

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

May 18, 2011

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

Present: Regents Blum, Crane, DeFreece, Gould, Hime, Island, Johnson, Kieffer, Lansing, Lozano, Makarechian, Marcus, Mireles, Newsom, Reiss, Schilling, Torlakson, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Hallett and Pelliccioni, Faculty Representatives Anderson and Simmons, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Darling, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 12:45 p.m. with Chairman Gould presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meetings of December 13, 2010 and March 17, 2011 and the meetings of the Committee of the Whole of March 16 and 17, 2011 were approved.

2. REPORT OF THE PRESIDENT

President Yudof presented his report concerning University activities and individuals. He recognized Juliann Martinez for her service as Staff Advisor to the Board for the past two years and thanked her for being a dynamic representative for UC staff and for bringing her perspective to the Board's deliberations.

[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 – JESSE CHENG

WHEREAS, Jesse Cheng, an Asian-American Studies major at the University of California, Irvine, has completed his term as the 36th Student Regent, the second student from UC Irvine to hold the position; and

WHEREAS, as a trustee of this great university, he has proven himself articulate and thoughtful in representing the student viewpoint in Board discussions, strongly

advocating for preserving access and affordability, and offering an informed perspective on a myriad of concerns that have come before the Board; and

WHEREAS, he has provided activist leadership on issues of importance to students at both the campus and systemwide levels through service on the Executive Board of the Asian Pacific Student Association, as a student representative to the UC Irvine Academic Senate's Committee on Educational Policy, as a member of the Student Fee Advisory Committee, as well as a representative for the School of Humanities, the Legislative Council, and the Associated Students; and

WHEREAS, in his role as a Regent, he has demonstrated a keen understanding of the many complex issues facing a research university in the 21st century, contributing reasoned analysis to the deliberations of the Regents' Committees on Compliance and Audit, Educational Policy, and Finance; and

NOW, THEREFORE, BE IT RESOLVED that the Regents convey to Jesse Cheng their appreciation for his service as a member of the Board and its committees during this past year and their appreciation for the depth of his interest in and service to the University of California;

AND BE IT FURTHER RESOLVED that a suitably inscribed copy of this resolution be transmitted to Jesse as an expression of the Regents' regard for his contributions to the Board of Regents and the University of California.

4. **RESOLUTION IN APPRECIATION – DAREK A. DEFREECE**

WHEREAS, Darek A. DeFreece, a loyal alumnus of the Berkeley campus, who has served both as a Regent-designate and ex officio Regent by virtue of his position in the Alumni Associations of the University of California, will complete his term on the Board of Regents of the University of California on June 30, 2011, having served this Board and this University with great distinction and heartfelt commitment; and

WHEREAS, as a proud Berkeley graduate, he was recognized by the California Alumni Association with its Excellence in Service Award for his consistently outstanding service to the campus, most notably through his dedicated work as a trustee of the UC Berkeley Foundation, as a National Advisory Council member for the Institute of Governmental Studies, and as President of the California Alumni Association, where he initiated a strategic plan to promote alumni engagement and support for student scholarships, volunteerism, inclusion, and advocacy; and

WHEREAS, he has exercised strong and imaginative leadership in his role as Vice President of the Alumni Associations of the University of California, ensuring that the strength of the University's alumni and the University continue to grow, traveling the length and breadth of California visiting campuses, coordinating campus alumni leadership efforts, and working to increase alumni engagement; and

WHEREAS, the judgment and perception he so ably uses as an attorney of note have added immeasurably to the important deliberations of the Board and its Committees on Finance, Long Range Planning, Grounds and Buildings, and Oversight of the Department of Energy Laboratories, as well as on the Regents' Special Committee on the Selection of a Student Regent for 2012-13, the Regents' Ad Hoc Committee on Campus Climate, and as an Advisory member of the Regents' Special Committee on Student Life and Alumni Affairs; and

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

NOW, THEREFORE, BE IT RESOLVED that the Regents express their lasting gratitude and warmest appreciation to Darek A. DeFreece for his unwavering commitment to public higher education and his able service as a member of the Board of Regents;

AND BE IT FURTHER RESOLVED that the Regents extend to Darek and his partner Alan their sincere best wishes for the future, and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's esteem and friendship.

5. RESOLUTION IN APPRECIATION – REX S. HIME

WHEREAS, on June 30, 2011, Rex S. Hime will complete his term on the Board of Regents, having provided distinguished service as a Regent-designate and then as an ex officio Regent, reflecting his lifelong dedication to public service and to his beloved alma mater, the University of California, and;

WHEREAS, upon earning a bachelor's degree in political science and a law degree from the Davis campus, he has combined an exemplary career in State government with a deep interest in and commitment to community service, serving as the Presidential and California State Assembly Representative on the Tahoe Regional Planning Agency, as a member of the California Task Force on Violence Prevention, and as a Trustee of the Greater Sacramento Area Leukemia & Lymphoma Society, and;

WHEREAS, deeply imbued with the alumni spirit, he has represented the University's priceless heritage, its alumni, with great distinction as President of the Alumni Associations of the University of California, Vice President and President of the Cal Aggie Alumni Association, a trustee of the UC Davis Foundation, the founder of the Sacramento Aggies Club, an organizer of Aggie Advocates, and as Chair of the Alumni Associations of the University of California, where he has led the group's increased advocacy efforts; and

WHEREAS, his interest in and concern for this great institution of higher learning have been reflected in his generous commitment of time and energy to the Board, most notably

in his effective service as a member of the Committees on Compensation, Compliance and Audit, and Grounds and Buildings, as well as through his invaluable contributions as a public spokesperson;

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

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their respect and appreciation to Rex S. Hime for his boundless commitment to public higher education and for the many contributions he has rendered the Board, the University, and the people of California;

AND BE IT FURTHER RESOLVED that the Regents extend to Rex and Gwyn Hime their affectionate best wishes for the future, and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's warm affection and friendship.

Regent Schilling expressed the Board's appreciation for Regents DeFreece and Hime and stated that both would be missed.

Regent Hime stated that the time he spent on the Board had been meaningful. He thanked the Board, Chairman Gould, and President Yudof for their efforts on behalf of the University. He warned that impending cuts in State funding to UC were threatening the core mission of the University, and emphasized that the University could not tolerate further reductions. He outlined a number of his concerns for the University. He recommended that there be an automatic ongoing modest annual increase in student fees, so that students and their families will know the cost of education at UC and can plan accordingly. He commended the goal of Leadership in Energy and Environmental Design (LEED) certification for UC buildings, but advised that the University could reduce costs through self-certification, or having UC staff members who are licensed to certify buildings. He recommended that approval of incentive awards for employees at the University's medical facilities be made by the medical facilities, not the Regents. He expressed support for attendance by student representatives at Regents' meetings, and the wish that all campuses be represented. He stated that, in the past, the University has not drawn on the resources of the Alumni Associations of the University of California (AAUC) as much as it could. He suggested that there be reporting to the Regents on the activities of the campus alumni associations and the AAUC, and that Regents should attend AAUC meetings. He underscored the role that faculty and students can play in delivering a message to State legislators about the importance of funding for education. Finally, he emphasized that the University must pay equitable salaries to its faculty, staff, and chancellors. This was a challenge that could not be avoided.

6. **RESOLUTION IN APPRECIATION – SUNG-MO KANG**

WHEREAS, the Regents of the University of California wish to commend and thank Sung-Mo "Steve" Kang for his four years of distinguished service as the second Chancellor of the Merced campus; and

WHEREAS, a proud graduate of the University of California, Berkeley, he served with distinction as a faculty member and administrator in a variety of national and international appointments, including six years as Dean of the Baskin School of Engineering at the University of California, Santa Cruz, where under his careful stewardship, the School achieved a stellar reputation as one of most highly regarded graduate schools of engineering in the nation; and

WHEREAS, despite extremely challenging economic conditions and the constant threat of budget cuts, he set the highest standards of excellence for an emerging campus by recruiting respected administrators and outstanding faculty to key positions, as well as by forging strong bonds of friendship, cooperation, and support between the campus and surrounding communities; and

WHEREAS, as Chancellor he has been vigorous in his efforts to secure a federal permit for long-term campus development, to create the first Strategic Academic Vision statement and an update of the Long Range Development Plan, to strengthen the commitment to sustainable development by raising the standards for all new campus buildings from the Leadership in Energy and Environmental Design (LEED) Silver rating to Gold, and to reach out to the underserved student population of the Central Valley, which resulted in the U.S. Department of Education designating UC Merced an Hispanic-Serving Institution, thus making it eligible for expanded federal aid; and

WHEREAS, resolute in spirit and steadfast in his desire to advance the cause of educational excellence, he has consistently discharged his responsibilities as Chancellor with compassion and understanding, guiding and safeguarding the growth and development of the newest jewel in the University of California system with dignity and moral courage; and

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their deepest gratitude and heartfelt appreciation to Steve Kang for his extraordinary stewardship of the Merced campus, positive outlook, can-do attitude, and calm demeanor during UC Merced's early development, as well as to his wife, Mia, for her many thoughtful contributions to the life of the campus and for the indispensable role she has played as a special ambassador for the University;

AND BE IT FURTHER RESOLVED that the Regents extend to Steve and Mia their best wishes as they open a new chapter in their lives, one that is rich in the company of family and good friends, and further direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's deepest respect and genuine affection.

Regent Johnson thanked Chancellor Kang for his service to the Merced campus, especially for his success in maintaining its forward momentum, in spite of doubts by some Regents, the Legislature, and the public. She noted that when Chancellor Kang began his tenure, the campus had 1,286 students; in the coming fall, there would be over 5,000. She thanked Mia Kang for nurturing UC ideals and for her goodwill toward Merced students. She welcomed Dorothy Leland as the new Chancellor of UC Merced.

Upon motion of Chairman Gould, duly seconded, the above resolutions were adopted.

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

The Committee presented the following from its meeting of May 5, 2011:

There were seven discussion items and one action item:

A. ***Approval of Internal Audit Charter***

The Committee recommended approval of the Internal Audit Charter, as shown in Attachment 1, to replace and supersede the three internal audit governance documents approved by the Regents in March 2004, as shown in Attachment 2, the Internal Audit Mission Statement, the Internal Audit Management Charter, and the Audit Management Plan.

B. ***Summary of Results of the University's A-133 Audit***

PricewaterhouseCoopers (PwC) representative Joan Murphy presented results of the University's A-133 audit, which tests compliance with federal award requirements. She discussed various findings and noted that PwC found no instances of material noncompliance or significant deficiencies or material weaknesses in internal controls.

C. ***University of California Strategic Information Technology Initiatives***

Associate Vice President and Chief Information Officer Ernst reported that a search is under way for a Chief Information Security and Privacy Officer. He discussed current major strategic information technology initiatives, including the development of regional data centers, a pilot computing project involving campus principal investigators, and recommendations being developed by the Information Technology Leadership Council.

D. ***Enhancing Sponsored Funding Compliance and Accountability, Riverside Campus***

UC Riverside Vice Chancellor – Research Charles Louis reported on enhanced compliance regarding federally funded contracts and grants on the Riverside campus. UCR and UC Irvine are implementing the use of payroll certification as a

replacement for effort reporting. Mr. Louis also discussed export control regulations, conflict of commitment reporting, and responsible conduct of research training.

E. ***Draft Annual Report on Internal Audit Plans 2011-12***

Chief Compliance and Audit Officer Vacca presented the draft annual report on internal audit plans for 2011-12. She recalled the risk assessment process on the campuses and its role in audit plan development and noted the distribution of audit coverage across University activities. Key audit areas are financial management, information technology and communications, campus departments, research and compliance, and health sciences operations.

F. ***Draft Ethics and Compliance Plan 2011-12***

Chief Compliance and Audit Officer Vacca presented the draft ethics and compliance plan for 2011-12. Campus compliance officers have identified priorities, and this campus information has been consolidated into seven key areas of focus.

G. ***Report on Training Related to Campus Climate***

Interim Diversity Coordinator Jesse Bernal outlined the work of the President's Advisory Council on Campus Climate, Culture and Inclusion and campus climate councils, mandatory and voluntary training programs offered by the University, and current efforts to expand centralized training opportunities. Office of the President department of Human Resources Executive Director – Talent Management and Staff Development Randolph Scott discussed development of the University's sexual harassment prevention training programs.

H. ***External Regulatory Agency Audits***

Discussion of this item was deferred.

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

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

The Committee presented the following from its meeting of May 18, 2011:

A. ***Adoption of Endowment Administration Cost Recovery Rate***

The Committee recommended that an endowment administration cost recovery rate of 55 basis points (0.55 percent)¹ be approved to apply to the distributions from the General Endowment Pool (GEP) to be made after July 1, 2011, from the eligible assets invested in the GEP. The funds recovered shall be used to defray, in part, the cost of administering and carrying out the terms of endowments on the campuses and at the Office of the President.

B. *Approval of Fiscal Year 2011-12 CapEquip Financing Authorizations*

The Committee recommended that:

- A. The fiscal year 2011-12 CapEquip authorizations delineated in Attachment 3 be approved as one-year authorizations expiring June 30, 2012.
- B. The President be authorized to approve and obtain external financing for the CapEquip program in an amount not to exceed \$240,120,000.
- C. The general credit of the Regents shall not be pledged.
- D. The President be authorized to execute all documents necessary in connection with the above.

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

9. *REPORT OF THE COMMITTEE ON GOVERNANCE*

The Committee presented the following from its meeting of April 21, 2011:

A. *Chairman of the Board*

The Committee recommended that Regent Sherry Lansing be elected Chairman of the Board of Regents for the year commencing July 1, 2011.

B. *Vice Chair of the Board*

The Committee recommended that Regent Bruce Varner be elected Vice Chair of the Board of Regents for the year commencing July 1, 2011.

C. *Standing Committee Assignments*

¹ One basis point is 0.01 percent of yield (i.e., one hundred basis points equals one percent); 55 basis points are the equivalent of \$55 on endowment assets with a 60-month average market value of \$10,000.

The Committee recommended the following Standing Committee assignments for the year commencing July 1, 2011 (members listed in seniority order except for the Chair and Vice Chair):

Committee on Compensation

Regent Ruiz, Chair
Regent Kieffer, Vice Chair
Regent Johnson
Regent Lozano
Regent Pattiz
Regent Varner
Regent Pelliccioni

Committee on Compliance and Audit

Regent Zettel, Chair
Regent Pelliccioni, Vice Chair
Regent Ruiz
Regent Makarechian
Regent Crane
Regent Mireles

Committee on Educational Policy

Regent Reiss, Chair
Regent Kieffer, Vice Chair
Regent Johnson
Regent Marcus
Regent Lozano
Regent Island
Regent Pérez
Regent Newsom
Regent Hallett
Regent Mireles
Regent Torlakson, ex-officio
Regent Zettel, ex-officio

Committee on Finance

Regent Varner, Chair
Regent Lozano, Vice Chair
Regent Blum
Regent Wachter
Regent Island
Regent Reiss
Regent Makarechian
Regent Pérez
Regent Crane
Regent Mireles

Committee on Grounds and Buildings

Regent Makarechian, Chair
Regent Hallett, Vice Chair
Regent Johnson
Regent Ruiz
Regent Schilling
Regent Zettel
Regent Newsom

Committee on Health Services

Regent De La Peña, Chair
Regent Pattiz, Vice Chair
Regent Johnson
Regent Lozano
Regent Island
Regent Zettel
Regent Pelliccioni
Regent Mireles

Committee on Investments

Regent Wachter, Chair
Regent Marcus, Vice Chair
Regent Schilling
Regent De La Peña
Regent Makarechian
Regent Kieffer
Regent Crane
Regent Hallett

Committee on Long Range Planning

Regent Schilling, Chair

Regent Crane, Vice Chair

Regent Marcus

Regent Reiss

Regent Kieffer

Regent Hallett

Committee on Oversight of the DOE Laboratories

Regent Pattiz, Chair

Regent De La Peña, Vice Chair

Regent Marcus

Regent Blum

Regent Ruiz

Regent Varner

The President of the Board, the Chairman of the Board or in the Chairman's absence the Vice Chairman of the Board, the former Chairman of the Board for the year immediately following a term of office as Chairman provided that the former Chairman is still a Regent, and the President of the University are ex officio members of the Standing Committees listed above, except that the President of the University is not a member of the Committee on Compliance and Audit. The Regents' representative to the California Postsecondary Education Commission and the Superintendent of Public Instruction are ex officio members of the Committee on Educational Policy.

D. ***California Postsecondary Education Commission***

The Committee recommended that Regent Zettel be appointed Regents' representative to the California Postsecondary Education Commission (CPEC), and authority be delegated to the Chair of the Committee on Governance, in consultation with the Committee Vice Chair, to appoint the alternate representative for the year commencing July 1, 2011.

E. ***Regents-Designate as Advisory Members***

The Committee recommended that authority be delegated to the Chair of the Committee on Governance, in consultation with the Committee Vice Chair, to consult with incoming Regents-designate and to appoint them as advisors to Standing Committees for the year commencing July 1, 2011.

F. ***Faculty Representatives as Advisory Members***

The Committee recommended that authority be delegated to the Chair of the Committee on Governance, in consultation with the Committee Vice Chair, to

consult with the Faculty Representatives and to appoint them as advisors to Standing Committees, effective September 1, 2011.

Regent Lozano expressed the Board's appreciation for Chairman Gould's leadership and noted that Regents Lansing and Varner would become Chairman and Vice Chair of the Board on July 1. Upon motion of Regent Lozano, duly seconded, the recommendations of the Committee on Governance were approved.

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

The Committee presented the following from its meeting of May 17, 2011:

A. ***Amendment of Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, CHS South Tower Seismic Renovation, Los Angeles Campus***

The Committee recommended that:

- (1) The 2010-11 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: CHS South Tower Seismic Renovation – preliminary plans, working drawings, and construction – \$219,902,000, to be funded from State funds (\$128,953,000) and campus funds (\$90,949,000).

To: Los Angeles: CHS South Tower Seismic Renovation – preliminary plans, working drawings, and construction – \$219,902,000, to be funded from State funds (\$128,953,000) and external financing (\$90,949,000).

- (2) The scope of the project shall include renovation of approximately 443,000 gross square feet in the South Tower of the Center for Health Services (CHS) as follows: (1) interior demolition and hazardous materials abatement, (2) seismic retrofit (from a "Poor" to a "Good" seismic rating) and building shell upgrades, (3) building infrastructure improvements, and (4) interior improvements.
- (3) The President be authorized to obtain external financing not to exceed \$90,949,000 to finance the CHS South Tower Seismic Renovation project. The Los Angeles 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. Repayment of any debt shall be from the general revenues of the

Los Angeles campus and as long as the debt is outstanding, general 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.

B. *Certification of Environmental Impact Report, Adoption of Findings, Amendment to the 2005 Long Range Development Plan, and Approval of Design, Glen Mor 2 Student Apartments, Riverside Campus*

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

- (1) Certification of the Environmental Impact Report.
- (2) Adoption of Findings, Mitigation Monitoring and Reporting Program, and Statement of Overriding Considerations for the project.
- (3) Amendment of the 2005 Long Range Development Plan land use designation on 4.8 acres of the project site from “Athletics and Recreation” to “Family, Apartment Housing and Related Support.”
- (4) Approval of the design of the Glen Mor 2 Student Apartments Project, Riverside campus.

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

C. *Partial Rescission of the Regents’ Approval of Design and Related Actions, California Memorial Stadium (CMS) Seismic Corrections and West Program Improvements, Berkeley Campus*

The Committee reported its:

- (1) Rescission of the following components of the January 2010 design approval of the California Memorial Stadium Seismic Corrections and West Program Improvements:
 - a. The use of simulated crowd noise for temporarily relocated football practices at Witter Field.

- b. The construction, use and occupancy of the Athletic Service Center (ASC).
- (2) Setting aside and vacating portions of Addendum 2 to the Southeast Campus Integrated Projects (SCIP) Environmental Impact Report (EIR) and California Environmental Quality Act Findings prepared in support of the January 2010 design approval for the CMS West project that addressed:
- a. The potential for significant new parking and traffic impacts arising from the deferred construction of the parking structure.
 - b. The potential for significant new noise impacts arising from the future use of simulated crowd noise for temporarily relocated football practices at Witter Field.
 - c. The potential for significant new seismic safety impacts from the future construction, use and occupancy of the proposed ASC.

[The January 2010 Findings, an Environmental Assessment/Checklist, and Addendum 2 to the SCIP EIR were mailed to Committee members in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

D. *Amendment of UC Berkeley 2020 Long Range Development Plan, Adoption of Findings and Approval of Design, Electrical Switching Station 6, Berkeley Campus*

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

- (1) Determination of California Environmental Quality Act (CEQA) Compliance based on Addendum 8 to the 2020 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) (certified by the Regents in January 2005) and Addendum 5 thereto for proposed actions (3) and (4), below, and also, for action (4) only, upon Class 3 and 4 CEQA categorical exemptions.
- (2) Adoption of the Findings.
- (3) Amendment of the UC Berkeley 2020 LRDP, Chapter 6, as described in Addendum 8.
- (4) Approval of the design of the Electrical Switching Station 6, Berkeley campus.

[CEQA documentation, including the 2020 LRDP EIR, Addendum 5 to the 2020 LRDP, Addendum 8, and Findings were mailed to Committee members in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

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

11. REPORT OF THE COMMITTEES ON FINANCE AND OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES

The Committees presented the following from their meeting of May 18, 2011:

Approval of Appropriations from Los Alamos National Security LLC and Lawrence Livermore National Security LLC Fee Income to Be Expended in Fiscal Year 2011-12

The Committees on Finance and Oversight of the Department of Energy Laboratories recommended that:

- A. The President be authorized to expend, for the following purposes and in the following amounts, from the University's net share of Los Alamos National Security (LANS) and Lawrence Livermore National Security (LLNS) LLC income earned between January 1, 2011 and December 31, 2011, the following amounts:
 - (1) Supplemental compensation and other payments (including accruals) approved by the Regents for certain LANS LLC and LLNS LLC employees, from July 1, 2011 through June 30, 2012. The amount includes an estimate for incentive awards in the amount of \$900,000 and also includes the fulfillment of the commitment approved by the Regents at their meeting of June 2, 2006, for an annuity for Los Alamos National Laboratory Director and LANS President Michael Anastasio to cover loss of pension attributable to his actual period of service at LANS (up to five years) rather than having remained under the UC Retirement Plan – \$3.0 million (\$2.0 million in 2010-11).
 - (2) An appropriation to the Office of the President budget for federally unreimbursed costs of University oversight of its interest in LANS LLC and LLNS LLC, paid or accrued July 1, 2011 through June 30, 2012, including but not limited to an allocable share of the costs of the Regents, the President, the Provost, the Academic Senate, the Secretary and Chief of Staff to the Regents, Human Resources, Policy and Analysis, Financial Management, Compliance and Audit, Laboratory Management Office, Research Security Office, External Relations, Office of Research, Office of the General Counsel, and the University-appointed Governors on the Boards of the LLCs – \$3.85 million (\$4 million in 2010-11).

- (3) An appropriation in 2011-12 to a post-contract contingency fund – \$1.3 million (no change from 2010-11).
 - (4) An appropriation of \$0.4 million for oversight and administration of ongoing awards (\$0.3 million in 2010-11).
- B. The President shall return to the Regents at the later of the Regents' July 2011 meeting or when the President presents the Office of the President 2011-12 budget for the Regents' approval with recommended research allocations for the balance of the University's 2011 LLC net income, estimated at \$20.45 million.

Upon motion of Regent Lozano, duly seconded, the recommendation of the Committees on Finance and Oversight of the Department of Energy Laboratories was approved.

12. **REPORT OF THE COMMITTEES ON FINANCE AND INVESTMENTS**

The Committees presented the following from their meeting of May 18, 2011:

Adoption of Expenditure Rate for the General Endowment Pool

The Committees on Finance and Investments recommended that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2011-12 fiscal year shall remain at a rate of 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP.

Upon motion of Regent Lozano, duly seconded, the recommendation of the Committees on Finance and Investments was approved.

13. **REPORT OF INTERIM ACTIONS**

Associate Secretary Shaw reported that, in accordance with authority previously delegated by the Regents, interim action was taken on routine or emergency matters as follows:

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

Appointment of Regent to Standing Committee

That, effective immediately, Regent David G. Crane be appointed to the Committee on Compliance and Audit, through June 30, 2011.

- B. The Vice Chair of the Board and the President of the University approved the following recommendation:

Extension of an Existing Guaranty, Related Agreements and Contingent Commercial Paper Funding to Support a Liquidity Facility for Sierra Nevada College Series 2005 Bonds Issued to Finance the Tahoe Environmental Research Center, Davis Campus

That the April 2010 interim action entitled *Approval of a Guaranty, Related Agreements and Contingent Commercial Paper Funding to Support the Acquisition of a Substitute Liquidity Facility for Sierra Nevada College Series 2005 Bonds Issued to Finance the Tahoe Environmental Research Center, Davis Campus* be amended as follows:

Additions shown by underscoring; deletions shown by strikethrough

It is recommended that:

- (1) The President be authorized to execute a guaranty, related bank bond purchase agreement and related agreements to support the acquisition of a substitute bank liquidity facility effective through October 25, 2011, for a term not to exceed one year on no more than \$10,660,000 outstanding Series 2005 Bonds issued by Sierra Nevada College for the Tahoe Environmental Research Center project. The President be authorized to execute an additional six month extension of the guaranty and related agreements if deemed necessary by the President.
- (2) The President be authorized to use commercial paper financing to provide funding for the purchase of Bonds from the bank provider and payments made to the bank provider under the guaranty, if necessary. In the event that a backstop repayment source is needed, the Davis campus will allocate campus reserves to repay commercial paper principal and interest.
- (3) The President be authorized to delegate to the Executive Vice President – Chief Financial Officer authority to negotiate and execute all documents necessary in connection with the above guaranty, related agreements and financing.

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

- (1) ***Appointment of Keith Yamamoto as Vice Chancellor – Research, San Francisco Campus***

Background to Recommendation

Action under interim authority was requested to appoint UCSF faculty member Keith Yamamoto as the Vice Chancellor – Research, San Francisco campus. This was a request for approval for the implementation

of a without-salary Senior Management Group (SMG) title, Vice Chancellor, to complement Mr. Yamamoto's existing faculty appointment as Professor of Cellular and Molecular Pharmacology and Executive Vice Dean – School of Medicine. Mr. Yamamoto will retain an academic base salary of \$378,000, plus an academic stipend of five percent (\$18,900 annually) in recognition of additional responsibilities, for a total cash compensation of \$396,900. In addition, his current benefit levels and faculty appointment will continue to be covered under Academic Personnel policies. The without-salary SMG title would represent SLCG Grade 110, would not be eligible to receive SMG benefits, and would not be covered by Personnel Policies for Staff Members (PPSM) or SMG policy. With this dual appointment, Mr. Yamamoto will expend 70 percent effort towards his academic responsibilities and 30 percent effort towards the Vice Chancellor – Research function. The existing academic appointment is funded through both State and non-State funds. Funding for a full-time position is not available.

The campus wanted to proceed with enhancing current campus initiatives to create an even more robust research program on the UCSF campus. The campus requested an interim action so that it could publicly announce Mr. Yamamoto's appointment and allow him to formally undertake these critical initiatives and provide additional leadership and strategic direction to UCSF's research enterprise. Reporting directly to the UCSF Executive Vice Chancellor and Provost, the primary focus of the Vice Chancellor – Research appointment will be to establish and implement the Office of Technology, Innovation, and Industry Partners (OTIIP) as it becomes a key cornerstone of the University's research endeavors, with current oversight of the research enterprise at UCSF with an emphasis on implementing ongoing and future research initiatives.

The UCSF Executive Vice Chancellor and Provost and Associate Vice Chancellor – Research were managing the research initiatives and research operations; however, the need to launch new initiatives and operate and restructure the major units within the organization requires additional resources and expertise for strategic planning and implementation.

The campus indicated that this appointment offers a unique opportunity for UCSF research and Operational Excellence. UCSF will benefit from having someone of such high caliber and integrity as Mr. Yamamoto, who has a deep understanding of UCSF's research culture and operations and who is willing to serve in this role. This dual appointment promotes Operational Excellence through cost savings: instead of a costly recruitment for a full-time Vice Chancellor – Research with subsequent expenditures related to moving, house-hunting, temporary housing, and ongoing expenses related to a full-time salary with associated SMG

benefits, UCSF gained substantial savings by incorporating the Vice Chancellor – Research functions within an existing position.

Mr. Yamamoto's exceptional background makes him extremely well-suited for the Vice Chancellor – Research position. He has been a member of the UCSF faculty since 1976, serving as Director – Program in Biological Sciences (PIBS) Graduate Program in Biochemistry and Molecular Biology (1988-2003), Vice Chair – Department of Biochemistry and Biophysics (1985-1994), Chair – Department of Cellular and Molecular Pharmacology (1994-2003), and Vice Dean – Research, School of Medicine (2002-2003). Mr. Yamamoto has extensive experience with the National Institutes of Health (NIH) in the following capacities: long-standing involvement in the process of NIH peer review and its governing policies; Chair – Molecular Biology Study Section; member of the NIH Director's Working Group on the Division of Research Grants; Chair of the Advisory Committee to the NIH Center for Scientific Review (CSR); member of the NIH Director's Peer Review Oversight Group; member of the CSR Panel on Scientific Boundaries for Review; member of the Advisory Committee to the NIH Director; Co-Chair of the Working Group to Enhance NIH Peer Review; and Co-Chair of the Review Committee for the Transformational R01 Award. Mr. Yamamoto was elected as a member of the American Academy of Arts and Sciences (1988), the National Academy of Sciences (1989), the Institute of Medicine (2003), and as a fellow of the American Association for the Advancement of Sciences (2002). Mr. Yamamoto earned his B.Sc. from Iowa State University (1968; Biochemistry and Biophysics) and his Ph.D. from Princeton University (1973; Biochemical Sciences) with post-doctoral work at UCSF (1973-1975; Molecular Biology).

As the base salary will remain under the academic title and is not subject to Regental approval, this request seeks approval solely of the use of a without-salary Senior Management Group title. Compensation and other personnel actions will be governed by the Academic Personnel Policies.

Recommendation

The following items were approved in connection with the appointment of and compensation for Keith Yamamoto as Vice Chancellor – Research, San Francisco campus:

- a. Appointment of Keith Yamamoto as Vice Chancellor – Research, 30 percent effort. Current academic appointment will continue at 100 percent time, with 70 percent effort towards academic responsibilities.
- b. Per policy (not subject to Regental approval), annual academic base salary of \$396,900, which includes continued academic base

salary of \$378,000 plus an academic administrative stipend of five percent (\$18,900). The without-salary Senior Management Group appointment would be in SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).

c. Effective upon approval.

Recommended Compensation

Effective Date: Upon approval

Base Salary (academic): \$378,000

Stipend (academic): \$18,900

Total Cash Compensation: \$396,900

Grade Level: SLCG Grade 110

(Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500)

Median Market Data: \$304,305

Funding Source (academic salary): State and non-State funds

Percentage Difference from Market: 24.2 percent above market

Budget &/or Prior Incumbent Data

Base Salary: Not applicable (new position)

Total Cash Compensation: Not applicable

Grade Level: Not applicable

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Mr. Yamamoto is waiving his rights to receive Senior Management Group benefits.

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

Committee on Compensation Chair Varner

Office of the President, Human Resources

- (2) *Appointment of and Total Compensation for Carole E. Goldberg as Vice Chancellor – Academic Personnel, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested for approval of the appointment of and compensation for Carole E. Goldberg as Vice Chancellor – Academic Personnel, Los Angeles campus, to be effective July 1, 2011. This urgent request was in response to the campus' need to make an announcement regarding the selected candidate immediately following word of approval in order to facilitate a smooth transition in leadership.

Following an extensive search, Professor Goldberg has been selected for this key position, currently filled by Thomas Rice, who announced that he will be stepping down and returning to the faculty at the end of this academic year. The proposed salary for Professor Goldberg is \$285,000, which is 13.1 percent above the range midpoint of \$244,900 for SLCG Grade 108. Survey data are not available for this unique position. The proposed salary as Vice Chancellor – Academic Personnel would reflect a 14.1 percent increase over Professor Goldberg's approved faculty salary of \$247,600, which will be effective July 1, 2011. Professor Goldberg's current nine-month faculty salary is \$225,100.

Professor Goldberg has a distinguished academic and administrative background and is extremely well suited to assume the Vice Chancellor role. She is currently the Jonathan D. Varat Professor of Law at the UCLA School of Law, where she directs the Joint Degree Program in Law and American Indian Studies, while also serving as faculty chair of the Native Nations Law and Policy Center. With over 39 years of experience at UCLA, she has served as the Associate Dean of the UCLA School of Law, Chair of the Academic Senate, co-chair of the Joint Senate-Administration Task Force on Faculty Disciplinary Procedures, member of the Gender Equity Oversight Committee, and member of the Academic Senate's Council on Academic Personnel.

Among Professor Goldberg's achievements is her appointment by President Obama to serve on the new Tribal Law and Order Commission, which was established by the Tribal Law and Order Act. Professor Goldberg is considered one of the most influential scholars in American Indian Studies. In 2006, she was the Oneida Indian Nation Visiting Professor of Law at Harvard Law School.

Recommendation

The following items were approved in connection with the appointment of and compensation for Carole E. Goldberg as Vice Chancellor – Academic Personnel, Los Angeles campus:

- a. Appointment of Carole E. Goldberg as Vice Chancellor – Academic Personnel, Los Angeles campus.
- b. Per policy, an annual base salary of \$285,000 at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- c. This appointment is at 100 percent time and effective July 1, 2011.

Recommended Compensation**Effective Date:** July 1, 2011**Base Salary:** \$285,000**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Median Market Data: Not applicable**Percentage Difference from Market:** Not applicable**Funding Source:** UC general funds provided by the State**Budget &/or Prior Incumbent Data****Title:** Vice Chancellor – Academic Personnel**Base Salary:** \$236,500**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Funding Sources: UC general funds provided by the State

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive 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.

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

Committee on Compensation Chair Varner

Office of the President, Human Resources

(3) ***Compensation for G. Richard Olds as Vice Chancellor – Health Affairs and Dean – School of Medicine, Riverside Campus***

Background to Recommendation

The campus requested retroactive approval of the quarterly incentive payments under the Founding Dean Performance Incentive Plan (Plan) for G. Richard Olds as Vice Chancellor – Health Affairs and Dean – School of Medicine, Riverside campus. This request was made because the campus interpreted the October 2009 Regents' action relating to Dr. Olds' appointment as granting authority to process Dr. Olds' incentive payments without further approval by the Regents.

The Plan was approved as an exception to policy by the Regents in October 2009 as part of Dr. Olds' appointment and compensation. The action approved by the Regents stated:

As an exception to policy, annual performance-based incentive compensation up to \$100,000. This constitutes an exception to policy because there is currently no approved incentive plan at the campus for such an incentive. This compensation will be in lieu of compensation pursuant to a Health Sciences Compensation Plan (HSCP), which does not yet exist at the Riverside campus. Once an HSCP is established this component of compensation will be shifted to that plan.

Subsequent to Dr. Olds' appointment, the Regents adopted Regents Policy 7712, which established stricter protocols governing incentive compensation for members of the Senior Management Group. Because the Plan for Dr. Olds does not meet all of the requirements of Regents Policy 7712, it is also an exception to policy for that reason. For example, Dr. Olds' Plan is not memorialized in a plan document that meets the requirements of Regents Policy 7712 and has not been overseen by an administrative oversight committee. To ensure that the Plan is administered in a manner that is consistent with Regents Policy 7712, approval was requested to delegate the Regents' authority for administering the Plan to the Administrative Oversight Committee that currently oversees the Clinical Enterprise Management Recognition Plan (CEMRP AOC) pursuant to Regents Policy 7712, with the understanding that the CEMRP AOC will review and approve the payment of awards under the Plan on a quarterly basis. When an HSCP is established at the Riverside campus, administration of the incentive component of Dr. Olds' compensation will be transferred to the HSCP, as contemplated by the October 2009 action approved by the Regents.

The Plan is an annual performance-based incentive that allows Dr. Olds to receive up to \$100,000 per year based on pre-established milestones, metrics and measurements determined by the Chancellor. The purpose of the Plan is to provide at-risk variable, non-base building salary recognition awards to the Founding Dean, School of Medicine, for attaining or exceeding key strategic and operational objectives associated with building a new school of medicine at the Riverside campus. Achievement is measured based on specific financial and/or non-financial objectives (e.g., establishing affiliation agreements with hospital partners, developing a process for Liaison Committee on Medical Education accreditation), which relate to the set-up and successful operation of the School of Medicine in support of UC Riverside's mission. To date, incentive payments based on achievements were reviewed and approved by the Chancellor on a quarterly basis.

Since his hire, as agreed by both Dr. Olds and Chancellor White, Dr. Olds has submitted a quarterly self-assessment of his accomplishments relative to his pre-established performance objectives. On the basis of his performance, Chancellor White approved payment of the incentives associated with the established milestones. Dr. Olds' evaluation period ended on March 31, 2011, at which time the Chancellor was to conduct another evaluation and recommend that Dr. Olds receive whatever payment is warranted by Dr. Olds' performance during that period. That recommendation will be made to the Regents or, if the delegation of Regental authority to the CEMRP AOC requested herein has been approved by the Regents, that recommendation will be made to the CEMRP AOC.

Dr. Olds has received incentive payments totaling \$91,667 to date. The breakdown of payments that Dr. Olds has received to date for his performance follows:

- On July 8, 2010, a payment of \$42,000 was made for two periods: one ending March 31, 2010 and one ending June 30, 2010.
- On November 10, 2010, a payment of \$24,667 was made for the period ending September 30, 2010.
- On January 7, 2011, a payment of \$25,000 was made for the period ending December 31, 2010.

The incentive payments are funded entirely by the United Health Gift funds.

Dr. Olds has made enormous strides for the UCR School of Medicine since joining the campus just over a year ago. His accomplishments

include assembling a prestigious team of senior associate deans in the following areas: education, community engagement and partnerships, student affairs, academic affairs and research, finance/administration, and graduate medical education. A search is under way for a senior associate dean of clinical affairs. He has also made great progress in developing pipeline programs for Native American, African-American, and Hispanic/Latino students. In addition, he is working with a number of Federally Qualified Health Centers in the area to establish sites for the students to experience community-based rotations in medically underserved areas.

In terms of philanthropy, Dr. Olds has had considerable success. The School of Medicine received an unprecedented two-year commitment from Riverside County for \$10 million. At the request of the Kaiser Hospital Foundation, he also resubmitted the previously approved \$10 million grant. A remaining challenge is to obtain a continuing source of State funding for the medical school as an augmentation to the UC budget, a need for which Dr. Olds has strongly advocated in Sacramento.

Lastly, Dr. Olds has laid the groundwork for residency programs with Riverside County Regional Medical Center, Kaiser Permanente, Desert Regional Medical Center, Beaver Medical Clinic, and Riverside Medical Clinic in the areas of general surgery, family practice, pediatrics, categorical medicine, and obstetrics/gynecology (OB/GYN). For the first time, UCR now offers third-year rotations for medical students in OB/GYN and pediatrics. These relationships form the basis for starting an HSCP, which was unanimously approved by the School of Medicine faculty on January 28, 2011. It is now before the Riverside Division of the Academic Senate.

Interim action was requested so that Dr. Olds' incentive payment for the period ending March 31, 2011 could be reviewed and approved by the CEMRP AOC pursuant to the Regental delegation of authority requested herein.

Recommendation

The following items were approved in connection with the compensation for G. Richard Olds as Vice Chancellor – Health Affairs and Dean – School of Medicine, Riverside campus:

- a. Retroactive approval of the quarterly incentive payments under the Founding Dean Performance Incentive Plan that Dr. Olds received for his performance against pre-established goals for the periods February 2010 through December 31, 2010, totaling \$91,667.

- b. Delegation of authority to the Administrative Oversight Committee that oversees the Clinical Enterprise Management Recognition Plan to administer the Founding Dean Performance Incentive Plan, including the authority to review and approve, as appropriate, the incentive payments to Dr. Olds on a quarterly basis.
- c. This action is effective upon approval.

Recommended Compensation**Effective Date:** Upon approval**Base Salary:** \$525,000**Maximum Incentive Potential:** \$100,000**Total Cash Compensation:** \$625,000**Grade Level:** SLCG Grade 113

(Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100)

Median Market Data: \$480,508 (aged but does not include geographical differential)**Percentage Difference from Market:** 9.3 percent above market**Funding Source:** State funds (base salary) and United Health Gift funds (incentive)**Budget &/or Prior Incumbent Data****Base Salary:** \$525,000**Maximum Incentive Potential:** \$100,000**Total Cash Compensation:** \$625,000**Grade Level:** SLCG Grade 113

(Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100)

Funding Source: State funds (base salary) and United Health Gift funds (incentive)

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, continued eligibility to accrue sabbatical credits as member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefits 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.

Submitted by: UC Riverside Chancellor White
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

(4) ***Various Actions Associated with the Appointment of William M. Barron as Chief Medical Officer, UC Irvine Medical Center, Irvine Campus***

Background to Recommendation

Action under interim authority was requested for various actions associated with the appointment of William M. Barron as Chief Medical Officer, UC Irvine Medical Center, effective June 1, 2011. This urgent request was necessary to provide Dr. Barron sufficient time to notify his current employer and to relocate from his current residence to California. The former Chief Medical Officer vacated the position in March 2011 due to retirement.

UC Irvine Medical Center (UCIMC) conducted an exhaustive national search to fill the Chief Medical Officer (CMO) position. UCIMC employed the services of the Montgomery & Montgomery search firm, and a search committee consisting of UCIMC executives and directors, School of Medicine leaders and physicians was formed. Emphasis was placed on recruiting individuals with academic medical center experience, excellent credentials from well-respected academic medical centers and a track record of significantly improving a medical center's standing. The search proved to be difficult in identifying a candidate who met the requirements of the position and had compensation prerequisites that fell within the salary range. After expanding the initial level of compensation, Dr. William Barron was recruited, interviewed and unanimously identified as the best candidate.

Currently, the Vice President for Quality and Patient Safety and Chief Quality Officer at the Boston Medical Center, Boston University, Dr. Barron also holds a concurrent academic position of Professor of Medicine in the Boston University School of Medicine. Prior to his employment with Boston University, Dr. Barron was at the Loyola University Health System as the Vice President of Quality and Patient Safety and Executive Medical Director for the Center for Clinical Effectiveness, with a prior appointment as Professor and Director in the Division of General Internal Medicine. In the preceding years, Dr. Barron held academic positions with increasing responsibility and recognition at the University of Chicago.

Dr. Barron earned a doctoral degree in medicine in 1976 from the University of Southern California and completed his residency in internal medicine at the University of California, Davis in 1979. He trained as a National Institutes of Health research fellow at the University of Chicago in renal physiology. In 2001, Dr. Barron completed a master's degree in medical management at Carnegie Mellon University.

Dr. Barron's academic and physician-care excellence is demonstrated in a variety of prestigious grants, awards and recognition. He has held academic research positions at prestigious universities. He has been awarded the National Heart, Lung and Blood Institute Clinical Investigator Award for vasopressin secretion and osmoregulation in pregnancy and other similarly impressive awards. He has also been included in the following listings for multiple years: Chicago's Top Doctors, Best Doctors in America, Chicago Metro Area Top Doctors, and Guide to America's Top Physicians. Lastly, he has published numerous articles in the field of renal function and osmoregulation in pregnancy, as well as patient care and quality.

Dr. Barron's leadership and administrative talents are evidenced by his superior track record. In his current position at Boston Medical Center, Dr. Barron leads systemwide units responsible for quality, patient safety, risk management, infection control, medication safety and regulatory compliance. He manages 20 employees and a budget of \$3 million. He has been leading several initiatives related to quality and patient safety, such as implementation of new management and governance structures, use of comparative databases and reduction in mortality. Under his leadership, the Medical Center improved performance on heart failure, pneumonia and Surgical Care Improvement Project core measures by 30 percent in 14 months.

As the Chief Medical Officer for the UC Irvine Medical Center, Dr. Barron will report directly to the Chief Executive Officer and will serve as the senior physician in the Medical Center. The Chief Medical Officer manages a budget of \$12.4 million and is responsible for providing effective leadership and expertise and for fostering shared governance of all matters pertaining to service quality, clinical outcomes, patient safety and satisfaction, and risk management, as well as strategic initiatives and programs to enhance clinical effectiveness. Dr. Barron will work closely with Medical Center and School of Medicine leadership in achieving high satisfaction from patients and referring physicians; ensuring patient safety and high-quality, cost-effective patient care; establishing and monitoring measures to ensure excellence in clinical care; and for advancing best practices in clinical care, quality, and safety.

UC Irvine proposed a compensation package including a base salary of \$430,000, participation in the Clinical Enterprise Management Recognition Plan at an annual target payout of 15 percent (\$64,500), relocation allowance and hiring bonus of 30 percent (\$129,000), moving expenses, participation in the Senior Management Supplemental Benefit Program at five percent, eligibility to purchase a home in the on-campus community of University Hills, and standard Senior Management Group benefits. Dr. Barron's permanent residence is currently in the vicinity of Boston, Massachusetts. A non-tenured clinical faculty appointment will also be provided to Dr. Barron. This compensation package is supported by the aggressive growth in compensation levels for chief medical officers and the demonstrated difficulty in recruiting a candidate with predictable success in the position at a lower compensation level.

This position is funded 100 percent by UC Irvine Medical Center operating revenue. The proposed base salary of \$430,000 is very slightly below (0.09 percent) the average market salary of \$430,370, slightly below (0.7 percent) Mr. Barron's current base salary of \$433,032, 11.6 percent higher than the midpoint of SLCG Grade 112 of \$385,300, and 14.8 percent higher than the average base salary of the other UC chief medical officers of \$374,574.

Recommendation

The following items were approved in connection with the various actions associated with the appointment of William M. Barron, Chief Medical Officer, UC Irvine Medical Center, Irvine campus:

- a. Per policy, an appointment salary of \$430,000 at SLCG Grade 112 (Minimum \$298,900 Midpoint \$385,300, Maximum \$471,500).
- b. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan, with an annual target payout of 15 percent of base salary (\$64,500) and maximum payout of 25 percent of base salary (\$107,500). Actual payout will depend upon performance.
- c. Per policy, a hiring bonus and relocation allowance of 30 percent of base salary (\$129,000). This payment will be provided as a single lump sum. If Dr. Barron separates from UC prior to two years of service, he will be required to pay back a pro-rata portion of the hiring bonus and relocation allowance payment.
- d. Per policy, reimbursement of 100 percent of all actual and reasonable moving expenses for the purpose of relocation of the primary residence, subject to the limitations under policy.

- e. Per policy, reimbursement of 100 percent of any penalty incurred by Dr. Barron as a result of his early termination of the lease for his current primary residence due to relocation.
- f. Per policy, two house hunting trips each for Dr. Barron and his spouse/partner, subject to the limitations under policy.
- g. This appointment is at 100 percent time and effective June 1, 2011.

Recommended Compensation**Effective Date:** June 1, 2011**Base Salary:** \$430,000**Clinical Incentive Plan:** \$64,500 (at 15 percent target rate)**Total Cash Compensation:** \$494,500**Grade Level:** SLCG Grade 112

(Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500)

Median Market Data: \$430,370**Percentage Difference from Market:** 0.09 percent below market**Funding Source:** Medical Center revenues**Budget &/or Prior Incumbent Data****Title:** Chief Medical Officer**Base Salary:** \$310,000**Clinical Incentive Plan:** \$46,500 (at 15 percent target rate)**Total Cash Compensation:** \$356,500**Grade Level:** SLCG Grade 112

(Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500)

Funding Source: Medical Center revenues

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, eligibility to purchase a home in the on-campus community of University Hills.
- Per policy, non-tenured clinical faculty appointment in the School of Medicine.

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: UC Irvine Chancellor Drake
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

(5) *Term Appointment of and Total Compensation for Donald A. Barclay as Interim University Librarian, Merced Campus*

Background to Recommendation

The Merced campus requested action under interim authority for the term appointment of and compensation for Donald A. Barclay to the position of Interim University Librarian from July 1, 2011 to June 30, 2012. It was necessary to appoint Mr. Barclay prior to the Regents' meeting in May 2011 in order to announce the incumbent's retirement on July 1, 2011 and enable the campus to maintain momentum on several critical initiatives and effectuate a smooth transition of leadership.

The incoming Chancellor will determine how best to fill the position on a career basis. It is anticipated that a national search for a permanent appointee will be undertaken.

During this one-year assignment, Mr. Barclay will be responsible for the broad areas of library stewardship and further development of many initiatives currently under way. Mr. Barclay joined UC Merced in 2002 as Assistant University Librarian for Public Services, and he has served as Deputy University Librarian from 2006 to the present.

Prior to joining the University of California, Merced University Library, Mr. Barclay held several significant leadership posts, including the following: Assistant Director for Systems and Informatics at the Houston Academy of Medicine – Texas Medical Center Library, Houston, from 2001 to 2002; adjunct faculty member at the University of North Texas School of Library and Information Sciences, during academic year 2001-2002; Assistant Director for Health Informatics and Education Center, Houston Academy of Medicine – Texas Medical Center Library from December 1997 to July 2001; Coordinator of Electronic Services, University of Houston Libraries, Houston, Texas, from October 1996 to November 1997; Reference Librarian and Coordinator of Library Instruction, New Mexico State University, Las Cruces, New Mexico, from September 1990 to September 1996, as well as acting head of the New Library Reference Unit from May 1994 to November 1994. During this period, Mr. Barclay also was promoted to Assistant Professor in July 1995

and granted tenure in July 1996 at New Mexico State University. Mr. Barclay was a Library Assistant II at the Bancroft Library, University of California, Berkeley, from September 1989 to August 1990. He also served as an adjunct faculty member in literature and composition at Boise State University, Boise, Idaho, from September 1985 to May 1989.

Mr. Barclay has led several initiatives related to research library effectiveness, and he has been key to the successful library operation at the UC Merced campus as a member of the founding staff. He is regarded as a highly innovative leader in the research librarian field and is responsible for many cutting-edge initiatives that have defined the UC Merced Library – the cost-effective extension of library services and the 24-hour reference service that has been adopted systemwide. He also worked on development of a shared instruction model that reduces campus workload and provides common efficiencies that can be adopted systemwide, developed the common web interface from campus to campus, was active in developing the iPod touch instructional tour for the library, and was central to the effort to assess library instructional effectiveness. He has maintained membership in several professional and service organizations and has authored several books, articles, book chapters, and reviews.

The campus proposed that Mr. Barclay receive an annual base salary of \$140,000 as the Interim University Librarian, Merced campus. The proposed base salary of \$140,000 is 33.2 percent below the current market median of \$209,555. Market data are provided by Mercer Consulting, which include data from the 2010/2011 College and University Professional Association (CUPA) Administrative Compensation Survey. In addition, the proposed base salary is ten percent below the midpoint for SLCG Grade 104 (Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500) and 34.8 percent below the average base salary of \$214,617 for the University Librarians at the other UC locations.

This position is funded 100 percent by State funds.

Recommendation

The following items were approved in connection with the term appointment of and total compensation for Donald Barclay as Interim University Librarian, Merced campus:

- a. Term appointment of Donald Barclay as Interim University Librarian.

- b. Per policy, an appointment base salary of \$140,000 at SLCG Grade 104 (Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500).
- c. This term appointment is at 100 percent time and is effective July 1, 2011 through June 30, 2012 or until the appointment of a permanent University Librarian, whichever occurs first.

Recommended Compensation**Effective Date:** July 1, 2011**Term Appointment base Salary:** \$140,000**Total Cash Compensation:** \$140,000**Grade Level:** SLCG Grade 104

(Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500)

Median Market Data: \$209,555**Percentage Difference from Market:** 33.2 percent below market**Funding Source:** State funds**Budget &/or Prior Incumbent Data****Title:** University Librarian**Base Salary:** \$162,300**Total Cash Compensation:** \$162,300**Grade Level:** SLCG Grade 104

(Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500)

Funding Source: State funds

Additional items of compensation include:

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

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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: UC Merced Chancellor Kang**Reviewed by:** President Yudof**Committee on Compensation Chair Varner
Office of the President, Human Resources**

(6) ***Term Appointment of and Total Compensation for Lorelei A. Tanji as University Librarian, Irvine Campus***

Background to Recommendation

Action under interim authority was requested for the approval of the term appointment of Lorelei A. Tanji as University Librarian, effective immediately upon approval. This request was in response to an immediate need to fill the position, which was vacated by an unexpected resignation by the prior acting incumbent on February 28, 2011.

The campus requested a one-year term appointment designed to provide long-term leadership while finalizing two other strategic recruitments before beginning recruitment efforts for a University Librarian. Additionally, the campus will benefit from salary cost savings as Ms. Tanji will be appointed at a lower salary than the prior permanent incumbent and former acting incumbent.

Ms. Tanji is currently serving as Associate University Librarian for Collections for UC Irvine. She has more than 20 years of exemplary service to the UC system, having held various positions at the UC Irvine Libraries and UC Riverside Libraries, each with increasing responsibility. Ms. Tanji will provide the leadership and stability that the UC Irvine Libraries require during this interim period. She has experience in campuswide strategic planning given her involvement on planning committees such as the Task Force on Strategic Planning for the Libraries, the Law School Implementation Team, the Chancellor's Workgroup on Undergraduate Education Research and the Chancellor's Educational Technology Task Force. She has also served on UC systemwide committees related to library planning and collection development. Additionally, her work in technology and education in libraries has been published in a variety of literary media.

This position is funded 100 percent by UC general funds provided by the State. The proposed annual compensation of \$170,000 is 18.9 percent below the average market salary of \$209,555, 17.9 percent below the average base salary of the other UC University Librarians of \$207,143, and 12.9 percent below the midpoint of SLCG Grade 106 of \$195,200.

Recommendation

The following items were approved in connection with the term appointment of Lorelei A. Tanji as University Librarian, Irvine campus:

- a. A term appointment at 100 percent time, effective immediately upon approval and continuing through March 31, 2012 or until the appointment of a permanent incumbent, whichever occurs first.

- b. Per policy, base salary of \$170,000 at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$170,000

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Median Market Data: \$209,555

Percentage Difference from Market: 18.9 percent below market

Funding Source: UC general funds

Budget &/or Prior Incumbent Data

Title: University Librarian

Base Salary: \$188,000

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Funding Source: UC general funds

Additional items of compensation include:

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

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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: UC Irvine Chancellor Drake

Reviewed by: President Yudof

Committee on Compensation Chair Varner

Office of the President, Human Resources

- (7) *Term Appointment of and Compensation for J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested for approval of the term appointment of and compensation for J. Shannon O'Kelley as Chief Operating Officer (COO), UCLA Hospital System, Los Angeles campus, effective upon approval. This urgent request was necessary as a result of the vacancy that was created when the former COO was recruited by a major academic medical center in Northern California to become their Chief Executive Officer. Mr. O'Kelley had been approached by this same

institution to become their COO at significantly greater compensation. This retention, if successful, would help bring stability to the organization.

In his current role, Mr. O'Kelley is responsible for service line reorganization and management of cardiology, cardiothoracic surgery, vascular surgery, hyperbarics, the largest solid organ transplantation program in the country, ventricular assistant devices, oncology, pediatrics, and obstetrics/gynecology for the UCLA Hospital System. Among Mr. O'Kelley's achievements are significant improvements in patient and physician services, with patient satisfaction scores exceeding the 95th percentile. He has been a key leader in developing and implementing Operation Mend, a unique partnership between the U.S. Military's Brooke Army Medical Center and UCLA to provide specialty plastic and reconstructive surgery for United States military patients wounded in Iraq and Afghanistan.

The UCLA Health System has recently extended the nationwide search being conducted by the search firm Spencer Stuart to fill this key role, and it is expected that a final candidate for the permanent position will be identified within 12 months. Mr. O'Kelley would serve as COO for a period not to exceed one year or until appointment of a permanent incumbent, whichever occurs first. Mr. O'Kelley was serving as the Associate Director, Operations, Clinical Services for the UCLA Hospital System at a base salary of \$279,000. To reflect the significant new responsibilities he will assume as COO, the campus proposed an annual base salary of \$478,750. The proposed base salary is 11.5 percent below the midpoint of SLCG Grade 115 (\$541,200) and 15 percent below the market median of \$562,971.

Recommendation

The following items were approved in connection with the term appointment of and compensation for J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles campus:

- a. Appointment of J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles campus.
- b. An annual base salary of \$478,750 (SLCG Grade 115: Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100).
- c. Per policy, continued participation in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target incentive award of 15 percent (\$71,812) and a maximum potential incentive award of 25 percent (\$119,688). The maximum potential incentive of 25 percent applies only for this term appointment as COO. The

actual award will depend on performance related to pre-established goals and will be pro-rated based on time served as the COO.

- d. This appointment is at 100 percent time and will be effective upon approval for a period of 12 months or until the appointment of a permanent incumbent, whichever occurs first.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$478,750

CEMRP: \$71,812 (at 15 percent target rate)

Total Cash Compensation: \$550,562

Grade Level: SLCG Grade 115

(Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100)

Median Market Data: \$562,971

Percentage Difference from Market: 15 percent below market

Funding Source: Hospital System revenue

Budget &/or Prior Incumbent Data

Title: Chief Operating Officer, UCLA Hospital System

Base Salary: \$547,600

CEMRP: \$82,140 (at 15 percent target rate)

Total Cash Compensation: \$629,740

Grade Level: SLCG Grade 115

(Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100)

Funding Source: Hospital System revenue

Additional items of compensation include:

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

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

Committee on Compensation Chair Varner

Office of the President, Human Resources

(8) ***Contract Compensation Parameters for the Head Coach, Women's Basketball, Los Angeles Campus***

Background to Recommendation

Action under interim authority was requested for approval of the contract compensation parameters for recruitment of the Head Coach, Women's Basketball, at UCLA. Former Coach Yolanda ("Nikki") Caldwell recently accepted an external offer following completion of a very successful three-year tenure at UCLA. During the past year, the women's basketball team achieved program bests of 28 wins, a No. 3 seed in the National Collegiate Athletic Association Women's Basketball Championship, and a nationally ranked Top 5 incoming recruit class. UCLA sought approval for contract compensation parameters consistent with other nationally prominent programs, including sister campus UC Berkeley, in an effort to attract a coach who can continue to build upon the program's recent successes. The parameters proposed below exceed local authority delegated to the Chancellor and thus require approval by the Regents.

For purposes of recruitment, the campus recommended approval to offer a seven-year contract with total annual guaranteed compensation of \$602,950 (base salary of \$271,475 plus talent fee of \$331,475), with eligibility for an annual increase of up to five percent each contract year. The proposed contract would also include an annual bonus opportunity of up to a maximum of \$150,000, based on accomplishments such as academic achievement, Pac-10 performance, and participation in tournaments and national championships. To assist with recruitment, approval to offer a home loan with the same terms offered to the previous coach was also requested. No other changes in the former contract were proposed. For comparison purposes, this guaranteed compensation would equal that of the current women's basketball head coach at UC Berkeley, and the maximum bonus opportunity would be less than half.

Recommendation

The following items were approved in connection with the compensation parameters for recruitment of the Head Coach, Women's Basketball, Los Angeles campus:

- a. **Duration:** A contract of up to seven years in duration, to be effective no earlier than April 15, 2011.
- b. **Guaranteed Compensation:** Increase in annual guaranteed compensation as noted below:

	<u>Current</u>	<u>* Proposed</u>
Base Salary:	\$250,000	\$271,475
Talent Fee:	<u>49,500</u>	<u>331,475</u>
Annual Guaranteed Compensation:	\$299,500	\$602,950

*** The base salary and talent fee indicated are for the first year of the contract. The contract would include the opportunity for an annual increase of up to five percent each contract year for both base and talent fee.**

- c. **Supplemental Performance-Based Compensation:** Opportunity to earn an annual performance-based bonus of up to a maximum of \$150,000 for such accomplishments as academic achievement, Pac-10 performance, and participation in tournaments and national championships, based on criteria established in the contract.
- d. **Other:**
- i. Per policy, standard pension and health and welfare benefits except that coaches are not eligible for vacation or sick leave accrual.
 - ii. As an exception to policy, eligibility to participate in the Mortgage Origination Program (MOP) and/or the Supplemental Home Loan Program (SHLP) notwithstanding a non-standard title (Head Coach). If a MOP loan is offered as a Graduated Payment MOP loan (GP-MOP), approval of non-standard terms will result in a fixed interest rate as low as three percent for the term of the loan for the candidate. This is consistent with the terms of the loan provided to the previous women's basketball coach. The loan amount is not to 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 must comply with all other normal MOP and/or SHLP program parameters and is subject to funding availability.
 - iii. Standard contract provisions related to termination.
 - iv. A courtesy vehicle or payments in lieu of a car of up to \$7,200 annually.

- v. Eligibility to earn up to \$50,000 per year for participating in summer camps as determined by the Director, Intercollegiate Athletics.
- vi. Other standard coach perquisites consistent with department practice.

Recommended Compensation**Effective Date:** No earlier than April 15, 2011**Base Salary:** \$271,475**Talent Fee:** \$331,475**Guaranteed Compensation:** \$602,950**Eligibility for annual increase of up to five percent for both base salary and talent fee each contract year.****Range of Total Incentive/Bonus Awards:** \$0 to \$150,000**Range of Summer Camp Income:** \$0 to \$50,000**Range of Vehicle Payments:** \$0 to \$7,200**Total Maximum Compensation:** \$810,150 (first year of contract)**Grade Level:** Not applicable**Funding Source:** Athletic Revenues**Budget &/or Prior Incumbent Data****Title:** Head Coach Women's Basketball**Base Salary:** \$250,000**Talent Fee:** \$49,500**Guaranteed Compensation:** \$299,500**Range of Total Incentive Bonus Awards:** \$0 to \$100,000**Range of Summer Camp Income:** \$0 to \$50,000**Total Maximum Compensation:** \$449,500**Grade Level:** Not applicable**Funding Source:** Athletic Revenues

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
Committee on Compensation Chair Varner
Office of the President, Human Resources

(9) ***Term Appointment of and Total Compensation for Dallas L. Rabenstein as Executive Vice Chancellor and Provost, Riverside Campus***

Background to Recommendation

Approval was requested for the term appointment of Dallas L. Rabenstein as Executive Vice Chancellor and Provost effective July 1, 2011 through June 30, 2015. Dallas Rabenstein was initially appointed in February 2009 as Acting Executive Vice Chancellor and Provost when the position was vacated by the former incumbent. Mr. Rabenstein has held the appointment of Acting Executive Vice Chancellor and Provost from February 16, 2009 through the present.

The national search to fill the position commenced in 2009 and UC Riverside's efforts to fill the position have been extensive and ongoing. A total of 16 candidates were interviewed and seven were invited for campus visits during two nationwide searches. However, despite the steadfast and exhaustive efforts of the search committee and others engaged in the search process, the search efforts have drawn to a close for the second time in two years without a successful candidate. Due to these recent developments in the nationwide search, the campus has concluded these efforts with the decision to appoint Dallas Rabenstein to a four-year term as the Executive Vice Chancellor and Provost.

The appointment of Dallas Rabenstein to a four-year term appointment will bring stability to this pivotal role and suspend the campus search efforts for the next several years, with a goal to refresh the search in 2014. Mr. Rabenstein is exceedingly qualified to serve as the Executive Vice Chancellor and Provost. His qualifications, experience, and accomplishments equal or exceed those of the candidates previously considered for the position. He is a distinguished professor in the Department of Chemistry, where he has held appointments since 1985. He previously held a number of administrative positions at UC Riverside, including department chair, Interim Dean in the College of Natural and Agricultural Sciences, Interim Director of the Agricultural Experiment Station, and Dean of the Graduate Division. He has served as Acting Executive Vice Chancellor and Provost since February 2009.

As Acting Executive Vice Chancellor and Provost, Mr. Rabenstein served a lead role in the campus strategic planning process, referred to as UCR 2020: The Path to Preeminence. UCR 2020 has created the legacy and strategic framework to guide and direct the campus for the decade ahead in becoming a preeminent research university. During this past year, Mr. Rabenstein led the strategic planning implementation efforts including the establishment of goals, metrics, and benchmarks, as well as a business plan for the campus.

Full accountability and authority are vested with the four-year term appointment. The Executive Vice Chancellor and Provost's scope of responsibilities encompasses major campus initiatives that will frame the future of the campus, including the establishment of the School of Medicine with its first incoming class in fall 2012, the start-up of the graduate medical education program, and the execution of strong leadership for the daunting budget-related initiatives that lie ahead. His leadership and expertise in shepherding these major campus initiatives are of strategic importance to the future of the campus. Mr. Rabenstein is a highly respected, seasoned administrator, who has capably navigated the campus through difficult challenges and transitions with praiseworthy results during his acting appointment.

In conjunction with the four-year term appointment, approval is requested for an appointment salary of \$305,000. The salary increase for Mr. Rabenstein is supported by a number of reasons.

- Since 2009, Mr. Rabenstein has been carrying out the responsibilities of Executive Vice Chancellor and Provost with full authority, but with the knowledge and expectation that the appointment was temporary while the search was under way. Mr. Rabenstein has been asked to assume a four-year term appointment as the Executive Vice Chancellor and Provost, and it is appropriate that the compensation be reflective of the full-term appointment and competitive with the external market.
- UC Riverside's most recent compensation proposal for the top candidate identified during the search process was \$320,000, just slightly below the Chancellor's base salary, but even so, the salary offer was not sufficiently competitive and the candidate withdrew.
- The compensation for two recent UC hires into the position of Executive Vice Chancellor and Provost resulted in approved salaries of \$265,000 (UCSC) and \$350,000 (UCSD). The average of these two appointment salaries is \$307,500. The proposed appointment salary is approximately at the midpoint between these recent appointment salaries.
- The internal UC salary average for the position of Executive Vice Chancellor and Provost is \$315,033.
- Recent market data for the position of Executive Vice Chancellor and Provost indicate the market median at \$353,702 and the market average at \$374,468, with the average 25th percentile at \$275,604. The proposed appointment salary is 18.6 percent below the market average.

Taking into consideration the reasons outlined above, the campus requested approval to increase Mr. Rabenstein's total annual salary of \$262,500 to \$305,000. The proposed annual base salary of \$305,000 is 11.2 percent above the midpoint for SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700) and 3.2 percent below the average base salary of \$315,033 for the Executive Vice Chancellor and Provost at the other UC locations. In addition, the proposed annual base salary is 13.8 percent below the market median of \$353,702. Market data are provided by Mercer Consulting, which include data from the 2010/2011 College and University Professional Association (CUPA) Administrative Compensation Survey.

This position is funded 100 percent from UC general funds provided by the State.

Recommendation

The following items were approved in connection with the term appointment of and total compensation for Dallas L. Rabenstein as Executive Vice Chancellor and Provost, Riverside campus:

- a. Per policy, an annual base salary of \$305,000 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- b. This appointment is at 100 percent time and would be effective July 1, 2011 through June 30, 2015.

Recommended Compensation

Effective Date: July 1, 2011

Base Salary: \$305,000

Total Cash Compensation: \$305,000

Grade Level: SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

Median Market Data: \$353,702

Percentage Difference from Median Market: 13.8 percent below market

Funding Source: UC general funds provided by the State

Budget &/or Prior Incumbent Data

Title: Acting Executive Vice Chancellor and Provost

Base Salary: \$208,661

Stipend: \$53,839

Total Cash Compensation: \$262,500

Grade Level: SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

Funding Source: UC general funds provided by the State

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, continued 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.

Submitted by: UC Riverside Chancellor White
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

(10) *Approval of the Deferred Incentive Awards for F. Scott Bidy as the Vice Chancellor – University Relations, Berkeley Campus*

Background to Recommendation

Approval was sought for the incentive payment of the 2007-08, 2008-09 and 2009-10 fiscal years non-clinical incentive awards that were deferred by the Berkeley campus as a result of the action taken by the Regents, *Approval of Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans* at the special meeting of January 14, 2009 and related 2009 Regental actions. That action was subsequently amended at the March 2009 meeting and at the September 2009 meeting. Collectively, these actions not only imposed a salary freeze on members of the Senior Management Group (SMG) for the 2008-09 and 2009-10 fiscal years but also imposed certain restrictions on SMG and non-SMG participation in bonus, incentive and variable pay programs for those years, as well as for the 2007-08 fiscal year. With regard to variable and incentive pay programs, the Regents deferred the payment of such awards for non-clinical incentive plans for the 2007-08, 2008-09, and 2009-10 fiscal years until the end of the 2009-10 fiscal year and indicated that this suspension would be reviewed at that time.

A review of the deferred incentive awards for Mr. Bidy was conducted, and it was determined that the awards satisfied the criteria for payment.

The campus confirmed that Mr. Biddy had pre-established goals and objectives and that the recommended awards were determined by assessing Mr. Biddy's achievement of his respective pre-established goals and objectives against their plan's pre-established weights and measures. The President was, therefore, asked to approve these awards and authorize their payment under the authority delegated to him by the Regents as approved at the September 2010 Regents' meeting, subject to the concurrence of the Chair of the Committee on Compensation, with such payments to include interest at the Short Term Investment Pool (STIP) rate where deemed appropriate.

Campus records indicate that Mr. Biddy is owed a maximum incentive payment in the amount of \$139,583. The breakdown of the payment owed to Mr. Biddy follows:

- December 1, 2007 – December 1, 2008: \$50,000
- December 1, 2008 – December 1, 2009: \$50,000
- December 1, 2009 – September 15, 2010: \$39,583

When Mr. Biddy was appointed in December 2006, his compensation package was structured with an ongoing incentive award of up to \$50,000 a year as additional compensation based on his performance in relation to predetermined goals and objectives as approved by the Regents. Such incentive programs are common in the development area. Mr. Biddy received the first incentive payment of \$50,000 for 2006-07 fiscal year in December 2007, upon Regental approval.

The benchmarks for Mr. Biddy's predetermined goals included success in donor cultivation and fundraising as measured by dollars as well as major gifts, effectiveness in building the campus fundraising organization, demonstrated efficiency of a new distributed model of development, and effectiveness in rebuilding the Office of Public Affairs.

The Campaign for Berkeley was launched publicly in September 2008, with \$1.3 billion raised in the quiet phase of the Campaign. In spite of the financial crisis that fall, followed by a recession, UC Berkeley philanthropic efforts have been hugely successful, thanks to Mr. Biddy's leadership. In 2008-09, Mr. Biddy raised \$306 million and, in 2009-10, a further \$313 million. Of the Top 20 fund-raising colleges in 2009-10, Berkeley ranked number one with the highest change as ranked by five-year growth. In spite of the slow economic recovery, the momentum has continued, and the UC Berkeley Campaign crossed the \$2 billion mark at the end of January 2011.

Mr. Biddy has met and exceeded the goals that were set out for his incentive, and the campus is recommending that he receive full payment

of \$139,583. This would be a final and full payment as his incentive program ended on September 15, 2010. In response to a campus request to simplify Mr. Biddy's compensation package, the Regents approved at their September 2010 meeting elimination of the incentive component of his compensation and increased his annual base salary of \$272,000 by \$50,000, for a total annual salary of \$322,000. The action did not result in an increase to Mr. Biddy's total cash compensation.

Recommendation

The following item was approved in connection with the deferred incentive awards for F. Scott Biddy as the Vice Chancellor – University Relations, Berkeley campus:

Payment of the deferred incentive awards in the total amount of \$139,583 for fiscal years 2007-08, 2008-09, and 2009-10 as recommended by the campus, with such payments to include interest at the Short Term Investment Pool (STIP) rate, under the authority delegated to the President by the Regents of the University of California, subject to the concurrence of the Chair of the Committee on Compensation.

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: Executive Director – Compensation Programs
and Strategy Larsen**

Reviewed by: Office of the President, Human Resources

- (11) *Administrative Stipend for Martha Arvin as Systemwide Health Sciences Privacy Liaison in the Office of Ethics, Compliance and Audit Services, Office of the President*

Background to Recommendation

Action under interim authority was requested for the approval of an administrative stipend for Martha Arvin, Chief Compliance Officer at the UCLA Health Sciences Compliance Office who has accepted a newly created assignment as Systemwide Health Sciences Privacy Liaison in the Office of Ethics, Compliance and Audit Services (ECAS) in addition to her current responsibilities. The stipend was requested for a one-year period, effective June 1, 2011 through May 31, 2012, or until the Privacy Liaison role is assigned to another Systemwide Health Sciences Compliance Officer, whichever occurs first.

The Systemwide Health Sciences Privacy Liaison role has been developed in the Office of ECAS as part of a redefinition of roles related to privacy and information security. The responsibilities of the Systemwide Privacy Officer position in the Office of ECAS were combined with those of the Director of Information Security in Information Resources and Communications (IR&C) to create a new position, Chief Information Security and Privacy Officer (CISPO), effective April 15, 2011. The CISPO reports to the Chief Information Officer and Associate Vice President, IR&C, with a dotted line reporting relationship to the Senior Vice President – Chief Compliance and Audit Officer. The Systemwide Health Sciences Privacy Liaison will be responsible for coordinating with the CISPO on systemwide information security and privacy initiatives that impact health sciences and the medical centers. As a result of these changes, the Systemwide Privacy Officer and Director of Information Security positions will be eliminated.

The responsibilities of the Systemwide Health Sciences Privacy Liaison assignment are significantly greater in scope and level than Martha Arvin's current responsibilities as Chief Compliance Officer for UCLA Health Sciences. The request for an annual stipend of \$30,000 (12.25 percent of Ms. Arvin's current annual base salary of \$244,902) was in recognition of these additional privacy liaison responsibilities and will be funded 100 percent by UC common funds. During this one-year assignment, Ms. Arvin will be responsible for collaboration and communication with the CISPO on all major elements of the systemwide program to meet compliance objectives and to ensure appropriate coordination with health sciences and the medical centers. Ms. Arvin is an effective and seasoned leader in the health sciences compliance and privacy areas and has been collaborating with the UC Health Sciences Compliance Officers since she joined UC in 2009.

Recommendation

The following items were approved in connection with the appointment of and compensation for Martha Arvin as Systemwide Health Sciences Privacy Liaison – Ethics, Compliance and Audit Services, Office of the President:

- a. Per policy, an annual stipend of \$30,000 (12.25 percent of base salary) in addition to base salary of \$244,902 SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. This stipend is effective June 1, 2011, through May 31, 2012, or until the effective date of the liaison assignment to a new Health Sciences Compliance Officer, whichever occurs first.

Recommended Compensation**Effective Date:** June 1, 2011**Base Salary:** \$244,902**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Percent Difference vs. Midpoint: 0 percent**Stipend:** \$30,000 (12.25 percent of base salary)**Total Cash Compensation:** \$274,902**Funding Source:** UC Common Funds**Budget &/or Prior Incumbent Data****Base Salary:** \$244,902**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Total Cash Compensation: \$244,902**Funding Source:** UC Common 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.

Submitted by: Senior Vice President – Chief Compliance and
Audit Officer Vacca

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

14. REPORT OF COMMUNICATIONS RECEIVED

Associate Secretary Shaw reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated April 1 and May 2, 2011.

15. REPORT OF MATERIALS MAILED BETWEEN MEETINGS

Associate Secretary Shaw reported that, on the dates indicated, the following were sent to the Regents or to Committees:

To Members of the Committee on Compensation

- A. From the President, January 2011 Bi-Monthly Transaction Monitoring Report for Deans and Faculty Administrators who have transferred from the Senior Management Group Program to Academic Titles and other full-time Faculty Administrators. (March 9, 2011)

- B. From the President, addition of a faculty administrator position to be transferred from governance under the Senior Management Group Program to governance under the Academic Personnel Program. (April 26, 2011)

To Members of the Committee on Educational Policy

- C. From the President, Statistical Summary of Students and Staff for Fall 2010. (April 26, 2011)

To Members of the Committee on Finance

- D. From the President, Technology Transfer Annual Report for 2010. (April 7, 2011)

To Members of the Committee on Health Services

- E. From the President, Medical Center Activity and Financial Status Report for the six months ended December 31, 2010. (March 8, 2011)

To Members of the Committee on Investments

- F. From the Chief Investment Officer and Vice President, copy of a monograph co-authored by the Head of Risk Management in the Treasurer's Office. (April 7, 2011)

To the Regents of the University of California

- G. From the President, Bi-Monthly Transaction Monitoring Report – January 2011. (March 8, 2011)
- H. From the Chair of the Committee on Oversight of the Department of Energy Laboratories, 2010 annual report on the activities of Lawrence Livermore National Security, LLC and Los Alamos National Security, LLC. (March 21, 2011)
- I. From the Secretary and Chief of Staff, appointments to the Committee on Governance for 2011-12. (March 22, 2011)
- J. From the Secretary and Chief of Staff, report of communications received subsequent to the March 1, 2011 report of communications. (April 1, 2011)
- K. From the Chair of the Committee on Oversight of the Department of Energy Laboratories, announcement of the Director of Lawrence Livermore National Laboratory's and President of Lawrence Livermore National Security, LLC's decision to step down, effective October 2011. (April 12, 2011)
- L. From the President, advance copy of the preliminary fall 2011 freshman admissions data. (April 15, 2011)

- M. From the President, letter and enclosure from the Chancellor of UC Riverside regarding his appearance on a television show. (April 20, 2011)
- N. From the Associate Secretary, replacement appointment on the Special Committee on the Selection of a Student Regent for 2012-13. (April 20, 2011)
- O. From the Associate Secretary, report of communications received subsequent to the April 1, 2011 report of communications. (May 2, 2011)

The meeting adjourned at 12:50 p.m.

Attest:

Associate Secretary

Additions shown by underscoring

Internal Audit Charter

Policy Statement

It is the policy of the University of California to maintain an independent and objective internal audit function to provide the Regents, President, and campus Chancellors with information and assurance on the governance, risk management and internal control processes of the University. Further, it is the policy of the University to provide the resources necessary to enable Internal Audit to achieve its mission and discharge its responsibilities under its Charter. Internal Audit is established by the Regents, and its responsibilities are defined by The Regents' Committee on Compliance and Audit as part of their oversight function.

Mission

The mission of the University of California (UC) internal audit program (IA) is to provide the Regents, President, and campus Chancellors independent and objective assurance and consulting services designed to add value and to improve operations. It does this by assessing and monitoring the campus community in the discharge of their oversight, management, and operating responsibilities. Internal audit brings a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Authority

IA functions under the policies established by the Regents of the University of California and by University management under delegated authority.

IA is authorized to have full, free and unrestricted access to information including records, computer files, property, and personnel of the University in accordance with the authority granted by approval of this charter and subject to applicable University policy and federal and state statutes. Except where limited by law, the work of IA is unrestricted. IA is free to review and evaluate all policies, procedures, and practices for any University activity, program, or function.

In performing the audit function, IA has no direct responsibility for, nor authority over any of the activities reviewed. The internal audit review and approval process does not in any way relieve other persons in the organization of the responsibilities assigned to them.

Independence and Reporting Structure

To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit. This independence is based primarily upon organizational status and objectivity and is required by external industry standards.

The Senior Vice President - Chief Compliance and Audit Officer (CCAO) has direct line reporting to both The Regents and the President. For administrative logistics, the CCAO has a dotted reporting line to the Executive Vice President – Business Operations. The CCAO has established an active channel of communication with the Chair of The Regents' Committee on Compliance and Audit, as well as with campus executive managements, on audit matters. The CCAO has direct access to the President and The Regents' Committee on Compliance and Audit. In addition, the CCAO serves as a participating member on all campus compliance oversight/audit committees.

Campus/Laboratory Internal Audit Directors (IADs) report administratively to the Chancellor/Laboratory Director (or designate) and directly to The Regents' Committee on Compliance and Audit through the CCAO. IADs have direct access to the CCAO and to the President or The Regents' Committee on Compliance and Audit as circumstances warrant.

Campus IADs will report periodically to the campus compliance oversight/audit committees on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work; the status of the annual audit plan, and the sufficiency of audit resources. The local audit functions will coordinate with and provide oversight of other control and monitoring functions involved in governance such as risk management, compliance, security, legal, ethics, environmental health & safety, external audit, etc.

IADs may take directly to the respective Chancellor or Laboratory Director, the CCAO, the President, or The Regents matters that they believe to be of sufficient magnitude and importance. IADs shall take directly to the CCAO who shall report to the President and The Regents' Committee on Compliance and Audit Chair, any credible allegations of significant wrongdoing (including any wrongdoing for personal financial gain) by or about a Chancellor, Executive Vice Chancellor or Vice President, or any other credible allegations that if true could cause significant harm or damage to the reputation of the University.

If Chancellors/Laboratory Directors, when pursuant to their re-delegation authority, designate a position to whom the IAD shall report, that position shall be at least at the Vice Chancellor/Deputy Laboratory Director level and the Chancellor/Laboratory Director shall retain responsibility for: approval of the annual audit plan; approval of local audit committee/work group charter; and shall meet with the IAD at least annually to review the state of the internal audit function and the state of internal controls locally. When reporting responsibility is re-delegated, IADs also have direct access to Chancellors/Laboratory Directors as circumstances warrant.

Scope of Work

The scope of IA work is to determine whether UC's network of risk management, control, and governance processes, as designed and represented by management at all levels, is adequate and functioning in a manner to ensure:

- Risk management processes are effective and significant risks are appropriately identified and managed.
- Ethics and values are promoted within the organization.
- Financial and operational information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's risk management and control processes.
- Significant legislative or regulatory compliance issues impacting the organization are recognized and addressed properly.
- Effective organizational performance management and accountability is fostered.
- Coordination of activities and communication of information among the various governance groups occurs as needed.
- The potential occurrence of fraud is evaluated and fraud risk is managed.
- Information technology governance supports UC strategies, objectives, and the organization's privacy framework.
- Information technology security practices adequately protect information assets and are in compliance with applicable policies, rules, and regulations.

Opportunities for improving management control, quality and effectiveness of services, and the organization's image identified during audits are communicated by IA to the appropriate levels of management.

Nature of Assurance and Consulting Services

IA performs three types of projects:

Audits – are assurance services defined as examinations of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, performance, compliance, systems security and due diligence engagements.

Consulting Services – the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include reviews, recommendations (advice), facilitation, and training.

Investigations – are independent evaluations of allegations generally focused on improper governmental activities including misuse of university resources, fraud, financial irregularities, significant control weaknesses and unethical behavior or actions.

Mandatory Guidance

IA serves the University in a manner that is consistent with the standards established by the SVP/CCAO and acts in accordance with University policies and *UC Standards for Ethical Conduct*. At a minimum, it complies with relevant professional standards, and the Institute of Internal Auditors' mandatory guidance including the *Definition of Internal Auditing*, the *Code of Ethics* and the *International Standards for the Professional Practice of Internal Auditing*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Certain Personnel Matters

Action to appoint, demote or dismiss the SVP/CCAO requires the approval of The Regents. Action to appoint an IAD requires the concurrence of the SVP/CCAO. Action to demote or dismiss an IAD requires the concurrence of the President and Chair of the Compliance and Audit Committee, upon the recommendation of the SVP/CCAO.

Deletions shown by strikethrough

Internal Audit Mission Statement, Internal Audit Management Charter, and Audit Management Plan approved March 18, 2004

UNIVERSITY OF CALIFORNIA
(Revised March 2004)

INTERNAL AUDIT MISSION STATEMENT

The mission of internal audit is to assess and monitor the university community in the discharge of their oversight, management, and operating responsibilities in relation to governance processes, the systems of internal controls, and compliance with laws, regulations and University policies including those related to ethical conduct by providing relevant, timely, independent, and objective assurance, advisory and investigative services using a systematic, disciplined approach to evaluate risk and improve the effectiveness of control and governance processes.

INTERNAL AUDIT MANAGEMENT CHARTER

Authority

Internal Audit functions under the policies established by The Regents of the University of California and by University management under delegated authority.

Independence

To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit.

Independence is essential to the effectiveness of the Internal Audit Program. This independence is based primarily upon organizational status and objectivity:

The University Auditor reports functionally to The Regents through its Committee on Audit and administratively to the Senior Vice President—Business and Finance. The University Auditor also has direct access to the President of the University.

The locally based Internal Audit Departments report functionally to The Regents through the Office of the University Auditor and administratively to the campus Chancellor or Laboratory Director directly or through designated channels. (For reporting purposes, the Chancellor's designee shall be at the level of Vice Chancellor or above, and the Laboratory Director's designee shall be at the level of Associate Director or above.)

Internal Auditors may take directly to the respective Chancellor or Laboratory Director, the University Auditor, the President, or The Regents matters that they believe to be of sufficient magnitude and importance. Internal Auditors shall take directly to the University Auditor who shall report to the Senior Vice President—Business and Finance and The Regents' Committee on Audit Chair any credible allegations of significant wrongdoing (including any wrongdoing for personal financial gain) by or about a

~~Chancellor, Executive Vice Chancellor or Vice President, or any other credible allegations that if true could cause significant harm or damage to the reputation of the University. Internal Auditors shall take directly to the University Auditor who shall report to The Regents' Committee on Audit Chair any allegations by or about the Senior Vice President—Business and Finance or the President. Any such matters will be reported to The Regents' Board Chair at the discretion of the University Auditor or Committee on Audit Chair.~~

~~In performing the audit function, the Internal Audit Office has no direct responsibility for, nor authority over, any of the activities reviewed. Therefore, the internal audit review and appraisal process does not in any way relieve other persons in the organization of the responsibilities assigned to them.~~

Seope

~~Internal Audit is authorized to have full, free and unrestricted access to information including records, computer files, property, and personnel of the University in accordance with the authority granted by the Board's approvals of this charter and applicable federal and state statutes.~~

~~Except where limited by law, the work of Internal Audit is unrestricted. Internal Audit is free to review and evaluate all policies, procedures, and practices of any University activity, program, or function.~~

Standards

~~The responsibility of the Internal Audit Program is to serve the University in a manner that is consistent with the standards established by the University Auditor . At a minimum it shall comply with the relevant professional standards, such as the *Standards For The Professional Practice of Internal Auditing* and with professional standards of conduct such as the *Code of Ethics of the Institute of Internal Auditors, Inc.*~~

UNIVERSITY OF CALIFORNIA
AUDIT MANAGEMENT PLAN
(Revised March 2004)

~~I. The University Audit Program is comprised of three elements:~~

- ~~A. An external independent (PwC) certified public accounting firm reporting to The Regents.~~
- ~~B. The University Auditor's Office reporting functionally to The Regents through its Committee on Audit and administratively to the Senior Vice President Business and Finance.~~
- ~~C. Campus/Laboratory Internal Audit Departments reporting functionally to The Regents through the University Auditor and administratively to the Chancellors/Laboratory Directors or designee.~~

~~II. Objectives of the Internal Audit Program~~

~~To conduct a program of audits, consultations, and investigations which are of service to The Regents and management through the following activities:~~

- ~~A. Reviewing management, financial, and operating controls to appraise their soundness and adequacy to advise management, and on matters of material import, The Regents, as to whether:
 - ~~1. The systems of internal control effected by the University's Board of Regents, management and other personnel, provide reasonable assurance regarding the achievement of objectives in the following categories:
 - ~~—— effectiveness and efficiency of operations~~
 - ~~—— reliability of financial reporting~~
 - ~~—— compliance with applicable laws and regulations;~~~~
 - ~~2. Established plans, policies, and procedures are being complied with;~~
 - ~~3. University assets are accounted for and safeguarded from loss.~~~~
- ~~B. Providing recommendations to improve operating efficiency and internal controls.~~
- ~~C. Providing consultation on current and proposed operating policies and procedures and changes in the system of internal controls.~~
- ~~D. Conducting investigations in support of the University's compliance with laws governing improper government activities.~~

III. —Responsibilities of the Audit Group

A. —External Auditors

1. —Perform, in accordance with generally accepted auditing standards, and government auditing standards an audit (PwC) of the financial statements of the University to determine whether such financial statements present fairly the University's financial position changes net assets and cash flows in accordance with generally accepted accounting principles.
2. —Review the adequacy of the systems of internal controls related to the financial statement audit and render recommendations as appropriate.
3. —Perform such additional financial or compliance audits as directed by The Regents.
4. —Provide such accounting and other consultation as requested by management or The Regents.

B. —Office of the University Auditor

1. —Establish a relationship with the University's external auditors whereby annual plans are developed in concert, appropriate support is provided to the external auditors, and an active channel exists for sharing audit findings and other information of mutual interest and concern.
2. —Analyze and evaluate Universitywide policies, plans, procedures and practices including those designed to assure ethical conduct.
3. —Conduct investigations pursuant to the University Policy on Reporting and Investigating Allegations of Improper Governmental Activities within the Office of the President and at the campuses or laboratories at the request of the President, the Chancellor/Laboratory Director or their designee, or the campus/laboratory Internal Audit Director in the event of a conflict of interest.
4. —Provide oversight and administration of compliance with the University Policy on Reporting and Investigating Allegations of Improper Governmental Activities.
5. —With the Senior Vice President Business and Finance, provide information with respect to material audit and investigation matters so as to keep the President and appropriate Regents adequately informed on a timely basis.

6. ~~Coordinate and direct special non-recurring studies as requested by The Regents' Committee on Audit, the President, or other appropriate University officials.~~
7. ~~Coordinate all communications with the California State Auditor in connection with their investigations and requests for preliminary investigations by the University.~~
8. ~~Working with the campus/laboratory Internal Audit Directors, develop appropriate methodologies and objectives, and coordinate the preparation of annual and long-range Universitywide internal audit plans.~~
9. ~~Working with the campus/laboratory internal audit directors, establish documented standards for:~~
 - a. ~~the conduct, documentation and reporting of audit, consultation and investigation activities;~~
 - b. ~~timely follow up to assess whether appropriate action has been taken on reported audit findings;~~
 - c. ~~continuing education and a systematic training program for internal auditors;~~
 - d. ~~rotation of auditor assignments to enhance freshness and objectivity of audit perspective; and~~
 - e. ~~the determination of appropriate minimum levels of audit staffing.~~
10. ~~Develop and oversee the conduct of a peer review program designed to assess and assure compliance with Institute of Internal Auditors and University adopted professional standards.~~
11. ~~Coordinate the development of, and archive model audit programs to avoid duplication of efforts.~~
12. ~~Facilitate and serve as a conduit for the sharing of information among campus/laboratory audit departments regarding planned audit efforts, significant audit and investigation findings of mutual interest and concern, audit reports issued, and the development of improved audit techniques/technologies.~~
13. ~~Provide research and technical support to campuses/laboratories as needed and requested.~~

14. ~~Provide, or facilitate the sharing of human resources among the internal audit departments as needed and available.~~
15. ~~Develop Guidelines for local campus/laboratory audit committees and serve as an ex officio member of each local committee.~~
16. ~~Oversee the campus, laboratory and Office of the President internal audit programs of comprehensive review and examination of policies and procedures to assure that all facets of the University are undertaking such in a clear, consistent and effective manner.~~

~~C. Campus/Laboratory Internal Audit Departments~~

1. ~~Audit campus/laboratory and medical center operations and activities in accordance with the annual plan submitted to the Office of the President.~~
2. ~~Conduct investigations in accordance with University Policy on Reporting and Investigating Allegations of Improper Governmental Activities, keeping the University Auditor, Senior Vice President Business and Finance and the General Counsel's office advised as called for by the Policy.~~
3. ~~Provide services in a consultation role as requested by management, business units, and academic administration when such requests are consistent with the professional expertise of the auditors and maintenance of an appropriate level of independence, and do not materially impact the accomplishment of the risk based campus annual internal audit plan.~~
4. ~~Review campus/laboratory compliance with University fiscal and administrative policies and procedures, conformance with governmental laws and regulations, and compliance with resource allocation and gift endowment restrictions.~~
5. ~~Participate and provide appropriate support to campus/laboratory committees, work groups, task forces and the like involved in the development, review and/or re-engineering of policies, procedures and systems. In these endeavors auditors will be mindful of their appropriate role versus the role of management and will actively promote and advocate a sound system of internal controls in support of operational effectiveness and efficiency objectives.~~
6. ~~As requested by the Chancellor/Laboratory Director, serve as external audit coordinator working with all external agencies having an audit interest in the University/Laboratory.~~

7. ~~Support the whistleblower coordinator (Locally Designated Official) facilitating the adoption, implementation, and administration of local whistleblower procedures in support of the University policy.~~
8. ~~Conduct audit, consultation and investigation activities in accordance with standards established for the entire University of California internal audit program.~~
9. ~~Participate in the development of standards, audit planning methodologies, common audit programs, peer review programs, and other initiatives undertaken for the benefit of the entire University of California internal audit program.~~
10. ~~Consult with the University Auditor on any matter representing a conflict of interest, or the appearance of a conflict of interest on the part of the local internal audit department.~~

IV. ~~Reporting Channels~~

A. ~~The University Auditor:~~

1. ~~Reports administratively to the Senior Vice President Business and Finance and functionally to The Regents through its Committee on Audit and has direct access to the President as circumstances warrant.~~
2. ~~Provides formal reports to The Regents' Committee on Audit semi-annually, and at other times as requested. The University Auditor will take it as his/her responsibility to seek to establish an active channel of communications with the Chair of The Regents' Committee on Audit.~~
3. ~~Meets with the Vice Chancellors/Deputy Laboratory Directors or other officials to whom internal audit functions report quarterly to discuss audit matters of Universitywide concern, to provide information on systemwide internal audit initiatives and to promote consistency of internal audit oversight.~~
4. ~~Conducts at least quarterly meetings of Internal Audit Directors forming a committee for the promulgation of auditing standards, practices and policies.~~
5. ~~Serves as ex-officio member of all campus/laboratory audit committees/work groups.~~
6. ~~Meets with Chancellors/Laboratory Directors and Vice Chancellors/Deputy Laboratory Directors as requested.~~

~~B. Campus/Laboratory Internal Audit Directors:~~

- ~~1. Report administratively to the Chancellor/Laboratory Director and to The Regents' Committee on Audit through the University Auditor but have direct access to the President or The Regents' Committee on Audit as the circumstances warrant.~~
- ~~2. When, pursuant to their redelegation authority, Chancellors/Laboratory Directors designate a position to whom the Internal Audit Director shall report, that position shall be at least at the Vice Chancellor/Deputy Laboratory Director level and the Chancellor/Laboratory Director shall retain responsibility for:
 - ~~a. approval of the annual audit plan;~~
 - ~~b. approval of audit committee/work group charter;~~and shall meet with the Internal Audit Director at least annually to review the state of the internal audit function and the state of internal controls locally. When reporting responsibility is redelegated, Internal Audit Directors also have direct access to Chancellors/Laboratory Directors as the circumstances warrant.~~
- ~~3. Facilitate the scheduling of local audit committee/work group meetings and provide staff support to the audit committee/work group.~~

~~C. Direct Reporting to The Regents' Committee on Audit~~

- ~~1. Internal Auditors may take directly to the respective Chancellor or Laboratory Director, the University Auditor, the President, or The Regents matters that they believe to be of sufficient magnitude and importance. Internal Auditors shall take directly to the University Auditor who shall report to the Senior Vice President — Business and Finance and The Regents' Committee on Audit Chair any credible allegations of significant wrongdoing (including any wrongdoing for personal financial gain) by or about a Chancellor, Executive Vice Chancellor or Vice President, or any other credible allegations that if true could cause significant harm or damage to the reputation of the University. Internal Auditors shall take directly to the University Auditor who shall report to The Regents' Committee on Audit Chair any allegations by or about the Senior Vice President — Business and Finance or the President. Any such matters will be reported to The Regents' Board Chair at the discretion of the University Auditor or Committee on Audit Chair.~~
- ~~2. Internal Auditors shall report directly to the University Auditor who shall report to The Regents' Committee on Audit Chair any allegations by or~~

~~about the Senior Vice President Business and Finance or the President. Any such matters will be reported to The Regents' Board Chair at the discretion of the University Auditor or Committee on Audit Chair.~~

- ~~3. Internal Auditors shall report directly to the Senior Vice President Business and Finance who shall report to the Chair of The Regents' Committee on Audit any allegations related to the University Auditor.~~

~~V. Certain Personnel Matters~~

- ~~A. Action to appoint, demote or dismiss the University Auditor requires the approval of The Regents. Action to appoint campus/laboratory Internal Audit Directors requires the concurrence of the University Auditor. Action to demote or dismiss campus/laboratory Internal Audit Directors requires the concurrence of the President upon the recommendation of the University Auditor.~~

Table A: Approval of FY2011-12 CapEquip Authorization

UC Location	\$ Amount Requested	Description of Expected Equipment Purchases
UC Berkeley	\$ 20,000,000	Research equipment, telecommunications equipment, other equipment, software, and refinancing of certain existing capital equipment leases.
UC Davis	10,000,000	Science and laboratory equipment, animal caging, facilities maintenance equipment, and computer software.
UC Davis - Medical Center	25,000,000	Replacement medical equipment, replacement diagnostic equipment, and new equipment related to recently-opened surgical and emergency services pavilion.
UC Irvine	2,500,000	Computing equipment, vehicles, and traffic signals.
UC Irvine - Medical Center	15,000,000	Medical equipment, diagnostic equipment, plant equipment, and health information software.
UCLA	10,000,000	Medical and diagnostic equipment, research equipment, shop equipment, computer equipment, communications and networking equipment, vehicles, software licenses, and refinancing of certain existing capital equipment leases.
UCLA - Medical Center	40,000,000	Medical and diagnostic equipment, computer equipment, communications and networking equipment, vehicles, software licenses, and refinancing of certain existing capital equipment leases.
UC Merced	3 05,000	Fleet vehicles and electric carts.
UC Riverside	-	UC Riverside is not participating in CapEquip for FY2011-12.
UC San Diego	4,650,000	Medical equipment, diagnostic equipment, budget software, DNA sequencing equipment, and refinancing of certain existing capital equipment leases.
UC San Diego - Medical Center	30,000,000	Medical equipment, diagnostic equipment, and budget software.
UC San Francisco	-	UC San Francisco is not participating in CapEquip for FY2011-12.
UC San Francisco - Medical Center	-	UC San Francisco Medical Center is not participating in CapEquip for FY2011-12.
UC Santa Barbara	1,000,000	Diagnostic equipment and instruments, other equipment, vehicles, and refinancing of certain existing capital equipment leases.
UC Santa Cruz	1,665,000	Utility vehicles, refuse trucks, shuttle busses, fire engine, and police vehicles.
UC Office of the President	80,000,000	PPS replacement system, i.e., a single payroll system and a single human resources system that will be deployed across all ten campuses and five medical centers. The use of this funding authorization is dependent upon consideration and decision of the Regents at their scheduled July 2011 meeting.
UC Agriculture & Natural Resources	-	ANR is not participating in CapEquip for FY2011-12.
Total Authorization:	\$240,120,000	