31, ~~2010~~ 2011, deletes or extends the date on which it becomes inoperative and is repealed.

***

Upon motion of Regent Schilling, duly seconded, the recommendation was approved.

The meeting adjourned at 11:50 a.m.

Attest:

Secretary and Chief of Staff

Additions shown by underscoring; deletions shown by strikethrough

POLICY ON DEFENSE AND INDEMNIFICATION OF REGENTS AND OFFICERS OF THE REGENTS ~~IN CIVIL PROCEEDINGS~~

I. Definitions

A. Civil Action: A Civil Action is defined as any civil action or proceeding threatened, filed, maintained or pending in state or federal court, excluding Other Proceedings.

B. Other Proceedings: Other proceedings include but are not limited to actions maintained or pending in state or federal court brought by or in the right of the Regents (“derivative actions”), administrative proceedings initiated by third parties and criminal proceedings threatened, filed, maintained or pending in any forum.

C. Action: An Action is defined as a Civil Action or Other Proceeding, as the case may be.

D. Expenses: Expenses includes without limitation attorneys' fees and any expenses of successfully establishing a right to indemnification hereunder.

E. Defense: Defense shall be limited to Expenses actually and reasonably incurred by the Indemnitee in connection with the defense of the Action.

F. Indemnification: Indemnification shall be limited to payment of any judgment (except for punitive damages, which are addressed in sections VI and VII below) fine, settlement, penalties or resolution of the Action.

G. Indemnitee: Indemnitee is defined as each person described in section II below.

II. Persons Covered

The Regents of the University of California, a corporation, shall defend and indemnify as provided in this policy any present or former member of the Board of Regents or other present or former Officer of the Corporation who has been, is, or becomes a party to any Civil Action or Other Proceeding ~~action or proceeding~~ arising out of an act or omission occurring within the scope of his or ~~/~~her duties as a Regent or Officer of The Regents. This policy shall also apply to the Faculty Representatives, Student and Alumni Regents-designate and be applied to individuals who are appointed pursuant to Regents policies to positions as Advisors ~~advisors~~ to the Board of Regents or to one of its committees.

III. Scope of Coverage

The defense and indemnification provided hereunder shall not be deemed exclusive of any other rights to which a party seeking indemnification may be entitled under any statute, bylaw, insurance, agreement, or otherwise,~~;~~ and shall inure to the benefit of the heirs, executors, and administrators of such party. Such defense and indemnification shall supplement indemnification and other legal protections provided by the federal Volunteer Protection Act, California Tort Claims Act and~~,~~ other statutes, and other policies of the corporation and are provided for all covered actions or proceedings to the fullest extent permitted by law and public policy, regardless of any limitations of coverage contained in the indemnification provisions of relevant ~~said~~ statutes or policies.

IV. General Conditions for Defense and Indemnification

As a condition of receiving ~~to seeking~~ defense and indemnification, the Indemnitee ~~party~~ shall give prompt notice to the Board and the General Counsel to The Regents of the pendency of any Action~~action or proceeding~~ for which he or she may appropriately seek defense and indemnification, shall keep the Board or its designee and the General Counsel apprised of significant developments in the Action ~~action or proceedings~~, and shall cooperate in good faith in the defense of the Action.

V. When a Defense is Provided

A. Civil Actions

Subject to the conditions of section IV above, an Indemnitee shall be entitled to a defense under this policy in a Civil Action if he or she was acting within the scope of his or her duties at the time of the act or omission, unless it is determined that the Indemnitee acted or failed to act because of actual fraud, corruption or actual malice. The extent of entitlement to a defense may be established by successful defense of the Civil Action or of claims, issues or matters therein, by the tribunal determining the matter, or in the event of an adverse determination, by an independent determination of the Board itself.

B. Other Proceedings

Subject to the conditions of section IV above, an Indemnitee shall be entitled to a defense under this policy in Other Proceedings, including a derivative action, an administrative proceeding or criminal proceeding, if he or she was acting within the scope of his or her duties at the time of the act or omission and if it is determined that the Indemnitee's act or omission was in good faith, without actual malice and in the apparent interests of the University. The extent of entitlement to a defense may be established by successful defense of the Other Proceeding or of claims, issues or matters therein, by the tribunal determining the matter, or in the event of an adverse determination, by an independent determination of the Board itself.

C. Defense Prior to Final Disposition

Provided that the Indemnitee has delivered a written agreement in accordance with the requirements set forth below, the University shall begin providing the Indemnitee with a defense and/or advancing all defense costs on the Indemnitee's behalf upon notice of an Action and prior to its final disposition. Any advancement of fees or costs shall be subject to a written agreement by the Indemnitee, substantially in the form attached to this Policy as Attachment A, to repay the University for such fees or costs if ultimately it is determined by the Board that the Indemnitee was not entitled to a defense. Any advancement of fees or costs to parties other than those retained by the University shall be subject further to the requirements set forth in paragraph V.D below. The University may decline or cease to provide a defense and/or advance fees or costs under this paragraph on a finding of good cause by the Board following an independent determination in accordance with section VII below. Such finding may be issued at any time before or during the defense of an Action.

D. Counsel Retained by Indemnitee

Unless otherwise requested by the Indemnitee, the University shall provide a defense for the Indemnitee through the University's Office of General Counsel and/or through other counsel retained by the University at its expense. In lieu of a defense by the University, the Indemnitee may retain separate counsel for his or her defense at University expense, subject to the following: the Indemnitee must provide advance written notice of the proposed retention to the General Counsel to The Regents; the proposed retention and its terms must be reasonable under the circumstances; all invoices or payment requests from separate counsel must be processed through the Office of General Counsel; all payment requests must be for fees and/or costs actually and reasonably incurred; and, to the extent that there is no conflict of interest, the Indemnitee and separate counsel must cooperate with the University in the defense of other parties and/or claims in the Action.

Unless and until the Committee on Governance decides otherwise, pursuant to this paragraph, the Indemnitee shall be permitted to proceed with the proposed retention of separate counsel, on the proposed terms, following delivery of notice pursuant to the preceding paragraph. The General Counsel, the President of the University or the Chairman of the Board, may, upon a showing of good cause, request that the Committee on Governance reject, modify, or take other action on any proposal by an Indemnitee to obtain separate counsel at University expense and/or on any invoice or payment request submitted by separate counsel following retention. The Committee on Governance may grant such request, or take other action, on finding good cause. Factors to be considered in determining good cause may include, but are not limited to, the following: the nature, scope and expected cost of the proposed retention, as compared to the types of claims and level of exposure presented in the Action; the nature, scope, expected costs, and other business terms of the proposed retention as compared to retentions typically entered into by the University for similar actions under similar circumstances; opportunities for joint representation with other defendants; and the reasonableness of any invoice or payment request in light of the services delivered, results achieved and/or amounts paid by the University for similar services in the Action or in like circumstances.

No request by an Indemnitee for separate counsel shall be denied on grounds that the Indemnitee fails to meet the requirements for a defense under this policy unless there has been an adverse determination in the Action or a finding of good cause by the Board following an independent determination, in accordance with section VII below.

VI. When Indemnification is Provided

A. Civil Actions

Subject to the conditions set forth in section IV above, an Indemnitee shall be entitled to indemnification under this policy for a Civil Action if the acts or omissions of the Indemnitee satisfy the requirements for a defense under section V.A. above.

B. Other Proceedings

Subject to the conditions set forth in section IV above, an Indemnitee shall be entitled to indemnification under this policy for Other Proceedings if the acts or omissions of the Indemnitee satisfy the requirements for a defense under section V.B above, and if further, in its sole discretion, the Board makes an independent determination that indemnification would be in the best interests of the University.

C. Punitive Damages

Indemnification shall be made for punitive damages when it would otherwise be proper under this policy and under the following additional criterion: prior to such indemnification and in its sole discretion, the Board has made an independent determination that the Indemnitee's acts or omissions were without actual malice and in the apparent best interests of the University and that payment of the award would be in the University's best interests.

~~When such notice is provided, the Board or its designee shall provide for a defense for the party or, by mutual agreement, may permit the party to provide for his/her own defense. When expenses incurred in defending an action or proceeding are paid by the corporation in advance of the final disposition of such action or proceeding, it shall be with the understanding that the party must repay such amount unless it ultimately shall be determined that he or she is entitled to be indemnified as authorized herein.~~

~~Such indemnification shall be limited to expenses actually and reasonably incurred by such party in connection with the defense, judgment (except for punitive damages, which are addressed elsewhere in this policy), or settlement of such action or proceeding (1) to the extent that a party has been successful in the defense of any action or proceeding, or in the defense of any claim, issue, or matter therein, or (2) if authorized in the specific case, after it has been resolved, upon an independent determination as provided therein that indemnification is proper in the circumstances because the party acted or failed to act in good faith, in a manner such party believed to be in the best interest of the University, and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. For purposes of this resolution, "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification hereunder.~~

~~Such indemnification shall be made for punitive damages when it would otherwise be proper under this policy and under the following additional criteria: Prior to such indemnification an independent determination must conclude that the present or former member of the Board acted or failed to act without malice and in the apparent best interests of the University and that payment of the award would be in the best interests of the University.~~

VII. Independent Determination

When any independent determination is required pursuant to this policy, it shall be made by the Board, by a majority vote of a quorum consisting of members not parties to such Action~~action or proceeding~~. If such quorum cannot be convened or, even if convened, if a majority of such quorum so directs, the determination shall be made by a disinterested third party appointed by such quorum or~~, if no such quorum can be convened, the appointment of the disinterested third party shall be made~~ by the Board itself ~~President of the State Bar of California~~. The independent determinations provided hereunder shall be made upon a consideration of all relevant facts and circumstances including ~~included~~ without limitation the record of any Action ~~action or proceeding~~ giving rise to the request for indemnification. ~~The independent determination in connection with any request for indemnification for punitive damages additionally shall consider the availability of University funds from appropriate fund sources.~~

ATTACHMENT A

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
OFFICE OF THE GENERAL COUNSEL

1111 Franklin Street, 8th Floor • Oakland, California 94607-5200 • (510) 987-9800 • FAX (510) 987-9757

Charles F. Robinson
VICE PRESIDENT AND GENERAL COUNSEL

Writer's direct line: (510) 987-9938
E-mail: charles.robinson@ucop.edu

Date: ____________________

Re: [case name]

Dear Regent _____________:

Thank you for notifying us of the above-captioned Action. As you and I discussed, the University will provide you with a defense and/or pay for attorney's fees and any related expenses incurred to defend you at the University's expense, pursuant to the University Policy on Defense and Indemnification of Regents and Officers of The Regents. In return for this commitment, you agree to repay the University for all attorney's fees and other expenses the University incurs in defending you in the Action, in the event that it is ultimately determined under the Policy that you were not entitled to a defense in the action at University expense.

Please return a signed copy of this letter to me at your earliest convenience to indicate your agreement to these terms.

Sincerely,

Charles F. Robinson
Vice President and General Counsel

Agreed:

_________________________________ _____________________________
Regent's Signature Date

Additions shown by underscoring; deletions shown by strikethrough

~~**DIRECTORS' AND OFFICERS' INSURANCE: INDEMNIFICATION RESOLUTION**~~

~~RESOLVED THAT:~~

~~The Regents of the University of California, a corporation, shall indemnify any member of the Board of Regents and any officer or employee of the Corporation or of the University who has been, is, or becomes a party to any threatened, pending, or completed civil action or administrative proceeding brought by or in the right of the Corporation or its instrumentalities, against expenses actually and reasonably incurred by such individual in connection with the defense or settlement of such action or proceeding if such individual acted or omitted to act in good faith, in a manner such individual believed to be in the best interest of the University, and with such care, including reasonable inquiry, as an ordinarily prudent person in like position would use under similar circumstances. For purposes of this resolution "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification hereunder.~~

~~Such indemnification shall be made (1) to the extent that any individual has been successful in the defense of any action or proceeding, or in the defense of any claim, issue, or matter therein, or (2) if authorized in the specific case, after it has been resolved, upon a determination that indemnification is proper in the circumstances because the individual has met the applicable standard of conduct as set forth in the first paragraph of this resolution. The determination as to entitlement to indemnification shall be made by the Board by a majority vote of a quorum consisting of members not parties to such action or proceeding; if such a quorum cannot be convened or, even if convened, if a majority of such quorum so directs, the determination shall be made by a disinterested third party appointed by such quorum or, if no such quorum can be convened, the appointment of the disinterested third party shall be made by the President of the State Bar of California. The determination as to entitlement to indemnification shall be made upon a consideration of all relevant facts and circumstances including the record of any action or proceeding giving rise to the request for indemnification.~~

~~As a condition to seeking indemnification, the individual shall give prompt notice to the Board of the pendency of any action or proceeding for which he or she may seek indemnification and shall keep the Board or its designee apprised of significant developments in the action or proceeding.~~

~~Expenses incurred in defending an action or proceeding may be paid in advance of the final disposition of such action or proceeding as authorized by the Board in the specific case upon receipt of any undertaking by or on behalf of the individual to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified as authorized herein.~~

~~The indemnification provided hereby shall not be deemed exclusive of any other rights to which an individual seeking indemnification may be entitled under any statute, bylaw, insurance, agreement, or otherwise; and shall continue as to a person who has ceased to be associated with the University; and shall inure to the benefit of the heirs, executors and administrators of such person.~~

Attachment 3

Additions shown by underscoring; deletions shown by strikethrough

POLICY ON DEFENSE AND INDEMNIFICATION OF EMPLOYEES AND FORMER EMPLOYEES ~~FOR PUNITIVE DAMAGES~~

For all matters except those specified below, the defense and indemnification of employees and former employees shall be governed by the provisions of the California Tort Claims Act and administered in accordance with the delegations to the President and the General Counsel pursuant to the Bylaws, Standing Orders and Regents Policy.

In the event of an award of punitive damages against an employee or former employee of the University related to an act or omission of the employee or former employee, ~~T~~the Regents shall make an independent determination ~~of~~ whether the employee or former ~~employee acted or failed to act~~ employee's act or omission was: (1) within the course and scope of University employment; (2) in good faith, without actual malice and in the apparent best interests of the University; and (3) whether payment of the award would be in the best interests of the University. If ~~T~~the Regents determine that the employee or former ~~employee acted or failed to act~~ employee's act or omission was within the course and scope of University employment, in good faith, without actual malice and in the apparent best interests of the University, and that payment of the award is in the best interests of the University, ~~T~~the Regents shall indemnify the employee or former employee as to such punitive damages. ~~The Regents' undertaking as to indemnification in any such case shall be limited to the amount determined in the particular case by The Regents in light of relevant circumstances including availability of funds from appropriate fund sources.~~ The amount to be indemnified shall be determined by the Regents and in their sole discretion.

Attachment 4

Additions shown by underscoring; deletions shown by strikethrough

DEFENSE AND INDEMNIFICATION OF TRUSTEES OF CAMPUS FOUNDATIONS

~~That~~ The ~~Regents indemnify and~~ University of California shall defend and indemnify present and former members of the Boards of Trustees of the Campus Foundations (“Foundation Trustees”) for any action or proceeding (“Proceeding”) arising out of an act or omission occurring within ~~as to all claims and liability that may arise or occur in~~ the course and scope ~~of the performance~~ of their duties in connection with ~~the~~ investment and reinvestment of assets held for the benefit of the University, including split-interest trusts and similar arrangements, ~~to the same extent as afforded individual Regents;~~ provided that actions giving rise to the ~~claims or liability~~ Proceeding are in connection with the Campus Foundation investments which are invested in accordance with University policies and guidelines respecting the investments of Campus Foundations, that the actions giving rise to the Proceeding are undertaken in a manner consistent with the requirements of applicable provisions of The California Nonprofit Corporations Code, and further provided that the defense and indemnification ~~and defense~~ shall be secondary to any entitlements the ~~trustees~~ Foundation Trustees may have to ~~indemnification and~~ defense and indemnification from ~~insurance carried by~~ any insurance policies under which the Campus Foundations are insured.

As a condition of receiving defense and indemnification, Foundation Trustees shall give prompt notice to the University of the pendency of any action or proceeding as defined above, shall keep the University or its designee apprised of significant developments in the action or proceeding and shall cooperate in good faith in the defense. The President shall issue any necessary guidelines to implement ~~the~~ this policy.

Additions shown by underscoring; deletions shown by strikethrough

~~INDEMNIFICATION OF INDIVIDUALS SERVING ON THE UC PRESIDENT'S COUNCIL ON THE NATIONAL LABORATORIES~~

~~The Regents indemnify and defend individual members of the UC President's Council on the National Laboratories, including its associated panels, as to claims and liabilities that may arise or occur in the course and scope of their service as members of the Council or its associated panels, except for claims resulting from fraud, corruption, or actual malice. The President is authorized to issue any necessary guidelines to implement this policy.~~

Attachment 6

Additions shown by underscoring; deletions by strikethrough

BYLAW 20.

OFFICERS OF THE CORPORATION

20.1 ~~Designation~~ Identity and Qualifications

The Officers of the Corporation shall be the President of the Board ~~(who shall be the Governor of the State)~~; the Chairman; the Vice Chairman; and the following, who shall ~~collectively~~ be known collectively as the Principal Officers of The Regents: the Secretary and Chief of Staff, the Chief Investment Officer and Vice President for Investments (who also serves as an Officer of the University), the General Counsel and Vice President for Legal Affairs (who also serves as an Officer of the University), and the Senior Vice President – Chief Compliance and Audit Officer (who also serves as an Officer of the University).~~; and such deputies, associates and assistants of the foregoing Principal Officers as they may from time to time designate in their respective areas of responsibility as Officers of the Corporation.~~ The Officers of the Corporation shall also include such deputies, associates and assistants of the Principal Officers as are designated Officers of the Corporation by the Principal Officers in their respective areas of responsibility pursuant to Bylaw 20.2. The President shall be the Governor of the State. The President, Chairman, and Vice Chairman shall be members of the Board, but membership on the Board shall not be a necessary qualification for other Officers. Any Officer, other than the President, Chairman, and Vice Chairman, may hold as many offices as the Board shall determine.

20.2 Election or Designation, and Removal

The Governor of the State shall be designated as President by virtue of serving as Governor of the State. The Board shall elect the Chairman, Vice Chairman, and Principal Officers ~~except the President, who shall be the Governor of the State~~. The Chairman and Vice Chairman shall be elected at the May meeting of the Board and shall hold office for one year commencing on July 1 and until their successors are elected. In the event of an interim vacancy in the office of Chairman, the Vice Chairman shall hold office until a successor is elected. The Chairman of the Board shall not be elected for more than two consecutive ~~years~~ terms plus an immediately preceding unexpired term, if any. The Vice Chairman of the Board shall not be elected for more than two terms plus an immediately preceding unexpired term, if any. ~~All other~~ The Principal Officers shall be elected at such times as vacancies may occur and shall hold office at the pleasure of the Board. The election and removal of the Chairman, Vice Chairman, and Principal Officers of the Corporation shall be by the affirmative vote of a majority of the members of the Board, except that the election of a Chairman Pro Tempore shall be by the vote of a majority of the members of the Board present and voting at any regular or special meeting of the Board at which such election takes place.

Each Principal Officer shall have the authority to designate or remove as an Officer of the Corporation any deputy, associate and/or assistant in his or her area of responsibility, including any deputy, associate and/or assistant previously designated or appointed an Officer of the Corporation by the Board or a Principal Officer under previous Bylaw provisions.

UNIVERSITY OF CALIFORNIA
APPENDICES TO INVESTMENT POLICY STATEMENTS

APPENDIX 7P

Effective: April 1, 2010

REAL ASSETS INVESTMENT GUIDELINES

The purpose of these investment management guidelines ("Guidelines") is to clearly state the investment approach, define performance objectives, and to control risk within the Real Assets portfolio ("Portfolio"). These guidelines shall be subject to ongoing review.

These Guidelines are applicable to the entire Portfolio consisting of investments made on behalf of the UCRP and GEP ("the Funds"). The allocation of investments between the Funds will be managed by the Treasurer in accordance with the respective performance and risk objectives of the Funds.

Strategic Objective

The Portfolio shall be managed with the objective of preserving capital while maximizing the risk-adjusted returns of the Funds through income generation and long-term capital appreciation, enhancing diversification, and hedging against inflationary risks.

Performance Objective

The primary performance objective of the Portfolio is to generate annualized net-of-fee returns, after adjusting for risk, which exceeds the return of the Performance Benchmark on a consistent basis over time.

Performance Benchmark

The Committee has adopted the following performance benchmarks for each of the underlying strategies within the Portfolio:

Strategy	Benchmark
Timberland	IRR-Based Benchmark
Energy	IRR-Based Benchmark
Infrastructure	IRR-Based Benchmark
Commodities	S&P GSCI Reduced Energy Index
Opportunistic	IRR-Based Benchmark

Investment Guidelines

1. Investments shall be made through limited liability investment vehicles such as limited partnerships, limited liability corporations, and other pooled investment funds. Permissible investments shall also include fund-of-fund vehicles, co-investments and direct investments made through title holding corporations.

2. The Portfolio shall adhere to the following long-term allocation targets and ranges:

Strategy	Long-Term Target Allocation	Allowable Ranges Min	Allowable Ranges Max
Timberland	30%	0%	40%
Energy	30%	0%	40%
Infrastructure	20%	0%	30%
Commodities	10%	0%	20%
Opportunistic	10%	0%	20%
Total	100%	-	-

3. Investments shall be primarily equity-oriented, but may also include debt instruments secured by real assets with equity-like returns.
4. No single investment can represent, at the time of commitment, more than 10% of the overall Portfolio.
5. No single investment, at the time of commitment, can exceed 20% of the total capital being raised for that investment.
6. No investment with any single investment manager or general partner can represent more than 15% of the overall Portfolio.
7. No investment with any single investment manager or general partner can exceed 20% of that manager's total assets under management.
8. Investments in multiple vehicles managed by the same manager are permitted. However, the total commitment to these investments (including co-investments and direct equity investments), at the time of commitment, may not exceed 30% of the budgeted three-year allocation defined as current book value plus unfunded commitments plus approved commitment level for the current year and two subsequent years.
9. Investments outside the U.S. must be diversified by geographic location and may not represent more than 35% of the Portfolio.
10. The Portfolio shall be diversified across time with no more than 35% of the budgeted allocation being committed in any single year.
11. Use of derivative securities by individual investment managers must be specified in writing in the manager's guidelines and must be consistent with the Derivatives Policy, Appendix 4.

Note: Compliance with some of these guidelines will not be required until a sufficient number of investments have been made. The Treasurer will keep the Committee periodically informed as to the status of its compliance with these guidelines.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
INVESTMENT POLICY STATEMENT

APPENDIX 1
Effective: ~~December 1, 2008~~~~March~~April 1, 2010
Replaces Version Effective: December 1, 2008~~October 1, 2008~~

ASSET ALLOCATION, PERFORMANCE BENCHMARKS, AND REBALANCING POLICY

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

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

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

A. Strategic Asset Allocation and Ranges

	Long-Term Target Allocation	Current Policy Allocation	Allowable Ranges	
			Minimum	Maximum
U.S. Equity	~~18~~19%	~~19~~20%	~~14~~15	~~24~~25
Developed Non US Equity	~~17~~18	18.5	~~15~~13.5	~~21~~23.5
Emerging Mkt Equity	5	5	~~2~~3	~~8~~7
Global Equity	~~5~~2	2	~~0~~1	~~5~~3
US Fixed Income	5	8	5	11
High Yield Fixed Income	2.5	3	~~0~~2	~~6~~4
Non USD Fixed Income	~~2.5~~0	~~2.5~~0	~~0~~NA	~~6~~NA
Emerging Mkt Fixed Income	2.5	3	~~0~~2	~~6~~4
TIPS	2.5	4	~~1~~2	~~7~~6
Absolute Return	23.5	23.5	~~20~~18.5	~~26~~28.5
Real Assets	3.0	0.5	0	1.5
Opportunistic	0.5	0.5	0	1.5
Private Equity	9	7	4	10
Real Estate	7.5	5	2	8
Liquidity	0	0	0	10
	100%	100%		
Combined Public Equity	~~45~~44	~~44~~45.5	~~37~~35.5	~~51~~55.5
Combined Fixed Income	~~15~~12.5	~~20.5~~18	~~15~~13	~~25~~23
Combined Alternatives	~~40~~43.5	~~35.5~~36.5	~~30~~26.5	~~40~~46.5

APPENDIX 1
Effective: ~~June 1, 2009March~~April 1, 2010
Replaces Version Effective: June 1, 2009~~December 1, 2008~~

ASSET ALLOCATION, PERFORMANCE BENCHMARKS, AND REBALANCING POLICY

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

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

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

A. Strategic Asset Allocation and Ranges

	Long-Term Target Allocation	Current Policy Allocation	Allowable Ranges Minimum	Allowable Ranges Maximum
U.S. Equity	23%	~~32~~31%	~~27~~26	~~37~~36
Developed Non US Equity	22	22	17	27
Emerging Mkt Equity	5	4	2	6
Global Equity	2	2	1	3
US Fixed Income	12	12	9	15
High Yield Fixed Income	2.5	2.5	1.5	3.5
Emerging Mkt Fixed Income	2.5	2.5	1.5	3.5
TIPS	8	8	6	10
Absolute Return Strategy	~~10~~6.5	5	0	10
Real Assets	3	0.5	0	1.5
Opportunistic	0.5	0.5	0	1.5
Private Equity	6	6	3	9
Real Estate	7	4	1	7
Liquidity	0	0	0	10
	100%	100%		
Combined Public Equity	52	~~60~~59	~~50~~49	~~70~~69
Combined Fixed Income	25	25	20	30
Combined Alternatives	23	~~15~~16	~~8~~9	~~22~~23

UNIVERSITY OF CALIFORNIA
APPENDICES TO INVESTMENT POLICY STATEMENTS

APPENDIX 7O
Effective: ~~March~~ April 1, ~~2009~~2010
Replaces version approved March 1, 2009~~May 16, 2007~~

ABSOLUTE RETURN (AR) STRATEGIES INVESTMENT GUIDELINES

The purpose of portfolio guidelines is to clearly define performance objectives, state the investment approach, and to control risk. Portfolio guidelines should be subject to ongoing review. A change in the allocation to the strategy or the Investment Committee's risk tolerance can be among the reasons for a guideline review.

Performance Objective:
The objective of the absolute return strategy (AR) portfolio is to earn an annualized return that exceeds the Performance Benchmark (below). The AR portfolio should also provide diversification benefits to the overall portfolio by offering returns that have low correlation to the performance of other asset classes. The portfolio shall be roughly composed of one-half low-volatility, absolute return type strategies and one-half higher-volatility, market directional type strategies.

Portfolio Performance Benchmark
The performance benchmark is a weighted combination of 50% times the return of the HFRX-Absolute Return Strategies Index plus 50% times the return of the HFRX Market Directional Index

Portfolio Guidelines
1. Permissible investments include funds that invest primarily in Long/Short strategies (including U.S., dedicated Non-U.S., short bias, and global equities), Relative Value strategies (including equity market neutral, convertible bond arbitrage, and fixed income), Event Driven strategies (including distressed securities, special situations, capital structure arbitrage, relative value credit, and risk arbitrage strategies), and Opportunistic strategies (including macro, CTA and portfolio hedge).

2. Investments may be made in funds that manage single or multiple strategies.

3. Fund-of-funds investments are permitted.

4. Policy ranges for the strategies are:

	Range
Long/Short Equity	30-60%
Event Driven	20-50%
Relative Value	10-40%
Opportunistic	0-30%

5. No investment with any single manager can represent more than 10% of the AR portfolio.

6. No investment with ~~any single manager~~an asset management firm may exceed 15% of that ~~manager's~~ firm's total assets under management, and no investment in a single product may exceed 25% of the assets under management of that product.

7. Gross accounting leverage at the aggregate portfolio level shall not exceed 4.5 times the market value of the total AR assets. No more than 25% of the portfolio may be invested in managers who use on average more than 4.5 times gross accounting leverage. Recognizing the illiquidity of these investments, these constraints should guide the execution of the AR program, but may be exceeded temporarily between rebalancing. All leverage shall be non-recourse to the Regents, as trustee of UCRP, with respect to UCRP investments in the Program. All leverage shall be non-recourse to the Regents, a public corporation, with respect to GEP investments in the Program.

8. The Treasurer may not incur debt to leverage the AR portfolio; however, portable alpha strategies are permitted.

~~9.No more than 10% of the total gross exposure of the AR portfolio may be invested in emerging market securities (i.e., on a look-through basis). For purposes of these Guidelines, emerging market countries are defined as countries in Latin America, Eastern Europe, Africa, and Asia (excluding Japan, Hong Kong, Singapore, South Korea, and Taiwan).~~

~~10.No more than 40% of the total gross exposure of the AR portfolio may be invested in non-US market securities, inclusive of the restriction above.~~

~~11.~~9. No more than 15% of the total AR portfolio risk budget may be derived from any single manager.

~~12.~~10. Total AR portfolio forecast downside risk shall be maintained at a level of no more than 5% of total invested capital.

Note: During the initial implementation of an allocation for the UCRP, compliance with some of these guidelines will not be required. The Treasurer and Regent's investment consultants will monitor and inform the Committee as to the status of its compliance with these guidelines with respect to UCRP.

[Definition] Gross Accounting Leverage: the ratio of the sum of the absolute values of the long and short exposures of a portfolio divided by the net market value of the total portfolio. Gross accounting leverage of the AR portfolio is the sum of the individual manager leverage ratios, weighted by their market values.

[Definition] Forecast Downside Risk: the volatility of forecast negative returns, as measured by the annualized semi-standard deviation. The 5% level of forecast downside risk is the "risk budget."

UNIVERSITY OF CALIFORNIA
APPENDICES TO INVESTMENT POLICY STATEMENTS

APPENDIX 7Q
Effective: April 1, 2010
Replaces version: none

LIMITS ON THE SIZE OF INVESTMENTS WITH PUBLIC EQUITY AND FIXED INCOME MANAGERS

There are three broad reasons to limit the size of a management firm ("manager" or "product") within an asset class: first, to reduce headline risk, second, to reduce business risk, and third, to reduce the potential for loss caused by the action of other investors in the product. Unlike investments in non-traditional asset classes, public equity and fixed income portfolios have greater transparency and liquidity, and assets are normally held by a trustee. Nevertheless, it is prudent to be mindful of the Fund's exposure with individual investment management firms.

To best accomplish these goals, this Policy will primarily be stated in terms of principles and objectives and secondarily in explicit rules.

<u>Principles</u>

1. The University of California Pension and Endowment funds ("UC") desires to retain the freedom of action to make investment decisions without being unduly influenced by the actions of other investors.
2. UC desires to minimize circumstances where the size of its investments results in value impairment.

<u>Objectives</u>

1. Each asset class should be diversified across a group of products with sufficiently dissimilar processes to minimize the possibility of significant concentration in individual assets. This diversification should consider investment style, strategy, statistical characteristics, and cross-holding of actual holdings.
2. UC's exposure to any single management firm /product should be limited such that an event which has a negative impact on all investors within the firm/product does not cause a *disproportional* negative impact on the value of UC's investment. Thus the size of a prudent investment must also consider ownership concentration of the *remainder* of the firm /product's assets.

<u>Rules</u>

1. Notwithstanding the above, no investment with a single firm should be more than 25% of that firm's assets under management, nor should an investment in a single product of a firm be more than 10% of the assets of that product, unless mitigating circumstances exist. Such an exception must be approved in advance by the Chief Investment Officer.
2. Portfolios managed by staff within the Office of the Treasurer are exempt from this Policy

Additions shown by underscoring

THE UNIVERSITY OF CALIFORNIA STUDENT FEE POLICY*

A Student Fee Policy affecting the Educational Fee and the University Registration Fee is established with the following provisions.

A. The Educational Fee

The Educational Fee is a Universitywide mandatory charge assessed against each resident and nonresident registered student. The Educational Fee is assessed uniformly across all campuses of the University.

In addition to funding programs and services supported by the Educational Fee (such as student financial aid and related programs, admissions, registration, administration, libraries, and operation and maintenance of plant), income generated by the Educational Fee may be used for general support of the University's operating budget. Revenue from the Educational Fee may be used to fund all costs related to instruction, including faculty salaries.

In recommending to the Board the annual Educational Fee level, the President shall take into consideration the following factors:

1. the resources necessary to maintain access under the Master Plan, to sustain academic quality, and to achieve the University's overall mission;
2. the full cost of attending the University, including the cost of housing, food, healthcare, books and supplies, transportation, and other academic and personal expenses;
3. the amount of support available from various sources to assist needy students in funding the full cost of their education;
4. overall State General Fund support for the University; and
5. the full cost of attendance at comparable public institutions.

The President annually shall solicit faculty and student views on the level of the Educational Fee, through the appropriate consultation processes.

B. The University Registration Fee

The University Registration Fee is a Universitywide mandatory charge assessed against each registered resident and nonresident student.

Income generated by the University Registration Fee may be used to support services which benefit the student and which are complementary to, but not a part of, the instructional program. These programs include, but are not limited to, operating and capital expenses for services related to the physical and psychological health and well-being of students; social and cultural activities and programs; services related to campus life and campus community; and educational and career support. These programs create a supportive learning environment and provide general student enrichment.

Given the campus-specific programs and services funded by this Fee, the University Registration Fee need not be uniform across campuses. The Board of Regents shall establish annually a range within which campuses are to establish a specific fee level for the next academic year.

Chancellors annually shall solicit student views on the level of the campus Registration Fee, for their respective campuses, for the next academic year through the campus Registration Fee Advisory Committees, consistent with the range established by the Board.

Chancellors annually shall submit to the President, for final review and approval, the level of the University Registration Fee for their respective campuses. The President shall inform the Board of Regents what the University Registration Fee level will be, by campus, for the coming year.

C. Notification to Students

To assist students and their parents in planning for future educational expenses, the President shall report annually to the Board the proposed fee levels for the Educational Fee and the range of the University Registration Fee for the next academic year, and the anticipated fee levels (in the case of the Educational Fee) or ranges (in the case of the University Registration Fee) for the following three years.

<u>*Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any fees ultimately authorized by The Regents will be limited by any term or provision of this policy. The Regents expressly reserves the right and option, in its absolute discretion, to establish fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on fees of a specified level or based on a specified formula.</u>

**PRINCIPLES UNDERLYING THE DETERMINATION OF REGISTRATION FEES*

(1) The Regents approve the development of a multi-year plan to address needs as they arise, such as student mental health support.

(2) The Regents approve the allocation of a significant fraction of the proposed increase in Registration Fee for 2007-08 as permanent funds and as a first step towards meeting the needs of student mental health support.

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POLICY ON FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS*

(1) A Fee for Selected Professional School Students be assessed to students enrolled in graduate professional degree programs, as determined by The Regents, to sustain and enhance the quality of the professional schools' academic programs and services.

(2) Revenue from professional school fees will remain with the campuses and will not be used to offset reductions in State support.

(3) Fees for professional school students will be approved by The Regents, within the context of a multi-year plan that is subject to annual reconsideration.

(4) The Provost is responsible for ensuring that the leadership of each campus designs a multi-year plan of fee increases for each professional degree program in a manner that effectively advances the program's mission and strategic academic plan.

(5) In developing a program's multi-year plan, the following factors are among those to be taken into consideration: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional degree program; the ability of the program to remain competitive with other institutions of similar quality; the cost of education for each specific degree program; the resident and nonresident tuition and fees charged by comparable public and private institutions for each specific program; and other market-based factors (such as scholarship and grant support) that permit the degree program to compete successfully for students. Within this context, different fee levels may be set for professional programs in the same discipline at different campuses.

(6) Financial aid targeted for students enrolled in professional degree programs is necessary to ensure access to the degree program, and to minimize financial barriers to the pursuit of careers in public service. The Provost is responsible for ensuring that each campus complements its proposed multi-year plans for professional degree programs with financial aid measures, including scholarships, grants and loan repayment assistance programs, to adequately meet these goals. Financial aid sources should be supplemented by an amount equivalent to at least 33 percent of new professional school fee revenue or by an amount necessary to ensure that financial aid sources are equivalent to at least 33 percent of all professional school fee revenue. Campuses will regularly evaluate and report on the effectiveness of these financial aid measures.

(7) The following conditions are adopted for future professional degree fee increases:

(A) Access and inclusion are among the University's core commitments, and student affordability is a vitally important component to a public education system. Any increases in professional degree fees (PDFs) must be justified by programmatic and financial needs, but also must not adversely affect the University's commitment to access, inclusion, and keeping the door open for students interested in pursuing low-paying public interest careers.

(B) With this sentiment in mind, if a professional school unit wishes to propose a PDF increase greater than 6 percent or in excess of the percentage increase in the Education Fee for a given year, it must submit a plan, endorsed by its chancellor, describing academic and/or programmatic reasons for the requested increase and describing policies to ensure or enhance access and inclusion in the face of the rising fees.

(C) Each plan should consider the following (including expenditure projections, design parameters, and performance metrics) components:

i. Front-end financial aid such that needy students are able to pursue their academic and summer interests without regard to financial considerations.
ii. Loan forgiveness programs (or some equivalent alternative program) for, among others, students interested in pursuing low-paying public service jobs such that their debt from professional school does not unduly restrict their career decision.
iii. A strategy for inclusion of underrepresented groups.
iv. A detailed marketing and outreach plan to explain financial aid and loan forgiveness.

(D) Each unit's PDF plan shall also include:

i. Assurances that in any program directly supported by State 19900 funds, the total in-state fees charged will be at or below the total tuition and/or fees charged by comparable degree programs at other comparable public institutions.
ii. Information as to the views of the unit's student body and faculty on the proposed increase. This information may be obtained in a variety of ways ranging from consultations with elected student leaders and faculty executive committees to referenda. The information would be treated as advisory, but The Regents would view more favorably PDF proposals that enjoy the support of a unit's faculty and student body.

(E) The Provost and Executive Vice President will provide further guidance and coordination as needed to the campuses and to elements of the Office of the President, and coordinate submission of the PDF proposals to The Regents for annual action. Chancellors will carefully review PDF proposals and the supporting plans concerning financial aid, loan forgiveness, outreach, evaluation, and implementation of corrective measures if needed (such as a PDF rollback, freeze, limit on future increases, or other financial and/or non-financial measures), and forward the PDF proposals as revised to the Office of the President. PDF proposals from the campuses and as submitted to The Regents should cover a rolling period of not less than three years.

(F) These conditions are effective in academic year 2009-10 and onwards. For academic year 2008-09, any PDF increases greater than 6 percent approved by The Regents are conditional on the President's determination by March 1, 2008, that the unit has satisfied conditions equivalent to those above; such a determination will be reported to The Regents for information.

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PRINCIPLES UNDERLYING THE DETERMINATION OF FEES FOR STUDENTS OF PROFESSIONAL DEGREE PROGRAMS*

1. The Regents approve professional school fees according to a multi-year plan, subject to annual reconsideration.

2. The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out-of-state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out-of-state graduate academic students for all campuses across the system.

3. It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.

4. The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost and Executive Vice President with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.

5. The Regents charge the Provost and Executive Vice President with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.

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