

## THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 18, 2012

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

Present: Regents Blum, De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Reiss, Rubenstein, Ruiz, Schilling, Stein, Torlakson, Varner, Wachter, Yudof, and Zettel

In attendance: Regent-designate Feingold, Faculty Representatives Anderson and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Allen-Diaz, Beckwith, Duckett, Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, and White, and Recording Secretary Johns

The meeting convened at 10:30 a.m. with Chairman Lansing presiding.

### 1. **REPORT OF THE SPECIAL COMMITTEE ON SELECTION OF A STUDENT REGENT**

#### ***Appointment of 2013-14 Student Regent***

The Committee recommended that Cinthia Flores be appointed a Regent of the University of California to serve for the period July 1, 2013 through June 30, 2014, and that she serve as Regent-designate, effective immediately, until the appointment becomes effective.

Regent Zettel introduced Cinthia Flores as an alumna of UCLA and currently a student at the UC Irvine School of Law. Ms. Flores has an accomplished record of University and community leadership.

Upon motion of Regent Zettel, duly seconded, the recommendation of the Special Committee on Selection of a Student Regent was approved.

Student Regent-designate Flores stated that she was both honored and humbled to serve the University at this critical time. She thanked her mentors and her family. Ms. Flores described herself as someone who is a product of public education with a strong commitment to the success of the institution. She expressed her hope to champion issues of access, affordability, and diversity.

The Regents recessed at 10:35 a.m.

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The Regents reconvened at 3:00 p.m. with Chairman Lansing presiding.

Present: Regents Blum, De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Reiss, Rubenstein, Ruiz, Schilling, Stein, Torlakson, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Feingold and Flores, Faculty Representatives Anderson and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Fox, Katehi, and Leland, and Recording Secretary Johns

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

The Committee presented the following from its meeting of July 17, 2012:

**A. *Approval of Internal Audit Plan 2012-13***

The Committee reported its approval of the Internal Audit Plan 2012-13.

**B. *Approval of Ethics and Compliance Program Plan for 2012-13***

The Committee reported its approval of the Ethics and Compliance Program Plan for 2012-13.

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

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

The Committee presented the following from its meeting of July 18, 2012:

**A. *Resolution to Endorse the State's Actions Relating to the University of California's 2012-13 Budget, No Increase in Mandatory Systemwide Student Charges in 2012-13, and The Schools and Local Public Safety Protection Act of 2012 (Proposition 30) on the November Ballot***

The Committee recommended that the Regents adopt the *Resolution to Endorse the State's Actions Relating to the University of California's 2012-13 Budget, No Increase in Mandatory Systemwide Student Charges in 2012-13, and The Schools and Local Public Safety Protection Act of 2012 (Proposition 30) on the November Ballot*, as shown in Attachment 1. Mandatory Systemwide Student Charges

consist of Tuition and the Student Services Fee as those terms are defined in Regents Policy 3101, *The University of California Student Tuition and Fee Policy*.

**B. *Approval of Fiscal Year 2012-13 Budget for Office of the President***

The Committee recommended that the University of California Office of the President fiscal year 2012-13 budget, as shown in Attachment 2, be approved.

**C. *Approval of Fiscal Year 2012-13 CapEquip Financing Authorizations, Los Angeles Medical Center and Santa Barbara Campus***

The Committee recommended that:

- (1) The fiscal year 2012-13 CapEquip authorizations for the Los Angeles medical center and the Santa Barbara campus delineated in Attachment 3 be approved as one-year authorizations expiring June 30, 2013.
- (2) The President be authorized to approve and obtain additional external financing for the CapEquip program in an amount not to exceed \$26 million.
- (3) 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.

**D. *Approval of Appropriations from Los Alamos National Security LLC and Lawrence Livermore National Security LLC Fee Income to be Expended in Fiscal Year 2012-13***

The Committee recommended that 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, 2012 and December 31, 2012, 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, 2012 through June 30, 2013. – \$1.5 million (\$3 million in 2011-12).
- (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, 2012 through June 30, 2013, including but not limited to an allocable share of the costs of the

President's Executive Office, the Provost, the Academic Senate, Office of the Secretary and Chief of Staff, 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 – \$5.12 million (\$3.85 million in 2011-12).

- (3) An appropriation in 2012-13 to a post-contract contingency fund – \$1.3 million (no change from 2011-12).
- (4) An appropriation for contingency for factors affecting the final fee – \$0.7 million (no change from 2011-12).
- (5) An appropriation in 2012-13 for research projects, to include National Laboratory research projects as well as other research projects – \$29.18 million. This amount includes \$18.28 million of research funds from the LLC fee revenues for 2012 and \$10.9 million of unallocated funds accumulated over several years.

E. ***Approval of Professional Degree Supplemental Tuition Levels for 2012-13***

The Committee recommended that the Regents approve the proposed Professional Degree Supplemental Tuition levels for 2012-13 for the 57 programs shown in Attachment 4.

Upon motion of Regent Varner, duly seconded, the recommendations of the Committee on Finance were approved, Regent Gould voting “no” on item 3. A. above and Regents Newsom and Stein voting “no” on item 3. E. above.

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

The Committee presented the following from its meeting of July 17, 2012:

A. ***Approval of Design following Action pursuant to California Environmental Quality Act, Chao Comprehensive Digestive Disease Center Expansion, Irvine Campus***

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

- (1) Finding that the project is categorically exempt under the California Environmental Quality Act.
- (2) Approval of the design of the Chao Comprehensive Digestive Disease Center Expansion project, Irvine campus.

B. *Approval of the Budget, Approval of External Financing, Luskin Conference and Guest Center, Los Angeles Campus*

The Committee recommended that:

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Luskin Conference and Guest Center – preliminary plans, working drawings, construction, and equipment – \$162,425,000, to be funded from external financing (\$112,000,000), gift funds (\$40,000,000), housing reserves (\$7,225,000), and campus funds (\$3,200,000).

- (2) The scope of the Luskin Conference and Guest Center shall provide approximately 294,000 gross square feet, which is planned to include: a conference facility with meeting space and guest rooms, a parking garage for resident guests, a campus catering kitchen, and improvements to the adjacent traffic turnabout and pedestrian areas in Gateway Plaza at the main entrance to campus.

- (3) The President be authorized to obtain external financing not to exceed \$112,000,000 to finance the Luskin Conference and Guest Center project. The President requires that:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- b. As long as the debt is outstanding, general revenues from the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- c. The general credit of the Regents shall not be pledged.

- (4) The President be authorized to obtain standby financing not to exceed \$35,000,000 for the project, subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- b. As long as the debt is outstanding, general revenues from the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

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

Upon motion of Regent Makarechian, duly seconded, the recommendation of the Committee on Grounds and Buildings was approved.

## 5. **REPORT OF THE COMMITTEE ON INVESTMENTS**

The Committee presented the following from its meeting of June 19, 2012:

A. ***University of California General Endowment Pool Asset Allocation Review and Recommendations***

The Committee recommended that the amendments to Appendix One of the General Endowment Pool Investment Policy Statement be adopted as shown in Attachment 5, effective immediately.

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

The Committee recommended that the amendments to Appendix One of the University of California Retirement Plan (UCRP) Investment Policy Statement, as shown in Attachment 6, and Appendix 7O to the Investment Policy Statements of the UCRP and the General Endowment Pool, as shown in Attachment 7 be approved, effective immediately.

C. ***Adoption of Expenditure Rate for Total Return Investment Pool***

The Committee recommended that the expenditure rate (payout rate) for the Total Return Investment Pool for the fiscal year 2012-13 be set at a maximum of six percent.

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

The Regents recessed at 3:05 p.m.

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The Regents reconvened at 4:05 p.m. with Chairman Lansing presiding.

Present: Regents De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Reiss, Rubenstein, Ruiz, Schilling, Stein, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Feingold and Flores, Faculty Representatives Anderson and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Fox, Katehi, and Leland, and Recording Secretary Johns

**6. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of May 16 and June 19, 2012 and the meeting of the Committee of the Whole of May 16, 2012 were approved.

**7. REPORT OF THE PRESIDENT**

The President presented his report concerning University activities and individuals. Three faculty members – Andrea Ghez and Terence Tao of UCLA and Michael Clegg of UC Irvine – were elected to the American Philosophical Society. The Society, founded by Benjamin Franklin in 1743, is the oldest learned society in the U.S. devoted to the advancement of scientific and scholarly inquiry. Professor David Jewitt of UCLA was doubly honored with his selection as a recipient of the Kavli Prize in astrophysics and the Shaw Prize in astronomy. The focus of Professor Jewitt's research is the exploration of the small bodies of the solar system, which provides clues to the origin and evolution of planets. To have been awarded both these prestigious prizes is an extraordinary achievement. The previous month, Chancellor Fox received an honorary Doctor of Science degree from her alma mater, Dartmouth College. President Yudof concluded by noting the decease the previous month of Robert Huttenback, who served as Chancellor of the Santa Barbara campus from 1977 to 1986.

**8. RESOLUTION IN APPRECIATION – LAWRENCE H. PITTS, M.D.**

Upon motion of Regent Reiss, duly seconded, the following resolution was adopted:

WHEREAS, the members of the Board of Regents wish to express their deep and abiding gratitude to Lawrence H. Pitts, M.D., on the occasion of his retirement as Provost and Executive Vice President for Academic Affairs, and in recognition of his 37 years of dedicated and steadfast service to the University; and

WHEREAS, since beginning his career at the University of California, San Francisco in 1975, he has rendered service of the highest order to the University and its many constituencies as a gifted teacher, brilliant neurosurgeon, dynamic leader of the systemwide Academic Senate, and as the University's Provost and Executive Vice President; and

WHEREAS, he has been a passionate advocate for public higher education and for preserving and enhancing the educational quality of the University, as evidenced by his willingness to come out of retirement in February 2009, during a period of bleak funding outlooks and academic challenges, to assume the position of Interim Provost and to then graciously accept permanent appointment as Provost and Executive Vice President for another two years; and

WHEREAS, throughout his tenure as Provost, he has applied keen analytical skills to help lay a foundation for the University of California of the 21st century, endeavoring tirelessly to find new and creative ways of addressing the devastating cuts to the University while maintaining and enhancing the brilliance of its academic and multicampus research programs, always at the fore in promoting the high standards and excellence the people of California expect from its great university, thus exemplifying his long-held reputation as a guardian of the academic quality and research enterprise of the University of California; and

WHEREAS, always forward-thinking, he has steadfastly guided the University's admissions process, earnestly advocating for the holistic review in admissions, overseen the historic early development of the online education program, and worked to increase humanities research throughout the UC system, in all remaining faithful to the University's celebrated mission and earning widespread admiration for the wisdom, humanity, and integrity he brought to the academic enterprise;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express to Lawrence H. Pitts their warmest appreciation for a lifetime of achievement and service to the University and the state and their conviction that in his well-deserved second retirement, he will remain a vital part of the University of California family;

AND BE IT FURTHER RESOLVED that the Regents fondly wish Larry the greatest happiness and well-earned time for family and friends as he and Mary begin this new chapter in their lives, and direct that a suitably inscribed copy of this resolution be presented to him with our admiration and affectionate best wishes.

Regent Reiss praised Dr. Pitts' commitment to UC, his qualities as a teacher and a leader, and his willingness to come out of retirement to serve as Provost during a very difficult time. The University owes its outstanding reputation to individuals like Dr. Pitts.

9. **RESOLUTION IN APPRECIATION – MARYE ANNE FOX**

Upon motion of Regent Zettel, duly seconded, the following resolution was adopted:

WHEREAS, the Regents of the University of California wish to honor and commend Marye Anne Fox as she prepares to step down as the seventh Chancellor of the University of California, San Diego, following eight years of innovative and creative



leadership that have earned her the deep respect and lasting admiration of the entire UC community of learning; and

WHEREAS, from the outset of her tenure as Chancellor, she set a visionary course for UC San Diego, expanding the physical infrastructure of the campus to better serve its ever growing student population and internationally acclaimed research enterprise; enhancing its academic and health system reputations for excellence; overseeing the conversion of the campus into a living laboratory to investigate renewable energy sources, in so doing, making it one of the greenest higher education institutions in the nation and an international leader in climate change research; and

WHEREAS, she has carefully and thoughtfully built upon the strong foundation laid by her predecessors, providing academic and administrative leadership of the highest order, instituting changes to increase the diversity of the student population and to build a campus climate of tolerance and inclusiveness in order to provide a culturally and educationally enriching campus experience, and promoting the value of public service and volunteerism throughout the UC San Diego community; and

WHEREAS, with Marie Curie as her inspiration, she has served as a role model and mentor for young women considering the sciences as a career, giving unstintingly of her time and counsel, always encouraging them to, as she did in her own brilliant career, persevere with heartfelt determination to make their dreams a reality; and

WHEREAS, her exceptional intellectual achievements have been recognized widely, as demonstrated by her election to the National Academy of Sciences, the American Academy of Arts and Sciences, the American Association for the Advancement of Science, the American Philosophical Society, and other prestigious professional organizations; by her many honors and awards, most notably, the National Medal of Science presented to her by President Barack Obama; by her extensive record of publications in scholarly journals; and by the acclaim accorded her scientific research in photoelectric chemistry;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their enduring gratitude to Marye Anne Fox for her stellar stewardship of UC San Diego, their warmest appreciation for her service to the University of California and higher education as an extraordinary leader, a gifted teacher, and an inspiring role model for women in the sciences, as well as their pleasure at her decision to remain on campus as a distinguished professor of chemistry;

AND BE IT FURTHER RESOLVED that the Regents extend to Marye Anne and her husband, Jim Whitesell, their best wishes for happiness in the years ahead, and direct that a suitably inscribed copy of this resolution be presented to her as a lasting remembrance of the Board's respect and affection.

Regent Zettel praised Chancellor Fox's stewardship of the San Diego campus, noting that she has fostered development of the campus' physical space, growth of its research

funding, and promoted a campus climate of tolerance and inclusiveness. As a scholar, Chancellor Fox has been recognized by many prestigious learned societies.

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

The Committee presented the following from its meeting of July 18, 2012:

A. ***Amendment of Regents Policy 3103: Policy on Professional Degree Supplemental Tuition and Regents Policy 3104: Principles Underlying the Determination of Fees for Students of Professional Degree Programs***

The Committee recommended that, effective immediately, Regents Policy 3103: *Policy on Professional Degree Supplemental Tuition*, as shown in Attachment 8, and Regents Policy 3104: *Principles Underlying the Determination of Fees for Students of Professional Degree Programs*, be amended as shown in Attachment 9, with any changes to professional degree supplemental tuition approved by the President under these policies reported to the Regents.

B. ***Establishment of a School of Education, Irvine Campus***

The Committee recommended that Section 15 (a) of the Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, as provided for in Standing Order 110.1, be amended as follows:

**Additions shown by underscoring**

\* \* \*

15. Professional Schools

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

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- School of Education, at Irvine, with curricula leading to the degrees of Master of Science, Master of Arts in Teaching, Doctor of Education, and Doctor of Philosophy.

Upon motion of Regent Reiss, duly seconded, the recommendations of the Committee on Educational Policy were approved.

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

The Committee presented the following from its meeting of July 18, 2012:

**A. *Amendment of the Schedule of Reports to the Regents***

The Committee recommended that the Schedule of Reports be amended, as shown in Attachment 10.

**B. *Appointment of Regents-designate and Faculty Representatives as Advisory Members to Standing Committees***

The Committee recommended that:

- (1) Regent-designate Feingold be appointed as an Advisory Member to the Committees on Compensation, Compliance and Audit, Educational Policy, Grounds and Buildings, and Health Services, effective immediately through June 30, 2013.
- (2) Regent-designate Schultz be appointed as an Advisory Member to the Committees on Finance, Grounds and Buildings, Investments, Long Range Planning, and Oversight of the Department of Energy Laboratories, effective immediately through June 30, 2013.
- (3) Contingent upon her appointment as student Regent for 2013-14, Regent-designate Flores be appointed as an Advisory Member to the Committees on Educational Policy, Finance, Long Range Planning, and Health Services, effective immediately through June 30, 2013.
- (4) Faculty Representative Jacob be appointed as an Advisory Member to the Committees on Educational Policy, Grounds and Buildings, Long Range Planning, and Investments, effective September 1, 2012 through August 30, 2013.
- (5) Faculty Representative Powell be appointed as an Advisory Member to the Committees on Compensation, Compliance and Audit, Health Services, Finance, and Oversight of the Department of Energy Laboratories, effective September 1, 2012 through August 30, 2013.

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

**12. REPORT OF INTERIM AND CONCURRENCE ACTIONS**

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

- A. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the President of the University approved the following concurrence recommendation:

***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for the Chao Comprehensive Digestive Disease Center Expansion, Irvine Campus***

Pursuant to authority granted to the President under Standing Order 100.4(q)(1), the 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Irvine: Chao Comprehensive Digestive Disease Center Expansion – preliminary plans, working drawings, construction, and equipment – \$17,500,000, to be funded from hospital reserves (\$14,735,000) and from gifts (\$2,765,000).

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

- (1) ***Appointment of and Total Compensation for Kyle D. Hoffman as Vice Chancellor – Development and Alumni Relations, Merced Campus***

Background to Recommendation

Action under interim authority was requested for the appointment of and total compensation for Kyle D. Hoffman as Vice Chancellor – Development and Alumni Relations, Merced campus, effective on or about May 21, 2012. The proposed annual salary is \$218,700.

This request for action under interim authority was needed to provide for a smooth leadership transition following the imminent departure of the Interim Vice Chancellor who will assume a new position within the University as Executive Director of the Sierra Nevada Research Institute, a critical unit of the campus. In addition, it was important to provide the Riverside campus with as much time as possible to make interim arrangements to address Mr. Hoffman's departure. Following an extensive nationwide search, Mr. Hoffman was selected for this key position, which is currently filled 50 percent time by David Hosley on an interim basis.

Mr. Hoffman will provide strategic direction of the Development and Alumni Relations functions and develop infrastructure to support a comprehensive program to engage diverse constituencies in the life of the University and strengthen a culture of philanthropy. He will also serve as Vice President of the University of California, Merced Foundation.

Funding for this position will come partially or fully from State funds.

Recommendation

The following items were approved in connection with the appointment of and total compensation for Kyle D. Hoffman as Vice Chancellor – Development and Alumni Relations, Merced campus:

- a. Appointment of Kyle D. Hoffman as Vice Chancellor – Development and Alumni Relations, Merced campus.
- b. Per policy, an appointment annual base salary of \$218,700 at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- c. Per policy, an administrative fund for official business and other purposes permitted by University policy.
- d. Per policy, a temporary housing cash allowance to offset limited housing-related expenses in the Merced area for up to 90 days in an amount not to exceed \$11,070, subject to the limitations under policy.
- e. Reimbursement of reasonable travel expenses for all business-related visits to the Merced campus from May 4, 2012, to the effective start date of May 21, 2012, subject to the limits under policy at a rate of \$64 per day for meals and incidental expenses plus lodging at actual cost.
- f. Per policy, annual automobile allowance of \$8,916.
- g. Per policy, a relocation allowance of \$10,000 (approximately 4.6 percent of base salary) paid as a lump sum to aid Mr. Hoffman's relocation from Moreno Valley, California, subject to repayment if he resigns prior to five years of service, with a repayment schedule that diminishes by 20 percent for each year of service in this post.
- h. 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).

- i. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- j. Per policy, eligible to participate in the UC Home Loan Program, in accordance with all applicable policies.
- k. Per policy, two house hunting trips each for the candidate and his spouse, subject to the limitations under policy.
- l. This appointment is at 100 percent time and effective upon approval with a starting date no later than May 21, 2012.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** Upon approval

**Title:** Vice Chancellor – Development and Alumni Relations

**Base Salary:** \$218,700

**Target Cash Compensation:\*** \$218,700

**Grade Level:** SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

**Funding Source:** partially or fully State-funded position

#### **Budget &/or Prior Incumbent Data:**

**Title:** Vice Chancellor – Development and Alumni Relations

**Base salary:** \$201,000

**Target Cash Compensation:\*** \$201,000

**Grade Level:** SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

**Funding source:** partially or fully State-funded position

\* Target Cash Compensation consists of base salary, and, if applicable, incentive and/or stipend.

### COMPETITIVE ANALYSIS

Percentiles	Base Salary Market Percentiles				
	<u>25<sup>th</sup></u>	<u>50<sup>th</sup></u>	<u>Mean</u>	<u>75<sup>th</sup></u>	<u>90<sup>th</sup></u>
Market Data	\$248.8	\$316.9	\$321.8	412.3	472.4
% Difference From Market	-12.1%	-31.0%	-32.0%	-47.0%	-53.7%

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all other 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 Leland**  
**Reviewed by: President Yudof**  
**Committee on Compensation Chair Ruiz**  
**Office of the President, Human Resources**

(2) *Appointment of and Compensation for Michael J. Pazzani as Vice Chancellor – Research, Riverside Campus*

Background to Recommendation

Action under interim authority was requested to approve the appointment of and total compensation for Michael J. Pazzani as Vice Chancellor – Research, Riverside campus, effective July 1, 2012 or soon thereafter. The proposed annual base salary is \$289,000.

The campus also requested approval for a grade change for the position of Vice Chancellor – Research from SLCG Grade 107 to SLCG Grade 109, effective July 1, 2012, to account for the campus' increased institutional emphasis on research and its role in economic development, and duties associated with the development of the new School of Medicine. The salary commanded by the finalist, Mr. Michael J. Pazzani, and the reported salaries of most of the candidates who emerged through the national search process exceed the current salary range maximum for SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000). The re-grading was requested to align the position to an appropriate salary range, reflective of the competitive market for candidates qualified to assume this role.

The request for action under interim authority was needed as the timing of the final decision and offer to Mr. Pazzani was made too late in the process for inclusion in the May Regents meeting. The campus hoped to have Mr. Pazzani begin his appointment on July 1, 2012, which is prior to the July Regents meeting.

Mr. Pazzani will have a tenured faculty appointment in the Department of Computer Science. This position is paid 100 percent from State General Funds.

Recommendation

The following items were approved in connection with the appointment of and compensation for Michael J. Pazzani as Vice Chancellor – Research, Riverside campus:

- a. Appointment of Michael J. Pazzani as Vice Chancellor – Research, Riverside campus.
- b. Re-grading of the position from SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) to SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700), effective July 1, 2012.
- c. Per policy, an annual base salary of \$289,000.
- d. Per policy, a relocation allowance equal to 25 percent of the annual base salary (\$72,250) to be paid over a two-year period, to offset unreimbursed costs associated with Mr. Pazzani's relocation from New Jersey. If separation from the University occurs prior to the two-year period, Mr. Pazzani will forfeit future payments of the relocation allowance.
- e. Per policy, two house-hunting trips each for Mr. Pazzani and his spouse or domestic partner, subject to the limitations under policy and limited to a combined total of \$4,000 in expenses.
- f. Per policy, a cash allowance in lieu of reimbursement of temporary living expenses in the Riverside area for up to 90 days not to exceed \$12,000, subject to limitations under policy.
- g. Per policy, 100 percent reimbursement of actual and reasonable moving expenses related to moving household goods and personal effects from the former primary residence to the new primary residence, subject to the limitations under policy.
- h. Per policy, standard pension and health and welfare benefits and standard senior managements benefits (including senior management life insurance and executive salary continuation for disability).
- i. Per policy, accrual of sabbatical credits as a member of tenured faculty.
- j. Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.



- k. Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies.
- l. This appointment is at 100 percent time, and the actions associated with the appointment are effective upon approval with an anticipated start date of July 1, 2012.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** July 1, 2012, or soon thereafter

**Base Salary:** \$289,000

**Target Cash Compensation:**\* \$289,000

**Grade Level:** SLCG Grade 109

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

**Funding:** partially or fully State-funded

#### **Budget &/or Prior Incumbent Data**

**Title:** Vice Chancellor – Research

**Annual Base Salary:** \$240,000

**Target Cash Compensation:**\* \$240,000

**Grade Level:** SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

### COMPETITIVE ANALYSIS

TARGET BASE SALARY MARKET PERCENTILES					
Percentiles	25 <sup>th</sup>	50 <sup>th</sup>	Mean	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$258.0	\$315.4	\$327.2	\$384.4	\$422.4
% Difference from Market (based on \$289,000 base salary)	12.0%	-8.4%	-11.7%	-24.8%	-31.6%

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all other 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 Ruiz  
                              Office of the President, Human Resources**

- (3)    ***Term Appointment of and Compensation for B. Joseph Guglielmo as Interim Dean – School of Pharmacy, San Francisco Campus***

Background to Recommendation

Action under interim authority was requested to appoint B. Joseph Guglielmo as Interim Dean – School of Pharmacy, San Francisco campus, effective July 1, 2012 through June 30, 2013, or until a new appointment is made, whichever occurs first. Mr. Guglielmo is currently a professor of clinical pharmacy and Chair in the UCSF Department of Clinical Pharmacy under the University's academic personnel program. The current incumbent, Ms. Mary Anne Koda-Kimble, who holds the Dean Senior Management Group appointment, will retire on June 28, 2012.

This request for action under interim authority was needed as the campus first became aware of this interim appointment request on March 20, 2012. It took several weeks to work out details, develop the item and secure all approvals. By the time the item was submitted on April 20, 2012, it was three weeks after the May Regents submission deadline of March 28, 2012. As the timing was too late for the May Regents meeting and the July Regents meeting would be too late to announce the interim dean appointment prior to Dean Koda-Kimble's departure, the item is submitted as an interim item.

In addition, the campus requested approval of an administrative stipend of 20 percent (\$53,055) of Mr. Guglielmo's academic annual base salary of \$265,274, effective July 1, 2012 and continuing through this interim appointment and a transition period of up to two months thereafter, provided the total stipend period does not exceed 12 months. Mr. Guglielmo's total cash compensation for the duration of the interim appointment and the two-month transition period will be \$318,329.

As Chair of the Department of Clinical Pharmacy, Mr. Guglielmo receives an academic stipend, per academic policy, for serving in the Chair role and, effective July 1, 2012, the academic stipend will be \$30,000 annually. However, while Mr. Guglielmo will continue to retain the most complex responsibilities of the Chair role and provide close guidance to the individual who will be designated as Interim Chair – Clinical Pharmacy while Mr. Guglielmo serves as the Interim Dean – School of Pharmacy, the academic stipend will end effective with the commencement of the Interim Dean stipend. Mr. Guglielmo will continue to perform aspects of the Chair role without an associated academic stipend throughout the

period of acting as Interim Dean to ensure continued smooth leadership of the Department of Clinical Pharmacy.

Funding for the administrative stipend of \$53,055 will come exclusively from State funds. Funding for Mr. Guglielmo's annual base salary is a combination of State and non-State funds.

#### Recommendation

The following items were approved in connection with the term appointment of and compensation for B. Joseph Guglielmo as Interim Dean – School of Pharmacy, San Francisco campus:

- a. Per policy, term appointment of B. Joseph Guglielmo as Interim Dean – School of Pharmacy, San Francisco campus, at 100 percent time.
- b. Per policy, an administrative stipend of 20 percent (\$53,055) of base salary for the duration of the appointment and a transition period of up to two months thereafter, provided that the total stipend period does not exceed 12 months. The administrative stipend will be calculated using Mr. Guglielmo's current academic base salary of \$265,274, for a resultant annual salary of \$318,329. The Dean position is in the Senior Management Group program and is slotted at SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- c. Per policy, continuation of standard pension and health and welfare benefits.
- d. Per policy, because his base appointment will continue to be covered by the University's academic personnel policies, Mr. Guglielmo is ineligible for Senior Management Group benefits.
- e. Per policy, this term appointment would be effective from July 1, 2012 through June 30, 2013, or until the position is filled, whichever occurs first.

### **COMPARATIVE ANALYSIS**

#### **Recommended Compensation**

**Effective Date:** July 1, 2012

**Base Salary:** \$265,274

**Administrative Stipend:** \$53,055 (20 percent of base salary)

**Target Cash Compensation:**\* \$318,329

**Grade Level:** SLCG Grade 109

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

**Funding:** partially or fully State-funded (annual base salary – State and non-State funds; administrative stipend – State funds)

**Budget &/or Prior Incumbent Data**

**Base Salary:** \$290,000

**Health Sciences Compensation Plan:** \$60,000

**Target Cash Compensation:**\* \$350,000

**Grade Level:** SLCG Grade 109

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

**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

	<b>TARGET BASE SALARY MARKET PERCENTILES</b>				
Percentiles	<b>25<sup>th</sup></b>	<b>50<sup>th</sup></b>	<b>Mean</b>	<b>75<sup>th</sup></b>	<b>90<sup>th</sup></b>
Market Data	\$223.6	\$232.6	\$243.7	\$272.2	\$295.5
% Difference from Market (based on \$318.3 annual salary)	42.4%	36.8%	30.6%	16.9%	7.7%

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 Ruiz  
 Office of the President, Human Resources

- (4) *Appointment of and Compensation for Minh Huebner as Acting Chief Financial Officer, Lawrence Berkeley National Laboratory*

**Background to Recommendation**

Action under interim authority was requested for the appointment of and compensation for Minh Huebner as Acting Chief Financial Officer (CFO), Lawrence Berkeley National Laboratory, effective on or about July 1, 2012. The Laboratory also requested approval of a stipend of 15 percent

(\$30,361) of Ms. Huebner's annual base salary of \$202,404. The proposed stipend recognizes the additional duties of the acting appointment. The stipend plus the current base salary brings Ms. Huebner's total cash compensation to \$232,765.

This request for action under interim authority was needed due to the imminent departure of the current CFO, Jeffrey Fernandez, who will retire in June 2012. A nationwide search is underway for his replacement; however, due to the complexity of the search, it was anticipated that there would be a gap between the time Mr. Fernandez leaves and the selection of a successor. To ensure that the Laboratory has adequate financial management support during this transition, the Laboratory requested that Ms. Huebner be appointed Acting CFO upon Mr. Fernandez's departure.

As the current Deputy CFO, Ms. Huebner has in-depth knowledge of the Office of the CFO organization and serves as a key stakeholder and participant in several current process improvement initiatives such as the Financial Systems Modernization project.

Funding for this position will come from Department of Energy (DOE) funds.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Minh Huebner as Acting Chief Financial Officer, Lawrence Berkeley National Laboratory:

- a. Appointment of Minh Huebner as Acting Chief Financial Officer, Lawrence Berkeley National Laboratory.
- b. Per policy, continuation of her current annual base salary of \$202,404 in addition to an administrative stipend of 15 percent of base salary (\$30,361 annualized) for total compensation of \$232,765. Ms. Huebner's current salary grade of FD4 (Minimum \$150,120, Midpoint \$210,726, Maximum \$253,332) will remain unchanged during this temporary period. The position of Chief Financial Officer is slotted at Salary Grade N14 (Minimum \$168,096, Midpoint \$252,132, Maximum \$336,168).
- c. This stipend will be in effect for up to 12 months from the date of the acting appointment, or until the Chief Financial Officer is hired, whichever occurs first.
- d. Per Laboratory policy, the stipend will be recalculated if the base salary is increased so that the stipend will continue to equal the

approved percentage (15 percent) of the annualized base salary.

- e. Per policy, standard pension and health and welfare benefits.
- f. This appointment is at 100 percent time and effective July 1, 2012 or upon the retirement of Mr. Fernandez, if that occurs sooner.

### **COMPARATIVE ANALYSIS**

#### **Recommended Compensation**

**Effective Date:** July 1, 2012 (or upon the position vacancy, if that occurs sooner)

**Title:** Acting Chief Financial Officer

**Base Salary:** \$202,404

**Administrative Stipend:** \$30,361

**Target Cash Compensation:**\* \$232,765

**Grade Level:** Salary Grade N14

(Minimum \$168,096, Midpoint \$252,132, Maximum \$336,168)

**Funding Source:** Department of Energy Funds

#### **Prior Incumbent Data:**

**Title:** Chief Financial Officer

**Base salary:** \$287,748

**Target Cash Compensation:**\* \$287,748

**Grade Level:** Salary Grade N14

(Minimum \$168,096, Midpoint \$252,132, Maximum \$336,168)

**Funding source:** Department of Energy Funds

\* Target Cash Compensation consists of base salary, and, if applicable, incentive and/or stipend.

### **COMPETITIVE ANALYSIS**

Percentiles	Base Salary Market Percentiles				
	<u>25<sup>th</sup></u>	<u>50<sup>th</sup></u>	<u>Mean</u>	<u>75<sup>th</sup></u>	<u>90<sup>th</sup></u>
Market Data	\$264.3	\$404.9	\$381.6	461.6	540.7
% Difference From Market	-11.9%	-42.5%	-39.0%	-43.1%	-56.9%

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: Laboratory Director Alvisatos**  
**Reviewed by: President Yudof**  
**Compensation Committee Chair Ruiz**  
**Office of the President, Human Resources**

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

- (1) *Recall from Retirement, Appointment of and Compensation for Susan V. Bryant as Acting Executive Vice Chancellor and Provost, Irvine Campus*

Background to Recommendation

Action under interim authority was requested for the approval of the recall from retirement, appointment of and compensation for Susan V. Bryant, Professor Emeritus – Developmental and Cell Biology, as Acting Executive Vice Chancellor and Provost, Irvine campus.

Ms. Bryant is a rehired retiree, currently holding a part-time position at 43 percent time in the second year of a three-year recall as a faculty member. She will suspend her retirement benefits to assume this appointment at 100 percent time effective July 9, 2012 and continuing through June 30, 2013 or until the appointment of an Executive Vice Chancellor and Provost, whichever occurs first.

The campus requested approval of an annualized base salary of \$301,500. This represents a zero percent increase over the previous incumbent.

This request for action under interim authority was in response to an immediate need to fill the position which will be vacant due to prior incumbent's vacation beginning July 9, 2012 prior to his departure, effective August 1, 2012. Recruitment efforts to fill this position are currently under way. The UC Irvine administration expects a prolonged process for hiring a replacement, as this position is of critical strategic importance to the campus.

Ms. Bryant served in leadership positions at UC Irvine from 1973 to 2010. Most recently, Ms. Bryant served as Vice Chancellor – Research (2006-10) and as Dean – School of Biological Sciences (2000-06). As Vice Chancellor – Research, Ms. Bryant was directly responsible for the leadership and direction of all research activities on campus. Ms. Bryant is also a prominent researcher in the field of stem cell research. It is in the best interest of the Irvine campus to recall Ms. Bryant from retirement to maintain stable leadership during this transitional period.

Recommendation

The following items were approved in connection with the appointment of and compensation for Susan V. Bryant as Acting Executive Vice Chancellor and Provost, Irvine campus:

- a. Term appointment of Susan V. Bryant as Acting Executive Vice Chancellor and Provost, Irvine campus, at 100 percent time.
- b. Per policy, an annualized base salary of \$301,500. The position is slotted in SLCG Grade 111 (Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100).
- c. Per policy, this full-time appointment is contingent upon Ms. Bryant's completion of the UC Retirement Plan Retired Employee Election Form to suspend income and any other health and welfare benefits she receives as a retiree. She will then re-enter the retirement system and enroll as an employee. She will re-retire the day after separation from UC employment. Therefore, the policy restrictions pertaining to appointment percentage or duration of reemployment for rehired retirees will not apply to Ms. Bryant's appointment.
- d. Per policy, continuation of standard pension and health and welfare benefits.
- e. Provided that the contingency identified in paragraph c. above is met, this term appointment will be effective July 9, 2012 and continue through June 30, 2013 or until the appointment of an Executive Vice Chancellor and Provost, whichever occurs first.

**COMPARATIVE ANALYSIS****Recommended Compensation**

**Effective Date:** July 9, 2012

**Base Salary:** \$301,500

**Target Cash Compensation:\*** \$301,500

**Grade Level:** SLCG Grade 111

(Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100)

**Funding:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Executive Vice Chancellor and Provost

**Base Salary:** \$301,500

**Target Cash Compensation:\*** \$301,500

**Grade Level:** SLCG Grade 111



(Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100)

**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

### COMPETITIVE ANALYSIS

TARGET BASE SALARY MARKET PERCENTILES					
Percentiles	25th	50th	Mean	75th	90th
Market Data	\$270.9	\$395.0	\$362.6	\$442.5	\$512.0
% Difference from Market	11.3%	-23.7%	-16.9%	-31.9%	-41.1%

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 Ruiz  
 Office of the President, Human Resources

(2) ***Appointment of and Compensation for Charles J. Rowley as Acting Vice Chancellor – Finance and Business Operations, Riverside Campus***

#### Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Charles J. Rowley as Acting Vice Chancellor – Finance and Business Operations, Riverside campus. This request was in response to an immediate need to fill this key leadership position at UC Riverside upon the retirement of Gretchen Bolar, the current Vice Chancellor – Finance and Business Operations. This appointment will allow Mr. Rowley to exercise full leadership authority, responsibility, and accountability during his service in this role while a national search is being conducted for a permanent replacement.

This appointment is at 100 percent time and was effective July 1, 2012 through March 31, 2013, or until the appointment of a Vice Chancellor – Finance and Business Operations, whichever occurs first. Mr. Rowley currently serves as the Associate Vice Chancellor, Computing and Communications, as well as the campus Chief Information Officer. He

has held this position for the past decade.

The campus also requested approval of an administrative stipend of 9.8 percent (\$21,100) of Mr. Rowley's annual base salary of \$216,000. Mr. Rowley's total cash compensation for the duration of the interim period will be \$237,100. This represents a zero percent increase over the previous incumbent's base salary.

This request was needed as the timing of the final decision and offer to Mr. Rowley was made after the May Regents meeting. The campus hoped to have Mr. Rowley begin his appointment on July 1, 2012.

The position is paid 100 percent from State General Funds.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Charles J. Rowley as Acting Vice Chancellor – Finance and Business Operations, Riverside campus:

- a. Interim appointment of Charles J. Rowley as Acting Vice Chancellor – Finance and Business Operations, Riverside campus, at 100 percent time.
- b. Per policy, an administrative stipend of 9.8 percent (\$21,100) of Mr. Rowley's annual base salary of \$216,000. Mr. Rowley's total cash compensation for the duration of the interim period will be \$237,100. The position is slotted in SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- c. Per policy, continuation of standard pension and health and welfare benefits.
- d. Per policy, this interim appointment will be effective from July 1, 2012 through March 31, 2013, or until the appointment of a Vice Chancellor – Finance and Business Operations, whichever occurs first.

### **COMPARATIVE ANALYSIS**

#### **Recommended Compensation**

**Effective Date:** July 1, 2012

**Annual Base Salary:** \$216,000

**Administrative Stipend:** \$21,100

**Target Cash Compensation:\*** \$237,100

**Grade Level:** SLCG Grade 108

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

**Funding:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Vice Chancellor, Finance and Business Operations

**Annual Base Salary:** \$237,100

**Target Cash Compensation:**\* \$237,100

**Grade Level:** SLCG Grade 108

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

**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

	<b>TARGET BASE SALARY MARKET PERCENTILES</b>				
Percentiles	<b>25<sup>th</sup></b>	<b>50<sup>th</sup></b>	<b>Mean</b>	<b>75<sup>th</sup></b>	<b>90<sup>th</sup></b>
Market Data	\$202.0	\$259.1	\$274.2	\$329.5	\$373.2
% Difference from Market	17.4%	-8.5%	-13.5%	-28.0%	-36.5%

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 Ruiz

Office of the President, Human Resources

- (3) *Appointment of and Compensation for Samuel J. Traina as Acting Provost and Executive Vice Chancellor, Merced Campus*

**Background to Recommendation**

Action under interim authority was requested for the appointment of and compensation for Samuel J. Traina as Acting Provost and Executive Vice Chancellor, Merced campus, effective July 1, 2012 through December 31, 2012, or until a new appointment is made, whichever occurs first. The current incumbent, Keith E. Alley, retired on June 30, 2012.

This request for action under interim authority was made due to the need to appoint an Acting Provost and Executive Vice Chancellor to serve beginning on July 1, 2012, when Mr. Alley left the post. Meanwhile, a national search for candidates is under way.

Related to this appointment, the campus requested an annual stipend of \$38,000 (18.8 percent stipend of base salary) for Mr. Traina while he serves as Acting Provost and Executive Vice Chancellor. This stipend will increase Mr. Traina's current cash compensation from \$202,000 to \$240,000 and represents a \$500 decrease in annual base salary over the previous incumbent. The proposed 18.8 percent stipend compensates for the increased, campus-wide scope of Mr. Traina's temporary responsibilities.

Mr. Traina is currently the Vice Chancellor – Research and Dean of the Graduate Division, Merced campus. Mr. Traina will continue to fulfill these duties.

Funding for the administrative stipend of \$38,000 and Mr. Traina's current annual salary will come partially or fully from State funds.

#### Recommendation

The following items were approved in connection with the interim appointment of and compensation for Samuel J. Traina as Acting Provost and Executive Vice Chancellor, Merced campus:

- a. Interim appointment of Samuel J. Traina as Acting Provost and Executive Vice Chancellor, Merced campus, at 100 percent time.
- b. Per policy, an administrative stipend of 18.8 percent (\$38,000) of base salary for the six-month duration of the appointment. The administrative stipend will be calculated using Mr. Traina's current base salary of \$202,000, for a total annual salary of \$240,000. The Provost and Executive Vice Chancellor position is part of the Senior Management Group program and is slotted at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- c. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- d. Per policy, continued participation in the UC Mortgage Origination Program, in accordance with all applicable policies.

- e. Per policy, accrual of sabbatical credits as a member of tenured faculty.
- f. Per policy, this interim appointment will be effective July 1, 2012, through December 31, 2012, or until the position is filled, whichever occurs first.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** July 1, 2012

**Title:** Provost and Executive Vice Chancellor

**Base Salary:** \$202,000

**Administrative Stipend:** \$38,000 (18.8 percent of base salary)

**Target Cash Compensation:\*** \$240,000

**Grade Level:** SLCG Grade 108

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

**Funding:** partially or fully State-funded (annual base salary and administrative stipend)

#### **Budget &/or Prior Incumbent Data**

**Title:** Provost and Executive Vice Chancellor

**Base Salary:** \$240,500

**Target Cash Compensation:\*** \$240,500

**Grade Level:** SLCG Grade 108

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

**Funding:** partially or fully State-funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

### COMPETITIVE ANALYSIS

	<b>TARGET BASE SALARY MARKET PERCENTILES</b>				
Percentiles	<b>25<sup>th</sup></b>	<b>50<sup>th</sup></b>	<b>Mean</b>	<b>75<sup>th</sup></b>	<b>90<sup>th</sup></b>
Market Data	\$285,669	\$366,619	\$388,143	\$486,386	\$541,477
% Difference from Market	-15.9%	-34.5%	-38.2%	-50.7%	-55.7%

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 Leland  
**Reviewed by:** President Yudof  
Committee on Compensation Chair Ruiz  
Office of the President, Human Resources

(4) *Approval of Alternate Housing Arrangements, San Diego Campus*

Background to Recommendation

Regents Policy 7708 on *University-Provided Housing* governs the provision of suitable housing to enable the President and each Chancellor to perform the administrative, ceremonial, and social duties of the position and requires each such Officer to occupy the housing as a condition of employment for the convenience of the University. The policy includes a provision authorizing the President to recommend that the Regents approve alternate housing if the University-provided housing is not suitable for supporting the Chancellor's required range of duties or is not habitable as a personal residence as a result of disrepair or other like reason until the University-provided housing is repaired or otherwise improved to suitable standards. While the policy allows consideration of providing a temporary housing allowance instead of an alternative housing arrangement, the President does not recommend providing an allowance as it would be neither appropriate nor cost-effective in this situation, given the length of time before University House will be available.

The San Diego campus Chancellor's residence, University House, is unavailable due to deficiencies with the property that have rendered the residence unsuitable for occupancy. The campus has proceeded with remediation efforts; however, completion has been delayed due to unanticipated scope changes and litigation.

Interim housing arrangements will be needed for the incoming Chancellor until University House is ready for occupancy, which is expected by the end of October 2013. However, because delays in the renovations to University House may occur, approval was requested to approve a rental arrangement for alternative housing until University House is ready for occupancy, provided that this occurs prior to January 31, 2014.

The campus has identified a 4,300-square-foot house 1.5 miles from the campus to be rented for the incoming Chancellor as an interim residence at a rent of \$7,950 per month. The interim residence has the lowest lease rate per square foot of the 12 rental properties considered.

Interim action was required in order to proceed with leasing arrangements for the home that has been identified as a suitable interim residence for the incoming Chancellor, who begins his appointment on August 1, 2012.

The lease needed to be executed prior to the next scheduled Regents meeting on July 17-19, 2012, in order to have the home ready for occupancy in time for the Chancellor-Designate's arrival.

Consistent with policy, if the proposed arrangement was approved, the President, after consultation with the Office of the General Counsel, has the authority to determine and approve the terms and conditions of the lease for the incoming Chancellor's residence and to execute the lease.

The source of funds for the lease payments is Searles Funds.

Recommendation

The following items were approved in connection with Regents Policy 7708 on *University-Provided Housing*:

- a. An interim alternate housing arrangement for Pradeep Khosla as Chancellor, San Diego campus.
- b. The President be delegated the authority to approve and execute the lease for the identified interim Chancellor residence, at a rent of \$7,950 per month through January 31, 2014.

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 Vice President Brostrom**  
**Reviewed by: President Yudof**  
**Committee on Compensation Chair Ruiz**  
**Office of the President, Human Resources**

- (5) *Appointment of and Compensation for Glenn Kubiak as Associate Laboratory Director for Operations/ Chief Operating Officer, Lawrence Berkeley National Laboratory*

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Glenn Kubiak as Associate Laboratory Director (ALD) for Operations/Chief Operating Officer, Lawrence Berkeley National Laboratory, effective July 9, 2012.

The Laboratory requested approval of an annual base salary of \$310,008. The proposed base salary is 9.4 percent below the 50th percentile of the market and represents a \$19,620 (six percent) savings over the previous incumbent. As Chief Operating Officer, Mr. Kubiak will be assuming significantly greater managerial

responsibilities over his current role at Sandia National Laboratories.

This request for action under interim authority was needed due to the imminent departure of the current ALD for Operations/Chief Operating Officer, James Krupnick, who will be retiring in June 2012, and the need to ensure a smooth transition and essential leadership in this key senior management role.

Since Mr. Krupnick announced his plans to retire, the Laboratory has conducted an active nationwide search for his replacement. Glenn Kubiak emerged as the top candidate based on his operations senior management and Department of Energy (DOE) experience, coupled with his extensive technical senior management expertise. The Laboratory would like Mr. Kubiak to begin his appointment on July 9, 2012, which is prior to the July Regents meeting.

Funding for this position will come from Department of Energy funds.

#### Recommendation

The following items were approved in connection with the interim appointment of and compensation for Glenn Kubiak as Associate Laboratory Director for Operations/Chief Operating Officer, Lawrence Berkeley National Laboratory:

- a. Appointment of Glenn Kubiak as Associate Laboratory Director for Operations/Chief Operating Officer, Lawrence Berkeley National Laboratory.
- b. Per policy, an annual base salary of \$310,008. The position of Associate Laboratory Director for Operations/Chief Operating Officer is slotted at Salary Grade N17 (Minimum \$272,280, Midpoint \$349,812, Maximum \$427,344).
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. 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).
- e. This appointment is at 100 percent time and effective July 9, 2012.

### **COMPARATIVE ANALYSIS**

#### **Recommended Compensation**

**Effective Date:** July 9, 2012

**Title:** Associate Laboratory Director for Operations/Chief Operating Officer

**Base Salary:** \$310,008



**Target Cash Compensation:**\* \$310,008

**Grade Level:** Salary Grade N17

(Minimum \$272,280, Midpoint \$349,812, Maximum \$427,344)

**Funding:** non-State-funded

**Budget &/or Prior Incumbent Data:**

**Title:** Associate Laboratory Director for Operations/Chief Operating Officer

**Base Salary:** \$329,628

**Target Cash Compensation:**\* \$329,628

**Grade Level:** Salary Grade N17

(Minimum \$272,280, Midpoint \$349,812, Maximum \$427,344)

**Funding:** non-State-funded

\* Target Cash Compensation consists of base salary, and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	TARGET BASE SALARY MARKET PERCENTILES				
	25 <sup>th</sup>	50 <sup>th</sup>	Mean	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$298.8	\$342.2	\$465.7	\$580.7	\$855.0
% Difference From Market	3.8%	-9.4%	-33.4%	-46.6%	-63.7%

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all other 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:** Laboratory Director Alvisatos

**Reviewed by:** President Yudof

**Committee on Compensation Chair Ruiz**

**Office of the President, Human Resources**

- D. The Chair of the Committee on Compensation, the Chair of the Committee on Finance and the Executive Vice President – Business Operations approved the following recommendation:

***Extension of Lease Terms for the President's Residence***

After consultation with the General Counsel, the execution of an amendment to the lease agreement for the President's residence ("Lease"), which provides as follows:

1. Extend the Lease for one year through July 31, 2013;
2. Rent at \$12,500 per month for the extended term of the Lease;
3. Landlord shall be responsible for all repairs to the premises; and
4. Except as amended hereby, the Lease shall continue unmodified and in full force and effect.

13. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Kelman reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated May 31 and June 30, 2012.

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

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

**To Members of the Committee on Compliance and Audit**

- A. From the President, University of California A-133 report. (May 29, 2012)
- B. From the President, draft copies of the Annual Report on Internal Audit Plans 2012-13 and Ethics and Compliance Plan 2012-13. (June 4, 2012)

**To Members of the Committee on Finance**

- C. From the Vice President and General Counsel, Bi-monthly Report of New Litigation for Reporting Period of 4/2/12-6/4/12. (June 18, 2012)

**To the Regents of the University of California**

- D. From the President, recommendation of the appointment of Pradeep K. Khosla as the eighth chancellor of the San Diego campus. (May 3, 2012)
- E. From the President, General Counsel Robinson and Dean Edley's draft report on responses to protests on University of California campuses. (May 4, 2012)
- F. From the Secretary and Chief of Staff, appointments to the Special Committee on the Selection of a Student Regent. (May 9, 2012)
- G. From the Secretary and Chief of Staff, summary of correspondence sent to Regents in April 2012. (May 14, 2012)

- H. From the Secretary and Chief of Staff, summary of correspondence sent to Regents in May 2012. (May 31, 2012)
- I. From the President, copy of report entitled *Response to the UC Davis Academic Senate's Executive Council Request for an Action Plan*, related to recommendations contained in the Reynoso Task Force Report. (June 12, 2012)
- J. From the President, outline of the 2012-13 UC final budget actions. (June 29, 2012)
- K. From the Secretary and Chief of Staff, summary of correspondence sent to Regents in June 2012. (July 2, 2012)

The Regents recessed at 4:15 p.m.

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The Regents reconvened at 4:30 p.m. with Chairman Lansing presiding.

Present: Regents Brown, De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Reiss, Rubenstein, Ruiz, Schilling, Stein, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Feingold and Flores, Faculty Representatives Anderson and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Fox, Katehi, and Leland, and Recording Secretary Johns

Regent and Governor Brown discussed the difficult fiscal situation of the State, which has necessitated cuts to social programs, and the need for a balanced budget. The passage of Proposition 30, The Schools and Local Public Safety Protection Act of 2012, would help balance the budget. He expressed his hope that this measure would pass, noting that it was currently 15 points ahead in public opinion polls, and observing that if the measure passed, the State would have cut three dollars for every one dollar it was asking the people of California to pay in taxes.

Governor Brown observed that the elimination of the motor vehicle tax, which was instituted in the 1930s, costs the State General Fund approximately \$6 billion annually. Budget shortfalls created in past years had not been matched with commensurate spending cuts. He anticipated that the proposed tax increase, which he described as a reasonable measure, would, over time, make up for shortfalls. The economy was beginning to recover, although the pace of recovery was not clear. The private economy in California generated about \$90 billion the previous year.

Governor Brown stated that he recognizes the impact of the 25 percent reduction to the University's budget. He noted that the Supplemental Security Income program and other forms of State aid have been reduced to 1980s levels. He anticipated that if the State receives new tax

revenue and can keep on an even keel, which is not easy, it could renew the level of support for the University that UC has long enjoyed.

Governor Brown stated that this meeting was not a forum for partisan speeches but for truth, and the truth was that California's schools and universities would not prosper if voters did not decide to support them. He described the current situation as a zero-sum game: there were billions of dollars in one place, and this money could be moved to the schools and universities, or not. Proposition 30 was a temporary measure and it was fair, given changes in income in California over the past 30 years. Individuals who had done well had increased their share of the income in California.

Proposition 30 would need the support of all, and the many engaged people at UC could play a role in the measure's success. Governor Brown urged cooperation for the sake of the University and the future and thanked the Regents for supporting Proposition 30. He acknowledged that there were misgivings and that no one wants to pay more taxes, but most people he had spoken with expressed support for this measure.

Chairman Lansing expressed support for Proposition 30. She stated that the University was grateful for this initiative and especially grateful for Governor Brown's support for the University.

President Yudof thanked Governor Brown for his support. He noted that, dependent on the success of Proposition 30, this year would be the first time in a very long time that tuition would not increase. The Governor understands the University and its paramount importance to the economic success of the state.

The meeting adjourned at 4:40 p.m.

Attest:

Secretary and Chief of Staff

**RESOLUTION TO ENDORSE THE STATE'S ACTIONS RELATING TO THE  
UNIVERSITY OF CALIFORNIA'S 2012-13 BUDGET, NO INCREASE IN  
MANDATORY SYSTEMWIDE STUDENT CHARGES IN 2012-13, AND THE  
SCHOOLS AND LOCAL PUBLIC SAFETY PROTECTION ACT OF 2012  
(PROPOSITION 30) ON THE NOVEMBER BALLOT**

**WHEREAS**, the State of California has experienced a prolonged period of financial difficulty in which nearly \$900 million has been reduced from the University of California budget and funding for an additional \$1.2 billion in mandatory cost increases has not been provided;

**WHEREAS**, the University of California has responded to the loss of State funding by aggressively implementing efficiencies, eliminating redundancies, trimming support services throughout administration, reconfiguring business practices, employing new operational excellence models, and raising more funds from the private sector;

**WHEREAS**, the University has been forced to increase mandatory systemwide tuition and fees by 84 percent since the fiscal crisis began in 2008-09, which has covered only a little more than one-third of the total budget gap experienced by the University during this fiscal crisis;

**WHEREAS**, despite the need to close a \$15.7 billion budget gap, the State of California provided UC with augmentations totaling \$105.9 million in 2012-13, which included \$89.1 million for the State's share of the employer contribution to the University of California Retirement Plan (UCRP), and included no further cuts to the University's base budget, after four years of University State budget turmoil;

**WHEREAS**, the State of California has had a long tradition of striving to maintain accessibility, affordability, and quality in its public higher education institutions;

**WHEREAS**, the University is grateful to the Governor and the Legislature for establishing the University as a State priority by including a provision in the 2012-13 State budget to provide the University with \$125.4 million in the 2013-14 budget if The Schools and Local Public Safety Protection Act of 2012 (Attorney General reference number 12-0009) is approved by the voters at the November 6, 2012 election and enacted, and the University of California maintains the 2011-12 mandatory systemwide tuition and fee level for the 2012-13 academic year;

**WHEREAS**, The Schools and Local Public Safety Protection Act of 2012 initiative would temporarily increase the personal income tax on the State's wealthiest taxpayers for seven years and increase the sales tax by one-quarter of one percent for four years to generate an estimated \$8.5 billion annually;

**WHEREAS**, the State General Funds freed up for discretionary State programs by this measure that otherwise would be needed to Fund Proposition 98 and local public safety will allow the State to help address its ongoing structural deficit;

**WHEREAS**, the 2012-13 budget plan for the University of California adopted by the Legislature and signed by the Governor is conditioned on passage of The Schools and Local Public Safety Protection Act of 2012;

**WHEREAS**, if the Governor's initiative fails passage in November, the University of California budget will be reduced by another \$250 million and the \$125.4 million backfill for no 2012-13 tuition increase will be lost, for a total budget gap of \$375.4 million;

**WHEREAS**, the Academic Senate has voted 3,149 to 224 to send to the President for transmission to the Regents a Memorial calling on The Regents to support specific measures that will increase State revenues and/or prioritize funding for public higher education, and the Academic Council and the University of California Student Association have subsequently voted to urge the Board of Regents to endorse the Governor's revenue-raising initiative;

**WHEREAS**, the ability of the University of California to ensure the high-quality education that Californians have come to expect will be jeopardized if the State is unable to adequately fund UC's core mission;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Regents undertakes the following actions:

1. Endorses the 2012-13 budget plan for the University of California adopted by the Legislature and signed by the Governor and passage of The Schools and Local Public Safety Protection Act of 2012; and
2. Directs that no increase in mandatory systemwide student charges in 2012-13 become effective, except that the Board of Regents may revisit this action if The Schools and Local Public Safety Protection Act of 2012 fails to pass in November 2012 or the University otherwise does not receive the funding as approved in the 2012-13 State budget. Mandatory Systemwide Student Charges consist of Tuition and the Student Services Fee as those terms are defined in Regents Policy 3101.

**FY 2012-13 BUDGET SUMMARY  
OFFICE OF THE PRESIDENT**

	TOTAL BUDGET			UNRESTRICTED BUDGET			
	TOTAL FY 2011-12	CHANGE	TOTAL FY 2012-13 BUDGET	TOTAL FY 2011-12	CHANGE	% CHANGE	TOTAL FY 2012-13
<b>GENERAL ADMINISTRATION</b>	<b>\$ 94,066,042</b>	<b>\$ 22,423,881</b>	<b>\$ 116,489,923</b>	<b>\$ 56,118,394</b>	<b>\$ 18,005,437</b>	<b>32%</b>	<b>\$ 74,123,831</b>
<b>OP Core Administration</b>	<b>56,806,274</b>	<b>16,805,625</b>	<b>73,611,899</b>	<b>40,312,234</b>	<b>13,994,796</b>	<b>35%</b>	<b>54,307,030</b>
Academic Affairs	12,230,458	4,292,284	16,522,742	12,029,586	4,397,470	37%	16,427,056
Finance	5,007,974	706,654	5,714,628	2,000,825	1,050,502	53%	3,051,327
Business Operations	18,536,650	8,873,310	27,409,960	12,534,830	3,931,041	31%	16,465,871
President's Exec. Office	4,518,138	633,957	5,152,095	4,251,612	618,608	15%	4,870,220
Health Sciences	3,979,574	(939,059)	3,040,515	2,151,574	888,941	41%	3,040,515
External Relations	8,634,338	3,172,555	11,806,893	7,343,807	3,108,234	42%	10,452,041
Lab Management	3,899,142	65,924	3,965,066	-	-	-	-
<b>Academic Senate</b>	<b>1,645,188</b>	<b>181,591</b>	<b>1,826,779</b>	<b>1,645,188</b>	<b>147,153</b>	<b>9%</b>	<b>1,792,341</b>
<b>Regents Officers</b>	<b>35,614,580</b>	<b>5,436,665</b>	<b>41,051,245</b>	<b>14,160,972</b>	<b>3,863,488</b>	<b>27%</b>	<b>18,024,460</b>
General Counsel	7,832,533	3,186,093	11,018,626	6,837,171	2,465,629	36%	9,302,800
Secretary/COS	2,855,985	446,612	3,302,597	2,850,985	446,612	16%	3,297,597
Ethics & Compliance	4,477,859	951,247	5,429,106	4,472,816	951,247	21%	5,424,063
Treasurer	20,448,203	852,713	21,300,916	-	-	-	-
<b>CENTRAL SERVICES</b>	<b>304,568,951</b>	<b>(14,178,887)</b>	<b>290,390,064</b>	<b>131,839,622</b>	<b>(22,956,548)</b>	<b>-17%</b>	<b>108,883,074</b>
<b>ACADEMIC AFFAIRS</b>							
Admissions/Enrollment Services	13,164,902	(1,162,773)	12,002,129	11,634,902	(746,374)	-6%	10,888,528
Financial Aid Services	2,345,537	(338,706)	2,006,831	2,345,537	(338,706)	-14%	2,006,831
Technology Transfer	3,770,482	41,398,103	45,168,585	2,287,805	22,287	1%	2,310,092
Other Academic Initiatives	800,000	-	800,000	800,000	135,000	17%	935,000
<b>BUSINESS OPERATIONS</b>							
Compensation, Retirement, Benefits	41,104,602	(4,375,992)	36,728,610	4,199,386	(323,532)	-8%	3,875,854
Information Technology Services	9,211,529	141,964	9,353,493	6,846,673	29,847	0%	6,876,520
Systemwide Budget/Facilities	4,716,278	1,844,051	6,560,329	4,391,294	1,838,292	42%	6,229,586
<b>CHIEF FINANCIAL OFFICER</b>							
Banking, Tax, Accounting and Audit	8,346,857	906,067	9,252,924	3,188,381	545,190	17%	3,733,571
External Financing	814,207	75,886	890,093	-	-	-	-
Office of Loan Programs	1,428,678	208,683	1,637,361	-	-	-	-
Risk Services	-	-	-	-	-	-	-
Strategic Sourcing	3,203,904	(1,933,073)	1,270,831	3,203,904	(1,933,073)	-60%	1,270,831
<b>EXTERNAL RELATIONS</b>							
Institutional Advancement	2,715,376	677,094	3,392,470	390,376	(390,376)	-100%	-
<b>HEALTH SCIENCES</b>							
Clinical Trials Fund	1,000,000	(1,000,000)	-	1,000,000	(1,000,000)	-100%	-
<b>Centrally Funded</b>	<b>33,405,884</b>	<b>(16,966,040)</b>	<b>16,439,844</b>	<b>33,405,884</b>	<b>(17,936,568)</b>	<b>-54%</b>	<b>15,469,316</b>
<i>Debt service, rent, business processing, undistributed benefits and other</i>							
<b>AGRICULTURE &amp; NATURAL RESOURCES (OP)</b>	<b>3,327,206</b>	<b>806,204</b>	<b>4,133,410</b>	<b>2,726,339</b>	<b>630,750</b>	<b>23%</b>	<b>3,357,089</b>
<b>INFO PUBLISHING &amp; BROADCAST</b>	<b>44,735,260</b>	<b>968,719</b>	<b>45,703,979</b>	<b>14,767,069</b>	<b>3,632,067</b>	<b>25%</b>	<b>18,399,136</b>
<i>Including California Digital Library and UC Press</i>							
<b>PREPARATION &amp; ACCESS</b>	<b>18,202,222</b>	<b>(3,751,453)</b>	<b>14,450,769</b>	<b>9,179,871</b>	<b>270,898</b>	<b>3%</b>	<b>9,450,769</b>
<b>RESEARCH</b>	<b>85,068,763</b>	<b>(10,281,192)</b>	<b>74,787,571</b>	<b>28,184,628</b>	<b>(4,547,602)</b>	<b>-16%</b>	<b>23,637,026</b>
<b>SYSTEMWIDE INSTRUCTION PROGRAMS</b>	<b>27,207,264</b>	<b>(21,396,429)</b>	<b>5,810,835</b>	<b>3,287,573</b>	<b>(2,844,648)</b>	<b>-87%</b>	<b>442,925</b>
<b>SYSTEMWIDE INITIATIVES</b>	<b>153,617,284</b>	<b>(3,036,944)</b>	<b>150,580,340</b>	<b>122,621,446</b>	<b>(2,985,623)</b>	<b>-2%</b>	<b>119,635,823</b>
<b>Agriculture &amp; Natural Resource (Systemwide)</b>	<b>82,444,216</b>	<b>(1,503,587)</b>	<b>80,940,629</b>	<b>59,184,554</b>	<b>(727,266)</b>	<b>-1%</b>	<b>58,457,288</b>
<b>Multi-Campus Research Units</b>	<b>14,369,571</b>	<b>-</b>	<b>14,369,571</b>	<b>11,458,395</b>	<b>-</b>	<b>0%</b>	<b>11,458,395</b>
<b>Systemwide Initiatives</b>	<b>56,803,497</b>	<b>(1,533,357)</b>	<b>55,270,140</b>	<b>51,978,497</b>	<b>(2,258,357)</b>	<b>-4%</b>	<b>49,720,140</b>
PRESIDENTIAL INITIATIVES	10,000,000	-	10,000,000	10,000,000	-	0%	10,000,000
ADMISSIONS & FINANCIAL AID	146,000	-	146,000	146,000	-	0%	146,000
ADVOCACY/DEVELOPMENT	350,000	(150,000)	200,000	350,000	(150,000)	-43%	200,000
FACILITIES	16,558,000	140,000	16,698,000	16,558,000	140,000	1%	16,698,000
INFO PUBLISHING & BROADCAST	12,585	-	12,585	12,585	-	0%	12,585
INSTITUTIONAL SUPPORT	9,284,858	(1,480,000)	7,804,858	9,284,858	(1,480,000)	-16%	7,804,858
<i>Includes UC Merced enrollment growth (\$6.5 million)</i>							
PUBLIC SERVICE	1,260,538	31,409	1,291,947	1,260,538	31,409	2%	1,291,947
RESEARCH	17,976,750	(75,000)	17,901,750	13,151,750	(800,000)	-6%	12,351,750
SYSTEMWIDE INSTRUCTION PROGRAMS	1,214,766	234	1,215,000	1,214,766	234	0%	1,215,000
<b>GRAND TOTALS</b>	<b>\$ 552,252,277</b>	<b>\$ 5,208,050</b>	<b>\$ 557,460,327</b>	<b>\$ 310,579,462</b>	<b>\$ (7,936,734)</b>	<b>-3%</b>	<b>\$ 302,642,728</b>

**Table A: Approval of FY2012-13 CapEquip Authorization**

UC Location	FY 2012-13	Description of Expected Equipment Purchases
Berkeley	\$ 20,000,000	Research equipment, telecommunications equipment, other equipment, software and refinancing of certain existing capital equipment leases
Davis	5,000,000	Science and laboratory equipment, animal caging, facilities maintenance equipment and computer software
Irvine	6,000,000	Research equipment, medical equipment, IT equipment, Student housing furnishings and equipment
Los Angeles	4,000,000	Medical and diagnostic equipment, research equipment, shop equipment, communications and networking equipment, software licenses and refinancing of certain existing capital equipment leases
<b>UCLA - Medical Center</b>	<b>25,000,000</b>	<b>Medical and diagnostic equipment, computer equipment, communications and networking equipment, vehicles, software licenses and refinancing of certain existing capital equipment leases</b>
Merced	2,267,000	Student housing project equipment, academic trailers and fleet services vehicles
San Diego	7,000,000	Research, medical and diagnostic equipment, budget software and refinancing of certain existing capital equipment leases
San Francisco	15,000,000	Scientific equipment, transportation vehicles and information technology/network
<b>UC Santa Barbara</b>	<b>1,000,000</b>	<b>Diagnostic equipment and instruments, other equipment, vehicles and refinancing of certain existing capital equipment leases</b>
Santa Cruz	740,000	Shuttle and emergency vehicles
Office of the President	70,000,000	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) and Procurement \$200mm program
<b>Total Authorization:</b>	<b>\$ 156,007,000</b>	

\* Authorizations for the current July 2012 Regents meeting shaded and in bold. Un-bolded, un-shaded items were approved at the May 2012 Regents meeting



## Attachment ( : 2012-13 Proposed Professional Degree Supplemental Tuition Levels

	Residents	Nonresidents (a)
<b>Applied Economics and Finance</b>		
Santa Cruz	\$8,001 (b)	\$8,001 (b)
<b>Architecture</b>		
Los Angeles	\$8,000 (b)	\$8,000 (b)
<b>Art (M.F.A.)</b>		
Los Angeles	\$8,478 (b)	\$5,298 (b)
<b>Biotechnology Management</b>		
Irvine	\$12,000	\$11,160
<b>Business</b>		
Berkeley	\$38,548 (b)	\$28,850 (b)
Davis	\$23,340	\$23,340
Irvine	\$22,881	\$19,275
Los Angeles	\$32,384	\$26,426
Riverside	\$22,848	\$22,848
San Diego	\$27,117	\$19,761
<b>Dental Hygiene</b>		
San Francisco	\$13,206	\$13,206
<b>Dentistry</b>		
Los Angeles	\$24,160	\$21,116
San Francisco	\$27,576 (b)	\$27,576 (b)
<b>Development Practice</b>		
Berkeley	\$18,384 (b)	\$18,384 (b)
<b>Educational Leadership</b>		
Davis	\$4,200 (b)	\$4,200 (b)
<b>Engineering (M.Eng.)</b>		
Berkeley	\$32,400 (b)	\$23,760 (b)
<b>Engineering Management</b>		
Irvine	\$12,000 (b)	\$12,000 (b)
<b>Environmental Design</b>		
Berkeley	\$6,300 (b)	\$6,300 (b)
<b>Environmental Science and Engineering</b>		
Los Angeles	\$7,200 (b)	\$7,656 (b)
<b>Genetic Counseling</b>		
Irvine	\$9,000 (b)	\$9,000 (b)
<b>Health Informatics</b>		
Davis	\$6,420 (b)	\$6,420 (b)
<b>Information Management</b>		
Berkeley	\$6,800 (b)	\$6,800 (b)
<b>International Relations and Pacific Studies</b>		
San Diego	\$7,596	\$7,596
<b>Law</b>		
Berkeley	\$35,164	\$26,870
Davis	\$34,182	\$31,188
Irvine	\$31,755	\$26,004
Los Angeles	\$31,755	\$26,004

(a) Some schools have opted to set PDST levels for *nonresident* students lower than those for *resident* students in the same program in acknowledgement of the \$12,245 in Nonresident Supplemental Tuition that nonresident students must pay in addition to mandatory systemwide charges and PDST. Total charges for nonresident students continue to be significantly above those for resident students.

(b) Where noted, total charges for these programs are expected to exceed the total tuition and/or fees charged by public comparison programs in 2012-13.

(c) There are no comparable public programs for Theater, Film, and Television at Los Angeles.

(continued)

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**Attachment ( : 2012-13 Proposed Professional Degree Supplemental Tuition Levels (continued)**

	Residents	Nonresidents (a)
<b>Medicine</b>		
Berkeley (Jt. MD/MS)	\$19,914 (b)	\$19,914 (b)
Davis	\$19,914 (b)	\$19,914 (b)
Irvine	\$19,914 (b)	\$19,914 (b)
Los Angeles	\$19,914	\$19,914
Riverside	\$19,914	\$19,914
San Diego	\$19,914 (b)	\$19,914 (b)
San Francisco	\$19,914 (b)	\$19,914 (b)
<b>Nursing</b>		
Davis	\$7,740 (b)	\$7,740 (b)
Irvine	\$7,740 (b)	\$7,740 (b)
Los Angeles	\$7,740 (b)	\$7,740 (b)
San Francisco	\$7,740 (b)	\$7,740 (b)
<b>Optometry</b>		
Berkeley	\$16,436 (b)	\$16,436 (b)
<b>Pharmacy</b>		
San Diego	\$19,638 (b)	\$19,638 (b)
San Francisco	\$19,638 (b)	\$19,638 (b)
<b>Physical Therapy</b>		
San Francisco	\$12,597 (b)	\$12,954 (b)
<b>Preventive Veterinary Medicine</b>		
Davis	\$5,742 (b)	\$6,198 (b)
<b>Product Development</b>		
Berkeley	\$22,000	\$16,000
<b>Public Health</b>		
Berkeley	\$7,232 (b)	\$7,232 (b)
Davis	\$7,200 (b)	\$7,656 (b)
Irvine	\$5,613 (b)	\$5,613 (b)
Los Angeles	\$7,200 (b)	\$7,656 (b)
<b>Public Policy</b>		
Berkeley	\$8,020 (b)	\$8,522 (b)
Irvine	\$5,952 (b)	\$5,952 (b)
Los Angeles	\$7,288 (b)	\$7,775 (b)
<b>Social Welfare</b>		
Berkeley	\$4,000 (b)	\$4,000 (b)
Los Angeles	\$5,730 (b)	\$6,150 (b)
<b>Statistics</b>		
Berkeley	\$15,000	\$15,000
<b>Theater, Film, and Television</b>		
Los Angeles	\$9,534 (c)	\$9,534 (c)
<b>Urban Planning</b>		
Los Angeles	\$5,952 (b)	\$6,390 (b)
<b>Veterinary Medicine</b>		
Davis	\$15,216 (b)	\$15,216 (b)

(a) Some schools have opted to set PDST levels for *nonresident* students lower than those for *resident* students in the same program in acknowledgement of the \$12,245 in Nonresident Supplemental Tuition that nonresident students must pay in addition to mandatory systemwide charges and PDST. Total charges for nonresident students continue to be significantly above those for resident students.

(b) Where noted, total charges for these programs are expected to exceed the total tuition and/or fees charged by public comparison programs in 2012-13.

(c) There are no comparable public programs for Theater, Film, and Television at Los Angeles.

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## UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

### APPENDIX 1

Effective: ~~January 1, 2012~~ July 19, 2012

Replaces Version Effective: ~~March 1, 2011~~ January 1, 2012

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### ASSET ALLOCATION, PERFORMANCE BENCHMARKS, AND REBALANCING POLICY

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

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

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

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

#### A. Strategic Asset Allocation and Ranges

	<b>Current Policy Allocation</b>	<b>Long-Term Target Allocation</b>	<b><u>Allowable Ranges</u></b>	
			<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
U.S. Equity	<del>20.0</del> <u>18.5</u> %	<del>18.5</del> <u>13.5</u> %	<del>15</del> <u>13.5</u>	<del>25</del> <u>23.5</u>
Developed Non US Equity	<del>18.5</del> <u>16.0</u>	<del>16.0</del> <u>8.0</u>	<del>13.5</del> <u>11.0</u>	<del>23.5</del> <u>21.0</u>
Emerging Mkt Equity	<del>5.0</del> <u>6.0</u>	<del>6.0</del> <u>7.0</u>	<del>3</del> <u>4.0</u>	<del>7</del> <u>8.0</u>
Global Equity	<del>2.0</del>	<del>2.0</del> <u>0</u>	<del>1</del>	<del>3</del>
US Fixed Income	<del>7.5</del> <u>5.75</u>	<del>5.0</del>	<del>4.5</del> <u>2.75</u>	<del>10.5</del> <u>8.75</u>
High Yield Fixed Income	<del>3.0</del>	<del>2.5</del>	<del>2</del>	<del>4</del>
Emerging Mkt Fixed Income	<del>3.0</del>	<del>2.5</del>	<del>2</del>	<del>4</del>
TIPS	<del>4.0</del>	<del>2.5</del>	<del>2</del>	<del>6</del>
Private Equity	<del>7.0</del> <u>9.0</u>	<del>9.0</del>	<del>4</del> <u>6.0</u>	<del>10</del> <u>12.0</u>
Absolute Return – <u>Diversified</u>	<del>24.0</del> <u>23.5</u>	<del>25.5</del> <u>23.5</u>	<del>19</del> <u>18.5</u>	<del>29</del> <u>28.5</u>
<u>Cross Asset Class</u>	<del>2.0</del>	<del>2.0</del> <u>5.0</u>	<del>0</del>	<del>7.0</del>
<u>Opportunistic Equity</u>	<del>0.0</del>	<del>10.0</del>	<del>0.0</del>	<del>12.0</del>
Real Assets	<del>1.0</del> <u>1.25</u>	<del>3.0</del>	<del>0.0</del> <u>2.5</u>	<del>2.25</del>
Real Estate	<del>5.0</del> <u>6.0</u>	<del>7.5</del> <u>8.5</u>	<del>23.0</del>	<del>89.0</del>
Liquidity	<del>0</del>	<del>0</del>	<del>0</del>	<del>10</del>
TOTAL	100%	100%		

# UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

## INVESTMENT POLICY STATEMENT

Combined Public Equity	<del>45.5</del> <u>42.5</u>	<del>42.5</del> <u>28.5</u>	<del>35.5</del> <u>32.5</u>	<del>55.5</del> <u>52.5</u>
Combined Fixed Income	<del>17.5</del> <u>15.75</u>	12.5	<del>12.5</del> <u>10.75</u>	<del>22.5</del> <u>20.75</u>
Combined Alternatives*	<del>37.0</del> <u>41.75</u>	<del>45.0</del> <u>59.0</u>	<del>27.0</del> <u>26.75</u>	<del>47.0</del> <u>56.75</u>

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

### B. Asset Class Performance Benchmarks

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

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

<b>Asset Class</b>	<b>Benchmark</b>
U.S. Equity	Russell 3000 Tobacco Free Index
Non US Eq. Devel.	MSCI World ex-US Net Tobacco Free
Emerging Mkt Eq.	MSCI Emerging Market Free Net
Global Equity	MSCI All Country World Index Net – IMI – Tobacco Free
Fixed Income	Barclays Capital US Aggregate Bond Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index
Emg Mkt Fixed Income	Dollar Denominated: JP Morgan Emerging Markets Bond Index Global Diversified
Emg Mkt Fixed Income	Local Currency: JP Morgan Government Bond Index Emerging Markets Global Diversified
TIPS	Barclays Capital US TIPS Index
Private Equity	N/A (See below note 2.)
Absolute Return	Diversified: HFRX Absolute Return Index (50%) + HFRX Market Directional Index (50%)
<del>Absolute Return</del> <u>Cross</u>	<del>Cross Asset Class</del> : Aggregate GEP Policy Benchmark
<u>Asset Class</u>	
<u>Opportunistic Equity</u>	<u>To be determined by Regents' Investment Consultant</u>
Real Assets	Commodities: S&PGSCI Reduced Energy Index All other: N/A (See below note 3.)
Real Estate	Public: FTSE EPRA NAREIT Global Index return
Real Estate	Private: NCREIF Funds Index – Open End Diversified Core Equity (ODCE), lagged 3 months

# UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

Notes on asset class benchmarks:

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

## C. Total GEP Performance Benchmark

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

<u>Percentage</u>	<u>Benchmark</u>
<del>20.0</del> 18.5%	× Russell 3000 Tobacco Free Index
<del>18.5</del> 16.0%	× MSCI World ex-US Net Tobacco Free
<del>5.0</del> 6.0%	× MSCI Emerging Market Free Net
2.0%	× MSCI All Country World Index Net – IMI – Tobacco Free
<del>7.5</del> 5.75%	× Barclays Capital US Aggregate Bond Index
3.0%	× Merrill Lynch High Yield Cash Pay Index
3.0%	× [JP Morgan Emerging Market Bond Index Global Diversified × 33%] + [JP Morgan Government Bond Index Emerging Markets Global Diversified × 67%]
4.0%	× Barclays Capital US TIPS Index
<del>7.0</del> 9.0%	× Actual return of private equity portfolio
23.5%	× [HFRX Absolute Return Index × 50%] + [HFRX Market Directional Index × 50%] [Abs. Ret. - Diversified]
<del>0.5</del> 2.0%	× Aggregate GEP Policy Benchmark [ <del>Abs. Ret.</del> —Cross Asset Class]
<u>0.0</u>	× <u>To be determined by Regents' Investment Consultant [Opportunistic Equity]</u>
<del>1.0</del> 1.25%	× Aggregate Real Assets benchmark (see section B), with components weighted by their actual weights within the total real assets portfolio
<del>5.0</del> 6.0%	× Aggregate of Public and Private Real Estate benchmarks (see section B), with components weighted by their actual weights within the total real estate portfolio

Notes on Total Fund benchmark:

1. The benchmark for private equity is replaced by the private equity portfolio's actual performance. This has the effect of neutralizing the active performance of this class for purposes of total fund performance evaluation.
2. The calculation of the Total Fund benchmark will assume a monthly rebalancing methodology.
3. In the event of a significant change in asset allocation, The Regents' generalist consultant may specify an alternative weighting scheme to be used during a transition period.

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

**D. Rebalancing Policy**

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

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

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

# UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

## APPENDIX 1

Effective: ~~January 1, 2012~~ July 19, 2012

Replaces Version Effective: ~~March 1, 2014~~ January 1, 2012

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### ASSET ALLOCATION, PERFORMANCE BENCHMARKS, AND REBALANCING POLICY

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

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

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

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

#### A. Strategic Asset Allocation and Ranges

	<b>Current Policy Allocation</b>	<b>Long-Term Target Allocation</b>	<b><u>Allowable Ranges</u></b>	
			<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
U.S. Equity	<del>28.5</del> 25.75 %	20.5 %	<del>23.5</del> 20.75	<del>33.5</del> 30.75
Developed Non US Equity	<del>22.0</del> 19.25	19.0	<del>17.14</del> 14.25	<del>27.24</del> 24.25
Emerging Mkt Equity	<del>5.0</del> 6.75	7.0	<del>3.4</del> 7.75	<del>7.8</del> 7.75
Global Equity	2.0	2.0	1	3
US Fixed Income	12.0	12.0	9	15
High Yield Fixed Income	2.5	2.5	1.5	3.5
Emerging Mkt Fixed Income	2.5	2.5	1.5	3.5
TIPS	8.0	8.0	6	10
Private Equity	<del>6.0</del> 7.75	8.0	<del>3.4</del> 7.75	<del>9.1</del> 10.75
Absolute Return Strategy – Diversified	<del>6.5</del> 6.0	<del>8.5</del> 6.5	<del>4.5</del> 1.0	<del>11.5</del> 11.0
<u>Absolute Return – Cross Asset Class</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>	<u>4.0</u>
Real Assets	1.0	3.0	0	2
Real Estate	<del>4.0</del> 4.5	7.0	<del>1.5</del>	<del>7.7</del> 5
Liquidity	0	0	0	10
	100%	100%		

# UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

## INVESTMENT POLICY STATEMENT

Combined Public Equity	<del>57.5</del> <u>53.75</u>	48.5	<del>47.5</del> <u>43.75</u>	<del>67.5</del> <u>63.75</u>
Combined Fixed Income	25.0	25.0	20	30
Combined Alternatives	<del>17.5</del> <u>21.25</u>	26.5	<del>10.5</del> <u>14.25</u>	<del>24.5</del> <u>28.25</u>

### B. Asset Class Performance Benchmarks

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

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

<b>Asset Class</b>	<b>Benchmark</b>
U.S. Equity	Russell 3000 Tobacco Free Index
Developed Non US Equity	MSCI World ex-US (Net Dividends) Tobacco Free
Emerging Mkt Equity	MSCI Emerging Market Free (Net Dividends)
Global Equity	MSCI All Country World Index Net – IMI – Tobacco Free
Fixed Income	Barclays Capital US Aggregate Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index
Emg Mkt Fixed Income	Dollar Denominated: JP Morgan Emerging Markets Bond Index Global Diversified
Emg Mkt Fixed Income	Local Currency: JP Morgan Government Bond Index Emerging Markets Global Diversified
TIPS	Barclays Capital US TIPS Index
Private Equity	N/A (See below note 2.)
Absolute Return Strategy	Diversified: HFRX Absolute Return Index (50%) + HFRX Market Directional Index (50%)
Absolute Return Strategy	Cross Asset Class: Aggregate UCRP Policy Benchmark
Real Assets	Commodities: S&PGSCI Reduced Energy Index All other: N/A (See below note 3.)
Real Estate	Public: FTSE EPRA NAREIT Global Index
Real Estate	Private: NCREIF Funds Index – Open End Diversified Core Equity (ODCE), lagged 3 months



# UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Notes on asset class benchmarks:

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

## **C. Total Retirement Fund Performance Benchmark**

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

<b><u>Percentage</u></b>	<b><u>Benchmark</u></b>
28.5%	× Russell 3000 Tobacco Free Index
22%	× MSCI World ex-US (Net Dividends) Tobacco Free
5%	× MSCI Emerging Market Free (Net Dividends)
2%	× MSCI All Country World Index Net – IMI – Tobacco Free
12%	× Barclays Capital US Aggregate Index
2.5%	× Merrill Lynch High Yield Cash Pay Index
2.5%	× [JP Morgan Emerging Market Bond Index Global Diversified × 33%] + [JP Morgan Government Bond Index Emerging Markets Global Diversified × 67%]
8%	× Barclays Capital US TIPS Index
6%	× Actual return of private equity portfolio
6%	× [HFRX Absolute Return Index × 50%] + [HFRX Market Directional Index × 50%] [Abs. Ret. - Diversified]
0.5%	× Aggregate UCRP Policy Benchmark [Abs. Ret. - Cross Asset Class]
1%	× Aggregate Real Assets benchmark (see section B), with components weighted by their actual weights within the total real assets portfolio
4%	× Aggregate of Public and Private Real Estate benchmarks (see section B), with components weighted by their actual weights within the total real estate portfolio

Notes on total fund benchmark:

1. The benchmark for private equity is replaced by the private equity portfolio's actual performance. This has the effect of neutralizing the active performance of this class for purposes of total fund performance evaluation. Similar comments apply to private real estate – non-core strategies (closed end funds) and Real Assets (all strategies ex commodities).
2. The calculation of the total fund benchmark will assume a monthly rebalancing methodology.
3. In the event of a significant change in asset allocation, The Regents' generalist consultant may specify an alternative weighting scheme to be used during a transition period.

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

### **D. Rebalancing Policy**

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

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

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

Additions shown by underscoring; deletions shown by strikethrough

**UNIVERSITY OF CALIFORNIA  
APPENDICES TO INVESTMENT POLICY STATEMENTS**

**APPENDIX 7O**

Effective: ~~April 1, 2010~~ July 19, 2012

Replaces version approved ~~March 1, 2009~~ April 1, 2010

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**ABSOLUTE RETURN (AR) STRATEGIES  
INVESTMENT GUIDELINES**

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

*Performance Objective:*

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

*Portfolio Performance Benchmark*

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

*Portfolio Guidelines*

1. Permissible investments include ~~funds~~ vehicles that invest primarily in Long/Short strategies (including U.S., dedicated Non-U.S., short bias, and global equities), Relative Value strategies (including equity market neutral, convertible bond arbitrage, relative value credit, and fixed income), Event Driven strategies (including distressed securities, special situations, ~~capital structure arbitrage, relative value credit~~, and risk arbitrage strategies), and Opportunistic strategies (including macro, CTA and portfolio hedge).
2. Investments may be made in ~~funds~~ vehicles that ~~manage~~ invest in single or multiple strategies.
3. ~~Fund of funds investments are permitted.~~ Investments may be made in a variety of vehicle structures, which may include: separate accounts, funds-of-one, comingled hedge funds, fund of hedge funds, and drawdown structures.
4. Policy ranges for the strategies are:

	<u><b>Range</b></u>
Long/Short Equity	<del>30-60</del> <u>10-50%</u>
Event Driven	<del>20-50</del> <u>10-50%</u>

**Additions shown by underscoring; deletions shown by strikethrough**

**UNIVERSITY OF CALIFORNIA  
APPENDICES TO INVESTMENT POLICY STATEMENTS**

Relative Value	<del>10-40</del> <u>10-50</u> %
Opportunistic	<del>0-30</del> <u>10-50</u> %

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

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

~~7.~~6. Gross accounting leverage at the aggregate portfolio level shall not exceed 4.5 times the market value of the total AR assets. No more than 25% of the portfolio may be invested in managers who use on average more than 4.5 times gross accounting leverage. Recognizing the illiquidity of these investments, these constraints should guide the execution of the AR program, but may be exceeded temporarily between rebalancing. All leverage shall be non-recourse to the Regents, as trustee of UCRP, with respect to UCRP investments in the Program. All leverage shall be non-recourse to the Regents, a public corporation, with respect to GEP investments in the Program.

~~8.~~7. The Treasurer may not incur debt to leverage the AR portfolio; however, portable alpha strategies are permitted.

~~9.~~8. No more than 15% of the total AR portfolio forecast risk ~~budget~~ may be derived from any single manager.

~~10.~~9. Total AR portfolio forecast ~~downside~~ risk shall be maintained at a level of no more than 58.0% of total invested capital.

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

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

[Definition] Forecast ~~Downside~~ Risk: the volatility of forecast ~~negative~~ returns, as measured by the annualized ~~semi~~-standard deviation. ~~The 5% level of forecast downside risk is the "risk budget."~~ Forecast risk is calculated using a factor based risk model, which decomposes each AR portfolio investment's forecast risk into forecast systematic factor exposures and forecast residual risks, making adjustments for strategy evolution and various liquidity and valuation related considerations.

**\*Additions shown by underscoring; deletions shown by strikethrough\***

REGENTS POLICY 3103

POLICY ON PROFESSIONAL DEGREE SUPPLEMENTAL TUITION \*

*Approved January 21, 1994*

*Amended July 2007, September 2007, March 25, 2010, and November 18, 2010*

(1) Professional Degree Supplemental Tuition shall be assessed to students enrolled in graduate professional degree programs, as determined by The Regents, to sustain and enhance the quality of the professional schools' academic programs and services.

(2) Revenue from Professional Degree Supplemental Tuition will remain with the campuses and will not be used to offset reductions in State support.

(3) The President, in consultation with the Provost, shall submit for the Regents' approval Professional Degree Supplemental Tuition levels from the campuses~~levels will be approved by The Regents,~~ within the context of such a multi-year plans as the Provost requires for each program~~that is subject to annual reconsideration.~~

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

(5) Each professional degree program shall submit a Professional Degree Supplemental Tuition plan to the Provost, pursuant to a submission schedule communicated to the program by the Provost. At a minimum, the Provost will require a multi-year plan (i) for each program for which Professional Degree Supplemental Tuition is proposed to be newly assessed; (ii) for each program that proposes Professional Degree Supplemental Tuition that exceeds the amount proposed in its most recent multi-year plan; and (iii) for each program, at least every three years. In developing a program's multi-year plan, the following factors are among those to be taken into consideration: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional degree program; the ability of the program to remain competitive with other institutions of similar quality; the cost of education for each specific degree program; the resident and nonresident tuition and fees charged by comparable public and private institutions for each specific program; and other market-based factors (such as scholarship and grant support) that permit the degree program to compete successfully for students. Within this context, different Professional Degree Supplemental Tuition levels may be set for professional programs in the same discipline at different campuses.

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

(7) The following conditions are adopted for future Professional Degree Supplemental Tuition increases:

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

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

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

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

(D) Each unit's Professional Degree Supplemental Tuition plan shall also include:

- i. Assurances that in any program directly supported by State 19900 funds, the total in-state tuition and fees charged will be at or below the total tuition and/or fees charged by comparable degree programs at other comparable public institutions.
- ii. Information as to the views of the unit's student body and faculty on the proposed

increase. This information may be obtained in a variety of ways ranging from consultations with elected student leaders and faculty executive committees to referenda. The information would be treated as advisory, but The Regents would view more favorably Professional Degree Supplemental Tuition proposals that enjoy the support of a unit's faculty and student body.

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

(F) Upon request of a professional program, with the concurrence of the Chancellor, the President, in consultation with the Provost, may consider and is authorized to reduce Professional Degree Supplemental Tuition for specific programs as the President deems appropriate and shall report those actions to the Regents.

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

**\*Additions shown by underscoring; deletions shown by strikethrough\***

REGENTS POLICY 3104

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

*Adopted March 15, 2007*

*Amended March 25, 2010*

1. The Regents approve professional school fees according to asuch multi-year plans as the Provost requires for each program, ~~subject to annual reconsideration.~~
2. The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out-of-state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out-of-state graduate academic students for all campuses across the system.
3. It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.
4. The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost ~~and Executive Vice President~~ with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.
5. The Regents charge the Provost ~~and Executive Vice President~~ with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.

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



Additions shown by underscoring; deletions shown by strikethrough

**SCHEDULE OF REPORTS TO THE REGENTS**  
**[Pursuant to Bylaw 16.8(a)]**  
**Amended ~~January~~ July 2012**

	<b>Month(s) Presented or Mailed to Regents</b>
<b>BOARD</b>	
Report of the President Concerning University Activities and Individuals (the President's Report)	January March May July September November
<b>COMMITTEE ON COMPENSATION</b>	
Annual Reports on Executive Compensation for Calendar Year ____: (a) Incumbents in Senior Management Positions and (b) Deans and Certain Faculty Administrators ( <i>mbm</i> <sup>1</sup> )	July
Annual Report on Compensated Outside Professional Activities for Calendar Year ____: Incumbents in Senior Management Positions ( <i>mbm</i> <sup>*</sup> )	July
Annual Report on Compensated Outside Professional Activities for Calendar Year ____: Deans and Faculty Administrators ( <i>mbm</i> <sup>*</sup> )	January
Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceed the Reporting Threshold ( <i>mbm</i> <sup>*</sup> )	November
Annual Report on Academic Personnel Salaries Above the Indexed Compensation Level ( <i>mbm</i> <sup>*</sup> )	November
Annual Report on Adjustment of the Indexed Compensation Level ( <i>mbm</i> <sup>*</sup> )	September
Biannual Compensation Monitoring Reports: (a) Incumbents in Certain Senior Management Positions; and (b) Deans and Full-Time Faculty Administrators ( <i>mbm</i> <sup>*</sup> )	May November

<sup>1</sup> mbm: Report is sent to all Regents as a mailing between meetings (mbm)

**SCHEDULE OF REPORTS TO THE REGENTS**  
**[Pursuant to Bylaw 16.8(a)]**  
**Amended ~~January~~ July 2012**

	<b>Month(s) Presented or Mailed to Regents</b>
Annual Compensation Monitoring Report for Calendar Year ____: Actions for Certain Athletic Positions and Coaches Systemwide ( <i>mbm*</i> )	July
<b>COMMITTEE ON COMPLIANCE AND AUDIT</b>	
<del>Annual Report on</del> Internal Audit Plans	July
Annual Review of External Audit of Hastings College of the Law ( <i>mbm*</i> )	March
Annual Report on Ethics and Compliance	September
Annual Report of External Auditors for the Year Ended June 30, ____	November
Annual Report on Internal Audit Activities	November
<b>COMMITTEE ON EDUCATIONAL POLICY</b>	
Annual Report on Private Support, Major Donors, and Namings and Endowed Chairs ( <i>mbm*</i> )	November
Statistical Summary of Students and Staff ( <i>mbm*</i> )	March
Annual Report on Student Financial Support ( <i>mbm*</i> )	March
Annual Report on Undergraduate Admissions Requirements [effective 2013] ( <i>mbm*</i> )	July
Annual Report on Proposals Seeking Research Funding from the Tobacco Industry ( <i>mbm*</i> )	September
Biennial Report on Comprehensive Review ( <i>mbm*</i> ) [effective 2012]	<del>July</del> <u>September</u>
Annual Report on Self-Supporting Professional Degree Programs ( <i>mbm*</i> )	August
Annual Accountability Sub-Report on Diversity at the University of California	January

**SCHEDULE OF REPORTS TO THE REGENTS**  
**[Pursuant to Bylaw 16.8(a)]**  
**Amended ~~January~~ July 2012**

	<b>Month(s) Presented or Mailed to Regents</b>
<del>Annual Accountability Sub-Report on the University of California Admissions and Enrollments</del>	<del>March</del>
<b>COMMITTEE ON FINANCE</b>	
Annual Report on Risk Management ( <i>mbm*</i> )	January
Annual Report on Use of Outside Counsel ( <i>mbm*</i> )	January
Annual Report on Settlements and Separation Agreements	January
Annual Report on University Housing Assistance Programs ( <i>mbm*</i> )	January
Annual Report on Expenditures of Associates to the President and Chancellors ( <i>mbm*</i> )	September
University of California Financial Reports	November
Annual University of California Retirement Plan-Actuarial Valuation Report	November
Annual Report on Debt Capital and External Finance Approvals ( <i>mbm*</i> )	January
Annual Report on the University of California Technology Transfer Program ( <i>mbm*</i> )	May
Annual Report on Administrative Efficiencies	May
Annual Report on Newly Approved Indirect Costs ( <i>mbm*</i> )	November
Bi-Monthly Report on New Litigation ( <i>mbm*</i> )	January March May July September November

**SCHEDULE OF REPORTS TO THE REGENTS**  
**[Pursuant to Bylaw 16.8(a)]**  
**Amended ~~January~~ July 2012**

	<b>Month(s) Presented or Mailed to Regents</b>
Annual Report on the Net Fee Income Received as Owner of a Limited Liability Company Managing a Department of Energy National Laboratory and Expenditures Made Therefrom ( <i>mbm*</i> )	November
Annual Report on the Commission on the Future Recommendations	March
<b>COMMITTEE ON GROUNDS AND BUILDINGS</b>	
Annual Report on Sustainable Practices ( <i>mbm*</i> )	January
Annual Report on Chancellor's Residence and Office Capital Projects ( <i>mbm*</i> )	September
Annual Report on Major Capital Projects Implementation ( <i>mbm*</i> )	October
Ten Year Consolidated State and Non-State Capital Financial Plan	November
<b>COMMITTEE ON HEALTH SERVICES</b>	
Biannual Activity and Financial Status Report on Hospitals and Clinics ( <i>mbm*</i> )	March November
<b>COMMITTEE ON INVESTMENTS</b>	
Annual Endowment Investment Report ( <i>mbm*</i> )	February
Annual Report of the Treasurer ( <i>mbm*</i> )	November
<b>COMMITTEE ON LONG RANGE PLANNING</b>	
Annual University of California Accountability Report	July