

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 20, 2014

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

Members present: Regents De La Peña, Feingold, Flores, Gould, Island, Kieffer, Lansing, Makarechian, Napolitano, Newsom, Pattiz, Reiss, Schultz, Sherman, Varner, and Zettel

In attendance: Regents-designate Engelhorn, Leong Clancy, and Saifuddin, Faculty Representatives Gilly and Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Andriola, Beckwith, Duckett, Lenz, Mara, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Wilcox, and Yang, and Recording Secretary Johns

The meeting convened at 11:45 a.m. with Chairman Varner presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 23 and the meetings of the Committee of the Whole of January 22 and 23, 2014 were approved.

Chairman Varner asked Chancellor Drake to inform the Board about plans for the commencement speaker at UC Irvine. Chancellor Drake stated that this year would mark the 50th anniversary of the founding of the campus. President Lyndon Johnson had dedicated the campus 50 years earlier; President Barack Obama would give the commencement address this year.

2. REPORT OF THE PRESIDENT

The President presented her report concerning University activities and individuals. Seven UC faculty members had been elected to the National Academy of Engineering, a significant honor that recognizes outstanding contributions to the field. Of 126 scientists selected to receive Alfred P. Sloan Research Fellowships, as announced the previous month, seven were from the University. These fellowships provide a \$50,000 grant and are awarded to early-career scientists and scholars who show exceptional promise.

President Napolitano noted that several years earlier, Congressman Jim Cooper launched the Golden Goose Award to educate Congress and the general public about the value of federal funding for basic scientific research. This award honors federally funded researchers whose research may not have seemed to have practical application at the time

it was conducted, but that has resulted in major economic or other societal benefits. Professor Larry Smarr of UC San Diego had been chosen as a recipient of the 2014 award for his contributions to the development of supercomputer centers at universities across the nation. His work and leadership have led to an increased federal commitment to enhance U.S. computing power and has provided opportunities for applying this technology to research in newly discovered fields.

3. **REPORT OF THE PRESIDENT: APPOINTMENT**

Appointment of Howard Gillman as Interim Chancellor, Irvine Campus

The President recommended that Howard Gillman be appointed as Interim Chancellor, Irvine campus, at 100 percent time, effective on or about June 30, 2014, and continuing until a new Chancellor is appointed. Mr. Gillman will also continue to hold an academic appointment, at zero percent time, on the Irvine campus.

Upon motion of President Napolitano, duly seconded, the President's recommendation was approved.

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

The Committee presented the following from its meeting of March 19, 2014:

A. *Approval of External Audit Plan for the Year Ending June 30, 2014*

The Committee recommended that the KPMG external audit plan and fees for the University for the year ending June 30, 2014, as shown in Attachment 1, be approved.

B. *Amendment of Internal Audit Charter*

The Committee recommended that the Internal Audit Charter be amended as shown in Attachment 2.

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

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

The Committee presented the following from its meeting of March 20, 2014:

A. ***Salary Adjustment for A. Paul Alivisatos as Laboratory Director, Lawrence Berkeley National Laboratory***

The Committee recommended that the salary increase for A. Paul Alivisatos, Laboratory Director, Lawrence Berkeley National Laboratory, as presented in the table below, be approved.

NAME	JOB TITLE	CURRENT BASE SALARY	PROPOSED MERIT INCREASE AMOUNT	PROPOSED MERIT INCREASE PERCENT	NEW PROPOSED BASE SALARY
A. Paul Alivisatos	Laboratory Director	\$439,153	\$11,857	2.7%	\$451,010

The salary increase for Director Alivisatos will be funded by Lawrence Berkeley National Laboratory with funds provided by the Department of Energy. The proposed effective date of the increase is retroactive to January 1, 2014.

Except as expressly modified by the Regents above, the University's total compensation commitment for Director Alivisatos remains unchanged. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: President Napolitano
Reviewed by: Committee on Compensation Chair Kieffer
Office of the President, Human Resources

B. ***Compensation for Howard Gillman as Interim Chancellor, Irvine Campus***

The Committee recommended that, contingent upon and effective with Howard Gillman's appointment by the Regents as Interim Chancellor of the Irvine campus, the following items be approved in connection with that appointment:

- (1) Per policy, continued annual base salary of \$356,380 for the duration of the interim appointment.
- (2) Per policy, continued eligibility to receive an annual automobile allowance of \$8,916.
- (3) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

- (4) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- (5) Per policy, continued participation in standard pension and health and welfare benefits (including senior management life insurance and executive salary continuation for disability).
- (6) Per policy, continued accrual of sabbatical credits as a member of tenured faculty.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: on or about June 30, 2014

Base Salary: \$356,380

Target Cash Compensation:* \$356,380

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Chancellor

Base Salary: \$392,200

Target Cash Compensation:* \$392,200

Funding: partially or fully State-funded

*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend. For participants in the Health Sciences Compensation Plan (HSCP), Target Cash Compensation also includes HSCP payments.

COMPETITIVE ANALYSIS FOR CHANCELLOR

MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
Percentiles	25 th	50 th	60 th	75 th	90 th	25 th	50 th	60 th	75 th	90 th
Market Data	\$380K	\$508K	\$583K	\$695K	\$876K	\$374K	\$638K	\$696K	\$782K	\$868K
% Difference from Market	-6.2%	-29.8%	-38.9%	-48.7%	-59.3%	-4.7%	-44.1%	-48.8%	-54.4%	-58.9%

Survey Source: College and University Professional Association (CUPA) Survey and Mercer Chancellor Compensation Survey

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

Submitted by: President Napolitano
Reviewed by: Committee on Compensation Chair Kieffer
Office of the President, Human Resources

C. *Appointment of and Compensation for Anne L. Shaw as Interim Secretary and Chief of Staff to The Regents*

The Committee recommended that Anne L. Shaw be appointed as Interim Secretary and Chief of Staff to The Regents, at 100 percent time effective on or about April 1, 2014 and continuing until a new Secretary and Chief of Staff to The Regents is appointed, and that the following items be approved in connection with that appointment:

- (1) Per policy, an annual base salary of \$219,000 for the duration of the interim appointment.
- (2) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- (3) Per policy, continued participation in standard pension and health and welfare benefits.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: on or about April 1, 2014

Base Salary: \$219,000

Target Cash Compensation*: \$219,000

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Secretary and Chief of Staff to The Regents

Base Salary: \$295,000

Target Cash Compensation*: \$295,000

Funding: partially or fully State-funded

*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend. For participants in the Health Sciences Compensation Plan (HSCP), Target Cash Compensation also includes HSCP payments.

COMPETITIVE ANALYSIS FOR SECRETARY AND CHIEF OF STAFF TO THE REGENTS

MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
Percentiles	25 th	50 th	60 th	75 th	90 th	25 th	50 th	60 th	75 th	90 th
Market Data	\$219K	\$303K	\$328K	\$366K	\$430K	\$282K	\$364K	\$414K	\$464K	\$628K
% Difference from Market	0%	-27.7%	-33.2%	-40.2%	-49.1%	-22.3%	-39.8%	-47.1%	-52.8%	-65.1%

Survey Source: Towers Watson General Industry Executive Compensation Survey and College and University Professional Association (CUPA) Survey. CUPA only reports base salary.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, 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: Chairman Varner
Reviewed by: Committee on Compensation Chair Kieffer
Office of the President, Human Resources

D. *Salary Adjustments for Horst D. Simon as Deputy Laboratory Director and Jay D. Keasling as Associate Laboratory Director, Lawrence Berkeley National Laboratory*

The Committee recommended that salary increases for Horst D. Simon, Deputy Laboratory Director, and Jay D. Keasling, Associate Laboratory Director, Lawrence Berkeley National Laboratory, as presented in the table below, be approved.

NAME	JOB TITLE	CURRENT BASE SALARY	PROPOSED MERIT INCREASE AMOUNT	PROPOSED MERIT INCREASE PERCENT	ADDITIONAL PROPOSED INCREASE AMOUNT	ADDITIONAL PROPOSED INCREASE PERCENT	NEW PROPOSED BASE SALARY
Horst D. Simon	Deputy Laboratory Director	\$373,152	\$9,329	2.5%	\$9,562	2.5%	\$392,043
Jay D. Keasling	Associate Laboratory Director	\$365,196	\$10,956	3.0%	\$0	0%	\$376,152

The salary increases for Mr. Simon and Mr. Keasling will be funded by Lawrence Berkeley National Laboratory with funds provided by the Department of Energy. The proposed effective date of the increases is retroactive to January 1, 2014.

Except as expressly modified by the Regents above, the University's total compensation commitment for Mr. Simon and Mr. Keasling remains unchanged. 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 Napolitano
Committee on Compensation Chair Kieffer
Office of the President, Human Resources

E. ***Amendment of Contract Compensation for Adrian Klemm, Assistant Football Coach, Intercollegiate Athletics, Los Angeles Campus***

The Committee recommended approval of the following items in connection with the amendment of contract compensation for Adrian Klemm, Assistant Football Coach, Intercollegiate Athletics, Los Angeles campus:

- (1) As an exception to the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Parameters), annual guaranteed compensation of \$650,000, comprised of \$250,000 in base salary and a \$400,000 talent fee, effective April 1, 2014 and continuing through June 30, 2015. The talent fee portion of the annual guaranteed compensation will increase by \$100,000 to \$500,000, effective July 1, 2015 and continuing through June 30, 2016, thereby increasing the annual guaranteed compensation to \$750,000 at that time. This annual guaranteed compensation is an exception to policy because (a) the annual compensation in the first 12 months of the contract is more than 30 percent greater than it would be under the current contract; and (b) the cumulative total for guaranteed compensation under the proposed contract is more than 30 percent greater than under the current contract.
- (2) The amended contract will be effective April 1, 2014 and continue through June 30, 2016.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: April 1, 2014 and continuing through June 30, 2016

Base Salary: \$250,000 per year

Talent Fee: \$100,000 (prorated at the annual rate of \$400,000 for April 1, 2014 through June 30, 2014); \$400,000 (July 1, 2014 through June 30, 2015); \$500,000 (July 1, 2015 through June 30, 2016)

Guaranteed Compensation: \$162,500 (prorated at the annual rate of \$650,000 for April 1, 2014 through June 30, 2014); \$650,000 (July 1, 2014 through June 30, 2015); \$750,000 (July 1, 2015 through June 30, 2016)

Maximum Potential Bonus/Incentives: \$100,000 per year

Camps: \$10,000 per year

Deferred Compensation (Contingent Retention Bonus): \$0

Signing Bonus: \$63,000

Total Potential Cash Compensation in the first 12 months of the contract (April 1, 2014 through March 31, 2015): \$823,000

Funding: non-State-funded

Budget &/or Prior Incumbent Data

Title: Assistant Football Coach

Base Salary: \$250,000

Talent Fee: \$90,000

Guaranteed Compensation: \$340,000

Maximum Potential Bonus/Incentives: \$100,000 per year

Camps: \$10,000 per year

Deferred Compensation (Contingent Retention Bonus): \$40,000

Total Potential Cash Compensation for the 12-month period of the contract from July 1, 2013 through June 30, 2014: \$490,000

Funding: non-State-funded

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

Submitted by: UCLA Chancellor Block

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

F. *Revisions to the Market Reference Zones for Senior Management Group Compensation*

The Committee recommended that the proposed Market Reference Zones be approved as shown in Attachment 3.

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

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

The Committee presented the following from its meeting of March 19, 2014:

Amendment of Regents Policy 5201: Policy on Fundraising Campaigns

The Committee recommended that Regents Policy 5201: Policy on Fundraising Campaigns be amended, as shown in Attachment 4.

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

7. REPORT OF THE COMMITTEE ON FINANCE

The Committee presented the following from its meeting of March 19, 2014:

A. ***Conforming Amendment of the 2014-15 Budget for State Capital Improvements and Approval of External Financing under Funding Mechanism AB 94 for the 2013-14 and 2014-15 State Capital Program***

The Committee recommended that:

- (1) Subject to the concurrence of the Committee on Grounds and Buildings, the amended 2014-15 Budget for State Capital Improvements as shown in Attachment 5 be approved.
- (2) The President of the University be authorized to obtain external financing not to exceed \$132,309,000 (plus related interest expense and financing costs) for 2013-14 State Capital projects. 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. The primary source of repayment for the external financing of \$132,309,000 plus related interest expense and financing costs shall be from State appropriations. Should State appropriation funds not be available, the President shall have the authority to utilize any legally available funds to make debt service payments.
 - c. The general credit of the Regents shall not be pledged.
- (3) The President of the University be authorized to obtain external financing not to exceed \$277,812,000 (plus related interest expense and financing costs) for 2014-15 State Capital projects. 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. The primary source of repayment for the external financing of \$277,812,000 plus related interest expense and financing costs

shall be from State appropriations. Should State appropriation funds not be available, the President shall have the authority to utilize any legally available funds to make debt service payments.

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

- (4) For all projects supported by this action that have already received design approval, the Regents determine that no further California Environmental Quality Act action is required.
- (5) The President of the University be authorized to execute all documents necessary in connection with the above.

B. *Approval of Participation in the Thirty-Meter Telescope Construction and Operation*

The Committee recommended that the Regents:

- (1) Approve the University's participation in the formation and operation of TMT International Observatory LLC, a non-profit limited liability company (Entity) that shall construct, own and operate the Thirty-Meter Telescope Observatory (Project), subject to the following terms and conditions:
 - a. The Entity will be jointly owned by the University, the California Institute of Technology and ministries, departments, or agencies of the governments of China, India, and Japan, and such other scientific organizations as may be admitted under the Entity's organizational documents.
 - b. The Entity shall be governed by a Board of Governors (Board) and the University shall be entitled to appoint three (3) Governors. The Governors shall receive no compensation from the Entity other than reimbursement of reasonable expenses.
- (2) Approve the commitment and contribution of funds and resources on behalf of the University toward construction of the Project in an amount not to exceed \$175 million.
- (3) Approve the commitment and contribution of University funds and resources toward the ongoing operation of the Project.
- (4) Authorize the President of the University to oversee the University's participation in the Project and Entity, including (a) the initial determination of whether to vote affirmatively in favor of the Decision to Proceed with construction, or to withdraw from the Project; (b) approval

and execution of documents reasonably required to accomplish the foregoing; (c) approval of modifications, addenda, or amendments thereto and; (d) to make University appointments to the Board of the Entity. This authority may not be redelegated.

C. ***Authorization to Retire and Refund Existing Tax-Exempt Debt Obligations for the Children's Hospital of Oakland by the UCSF Health System, San Francisco Campus***

The Committee recommended that:

- (1) The President of the University be authorized to retire and refund the existing Association of Bay Area Governments (ABAG) Finance Authority for Nonprofit Corporations Refunding Revenue Bonds (Children's Hospital and Research Center at Oakland) Series 2007A (the CHRCO Bonds) in an amount not to exceed \$55.5 million in outstanding principal, plus additional related financing cost, subject to the following conditions:
 - a. As long as the debt authorized to refinance the CHRCO Bonds is outstanding, UCSF Health System gross revenues shall be maintained in amounts sufficient to pay the debt service and meet the related requirements of the authorized financing.
 - b. The general credit of the Regents shall not be pledged.
- (2) The President of the University be authorized, after consultation with the General Counsel, to approve and execute a loan agreement between the Regents (on behalf of UCSF Health System) and the Children's Hospital and Research Center at Oakland for repayment of the authorized financing.
- (3) The President of the University be authorized, after consultation with the General Counsel, to approve and execute any documents necessary in connection with the above, and any amendments or modifications, provided such amendments or modifications do not materially increase the obligations of the Regents.

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

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

The Committee presented the following from its meeting of March 20, 2014:

A. ***Appointment of Regents to Standing Committees***

The Committee recommended that:

- (1) Regent Lozano be appointed to the Committees on Educational Policy and Health Services, effective immediately through June 30, 2014.
- (2) Regent Sherman be appointed to the Committees on Grounds and Buildings, Health Services, and Investments, effective immediately through June 30, 2014.

B. ***Appointment of Member to the Investment Advisory Group***

The Committee recommended that Robert Samuels be reappointed to the Investment Advisory Group to a term ending March 2015.

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

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

The Committee presented the following from its meeting of March 19, 2014:

A. ***Approval of the Budget and Approval of External Financing, Tolman Hall Seismic Replacement, Berkeley Campus***

The Committee recommended that:

- (1) The 2013-14 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Berkeley: Tolman Hall Seismic Replacement – preliminary plans, working drawings, construction and equipment – \$150 million, comprised of external financing serviced by campus funds (\$75 million) and external financing serviced by State appropriations under the AB 94 mechanism (\$75 million).
- (2) The scope of the replacement building shall be similar in use and total square footage to the existing Tolman Hall. The approval of the scope is contingent on the campus returning to the Regents with a more defined scope for their review and consideration.
- (3) The President of the University be authorized to obtain external financing in an amount not to exceed \$75 million. The President of the University shall require that:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (4) The President of the University be authorized to execute all documents necessary in connection with the above.

B. *Conforming Amendment of the 2014-15 Budget for State Capital Improvements*

The Committee recommended that, subject to the concurrence of the Committee on Finance, the amended 2014-15 Budget for State Capital Improvements be approved, as shown in Attachment 6.

C. *Approval of Preliminary Plans Funding, Biological and Physical Sciences Building, San Diego Campus*

The Committee recommended that the 2013-14 Budget for Capital Improvements be amended to include the following project:

San Diego: Biological and Physical Sciences Building – preliminary plans – \$4.5 million to be funded from campus funds.

D. *Approval of the Budget and Approval of Standby Financing and Interim Financing, Engineering VI – Phase 2, Los Angeles Campus*

The Committee recommended that:

- (1) The 2013-14 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Engineering VI – Phase 2 – preliminary plans, working drawings, and construction – \$72.7 million to be funded from gift funds.

- (2) The scope of the Engineering VI – Phase 2 project (the Project) shall be for construction of a 94,000-gross-square-foot facility to accommodate multidisciplinary information science and computation research programs of the Henry Samueli School of Engineering and Applied Science, including research laboratories and offices, an incubation laboratory for the translation of research to commercial use, and a technology-enabled

learning center equipped to serve both traditional and online engineering students.

- (3) The President of the University be authorized to obtain standby financing not to exceed \$15,211,000 for the Project. The President of the University shall require that:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. As long as the pledge balance is outstanding, the 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 of the University be authorized to obtain interim financing not to exceed \$44,017,000 for the Project. The President of the University shall require that:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. To the extent additional gifts are received as documented legally binding pledges, the interim financing will be converted to standby financing.
 - c. 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.
 - d. The general credit of the Regents shall not be pledged.
- (5) The President of the University be authorized to execute all documents necessary in connection with the above.

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

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

The Committee presented the following from its meeting of March 20, 2014:

Resolution to Exclude Access to Federal Classified Information

The Committee recommended that the resolution pertaining to the University's Department of Energy and Department of Defense Facility Security Clearances be approved, as shown in Attachment 7.

Upon motion of Regent Pattiz, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was approved.

11. AMENDMENT OF STANDING ORDER 100.4 – DUTIES OF THE PRESIDENT

In accordance with notice previously served and upon motion of Regent Reiss, duly seconded, the amendment of Standing Order 100.4 – Duties of the President as shown in Attachment 8 was 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 Oversight of the Department of Energy Laboratories, and the President of the University approved the following recommendation:

Approval of Resolution to Exclude Access to Federal Classified Information

Adoption of the resolution, shown in Attachment 9, pertaining to the University's Department of Energy and Department of Defense Facility Security Clearances.

- B. The Chairman of the Board, the Chair of the Committee on Compensation, and the President of the University approved the following recommendation:

Retention Salary Adjustment for Virginia McFerran, Chief Information Officer, UCLA Health Sciences, Los Angeles Campus**Background to Recommendation**

Action under interim authority was requested for a retention salary adjustment of 12.9 percent for Virginia McFerran as Chief Information Officer, UCLA Health Sciences, Los Angeles campus, effective January 1, 2014. The proposed salary adjustment will increase Ms. McFerran's base salary from \$354,300 to \$400,000.

Action under interim authority was requested in order to retain Ms. McFerran, who has received an employment offer from a competing health care institution.

Ms. McFerran currently serves as Chief Information Officer for the entire UCLA Health Sciences enterprise. She has played and continues to play a vital role in the successful implementation of the \$350 million “CareConnect” integrated electronic health record (EHR) project. The EHR project is one of several applications that will allow UCLA Health Sciences to measure clinical quality outcomes and comply with the “meaningful use” requirements of the American Recovery and Reinvestment Act of 2009. This includes using an EHR for functions that both improve and demonstrate the quality of care, such as e-prescribing, electronic exchange of health information, and submission of quality measures to the Centers for Medicare and Medicaid Services. In addition, Ms. McFerran supports the information technology elements associated with UCLA’s participation in the Clinical and Translational Science Institute, which is supported by an \$81.3 million National Institutes of Health (NIH) grant.

Ms. McFerran received a competitive offer at the upper end of the market scale for chief information officers employed in large health provider organizations. The growing salary pressure in this field is the result of the EHR government mandate and payer/consumer expectations. The 75th percentile for base salary in the applicable Market Reference Zone (MRZ) is \$362,000 and the 90th percentile is \$420,000. The base salary proposed here for Ms. McFerran is 10.5 percent above the 75th percentile of the MRZ and 4.8 percent below the 90th percentile of the MRZs. The annual revenue of the UCLA Health Sciences enterprise is \$3.4 billion. Given Ms. McFerran’s experience and scope of responsibilities, the proposed salary is appropriate for Ms. McFerran.

Due to the aggressive employment offer made to Ms. McFerran, action under interim authority was requested to ensure retention of this key executive who plays a critical and central role for UCLA Health Sciences.

This position is funded from non-State funds.

Recommendation

The following items were approved in connection with a retention salary adjustment for Virginia McFerran as Chief Information Officer, UCLA Health Sciences, Los Angeles campus:

- (1) Per policy, continued appointment as Chief Information Officer at 100 percent time.
- (2) Per policy, a salary adjustment of 12.9 percent, increasing Ms. McFerran’s annual base salary from \$354,300 to \$400,000.
- (3) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary (\$60,000) and a maximum potential award of

25 percent of base salary (\$100,000). The actual award will be based on performance against pre-established objectives.

- (4) Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program of five percent of base salary.
- (5) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable requirements.
- (6) 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 after five years of Senior Management Group service).
- (7) This action will be effective January 1, 2014.

Recommended Compensation

Effective Date: January 1, 2014

Base Salary: \$400,000

Clinical Enterprise Management Recognition Plan (CEMRP): \$60,000 (at 15 percent target rate)

Target Cash Compensation:* \$460,000

Market Reference Zone: (25th%: \$285,000, 50th%: \$316,000, 60th%: \$334,000, 75th%: \$362,000, 90th%: \$420,000)

Funding: non-State-funded

Budget &/or Prior Incumbent Data

Title: Chief Information Officer, UCLA Health Sciences

Base Salary: \$354,300

Clinical Enterprise Management Recognition Plan (CEMRP): \$53,145 (at 15 percent target rate)

Target Cash Compensation:* \$407,445

Market Reference Zone: (25th%: \$285,000, 50th%: \$316,000, 60th%: \$334,000, 75th%: \$362,000, 90th%: \$420,000)

Funding: non-State-funded

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

**COMPETITIVE ANALYSIS FOR CHIEF INFORMATION OFFICER –
MEDICAL CENTER**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
	25 th	50 th	60 th	75 th	90 th		25 th	50 th	60 th	75 th	90 th
Market Data	\$285K	\$316K	\$334K	\$362K	\$420K	Market Data	\$363K	\$436K	\$463K	\$529K	N/A
% Difference from Market	40.4%	26.6%	19.8%	10.5%	-4.8%	% Difference from Market	26.7%	5.5%	-0.6%	-13%	N/A

Survey Source: Council of Teaching Hospitals (COTH) Custom Analysis survey
4A and 4B module

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

Submitted by: UCLA Chancellor Block
Reviewed by: President Napolitano
 Committee on Compensation Chair Kieffer
 Office of the President, Human Resources

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 February 4 and March 4, 2014.

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 Compensation

- A. From the President, the Annual Health Sciences Compensation Plan. (February 7, 2014)
- B. From the President, Report of Academic Personnel Salaries Above the Indexed Compensation Level. (February 14, 2014)
- C. From the President, the Biannual Transaction Monitoring Report for Deans and Faculty Administrators. (February 14, 2014)

To Members of the Committee on Finance

- D. From the Office of the General Counsel, the New Litigation Report, October 1 through December 2, 2013. (January 16, 2014)
- E. From the President, the Debt Capital and External Finance Report. (January 28, 2014)
- F. From the President, the Annual Report on Employee Housing Assistance Programs 2012-13. (January 28, 2014)
- G. From the President, Report on Expenditures of the Associates of the Chancellors. (February 24, 2014)

To the Regents of the University of California

- H. From the President, recommendations based on the Moreno Report findings. (January 24, 2014)
- I. From the President, the Health Sciences Compliance Annual Report 2012-13. (January 17, 2014)
- J. From the President, notice that Chancellor Drake will resign from UC to become president of Ohio State University. (January 30, 2014).
- K. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of January. (February 4, 2014)
- L. From the President, the Biannual Senior Management Compensation Report. (February 3, 2014)
- M. From the President, the Biannual Compensation Report for Certain Athletic Positions and Coaches. (February 3, 2014)
- N. From the Office of the General Counsel, the Annual Report of Outside Counsel Expenses. (February 6, 2014)
- O. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of February. (March 4, 2014)

15. RESOLUTION IN APPRECIATION – SUSAN DESMOND-HELLMANN

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

WHEREAS, the Board of Regents of the University of California wishes to extend its deep and lasting gratitude to Susan Desmond-Hellmann as she prepares to leave the

chancellorship of the University of California, San Francisco following a tenure of distinguished service and uncommon devotion to the University and her campus as UCSF's ninth Chancellor; and

Whereas, a highly respected physician, cancer researcher, and biotechnology leader, she earned her medical degree from the University of Nevada, Reno and a master's degree in public health from the University of California, Berkeley; performed her residency at UCSF, where she served as chief resident, and served as associate adjunct professor of epidemiology and biostatistics, which included two years studying HIV/AIDS at the Uganda Cancer Institute, after which she entered the biotechnology industry, ultimately serving as President of Product Development at Genentech, where she was credited with bringing innovative, life-saving cancer medications to market; and

WHEREAS, she has successfully applied her considerable experience and superb administrative skills to further advance the already sterling reputation of the San Francisco campus, which has resulted in UCSF's professional schools and graduate division ranking among the most prestigious health sciences programs in the nation and the Medical Center being recognized as one of our country's finest hospitals; and;

WHEREAS, under her insightful stewardship, UCSF achieved breakthroughs in research, clinical practice, and education that set new standards for quality care, advanced biomedical research policy at the national and international level, garnered more funding from the National Institutes of Health than any other public institution; and her astute leadership and strategic vision were key to the development of the new women's, children's and cancer hospitals at the UCSF Mission Bay complex, to advancements in the practice of precision medicine, and to strengthening UCSF's public service commitments;

WHEREAS, as the first woman chancellor of the University of California, San Francisco, she has served as a role model for women of all ages, and has been widely hailed for her scientific and scholarly achievement, most notably through her election to the Institute of Medicine and to the American Academy of Arts and Sciences, her recognition by *Forbes* magazine as one of the world's seven most powerful innovators and "a hero to legions of cancer patients," as one of *Fortune* magazine's "top 50 most powerful women in business," as the recipient of a biotechnology lifetime achievement award from BayBio, and as the recipient of an honorary Doctor of Science degree from Princeton University;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their sincere appreciation to Susan Desmond-Hellmann for her exceptional service to the University, their regret at the loss of this dynamic leader, but also their pleasure at her personal success as she assumes the role of Chief Executive Officer of the Bill and Melinda Gates Foundation;

AND BE IT FURTHER RESOLVED that this resolution be presented to Sue and her husband, Nick, as a lasting reminder of the Board's high regard and admiration, its

affectionate best wishes for happiness in the years to come, and their pleasure at her continuing association with the University as a distinguished member of its faculty.

Regent Lansing praised Chancellor Desmond-Hellmann as a physician, a cancer researcher, and a leader who had created an environment of collaboration at UCSF, and who is receptive to new ideas and innovation. During her tenure, UCSF had experienced many breakthroughs. The new women's, children's, and cancer hospitals would remain as Chancellor Desmond-Hellmann's legacy, practicing the best medicine and saving lives. Chancellor Desmond-Hellmann is an outstanding embodiment of the UC mission of public service.

Chancellor Desmond-Hellmann stated that she would be proud to remain a UC faculty member and that it had been a privilege to serve at UCSF.

16. **RESOLUTION IN APPRECIATION – MARSHA KELMAN**

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

WHEREAS, the Regents of the University of California wish to express their heartfelt appreciation and deep affection to Marsha Kelman upon the occasion of her retirement as Secretary and Chief of Staff to The Regents; and

WHEREAS, although a relative newcomer to the University of California, she has served this Board and this University with unerring loyalty, professionalism, integrity, and dedication, maintaining and promoting exemplary standards in the oversight and execution of Board policies and procedures and in carrying out the many responsibilities essential to the work and smooth running of the Board of Regents; and

WHEREAS, recognizing the need for her expertise as one of the nation's leading authorities on the analysis of institutional data at universities and as an early proponent and implementer of accountability initiatives in higher education, in 2009, President Mark G. Yudof appointed her Associate Vice President for Policy Analysis and Interim Chief of Staff to the President, responsible for providing guidance in the proactive development of policy initiatives on the University's behalf and for providing the highest level of organizational and leadership skills to many significant projects, including the proceedings of the UC Commission on the Future; and

WHEREAS, with her appointment as Secretary and Chief of Staff to The Regents in 2011, she has contributed greatly to the policymaking and strategic planning goals of the University, fostering collegial and productive relationships with the UC administration, overseeing the expansion of student participation at Board meetings, and ensuring the Regents' innumerable logistical, legal, and administrative requirements were consistently met, thereby ensuring the smooth and effective administration of the Board; and

WHEREAS, she has served Chairman Sherry Lansing and Chairman Bruce Varner with dedication and commitment, helping to marshal consensus among the members of the

Board and student leaders, implementing processes to significantly streamline Board meetings, as well as overseeing the introduction of electronic technology in the form of electronic board books and the video streaming and online archiving of the Board's meetings to assist the Regents in the effective use of their time and in providing the public with ready access to the Board's decision-making process; and

WHEREAS, her long career in higher education has been characterized by an innate ability to assume and to excel in positions of increasing responsibility, from data analysis to presidential Chief of Staff, to Secretary and Chief of Staff to The Regents, in all combining intelligence with personal charm and a warm, winning personality that have informed and often delighted the Board of Regents and her many colleagues, the latter of whom have greatly enjoyed and benefitted from her presence at the Office of the President; and

WHEREAS, in recognition of her devoted and steadfast commitment to the Board of Regents and the University of California community of learning, the Regents do hereby confer upon Marsha Kelman the title, Secretary Emerita;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California take pleasure in honoring Marsha Kelman, in conveying to her their heartfelt appreciation for the pleasure of her company and warm friendship, for her graciousness and oftentimes irreverent humor, and for a lifetime of distinguished service in public higher education;

AND BE IT FURTHER RESOLVED that the Regents wish this sassy daughter of the Lone Star State great happiness as she returns to her Texas roots to enjoy good barbeque and quality time with friends and family and direct that a suitably inscribed copy of this resolution be presented to her as a symbol of the Board's highest regard and affectionate good wishes.

Regent Lansing thanked Secretary and Chief of Staff Kelman for her outstanding service to the Regents, underscoring her knowledge, devotion to the University, organizational abilities, foresight, calm approach to addressing difficult situations, receptivity to new ideas, ability to consider different sides of an issue, and sense of humor. Ms. Kelman had effectively brought the University's various constituents together in successful lobbying for the passage of Proposition 30 and made significant contributions to launching of the Working Smarter initiative and to instituting improvements at the campus student health centers. The work of the Regents had become more efficient during her tenure, including the adoption of new electronic media.

Ms. Kelman thanked her team and the Board for their kindness and support.

The meeting adjourned at 12:00 p.m.

Attest:

Secretary and Chief of Staff

Deliverables

Financial Statement Audit Opinions

- **University of California Systemwide Financial Statements**
- **Each of the five University Medical Centers**
- **University of California Retirement System**
- **University Captive Insurance Company**

Additional Reports

- **Single Audit of Federal Funds expended in accordance with OMB Circular A-133**
- **Report on the University of California Cash Contributions to the Retirement System**
- **Agreed-upon procedures related to the Mortgage Origination Loan Program**
- **Agreed-upon procedures related to NCAA requirements (6 campuses)**

Internal Controls

- **Letter to Regents on internal control deficiencies that are considered Significant Deficiencies and/or Material Weaknesses**

Required Communications

- **Audit Plan**
- **Audit results and required communications relating to the conduct of the audit**

Fees

UC Entity/Report	2014 Fees
UC Consolidated Entity	\$ 1,370,250
Single Audit (A-133 Audit)	393,900
Medical Center Audits	1,096,470
University of California Retirement System Audits	152,300
NCAA Agreed-Upon Procedures	85,925
Mortgage Origination Program Agreed-Upon Procedures	9,280
UC Captive Insurance Company Audit	28,600
UC Retirement Plan's Schedule of Cash Contributions	4,910
UCLA Medical Center Bond Opinion	2,455
Consolidated Form 990T Review	15,200
Total	\$ 3,159,290

Additions shown by underscoring; deletions shown by strikethrough

Proposed Revisions to Internal Audit Charter

Internal Audit Charter

(Charter Revised May 2011, Vision and Mission Sections Revised March 2014)

Policy Statement

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

Vision

UC Internal Audit will be a universally recognized knowledgeable, collaborative and trusted resource on governance, risk management and control.

Mission

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

Authority

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

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

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

Independence and Reporting Structure

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

The Senior Vice President - Chief Compliance and Audit Officer (CCAO) has a direct, independent line reporting relationship to both The Regents, communicating directly with the Board of Regents and the Regents Committee on Compliance and Audit regarding all elements of meaningful compliance and audit programs, including providing annual reports on compliance with applicable laws, regulations, and University policies. The CCAO shall also consult with and advise the President on compliance and audit activities. and the President. For administrative logistics, the CCAO has a dotted reporting line to the Executive Vice President—Business Operations. The CCAO has established an active channel of communication with the Chair of The Regents' Committee on Compliance and Audit, as well as with campus executive managements, on audit matters. The CCAO has direct access to the President and The Regents' Committee on Compliance and Audit. In addition, the CCAO serves as a participating member on all campus compliance oversight/audit committees.

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

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

IADs may take directly to the respective Chancellor or Laboratory Director, the CCAO, the President, or The Regents matters that they believe to be of sufficient magnitude and importance. IADs shall take directly to the CCAO who shall report to the President and The Regents' Committee on Compliance and Audit Chair, any credible allegations of significant¹ wrongdoing (including any wrongdoing for personal financial gain) by or about a Chancellor, Executive Vice Chancellor or Vice President, or any other credible allegations that if true could cause significant harm or damage to the reputation of the University.

If Chancellors/Laboratory Director, when pursuant to their re-delegation authority, designate a position to whom the IAD shall report, that position shall be at least at the Vice Chancellor/Deputy Laboratory Director level and the Chancellor/Laboratory Director shall

¹ "Significant" as defined by generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA). The International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors also refer to "significant risk exposures and control issues..."

retain responsibility for: approval of the annual audit plan; approval of local audit committee/work group charter; and shall meet with the IAD at least annually to review the state of the internal audit function and the state of internal controls locally. When reporting responsibility is re-delegated, IADs also have direct access to Chancellors/Laboratory Directors as circumstances warrant.

Scope of Work

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

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

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

Nature of Assurance and Consulting Services

IA performs three types of projects:

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

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

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

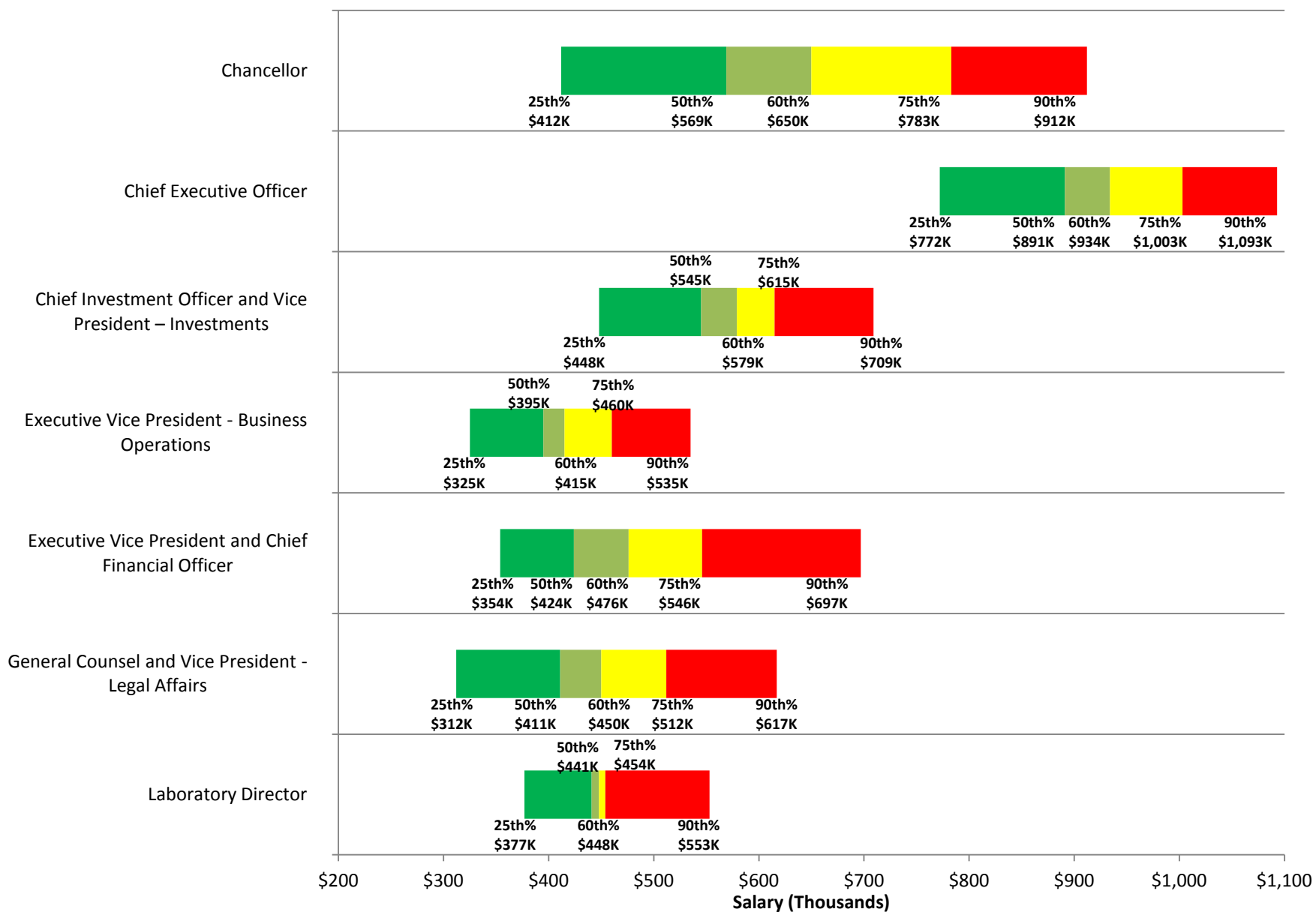
Mandatory Guidance

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

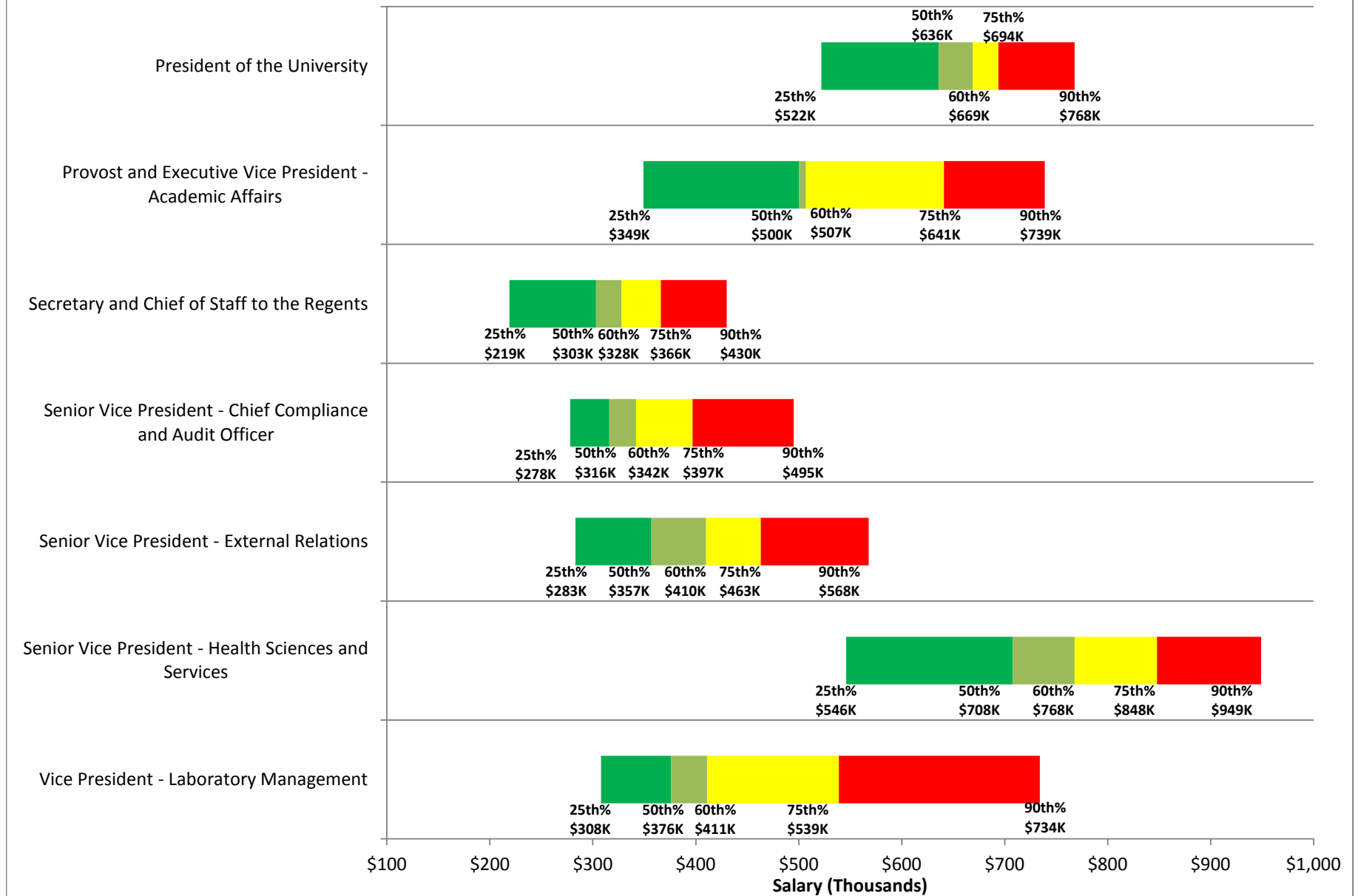
Certain Personnel Matters

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

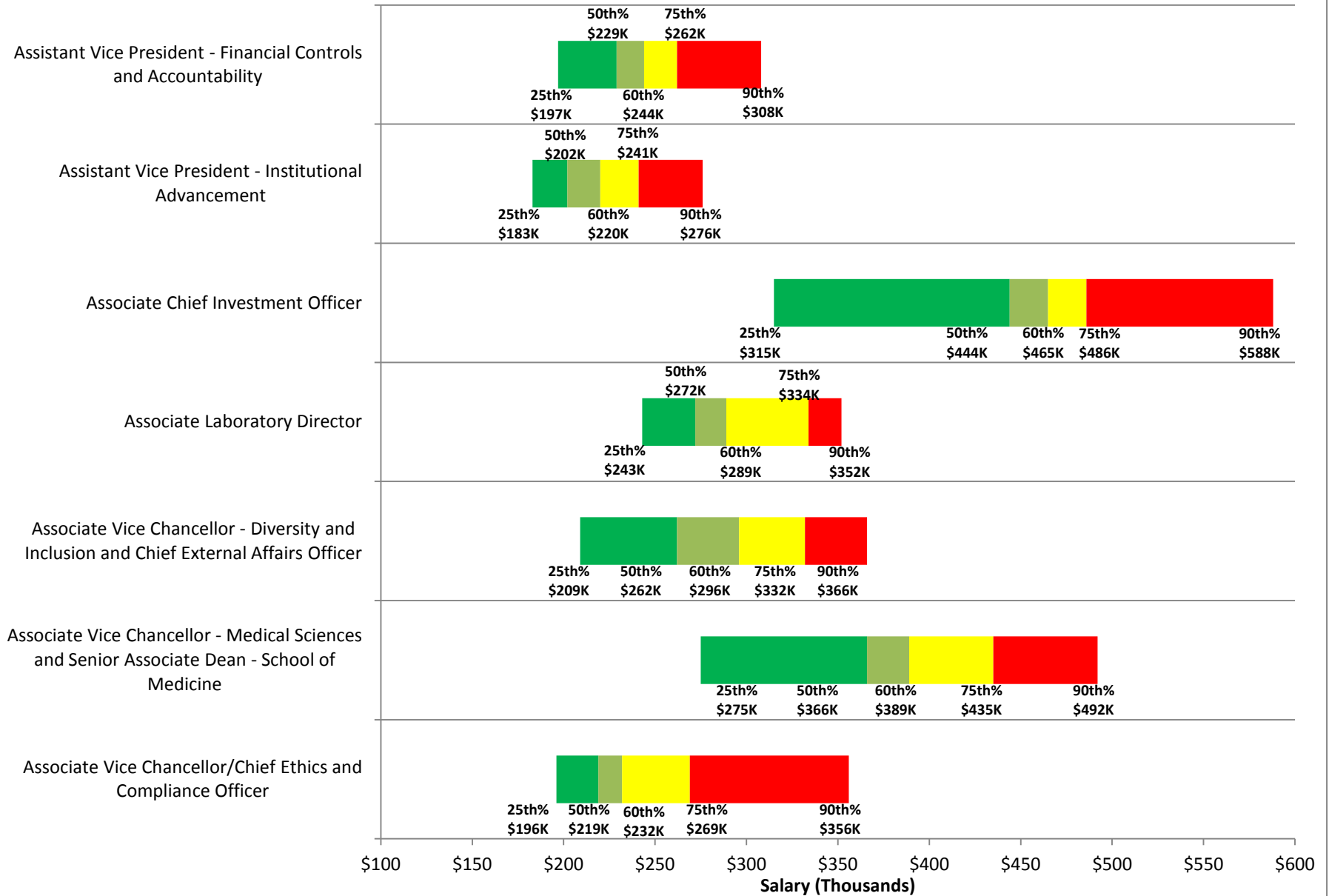
SMG Level One Market Reference Zones



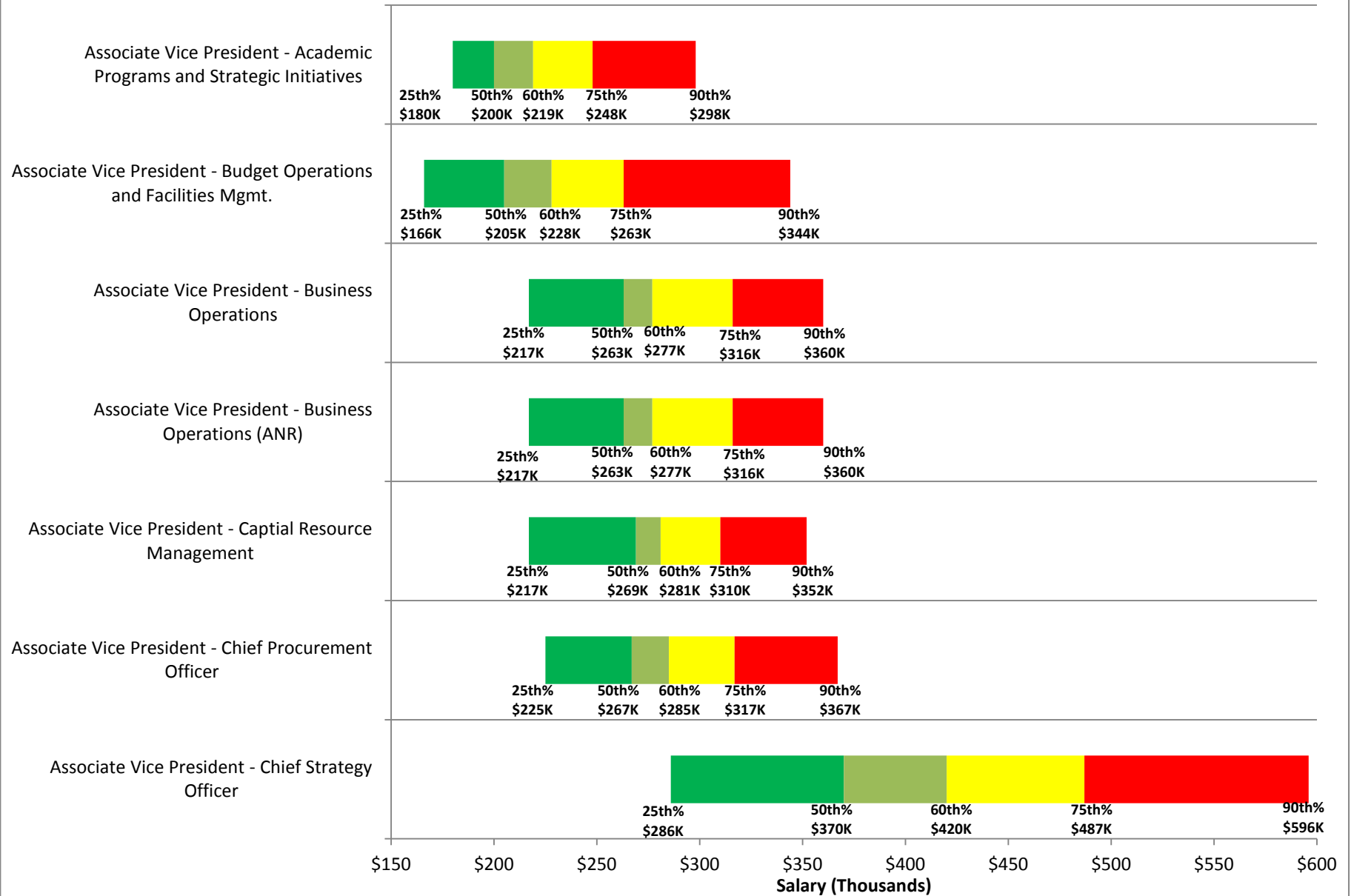
SMG Level One Market Reference Zones



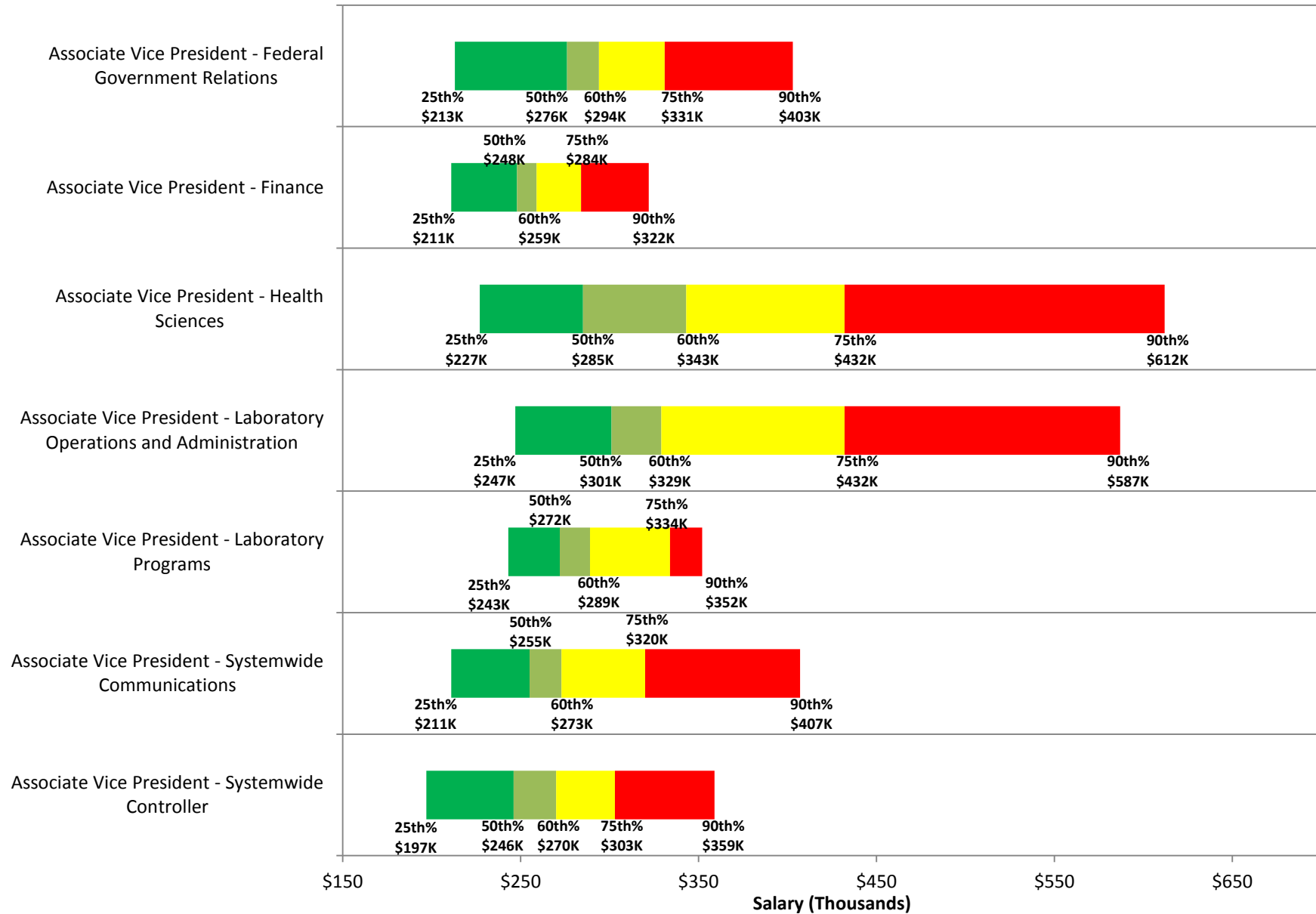
SMG Level Two Market Reference Zones



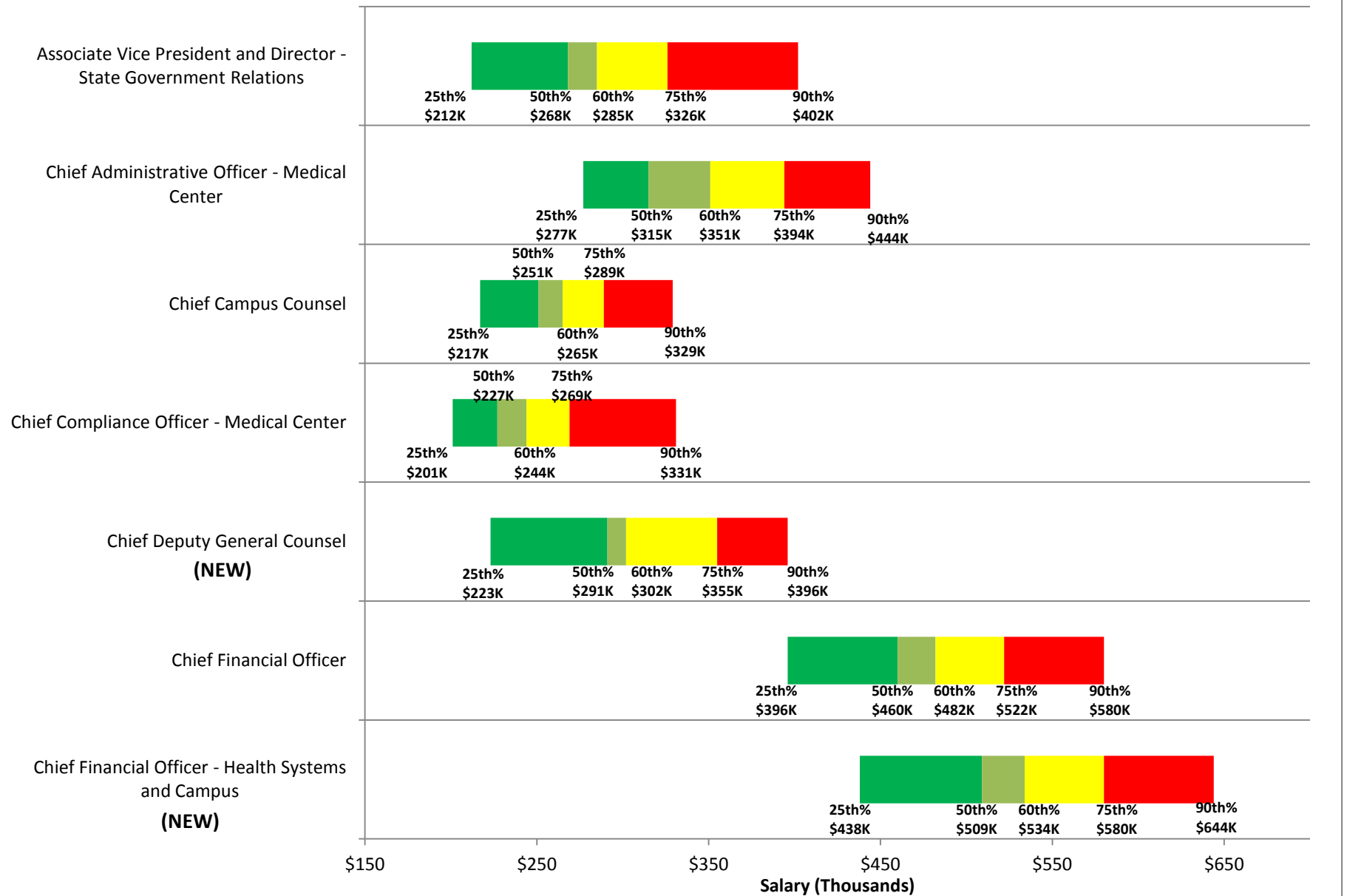
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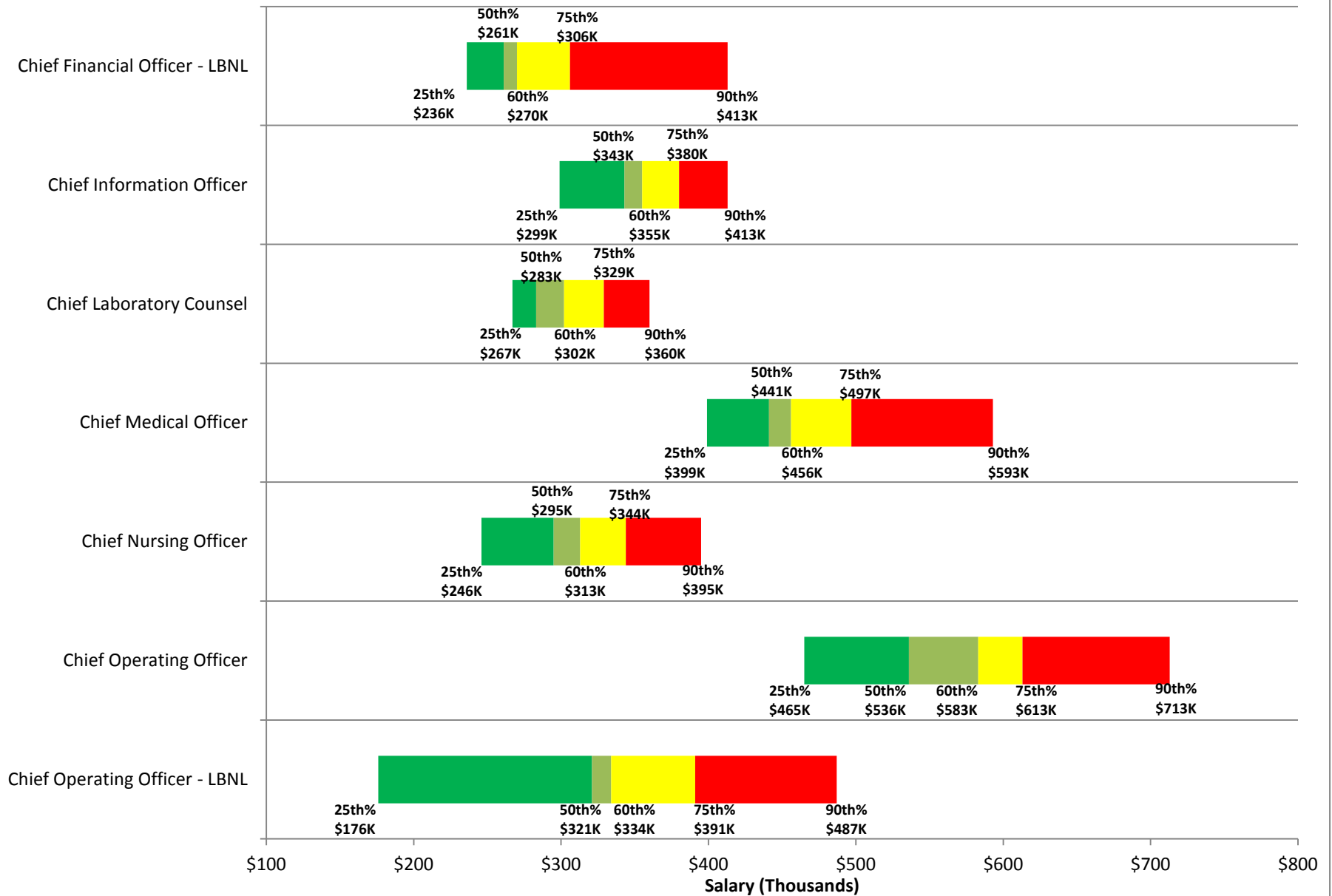
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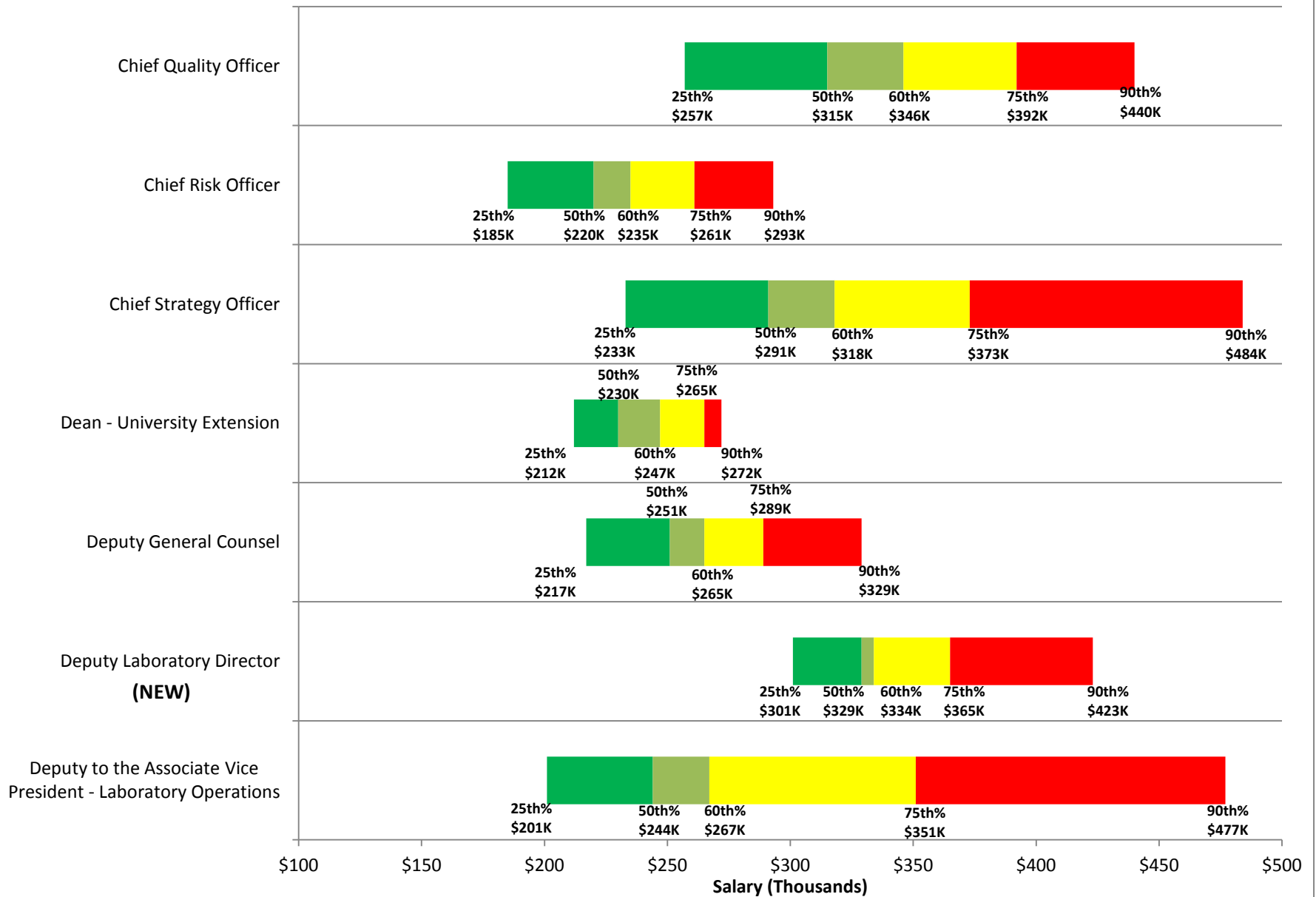
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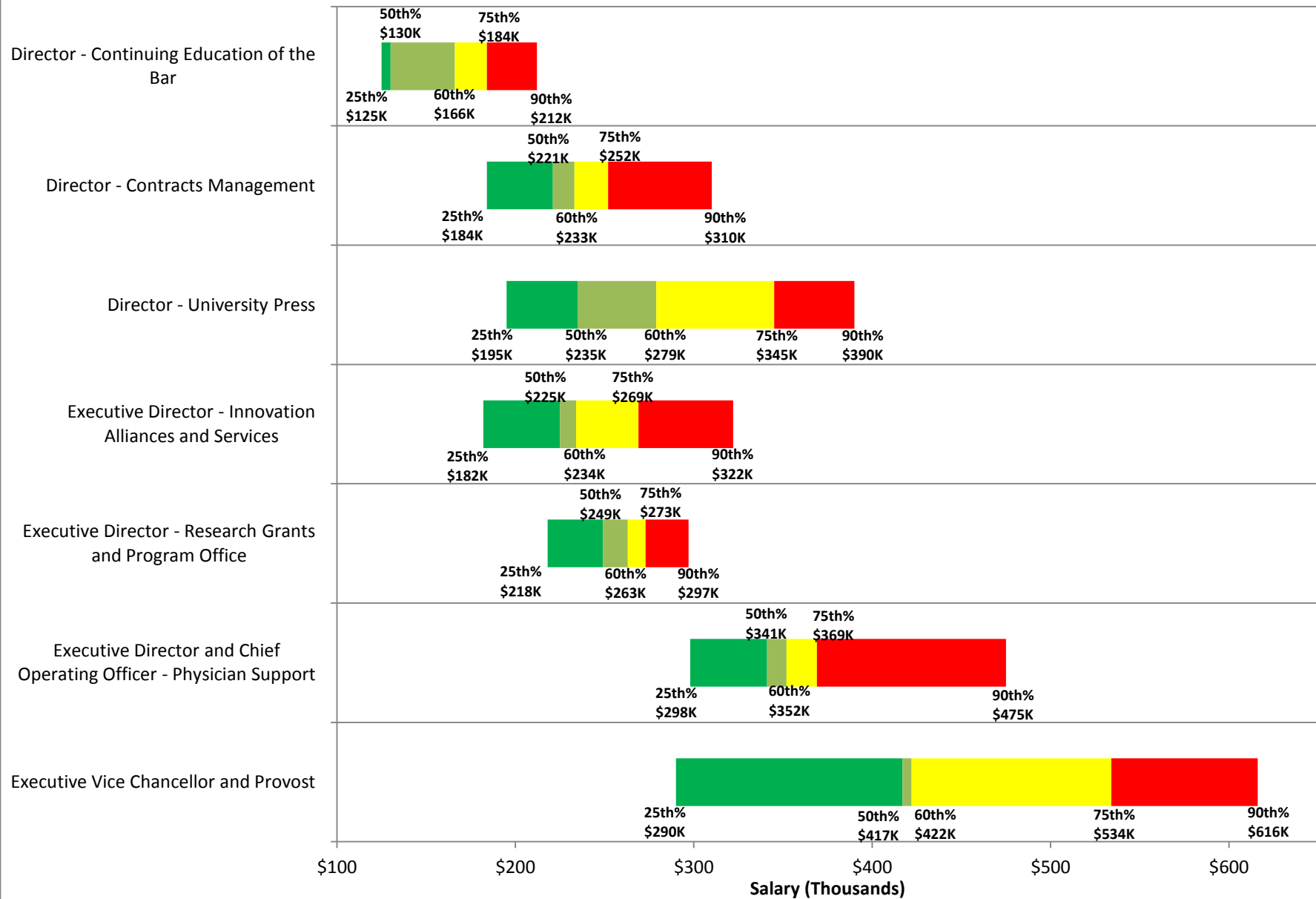
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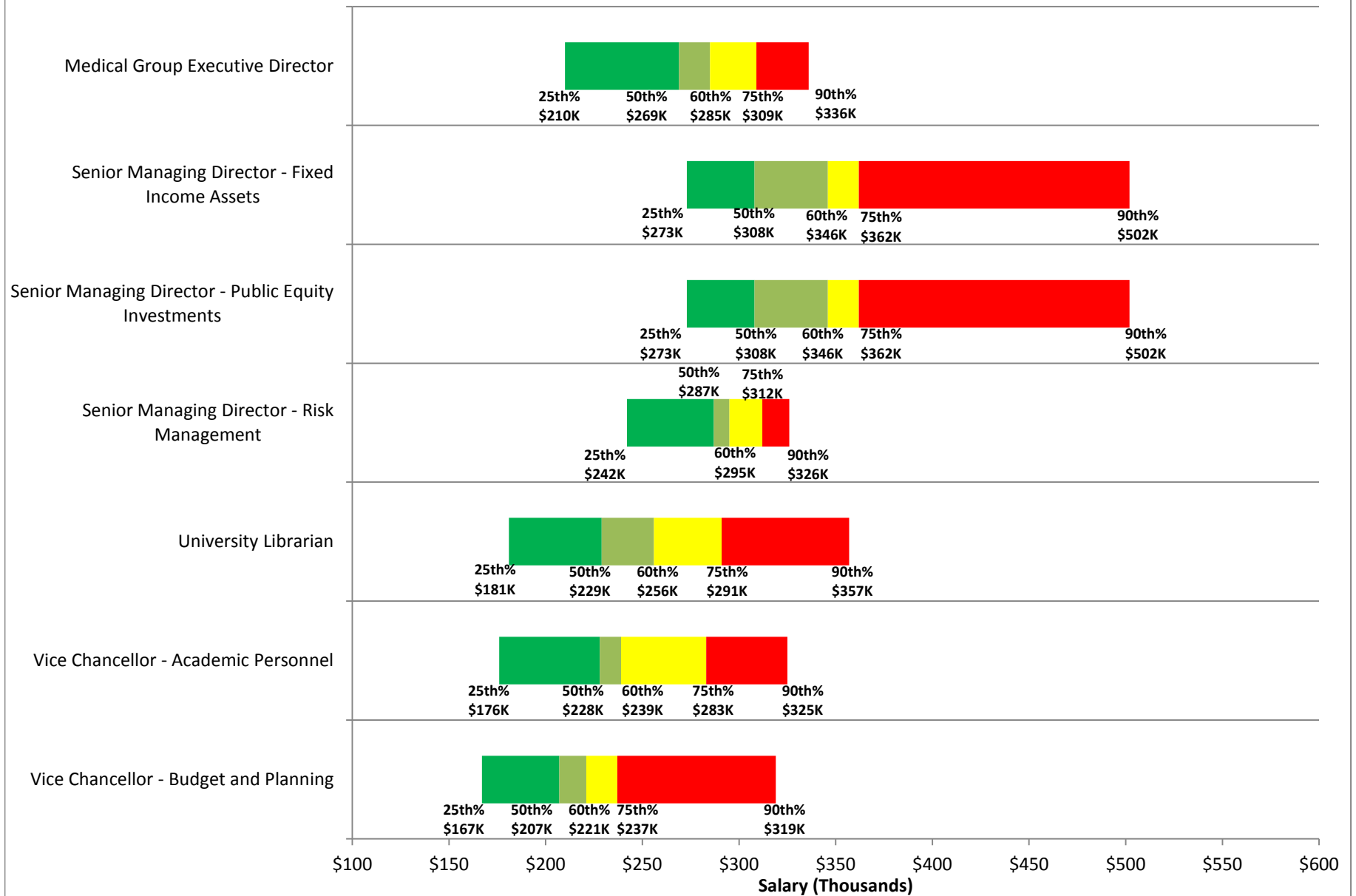
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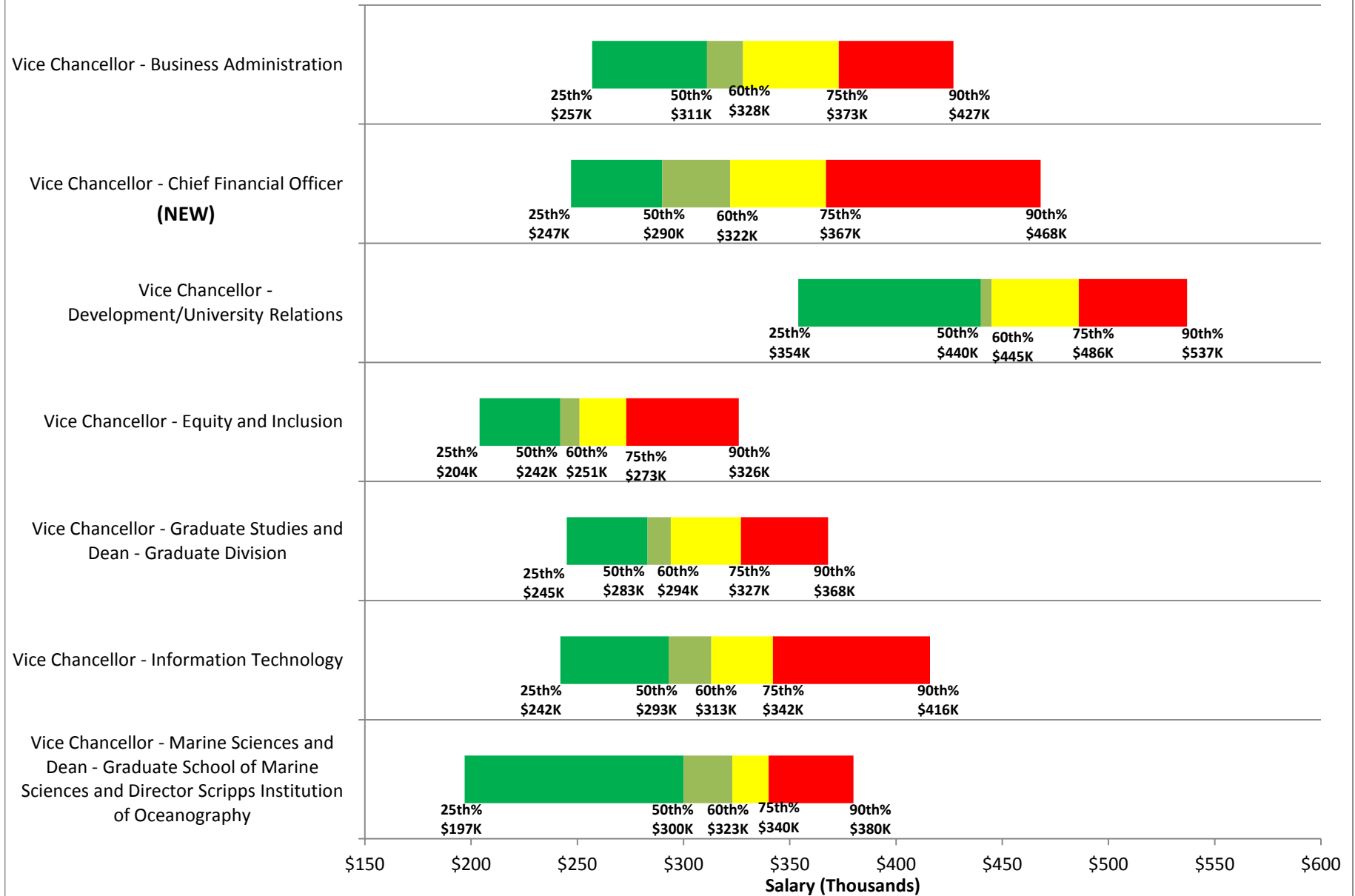
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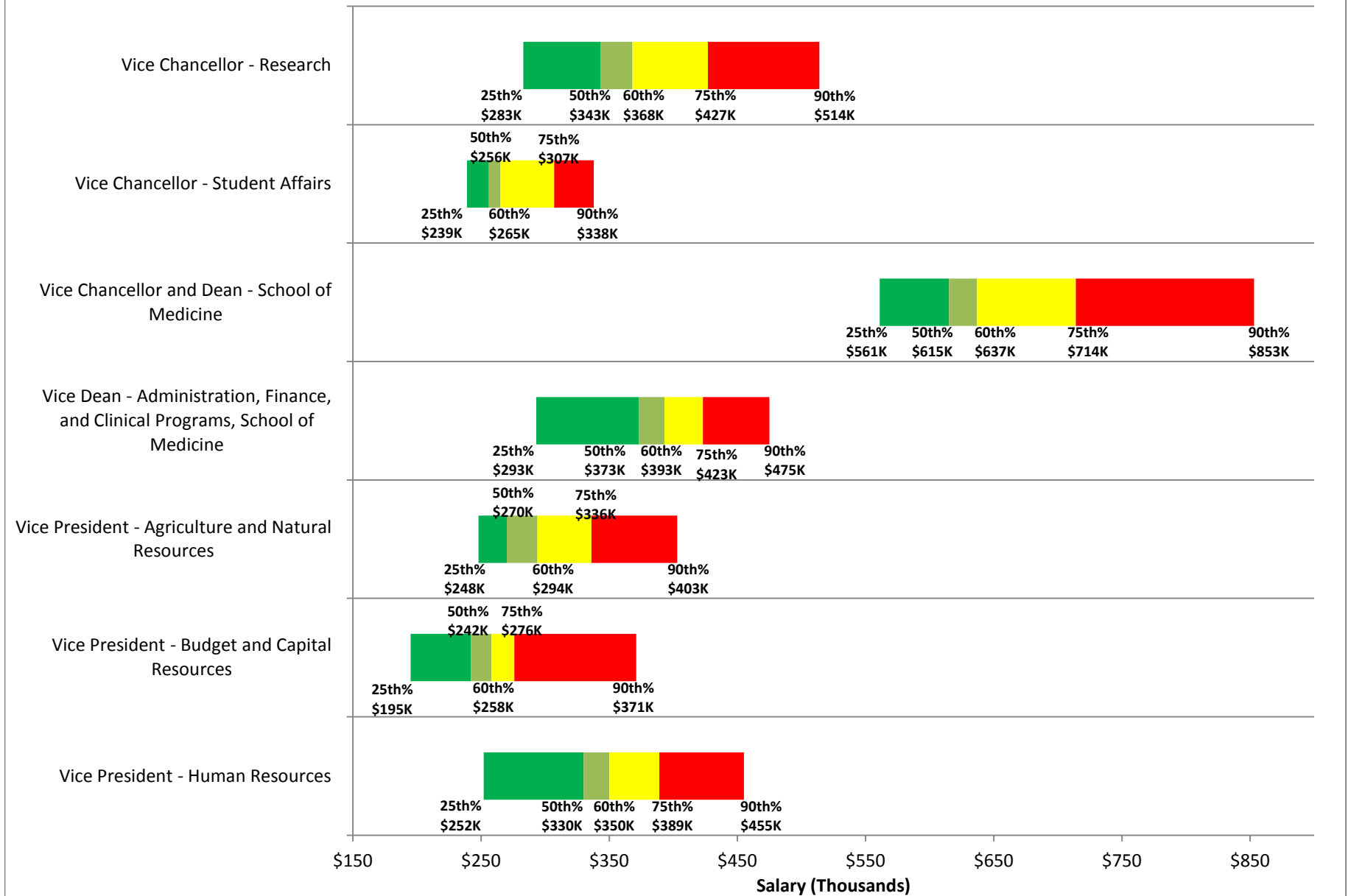
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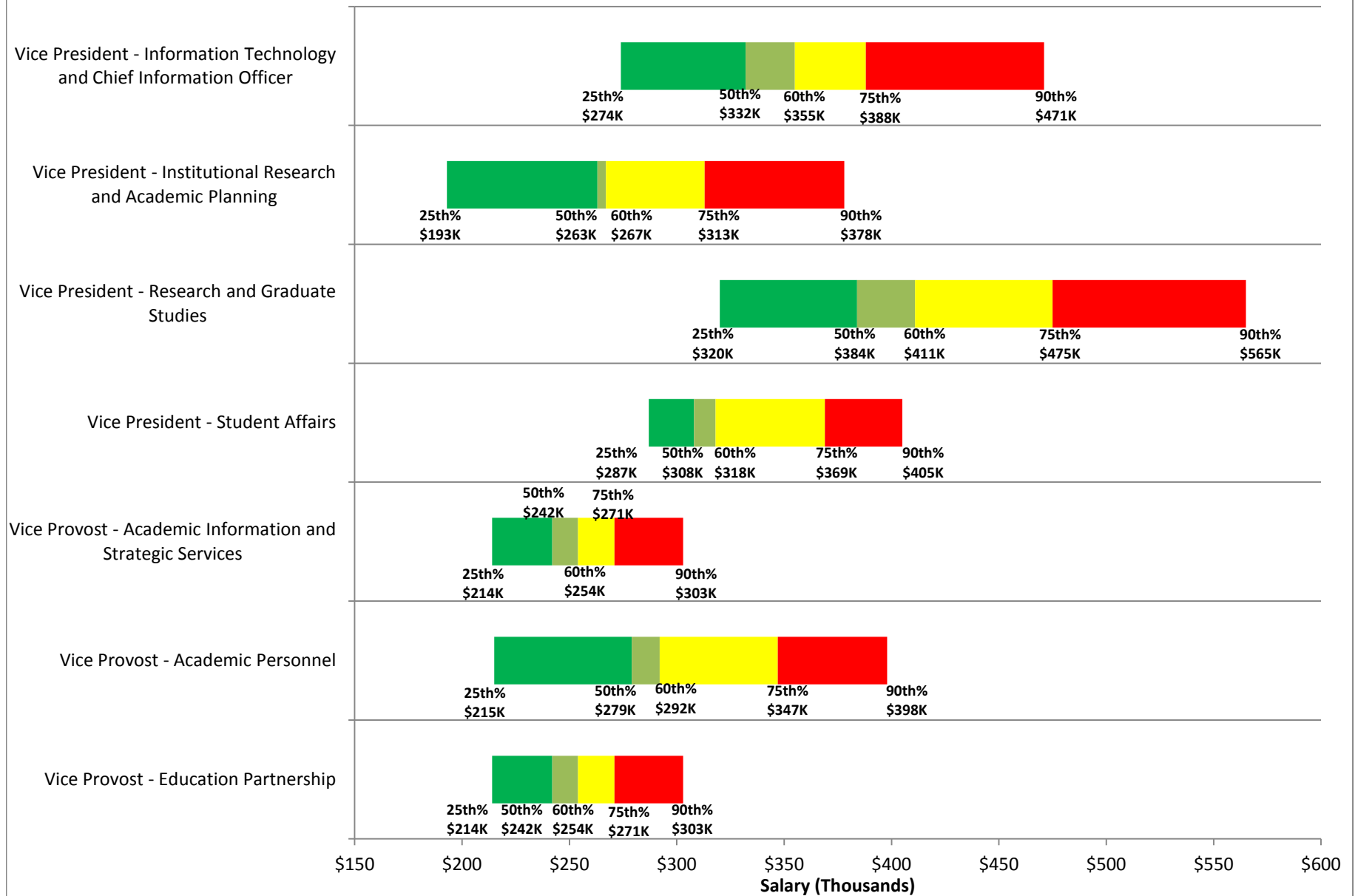
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Additions shown by underscoring; deletions shown by strikethrough

REGENTS POLICY 5201: POLICY ON FUNDRAISING CAMPAIGNS

1. Fundraising campaigns are defined as organized efforts to solicit gifts and grants for any University purpose from multiple private sources such as individuals, firms, corporations, groups, and/or foundations. This Policy applies to all forms of fundraising campaigns for the benefit of the University whether conducted by the University, Campus Foundations, University Support Groups, or individuals or organizations outside the University. The Policy does not apply to instances when family or friends of a deceased person announce that contributions may be sent to the University in lieu of other remembrances.
2. The President shall submit for ~~review and recommendation~~ endorsement by the Committee on Educational Policy any proposal:
 - a. ~~for the public phase of a fundraising campaign with a goal of \$50,000,000~~
(\$250,000,000) or more;
 - b. ~~for a campaign which involves the solicitation of real property or funds for the purchase of real property.~~
3. The President is authorized to approve all other fund-raising campaigns, including the initial phases of campaigns with goals of ~~\$50,000,000~~ \$250,000,000 or more, provided that fundraising campaigns for support of capital improvement projects shall be approved only if the project has been approved for inclusion in the Capital Improvement Program.
4. The conduct of all fundraising campaigns shall be subject to the following conditions:
 - a. All fundraising activities shall conform with established University programs and policies.
 - b. Fundraising activities shall not obligate the University to expend funds in excess of budgeted items.
 - c. A capital improvement project shall be subject to completion of the environmental review process in accordance with the California Environmental Quality Act and subsequent approval of the site and design of the project.

Additions shown by underscoring; deletions shown by strikethrough

2014-15 BUDGET FOR STATE CAPITAL IMPROVEMENTS (\$000s)
CCCI 6151

CAMPUS	PROJECT	PHASE	2014-15 REQUEST	FUTURE STATE FUNDS	NON- STATE FUNDS
ANR	Intermountain Research Extension Center	PW	\$ 200	\$ 1,786	\$ 100
DV	Walker Hall Renewal & Seismic Corrections	C	27,917	509	
DV	Chemistry Seismic & Life Safety	PW	3,482	30,418	
IR	Business Unit 2	E	1,094		3,281
IR	Primary Electrical Improvements Step 4	DC	19,462		
MC	Central Plant/Telecomm Reliability Upgrade	C	15,183		
SD	Campus Life/Safety Improvements	WD	49,010		
SB	Infrastructure Renewal Phase 1	C	12,136		
SC	Coastal Biology Building	C	64,127	1,100	
SC	Life Safety Upgrades	PWC	10,201		
<u>B</u>	<u>Tolman Hall Seismic Replacement</u>	<u>DC</u>	<u>\$ 75,000</u>		<u>\$75,000</u>
	TOTAL STATE PROGRAM		<u>\$ 202,812</u>		<u>3,381</u>
			<u>\$ 277,812</u>	\$ 33,813	<u>\$ 78,381</u>

Additions shown by underscoring; deletions shown by strikethrough

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CCCI 6151

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	TOTAL STATE PROGRAM		<u>\$ 202,812</u>		<u>3,381</u>
			<u>\$ 277,812</u>	\$ 33,813	<u>\$ 78,381</u>

RESOLUTION

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable her to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Monica Lozano	Regent

Additions shown by underscoring; deletions shown by strikethrough

STANDING ORDER 100.4

DUTIES OF THE PRESIDENT OF THE UNIVERSITY

100.4 Duties of the President of the University

(q)(1)

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

(q)(2)

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

The President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed \$60 million. However, the following shall be approved by the Board: (1) projects with a total cost in excess of \$60 million, ~~(2) for projects in excess of \$60 million, any modification in project cost over standard cost-rise augmentation in excess of 25%, or~~ (23) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications. The President is authorized to approve an increase in project cost as long as the total augmented project cost remains under \$60 million; for augmented projects resulting in a total project cost in excess of \$60 million, the augmented project shall be approved by the Board.

This paragraph shall become inoperative and is repealed on March 31, 2015 ~~March 31, 2014~~, unless a later Regents' action, that becomes effective on or before March 31, 2015 ~~March 31, 2014~~, deletes or extends the date on which it becomes inoperative and is repealed.

(nn)(1)

Except as provided in paragraph (nn)(2) below, the President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including \$10 million for the planning, construction, acquisition, equipping, and improvement of projects. The President is also authorized to obtain external financing for amounts in excess of \$10 million up to and including \$20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken to obtain external financing for amounts in excess of \$10 million up to and including \$20 million be reported at the next following meeting of the Board. External financing in excess of \$20 million requires Board approval. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.

(nn)(2)

This paragraph shall apply exclusively to capital projects for those campus entities approved by the Committee on Grounds and Buildings for inclusion in the pilot phase of the Delegated Process for Capital Improvement Projects.

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

foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.

This paragraph shall become inoperative and is repealed on March 31, 2015 ~~March 31, 2014~~, unless a later Regents' action, that becomes effective on or before ~~March 31, 2014~~ March 31, 2015, deletes or extends the date on which it becomes inoperative and is repealed.

RESOLUTION

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Richard Sherman	Regent