THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 23, 2015

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

Members present: Regents Blum, Davis, De La Peña, Elliott, Gorman, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Oved, Pérez, Reiss, Ruiz, Sherman, Torlakson, Varner, and Zettel

In attendance: Regent-designate Brody, Faculty Representatives Gilly and Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Senior Vice President Henderson, Vice Presidents Duckett and Sakaki, Chancellors Block, Blumenthal, Dirks, Hawgood, Katehi, Khosla, and Wilcox, and Recording Secretary Johns

The meeting convened at 10:55 a.m. with Chairman Lozano presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of May 21 and the meeting of the Committee of the Whole of May 21, 2015 were approved.

2. **REPORT OF THE PRESIDENT**

The President presented her report concerning University activities and individuals. Regent Kieffer, who is also a composer and songwriter, had composed a fanfare that would be performed at the opening of the Special Olympics World Games in Los Angeles. The New York Academy of Sciences and the Blavatnik Family Foundation recently selected three UC faculty members for the 2015 Blavatnik National Awards for Young Scientists, Associate Professor Edward Chang of UCSF, Assistant Professor Christopher Chang of UC Berkeley, and Professor Syed Ali Jafar of UC Irvine. These awards recognize the nation's most exceptional young scientists. This was the first time all three winners came from one university system. The previous month, six UC faculty, from Merced, Berkeley, Irvine, and San Diego, were among the 22 scientists named as Pew Scholars in the Biomedical Sciences. The Pew Scholars program encourages early-career scientists to pursue promising research. The previous week, President Napolitano had presented the UC Presidential Medal to Charles Feeney, founder of the Atlantic Philanthropies, one of the largest private foundations in the world, and a major donor to the UCSF Mission Bay campus since its inception. Mr. Feeney's generous investments in medical research, education, and delivery of health care at UCSF would have a lasting and far-reaching effect.

President Napolitano concluded by reporting the decease the previous week of Julius Krevans (1924-2015), the fifth Chancellor of UCSF. Dr. Krevans came to UCSF in 1971 as Dean of the School of Medicine, a position he held until 1982, when he was appointed Chancellor. Under his leadership, UCSF attracted many women and minority students to careers in health sciences and strengthened its community outreach programs. Dr. Krevans retired in 1993.

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

The Committee presented the following from its meeting of July 21, 2015:

A. ***Approval of Internal Audit Plan for 2015-16***

The Committee reported its approval of the Internal Audit Plan for 2015-16.

B. ***Approval of Ethics and Compliance Program Plan for 2015-16***

The Committee reported its approval of the Ethics and Compliance Program Plan for 2015-16.

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

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

The Committee presented the following from its meeting of July 23, 2015:

A. ***Establishment of New Senior Management Group Position of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, and the Market Reference Zone for the Position; Appointment of and Compensation Using Non-State Funding for Joshua S. Adler, M.D., as Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco Campus***

The Committee recommended approval of the following items in connection with the establishment of the new Senior Management Group position of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, the Market Reference Zone for the position, and the appointment of and compensation for Joshua S. Adler as Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus:

(1) Establishment of the new Senior Management Group position of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus. This will be a Level Two position in the Senior Management Group.

(2) Establishment of a Market Reference Zone (MRZ) for the Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health position as follows: 25th percentile – \$473,000, 50th percentile – \$568,000, 60th percentile – \$620,000, 75th percentile – \$697,000, 90th percentile – \$775,000.

(3) Appointment of Joshua S. Adler, M.D., as Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus at 100 percent time. Dr. Adler will continue to serve in a non-tenured academic appointment without salary.

(4) Per policy, an annual base salary of \$600,000.

(5) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary (\$90,000) and a maximum award of 25 percent of base salary (\$150,000). The actual award will be determined based on performance against pre-established objectives.

(6) Per policy, continued monthly contribution to the Senior Management Supplemental Benefit Program.

(7) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all program requirements.

(8) Per policy, annual automobile allowance of \$8,916.

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

(10) This action will be effective upon approval.

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.

B. ***Establishment of New Senior Management Group Position of Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, and the Market Reference Zone for the Position; Appointment of and Compensation Using Non-State Funding for Sheila E. Antrum as Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco Campus***

The Committee recommended approval of the following items in connection with the establishment of the new Senior Management Group position of Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, the Market Reference Zone for the position, and the appointment of and compensation for Sheila E. Antrum as Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus:

(1) Establishment of the new Senior Management Group position of Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus. This will be a Level Two position in the Senior Management Group.

(2) Establishment of a Market Reference Zone (MRZ) for the Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center position as follows: 25th percentile – $484,000, 50th percentile – $615,000, 60th percentile – $660,000, 75th percentile – $727,000, 90th percentile – $794,000.

(3) Appointment of Sheila E. Antrum as Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus, at 100 percent time.

(4) Per policy, an annual base salary of $525,000.

(5) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary ($78,750) and a maximum potential award of 25 percent of base salary ($131,250). The actual award will be determined based on performance against pre-established objectives.

(6) Per policy, annual automobile allowance of $8,916.

(7) Per policy, continued monthly contribution to the Senior Management Supplemental Benefit Program.

(8) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all program requirements.

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

(10) This action will be effective upon approval.

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.

C. ***Appointment of and Compensation Using Non-State Funding for Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco Campus***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus:

(1) Appointment of Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus at 100 percent time.

(2) Per policy, an annual base salary of $625,000.

(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 ($93,750) and a maximum potential award of 25 percent of base salary ($156,250). Actual award will be determined based on performance against pre-established objectives.

(4) Per policy, annual automobile allowance of $8,916.

(5) Per policy, continued monthly contribution to the Senior Management Supplemental Benefit Program.

(6) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

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

(8) This action will be effective upon approval.

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.

D. ***Appointment of and Salary Adjustment for Adela de la Torre as Vice Chancellor – Student Affairs and Campus Diversity, Davis Campus***

The Committee recommended approval of the following items in connection with the appointment of and salary adjustment for Adela de la Torre as Vice Chancellor – Student Affairs and Campus Diversity, Davis campus:

(1) Appointment of Adela de la Torre as Vice Chancellor – Student Affairs and Campus Diversity, Davis campus, at 100 percent time.

(2) Per policy, 22.6 percent ($57,199) increase to annual base salary resulting in a new annual base salary of $310,000.

(3) 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 after five years of Senior Management Group service).

(4) Per policy, continued eligibility for accrual of sabbatical credits as a member of tenured faculty.

(5) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

(6) This action will be effective upon approval.

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.

E. ***Salary Adjustment Using Non-State Funding for Donald DePaolo as Associate Laboratory Director – Energy Sciences, Lawrence Berkeley National Laboratory***

The Committee recommended approval of the following items in connection with the salary adjustment for Donald DePaolo as Associate Laboratory Director – Energy Sciences, Lawrence Berkeley National Laboratory:

(1) Per policy, continued appointment of Donald DePaolo as Associate Laboratory Director – Energy Sciences, Lawrence Berkeley National Laboratory, at 100 percent time.

(2) Per policy, annual base salary of $395,944.

(3) Per policy, continued eligibility to accrue sabbatical credits as a member of tenured faculty.

(4) 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).

(5) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable requirements.

(6) This action will be effective July 1, 2015.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Laboratory Director, 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.

F. ***Appointment of and Compensation for Glenda Humiston as Vice President – Agriculture and Natural Resources, Office of the President***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Glenda Humiston as Vice President – Agriculture and Natural Resources, Office of the President:

(1) Per policy, appointment of Glenda Humiston as Vice President – Agriculture and Natural Resources, Office of the President, at 100 percent time.

(2) Per policy, an annual base salary in year one of $274,000, increasing to $281,000 in year two and $287,000 in year three, conditioned upon satisfactory performance as assessed by the President.

(3) Per policy, a monthly contribution to the Senior Management Supplemental Benefit Program.

(4) Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.

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

(6) This action will be effective on or about August 3, 2015.

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.

G. ***Salary Adjustments for Certain Members of the Senior Management Group***

The Committee recommended that the base salary adjustments for the individuals listed below be effective upon approval by the Regents.

Last Name	First Name	Working Title	Current Annual Base Salary	Proposed Salary Increase %	Proposed Annual Base Salary	Funding Source
Bachher*	Jagdeep	Chief Investment Officer - VP Investments	$615,000	3.0%	$633,450	Non-State
Block	Gene D.	Chancellor	$428,480	3.0%	$441,334	Partial State
Budil	Kimberly	Vice President - National Laboratories	$355,000	3.0%	$365,650	Non-State
Dirks	Nicholas	Chancellor	$501,404	3.0%	$516,446	Partial State
Dorr	Aimee	Provost and Executive Vice President - Academic Affairs	$360,500	3.0%	$371,315	Partial State
Hawgood	Samuel	Chancellor	$750,000	3.0%	$772,500	Non-State
Katehi	Linda	Chancellor	$412,000	3.0%	$424,360	Partial State
Khosla	Pradeep K.	Chancellor	$423,417	3.0%	$436,120	Partial State
Laret*	Mark R.	Chief Executive Officer, Medical Center	$963,050	3.0%	$991,942	Non-State
Rice*	Ann Madden	Chief Executive Officer - UCD Medical Center	$824,000	3.0%	$848,720	Non-State
Robinson	Charles	General Counsel and Vice President - Legal Affairs	$428,480	3.0%	$441,334	Partial State
Shaw	Anne	Secretary and Chief of Staff to the Regents	$225,000	3.0%	$231,750	Partial State
Stobo*	John (Jack)	Senior Vice President - Health Sciences and Services	$597,400	3.0%	$615,322	Partial State
Vacca	Sheryl	Senior Vice President - Chief Compliance and Audit Officer	$417,150	3.0%	$429,665	Partial State
Viviano*	Paul S.	Associate Vice Chancellor - Health Systems/Chief Executive Officer	$741,600	3.0%	$763,848	Non-State

* These Senior Management Group members are eligible for Regentally approved incentive pay.

The base salary 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.

H. ***Amendment to the Health Sciences Compensation Plan, Academic Personnel Manual Section 670 (APM - 670)***

The Committee recommended that the Health Sciences Compensation Plan, Section 670 of the Academic Personnel Manual (APM - 670), be amended by retiring, effective July 1, 2015, Appendix B, Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants, as shown in Attachment 1.

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

5. REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY

The Committee presented the following from its meeting of July 23, 2015:

Establishment of a Jointly Operated Research and Education Institution with Tsinghua University in Shenzhen, China, Berkeley Campus

The Committee recommended that the Regents:

A. Approve the participation of the Berkeley campus in a non-profit jointly operated research and education institution with Tsinghua University to be named the Tsinghua-UC Berkeley Shenzhen Institute (TBSI) to operate the institute and associated research centers in Shenzhen, China, and in Berkeley, subject to the following conditions:

(1) The institution will be jointly operated by Tsinghua University and the Regents, each having a 50-percent interest in the institution. Under Chinese law, the Regents' contribution will be in-kind contribution of research services and expertise, academic mentoring of graduate students, and the use of UC Berkeley's name as described below.

(2) The Shenzhen municipal government will provide the capital contributions and fixed assets required to operate the institute. The initial phase of funding will be approximately $52 million for activities in Shenzhen. Activities in Berkeley will be funded by the Tsinghua Education Foundation (N.A.), Inc. (TEFNA) in an amount of $22 million over five years.

(3) The institution will be governed by a governing board. The Berkeley Chancellor will appoint four members to the board. Tsinghua University will appoint four members to the board and the Shenzhen municipal government will appoint three members.

(4) TBSI will have two Institute Co-Directors and two Deputy Co-Directors; in each case one will be appointed by UC Berkeley and one by Tsinghua University. The institute will initially include three research centers that will be led by Co-Directors. UC Berkeley and Tsinghua University will each appoint a Co-Director for each research center. The Institute Co-Directors will also serve in two of the six Center Co-Director positions based on their research areas of interest.

(5) The use of UC Berkeley's name will be licensed to the new non-profit entity for co-branding purposes in connection with the operation of TBSI, which will be consistent with both California statutes and University of California policy.

(6) Prior to the establishment of the new institution, the initial formational documents and any amendments shall be subject to the approval of the Chancellor following consultation with the General Counsel.

(7) A three-party agreement among Tsinghua University, the Regents, and the Shenzhen municipal government will be signed based on the agreement between Tsinghua University and the Regents. The three-party agreement will constitute Shenzhen's endorsement of TBSI and Shenzhen's funding commitment to the establishment and operation of TBSI. No new legal entity will be created as a result of the three-party agreement.

(8) Under the applicable People's Republic of China (PRC) regulations permitting jointly operated Sino-foreign educational institutions to operate in a preparatory phase prior to required approval by the PRC Ministry of Education, Tsinghua University and UC Berkeley intend to operate the institution in this manner under the name "TBSI (in Preparation)," as is common in the PRC, and in accordance with applicable PRC regulations.

(9) Either party may terminate the Master Affiliation Agreement by providing 90 calendar days' notice. Upon termination, UC Berkeley and Tsinghua University will dissolve the institution or Tsinghua University will acquire UC Berkeley's interest. In either case, the license to use the name TBSI will be terminated. UC Berkeley may invoke its termination right for any reason, including, but not limited to, (i) the disapproval by the Ministry of Education of TBSI as a Sino-foreign jointly operated research and educational institution; (ii) any uncured material breach by Tsinghua University of its obligations to UC Berkeley; or (iii) the failure of the

Shenzhen municipal government or TEFNA to provide the necessary funding previously committed.

B. Authorize the President of the University or her designee, following consultation with the General Counsel, to approve and execute (i) any documents reasonably required to participate in the jointly operated institution as described above, including but not limited to a Master Affiliation Agreement, an Agreement on a Sino-Foreign Jointly Operated Educational Institution, Articles of Association for the institution, an Inter-Institutional Agreement for the management of intellectual property in accordance with the terms of the Master Affiliation Agreement, and sponsored research agreements for research performed at UC Berkeley; and (ii) any modifications, addenda, or amendments (collectively, "amendments") provided, however, such amendments do not materially reduce the rights of the Regents or materially increase the obligations of the Regents.

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

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

The Committee presented the following from its meeting of July 22, 2015:

A. ***Fiscal Year 2015-16 Budget for Central and Administrative Services, Office of the President***

The Committee recommended that the University of California Office of the President fiscal year 2015-16 budget for Central and Administrative services be approved, as outlined in Table A below.

TABLE A

FY 2015-16 BUDGET SUMMARY
OFFICE OF THE PRESIDENT
($ millions)

	TOTAL BUDGET		UNRESTRICTED BUDGET		RESTRICTED BUDGET	
	TOTAL FY 2014-15	TOTAL FY 2015-16	TOTAL FY 2014-15	TOTAL FY 2015-16	TOTAL FY 2014-15	TOTAL FY 2015-16
OFFICE OF THE PRESIDENT						
Central and Administrative Services	**213.13**	**219.13**	**105.55**	**109.21**	**107.58**	**109.92**
Academic Affairs	29.09	29.40	28.09	28.40	1.01	1.00
Intellectual Property Program*	46.44	49.78	2.29	2.08	44.15	47.70
Finance	45.18	44.96	34.25	35.06	10.93	9.90
Business Operations	69.12	71.25	23.24	25.64	45.88	45.61
President's Exec. Office	3.20	3.04	2.77	2.60	0.43	0.44
Health Sciences	3.42	3.57	3.39	3.39	0.04	0.19
External Relations**	16.68	-	11.53	-	5.15	-
Governmental Relations	-	5.19	-	4.59	-	0.60
Public Affairs	-	11.96	-	7.47	-	4.49
Regents Officers	**52.64**	**54.58**	**19.72**	**19.46**	**32.92**	**35.11**
General Counsel	12.23	11.76	10.96	10.54	1.27	1.22
Secretary of the Regents	3.19	2.90	3.19	2.89	0.00	0.01
Ethics & Compliance	5.58	6.04	5.58	6.03	0.01	0.01
Investments Office	31.64	33.88	-	-	31.64	33.88
Facilities & Operational Expenses	**23.08**	**22.40**	**22.57**	**21.90**	**0.51**	**0.51**
UC Path Center	**11.28**	**13.08**	**11.28**	**13.08**	**-**	**-**
Cost of Living Adjustment		**5.67**		**3.30**		**2.37**
TOTAL	**300.13**	**314.87**	**159.13**	**166.96**	**141.01**	**147.91**
% change		***4.9%***		***4.9%***		***4.9%***

** The Intellectual Property Program is the central office for management and oversight of the University's patent and licensing functions. 97% of the $49.8 million budget represents patent revenues paid to internal and external inventors and expenses for patent applications; 3% of the budget is for oversight of the entire systemwide program. This year UC Berkeley is transferring this function to OP including its associated $3.5M budget.*
***In FY2014-15, External Relations was reorganized into two divisions: Governmental Relations and Public Affairs*

B. ***Fiscal Year 2015-16 Budget for Systemwide Academic and Public Service Programs, Office of the President***

The Committee recommended that the University of California Office of the President fiscal year 2015-16 budget for Systemwide Academic and Public Service Programs be approved, as outlined in Table A below.

TABLE A

FY 2015-16 BUDGET SUMMARY
OFFICE OF THE PRESIDENT
($ millions)

	TOTAL BUDGET		UNRESTRICTED BUDGET		RESTRICTED BUDGET	
	TOTAL FY 2014-15	TOTAL FY 2015-16	TOTAL FY 2014-15	TOTAL FY 2015-16	TOTAL FY 2014-15	TOTAL FY 2015-16
SYSTEMWIDE ACADEMIC & PUBLIC SERVICE PROGRAMS						
Instruction	52.18	53.07	1.84	2.39	50.34	50.68
Research	104.20	107.50	51.81	55.91	52.39	51.59
Public Service	16.69	17.22	11.69	11.31	5.00	5.91
Academic Support	48.22	48.69	23.37	23.16	24.85	25.53
Agriculture and Natural Resources	91.30	92.58	66.20	66.06	25.10	26.52
National Laboratories	3.97	4.47	-	-	3.97	4.47
Presidential Initiatives	9.85	9.85	9.85	9.85	-	-
Cost of Living Adjustment	-	6.39	-	3.60	-	2.78
TOTAL	**326.40**	**339.76**	**164.75**	**172.28**	**161.65**	**167.48**
% change		***4.1%***		***4.6%***		***3.6%***

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

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

The Committee presented the following from its meetings of July 22-23, 2015:

A. ***Appointment of Regents-Designate and Faculty Representatives as Advisory Members to Standing Committees for 2015-16***

The Committee recommended that:

(1) Regent-designate Brody be appointed as an Advisory Member to the Committees on Educational Policy, Health Services, and Long Range Planning, effective immediately through June 30, 2016.

(2) Regent-designate Schroeder be appointed as an Advisory Member to the Committees on Educational Policy, Grounds and Buildings, Health Services, and Long Range Planning, effective immediately through June 30, 2016.

(3) Contingent upon her appointment as student Regent for 2016-17, Regent-designate Ramirez be appointed as an Advisory Member to the Committees on Compensation, Educational Policy, Finance, and Investments, effective immediately through June 30, 2016.

(4) Faculty Representative Hare be appointed as an Advisory Member to the Committees on Finance, Grounds and Buildings, Health Services, Investments, and Long Range Planning, effective September 1, 2015 through August 30, 2016.

(5) Faculty Representative Chalfant be appointed as an Advisory Member to the Committees on Compensation, Compliance and Audit, Educational Policy, and Oversight of the Department of Energy Laboratories, effective September 1, 2015 through August 30, 2016.

B. ***Resolutions to Exclude Access to Federal Classified Information***

The Committee recommended that the three resolutions pertaining to the University's Department of Defense Facility Security Clearances be approved as shown in Attachments 2, 3, and 4.

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

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

The Committee presented the following from its meeting of July 21, 2015:

A. ***Approval of Preliminary Plans Funding, UC Hall Retrofit and Renovation, San Francisco Campus***

The Committee recommended that the 2015-16 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: UC Hall Retrofit and Renovation – preliminary plans – $11 million to be funded from campus funds.

B. ***Approval of Preliminary Plans Funding, San Francisco General Hospital Research Building, San Francisco Campus***

The Committee recommended that the 2015-16 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: San Francisco General Hospital Research Building – preliminary plans – $10.9 million to be funded from campus funds.

C. ***Approval of Design following Action Pursuant to California Environmental Quality Act, Biological and Physical Sciences Building, San Diego Campus***

Following review and consideration of the environmental consequences of the proposed Biological and Physical Sciences Building, as required by the California Environmental Quality Act, including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

(1) Adoption of the Mitigated Negative Declaration.

(2) Adoption of the Mitigation Monitoring and Reporting Program and Findings.

(3) Approval of the design of the Biological and Physical Sciences Building, San Diego campus.

(4) Authorization of the President of the University or her designee in consultation with the General Counsel to indemnify the California Coastal

Commission if required as a condition of Commission approval of a Coastal Development Permit and accept any modifications to the Biological and Physical Sciences Building project that do not substantially modify the scope or design approved by the Regents.

(5) Authorization of the President or her designee in consultation with the General Counsel to approve and execute any documents necessary in connection with the above.

[The Mitigated Negative Declaration and California Environmental Quality Act Findings were provided to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

D. ***Approval of Design following Action Pursuant to California Environmental Quality Act, Outpatient Pavilion, San Diego Campus***

Following review and consideration of the environmental consequences of the proposed Outpatient Pavilion, as required by the California Environmental Quality Act, including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

(1) Certification of the Environmental Impact Report.

(2) Adoption of the Mitigation Monitoring and Reporting Program and the Findings.

(3) Approval of the design of the Outpatient Pavilion, San Diego campus.

[The Environmental Impact Report and California Environmental Quality Act Findings were provided to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

E. ***Approval of the Budget, Approval of External Financing, and Approval of Design following Action Pursuant to the California Environmental Quality Act, Downtown Center, Merced Campus***

(1) The Committee recommended that:

a. The 2015-16 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Merced: Downtown Center – preliminary plans – $1.36 million to be funded from campus funds.

To: Merced: Downtown Center – preliminary plans, working drawings, construction and equipment – $45,116,000 to be funded from external financing ($41,998,000 of previously issued Century Bonds) and campus funds of $3,118,000.

b. The scope of the Downtown Center shall consist of constructing a three-story, 67,400-gross-square-foot building that would provide approximately 40,580 assignable square feet (asf) of administrative space and 6,600 asf of mixed-use collaborative space.

c. The President of the University be authorized to utilize external financing in an amount not to exceed $41,998,000 to finance the Downtown Center project. The President shall require that:

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

ii. As long as the debt is outstanding, general revenues from the Merced campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

(2) Following review and consideration of the environmental consequences of the proposed Downtown Center project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

a. Adoption of the Initial Study/Mitigated Negative Declaration for the Downtown Center project in accordance with CEQA.

b. Adoption of the CEQA Findings for the Downtown Center project.

c. Approval of the design of the Downtown Center project for the Merced campus.

[The Initial Study/Mitigated Negative Declaration and CEQA Findings were provided to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

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

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

The Committee presented the following from its meeting of May 27, 2015:

A. ***Total Return Investment Pool Asset Allocation and Investment Policy Review and Recommendations***

The Committee recommended that the amendments to the Total Return Investment Pool Investment Policy Statement be adopted as shown in Attachment 5.

B. ***Amendment of Investment Policy Statement for University of California Retirement Savings Program***

The Committee recommended that the Investment Policy Statement for the UC Retirement Savings Program be amended, as shown in Attachment 6.

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

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

The Committee presented the following from its meeting of May 27, 2015:

Appointment of 2016-17 Student Regent

The Special Committee recommended that Marcela Ramirez, a graduate student at the University of California, Riverside, be appointed a Regent of the University of California to serve for the period July 1, 2016 through June 30, 2017, and that she serve as Regent-designate, effective immediately, until the appointment becomes effective.

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

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

Secretary and Chief of Staff Shaw 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 recommendations:

(1) ***Approval of the Budget, Gilman Drive Realignment, San Diego Campus***

` That the President of the University be authorized to:

a. Amend the 2014-15 Budget for Capital Improvements and the Capital Program as follows:

San Diego: Gilman Drive Realignment – preliminary plans, working drawings, and construction – $14.85 million to be funded from campus funds.

b. Approve the scope of the Gilman Drive Realignment project as consisting of: realigning and widening Gilman Drive; constructing a four-way signalized intersection to allow for the future connection of the Interstate 5 (I-5) / Gilman Bridge; reconfiguring and replacing existing surface parking; providing bicycle and pedestrian improvements; providing utility connections to and through the bridge; providing storm water management and landscape improvements; and relocating two shuttle stops.

(2) ***Approval of Design Following Action Pursuant to California Environmental Quality Act, Integrative Genomics Building, Lawrence Berkeley National Laboratory***

That, following review and consideration of the environmental consequences of the proposed Integrative Genomics Building as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of the May 2015 Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation:

a. Adoption of the CEQA Findings.

b. Adoption of the Standard Project Features itemized in Appendix A of the *Integrative Genomics Building Environmental Analysis and Checklist* and Long Range Development Plan Environmental Impact Report best practices as conditions of project approval.

c. Approval of the design of the Integrative Genomics Building Project, Lawrence Berkeley National Laboratory.

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

Approval of Indemnification Terms in a Gift Agreement with Discovery Eye Foundation, Irvine Campus

That the Chancellor of the Irvine campus be authorized to execute a gift agreement that contains an indemnification provision by which the University would assume third-party liability with Discovery Eye Foundation.

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

(1) ***Appointment of and Compensation for William E. Frost as Interim Vice President – Agriculture and Natural Resources, Office of the President***

Background

The President of the University requested approval for the appointment of and compensation for William E. Frost as Interim Vice President – Agriculture and Natural Resources. This action was effective June 30, 2015, following the retirement of the current Vice President – Agriculture and Natural Resources, Barbara Allen-Diaz, on June 29, 2015. The interim appointment of and compensation for Mr. Frost will continue for up to 12 months ending June 30, 2016 or until the appointment of a new Vice President – Agriculture and Natural Resources, whichever occurs first. The Vice President – Agriculture and Natural Resources position is classified as a Level One position in the Senior Management Group (SMG).

It was recommended that no change be made to Mr. Frost's current annual base salary of $220,626 for assuming the interim position. His salary is 11 percent below the 25th percentile of the Market Reference Zone for the position of Vice President – Agriculture and Natural Resources. Mr. Frost's current salary is 34.6 percent below that of the current incumbent, Ms. Allen-Diaz's base salary of $297,052, which is slightly over the 60th percentile of the Market Reference Zone.

At the conclusion of the interim appointment, Mr. Frost will revert to his current position as Interim Associate Vice President – Academic Programs and Strategic Initiatives, Agriculture and Natural Resources, Office of the President.

This position will be partially or fully-State funded.

The Division of Agriculture and Natural Resources (ANR) is a statewide network of University of California researchers and educators dedicated to the creation, development, and application of knowledge in agricultural, natural, and human resources. As Interim Vice President – Agriculture and Natural Resources, Mr. Frost will provide critical leadership in the transition period awaiting the appointment of the new Vice President. A search for a new Vice President – ANR was started in January 2015. Mr. Frost will be held fully accountable for all Vice President – Agriculture and Natural Resources responsibilities in addition to his current responsibilities as Interim Associate Vice President – Academic Programs and Strategic Initiatives. Mr. Frost has served the division for over 20 years as a UC Cooperative Extension Advisor and County Director, before taking on statewide roles with Cooperative Extension and the Research and Extension Centers in 2009.

Action under interim authority was requested in order enable Mr. Frost to oversee the Agriculture and Natural Resources division without a gap in leadership. Mr. Frost's start date was on June 30, 2015, which was before the next scheduled Regents meeting.

Recommendation

The following items were approved in connection with the appointment of and compensation for William E. Frost as Interim Vice President – Agriculture and Natural Resources, Office of the President:

a. Per policy, appointment of William E. Frost as Interim Vice President – Agriculture and Natural Resources, Office of the President, at 100 percent time effective June 30, 2015 through June 30, 2016 or until the appointment of a new Vice President – Agriculture and Natural Resources, whichever occurs first.

b. Per policy, continuation of his current annual base salary of $220,626.

c. Per policy, continued participation in standard pension and health and welfare benefits.

d. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.

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

(2) ***Appointment of and Compensation for Jeffrey Mackie-Mason as University Librarian and Chief Digital Scholarship Officer, Berkeley Campus***

Background

Action under interim authority was requested for the appointment of and compensation for Jeffrey MacKie-Mason as University Librarian and Chief Digital Scholarship Officer, Berkeley campus, effective October 1, 2015. The proposed annual base salary is $302,000. Action under interim authority was requested since the Berkeley campus needs to extend the offer to Mr. MacKie-Mason, notify the other candidates, and begin the transition process. This action required Regental approval because the proposed salary is above the 75th percentile of the Market Reference Zone (MRZ) for this position.

Due to the planned retirement of the current incumbent, Thomas Leonard, in June 2015, the Berkeley campus engaged an executive search firm to conduct a global search for the key leadership position of University Librarian and Chief Digital Scholarship Officer, and Mr. MacKie-Mason was selected as the top candidate. This is a critical appointment for the academic mission of the campus, and was a difficult search, given Berkeley's need for a leader who understands both the traditional role of libraries at an outstanding research university as well as the future potential for aspects of digital scholarship in the academy, and who brings an entrepreneurial perspective to make a significant impact on fundraising for the Library.

The base salary of $302,000 is 3.8 percent above the 75th percentile of the position's MRZ salary of $291,000, 30.4 percent above the average base salary ($231,601) of the other University Librarian positions systemwide, and 45.2 percent higher than the base salary ($207,936) of the current incumbent.

In 2012, the Commission on the Future of the UC Berkeley Library was established, jointly led by the campus administration and Academic Senate, to address broad issues regarding the Library's research services, staffing, use of technology, and finances. The Commission report called for reinvestment in the Library and its staff to support a set of recommendations touching on digital literacy, dissemination and preservation of scholarship, improvement of physical spaces for student learning, and other areas. The report clearly demonstrated significant and enduring faculty and student support for the Library and resulted in a significant amount of recurring funds being earmarked for the Library. This additional financial support, coupled with a galvanized faculty, creates a powerful platform for the new University Librarian and Chief Digital Scholarship Officer.

The University Librarian and Chief Digital Scholarship Officer has nine direct reports. The 25 Berkeley libraries that report to this position have a budget of approximately $50 million, a career staff of 420 employees including nearly 100 librarians, and 600 student employees, as reported to the Association of Research Libraries (ARL) for June 2014 statistics. With a collections budget of over $19 million, the Library offers extensive collections in all formats and robust services to connect users with those collections. More than 50 percent of the collections budget is currently spent on digital resources, with historical and continued strength in building international collections. The libraries boast more than 400 special collections famous for their rarity, and they attract scholars and researchers from all over the world. In addition, there are eight affiliated libraries that collaborate with the Berkeley Library.

The Library is a center of intense intellectual inquiry and a crucial academic resource across the campus, holding over 11 million print volumes and more than 30 million items in all formats. According to the ARL, the Library was ranked seventh among North American libraries, and it is the intention that the Library retain or improve this ranking. It is the campus' aspiration that the Library be the most dynamic research and learning environment, supporting research, teaching, and study in the sciences, social sciences, humanities, law, and business. As documented in the report from the Commission on the Future of the Library, the University is committed to the future of a strong library that is responsive to the varied and changing scholarly and research requirements of its faculty and students.

The increasing prominence of the digitization of scholarly works, and the myriad challenges created by this development within the context of the research university were among the issues examined by the Commission. Its members defined the special mission of research university libraries as preserving human knowledge for future generations, while at the same time offering comprehensive access to knowledge in the present. Among their recommendations for the Berkeley Library, which will enhance the academic preeminence of the University, were the following:

- The Digital Literacy Initiative, tasked with providing training and support in digital literacy and traditional research tools for all levels of users;

- The development of a second-generation web portal that allows scholars and students to search both the curated and publicly accessible collections;

- Virtual Carrels for Research, which give scholars a consistent home for their work in the library (virtual or otherwise);

- Virtual Student Learning Portfolios for Instruction that will allow the online delivery of course material (i.e. course reserves) for students.

It should be noted that the Library is deeply engaged in current digital academic initiatives on campus, including the Berkeley Institute for Data Science and the Social Sciences Data Laboratory (D-Lab). The position of University Librarian and Chief Digital Scholarship Officer will play a key role in the campus' strategy with regard to big data, as libraries increasingly are seen as data warehouses and librarians as curators for complex, multidimensional digital corpuses.

In addition to the developments noted above, intellectual property (IP) has become a central issue, perhaps the central issue that faces libraries over the coming decade, as they need to navigate through a rapidly shifting IP and regulatory landscape with regard to digital assets.

The challenge for the University Librarian and Chief Digital Scholarship Officer will be to envision, articulate, and drive the development of the Library and ensure that it maintains full partnership with other campus divisions. The University Librarian and Chief Digital Scholarship Officer will act as a partner to Berkeley faculty, students, staff, and alumni, expanding Library development and fundraising efforts, and evaluating and improving library facilities, collections, services, and operations. The University Librarian and Chief Digital Scholarship Officer will be expected to position the Library at the forefront of its community, proactively identifying and solving the challenges that academic libraries are likely to face in the next century, and positively influencing the Berkeley campus, the UC system, and the direction of research libraries broadly.

Mr. MacKie-Mason brings substantial leadership experience to the role at UC Berkeley. He is currently Dean of the School of Information at the University of Michigan, and was one of the faculty founders of the re-chartered School of Information in 1996. During his tenure as Dean, he has instituted new degree and research programs at the School, launched experiential and service-learning programs, increased the size of the School by 50 percent, advanced diversity in multiple dimensions (students, faculty, and staff), and more than quadrupled fundraising totals.

Much of his scholarly work has concentrated on questions concerning digital libraries and electronic access to materials and journals, dating from 1995. Mr. MacKie-Mason has considered the very issues now facing university libraries as a scholar and as a dean, and he is a world expert on the topic of intellectual property rights.

Mr. MacKie-Mason has been a public university professor for his entire academic career and is dedicated to public education. As a scholar, he is keenly interested in the importance of access to and dissemination of knowledge; information and knowledge infrastructure have been a basis of his research and teaching. He has met the high bar set for qualifications for this position: a Ph.D. degree, significant intellectual and academic background in areas of concern for all university libraries, particularly in regard to digitization and emerging issues noted above, and a proven track record as a fundraiser.

The assigned MRZ for the University Librarian and Chief Digital Scholarship Officer position has the following range: 25th percentile: $181,000, 50th percentile: $229,000, 60th percentile: $256,000, 75th percentile: $291,000, 90th percentile: $357,000. Consistent with Regents Policy 7701: Senior Management Group Appointment and Compensation, and based on the scope and complexity of duties, the critical nature of the University Librarian and Chief Digital Scholarship Officer role, the current market competition, and the excellent qualifications of the candidate, the campus proposes an annual base salary of $302,000 for Mr. MacKie-Mason, which is between the 75th and 90th percentiles of the MRZ. This annual base salary is a 13.6 percent reduction from Mr. MacKie-Mason's current compensation at the University of Michigan.

This position is funded partially by State funds; only $271,000 will be State-funded and the balance will come from other fund sources.

Recommendation

The following items were approved in connection with the appointment of and compensation for Jeffrey MacKie-Mason as University Librarian and Chief Digital Scholarship Officer, Berkeley campus:

a. Per policy, appointment of Jeffrey MacKie-Mason as University Librarian and Chief Digital Scholarship Officer, Berkeley campus, at 100 percent time.

b. Per policy, an annual base salary of $302,000, funded by State and other sources.

c. Per policy, a relocation allowance of 25 percent of base salary ($75,500), which is intended to offset additional unreimbursed expenses associated with accepting the University's offer and relocating at the request of the University. A cash relocation allowance is necessary because the cost of living in Berkeley is 108 percent higher, overall, than in Ann Arbor, Michigan, with housing costs being 256 percent higher. The relocation allowance will be paid in a lump sum subject to the following repayment schedule if Mr. MacKie-Mason separates from the University within four years of his appointment: 100 percent if separation occurs within the first year of employment, 75 percent if separation occurs within the second year of employment, 50 percent if separation occurs within the third year of employment, and 25 percent if separation occurs within the fourth year of employment, subject to the limitations under policy.

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 after five years of Senior Management Group service).

e. Per policy, 100 percent reimbursement of actual and reasonable moving expenses associated with moving Mr. MacKie-Mason's household goods and personal effects from his former primary residence to his new primary residence, subject to the limitations under policy.

f. Per policy, reimbursement for up to two house-hunting trips for Mr. MacKie-Mason and his spouse to secure housing in the San Francisco Bay Area, subject to the limitations under policy.

g. Per policy, reimbursement for Mr. MacKie-Mason for up to two return trips to his former primary residence to finalize relocation, subject to the limitations under policy.

h. Per policy, eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

i. Per policy, a temporary housing reimbursement for expenses actually and reasonably incurred not to exceed $15,000 for a period of up to 90 days to offset limited housing-related expenses, subject to limitations under policy.

j. Per policy, eligible to accrue sabbatical credits as a member of tenured faculty.

k. This action will be effective October 1, 2015.

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.

(3) ***Appointment of and Compensation for Susan Hubbard as Associate Laboratory Director – Earth and Environmental Sciences, Lawrence Berkeley National Laboratory***

Background

Approval under interim authority was requested for the appointment of and compensation for Susan Hubbard for the newly created position of Associate Laboratory Director – Earth and Environmental Sciences, Lawrence Berkeley National Laboratory (LBNL), effective June 15, 2015. This action requires Regental approval because the proposed salary of $353,004 is above the 75th percentile of the applicable Market Reference Zone (MRZ).

The approval under interim authority was requested in order to (1) meet the Department of Energy’s expectations for management of the Laboratory by having all senior Laboratory leadership personnel in place at the Annual Laboratory Plan presentation on June 23, 2015, which was before the next Regents meeting, and (2) retain a LBNL senior manager who has high visibility in the Department of Energy (DOE) community and external organizations, and who is being actively recruited for senior leadership positions outside LBNL.

Ms. Hubbard is currently the Division Director – Earth Sciences Division at LBNL, a position she has held since 2013. Recently, Ms. Hubbard was a finalist for the Laboratory Director position at Pacific Northwest National Laboratory, and remains a very active recruitment target for Associate Laboratory Director (ALD) positions at Battelle-managed laboratories at Oak Ridge and the Pacific Northwest. In addition, Ms. Hubbard has been asked by Battelle to be a candidate for the position of Director of the National Renewable Energy Laboratory in Golden, Colorado. Battelle is a key competitor of the University of California, and it is important to retain this dynamic leader within the UC system.

A nationwide search was launched for the Associate Laboratory Director – Earth and Environmental Sciences. Ms. Hubbard was selected from the pool of candidates based on her exceptional research record, her established leadership experience as the Scientific Division Director of the Earth Sciences Division at LBNL, her pivotal and visible roles in the development and leadership of several large, multidisciplinary research projects (including the LBNL DOE Subsurface Biogeochemistry Science Focus Area, the DOE Advanced Simulation Capability for Environmental Management, the DOE Next-Generation Ecosystem Experiments, and the Energy Biosciences Institute Petroleum Microbiology Program), her established significant experience in building coalitions and successfully leading complex, strategic initiatives that involve multiple partners and stakeholders, and her demonstrated success in leading multidisciplinary research teams to successfully tackle complex Earth and Environmental Sciences challenges. She is highly respected by her peers in the scientific community, across National Laboratories, and by the DOE for innovative scientific accomplishments, including the development of the field of hydrogeophysics. For these reasons, Ms. Hubbard was the selected candidate for the Associate Laboratory Director – Earth and Environmental Sciences position at LBNL.

The assigned Market Reference Zone (MRZ) for the Associate Laboratory Director position has the following range: 25th percentile – $243,000, 50th percentile – $272,000, 60th percentile – $289,000, 75th percentile – $334,000, 90th percentile – $352,000. Based on the significantly broad scope and highly complex nature of this position, the critical nature of the Associate Laboratory Director role, the current market competition and Ms. Hubbard's visibility and marketability, and the exceptional qualifications, professional accomplishments and expertise of the candidate, LBNL proposes an annual base salary of $353,004 for Ms. Hubbard, which is 5.7 percent above the 75th percentile and 0.3 percent above the 90th percentile of the position's MRZ. This annual base salary is 31.1 percent higher than her current base salary of $269,352 as the Division Director – Earth Sciences Division. In addition, the proposed base salary for the Associate Laboratory Director – Earth and Environmental Sciences is 3.4 percent higher than the average base salary ($341,282) of the five other Associate Laboratory Director positions at LBNL.

This position is funded by DOE funds.

Recommendation

The following items were approved in connection with the appointment of and compensation for Susan Hubbard as Associate Laboratory Director – Earth and Environmental Sciences, Lawrence Berkeley National Laboratory:

a. Per policy, appointment of Susan Hubbard as Associate Laboratory Director – Earth and Environmental Sciences, Lawrence Berkeley National Laboratory, at 100 percent time.

b. Per policy, an annual base salary of $353,004.

c. Per policy, a 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 after five years of Senior Management Group service).

e. Per policy, eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

f. This action will be effective June 15, 2015.

The compensation described above shall constitute the University's total commitment until modified by the Regents, President, or Laboratory Director, 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.

(4) ***Approval of Lease Terms for the President of the University's Residence, Office of the President***

Background

By policy, University of California presidents and chancellors live in residences that are provided by the University. This is in keeping with the practice traditionally followed by most institutions of higher learning. These official residences not only provide living quarters, but also function as venues for important meetings, ceremonial events, entertainment of key University supporters and similar activities. As a condition of employment, the President would ordinarily be required to reside at Blake House, a 13,000-square-foot facility near the Berkeley campus that was donated to the University in 1957 which requires extensive renovation. The University is completing planning studies and campus discussions to determine the best use for Blake House. That study and recommendations will likely be presented at the September Regents meeting.

The University leased a 3,400-square-foot apartment, with extensive exterior space for entertaining in 2013 from a very limited inventory of properties for the President. Entertaining and outreach are important functions expected of the President and there are limited suitable properties that can accommodate this need. The lease will expire September 1, 2015 and the University requested authority to extend the lease for three years with three additional annual options to renew.

The original 2013 lease cost was $9,950 per month. There was a small increase in 2014 bringing the lease cost to $10,139 (1.9 percent increase). The new lease will increase to $11,500 (13 percent increase) and remain unchanged for three years with any subsequent options to extend to be negotiated. All other terms remain unchanged.

Action under interim authority was requested to finalize the lease renewal.

Recommendation

The following items were approved in connection with the lease terms for the President of the University's residence:

a. Authorize the Secretary and Chief of Staff to The Regents, after consultation with the General Counsel, to renew the existing lease agreement for the President's residence, to include substantially the following provisions:

   i. Three-year lease commencing September 1, 2015 and continuing through August 31, 2018; with options to extend for an additional three years.

   ii. Rent at $11,500 a month for the initial three-year extension of the lease; with subsequent increases negotiated at market rate.

b. Authorize, because of limited availability of suitable alternatives, an exception to the University of California Seismic Safety Policy Section III-I (Standards for Lease, License, Acquisition by Purchase or other Title Transfer), based on the following considerations: the space will be occupied for short term, and the University does not currently occupy any other space in the building.

12. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Shaw reported that, in accordance with Bylaw 16.9, Regents received a summary of communications for the months of May and June in a report dated July 10, 2015.

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

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

To the Regents of the University of California

A. From the Secretary and Chief of Staff, a press release announcing the Student Regent nominee for 2016-17. (June 2, 2015)

B. From the President, an announcement for the Lawrence Berkeley National Laboratory Director search. (June 3, 2015)

C. From the Office of the General Counsel, the Bi-monthly Report of New Litigation. (June 4, 2015)

D. From the President, a report on the Professional Degree Supplemental Tuition (PDST) to be in effect beginning in fall 2015. (June 9, 2015)

E. From the Office of the General Counsel, the Annual Report of Legal Expenses for Outside Counsel for fiscal year 2014. (June 12, 2015)

F. From the President, a synopsis of the first UC Grad Slam competition for graduate student research. (June 16, 2015)

G. From the President, an update on the 2015-16 California State budget. (June 17, 2015)

H. From the President, a press release regarding the University’s fall 2015 admissions. (July 1, 2015)

The meeting adjourned at 11:05 a.m.

Attest:

Secretary and Chief of Staff

July 2012

670-0 Policy

The Health Sciences Compensation Plan (HSCP) provides a policy framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. School Implementing Procedures must be consistent with the Plan and its philosophy (see Appendix A), reviewed by the appropriate faculty committee(s), approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee.

In developing Procedures consistent with this policy, the participating health sciences schools, after discussion and comment by the participants, and consultation with the school Advisory Committee (see APM - 670-6-d), may include provisions that are more, but not less, restrictive than those outlined herein.

670-2 Purpose

The purpose of this Health Sciences Compensation Plan is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline. Specific goals of this Plan are:

a. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty;

b. To encourage a balance among teaching, research/scholarship, clinical care, and University and public service activities that meet the standards of excellence required in the University of California;

c. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income;

d. To offer consistent benefits and privileges to participating health sciences faculty; and

e. To benefit the health sciences schools by providing academic and research support funds in addition to State-appropriated funds.

670-6 **Responsibility**

a. **Role of the The Regents and the President**

After consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate committee(s), and upon recommendation by the President, The Regents may amend or repeal the entire Plan or any portion thereof.

The President or the President's designee shall review Implementing Procedures for those schools electing participation in the Plan.

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

b. **Role of the Chancellor**

The Chancellor shall have operational authority over the development and – subsequent to review and approval by the President or the President's designee – implementation and monitoring of the school Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate division Academic Senate committee(s) shall be afforded the opportunity to review and comment on the proposed school Implementing Procedures.

c. **Role of the Academic Senate**

The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan.

The appropriate division of the Academic Senate and other committee(s) shall be provided the opportunity to review and comment on any proposed exceptions to school Implementing Procedures which the Chancellor intends to submit to the President or the President's designee for review.

d. **Role of the Advisory Committee**

A school-specific Advisory Committee which includes Senate and non-Senate faculty members representative of the disciplines and faculty series participating in the Plan shall be established to assist the Dean in resolving the issues that may arise from implementing the Plan.

The Committee assists in assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual department or unit Implementing Procedures.

The composition of the Committee, method for selecting members, terms of service defined to ensure rotation of service, Committee responsibilities, and procedures (including those for receiving and hearing faculty complaints) shall be specified in school Implementing Procedures. No more than 50 percent of the voting members will be appointed by the Dean and the remaining members of the Advisory Committee are elected by Plan members. All voting members of the Committee must have a faculty appointment. The Committee's functions shall include advising the Dean on:

1) Development of the school Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales. (See APM - 670-18-b for more information on APUs.)

2) Departmental Implementing Procedures including methods for obtaining faculty input and for determining consistency with school Implementing Procedures.

3) Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities. (See APM - 670-19-c.)

4) Review of faculty appeals regarding implementing and administering the Plan that are not resolved at the department or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty are entitled to a Step III hearing under APM - 140.

The Advisory Committee will provide an annual summary report on its activities to Plan participants, the Dean, and the Chancellor.

670-10 **Standards/Criteria/Qualifications**

Good Standing Criteria

a. Written Good Standing Criteria shall be established at the School or Department level and shall be included in the school Implementing Procedures. Good Standing Criteria must include: 1) a definition of Good Standing, 2) a description of the administrative review process that occurs when a member is determined to be out of Good Standing, 3) consequences for not being in Good Standing, and 4) the process by which a faculty member may return to Good Standing. (See role of the Advisory Committee in APM - 670-6-d-1.)

b. Health sciences research and clinical practice are characterized by considerable diversity in sources of funding and are dependent on revenue streams that can be interrupted due to external circumstances, sometimes beyond the control of faculty. In support of the health sciences school's central function, a major responsibility of the Administration is to provide the faculty with conditions hospitable to the pursuits of teaching, research/scholarship, clinical care, and University and public service. The faculty member is responsible for performing the duties assigned at the time of hire, as well as reasonable new duties assigned by the department.

Good Standing Criteria for health sciences faculty will include expectations related to their academic series, departmental expectations related to service, and expectations related to generation of salary support and to shared expenses.

Plan participants must satisfy the Good Standing Criteria in order to be allowed to earn and/or retain income from professional, non-clinical activities. Good Standing Criteria might include, for example, keeping appropriate licensure and clinical privileges current, or meeting requirements for clinical coverage, teaching obligations, participation in departmental activities, or revenue generation. A pathway to return to Good Standing, should it be lost, must be defined. Prior to implementing or revising Good Standing Criteria, affected Plan participants and the Advisory Committee representatives shall be provided the opportunity to review and comment on the proposed criteria.

All members of the Health Sciences Compensation Plan should be deemed to be in Good Standing until they encounter some circumstance in which their capacity to earn income is impaired. A faculty member may fail to be in Good Standing only for conduct which significantly and negatively impacts the health sciences school's central functions of teaching, research/scholarship, clinical care, and University and public service. Reasons for loss of Good Standing might include, for example, a negative five-year review, instances of misconduct, inability to participate in the generation of salary, refusal to participate in assigned duties, failure to participate in mandatory training, loss of clinical privileges, or loss of licensure and/or credentials.

A determination that a faculty member is not in Good Standing may affect the amount of negotiated additional compensation (Y; see APM - 670-18-c(1) and/or Incentive/Bonus compensation (Z; see APM - 670-18-c(2) that the faculty member may earn. If a faculty member is unable to practice at a specific site due to revocation of clinical privileges, for example, that faculty member must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment. Faculty who are not in Good Standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities. If approved, the income from all such approved activities shall accrue to the Plan and not to the faculty member.

Exceptions may be approved in writing in accordance with school Implementing Procedures. A determination that a faculty member is not in Good Standing must be approved by the Dean, and any faculty member who is found not in Good Standing shall be notified in writing by the Department Chair of the reasons for that determination and what steps must be taken in order to return to Good Standing. A faculty member who believes that Good Standing Criteria have been applied unfairly may appeal to the Advisory Committee (described in APM - 670-6-d) in accordance with school Implementing Procedures.

670-14 **Eligibility**

Membership in the Health Sciences Compensation Plan

a. **Membership Requirements**

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time, funded by one or more of the participating health sciences units, in any of the following title series:

1) Professor
2) Professor In Residence
3) Professor of Clinical ____________(e.g., Medicine)
4) Adjunct Professor
5) Acting Professor
6) Visiting Professor
7) Health Sciences Clinical Professor
8) Health Sciences School Dean titles
9) Any other title series approved for membership in this Plan by the President or the President's designee

A member of the faculty who was appointed in a health sciences school at the time of their retirement may be recalled to participate in the Health

Sciences Compensation Plan yet may not exceed a maximum total per each month of 43 percent of full time. Please refer to APM - 205, Recall for Academic Appointees for terms and conditions for Plan membership for recall appointees. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Plan document, the school Implementing Procedures, and any related School or Departmental Guidelines setting forth campus and departmental policy applicable to faculty covered by the Plan.

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

Faculty holding any of the titles 1 through 9 above with an appointment in more than one department will participate in the Plan if their appointment is more than 50 percent in a department participating in the Plan and funded by one or more of the participating health sciences units. If included in the Plan, they will be subject to continued membership and to all requirements of the Plan. Determination of and responsibility for the faculty member’s salary must be jointly agreed to in writing by the Chairs of the affected Departments and approved annually by the Dean(s). The Departments participating in the Plan are responsible for administering compensation including health and welfare benefits.

b. **Exceptions to Membership Requirements**

The Chancellor may approve exceptions to membership requirements to meet special teaching, research, clinical care, or University and public service requirements.

The Chancellor shall review and is authorized to approve specific provisions in campus procedures and requests by Deans for inclusion in the Plan of individuals in a health sciences school whose appointments are in the title series listed in APM - 670-14-a, regardless of percentage of appointment.

670-18 **Salary**

a. **Total Compensation**

Faculty members participating in this Plan shall:

1) receive base salary as described in section b, below;

2) be eligible for optional University additional compensation as described in section c, below; and

3) be permitted to retain other miscellaneous income as described in APM - 670-19.

Payment under the Health Sciences Compensation Plan will be made directly to the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

Generally, off-scale salaries are not awarded. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales for the Plan member's rank and step or for optional University additional compensation as described in section c, below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

b. **Base Salary (X and X') and Academic Programmatic Unit (APU)**

Base salary is the approved rate on one of the Health Sciences Compensation Plan Salary Scales associated with a faculty member's academic rank, step and assigned APU. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 0) for the faculty member's rank and step (X). Base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions and in accordance with UCRP policy and provisions. Plan participants' APU scale assignments shall be approved by the Dean and assignments may be changed in accordance with guidelines issued by the Chancellor. The differential between X (Scale 0) and the faculty member's rank and step on the HSCP Salary Scale assigned to the faculty member's APU is designated X-prime (X').

1) For the purpose of determining the Health Sciences Base Salary Rate, each Department shall establish at least one APU to which the faculty shall be assigned. An APU shall comprise faculty with similar clinical, teaching and research responsibilities. The Department Chair shall recommend an appropriate APU assignment for each member of the Plan, based on

clinical, teaching and research responsibilities. Each APU shall be assigned to an HSCP Salary Scale, according to school Implementing Procedures.

2) In keeping with the responsibility of the University to ensure consistency of compensation by creation of APUs or assignment of faculty to APUs:

a) Deans are authorized to approve the faculty composition of each APU and assignment of a salary scale to that unit, subsequent to the Department Chair's recommendation.

b) Deans must receive advance approval from the Chancellor or the Chancellor's designee for an APU comprising fewer than four members. The request for approval shall include the criteria for composition of the APU, and the name, series, rank, and step of each member.

c) An APU must remain at its assigned HSCP Salary Scale for at least one year before being assigned to a higher or lower scale.

d) An APU may move to a higher HSCP Salary Scale by a maximum of one scale per year. An APU typically moves down no more than one scale at a time.

No individual faculty member may be moved from one APU to another without a significant change in duties or a change in department. Department chairs shall report annually to the Dean the name of any faculty member who has moved from one APU to another and the reason for the transition.

c. **Optional University Additional Compensation**

School Implementing Procedures and department, division and/or APUs may provide for the payment of additional compensation. Prior to implementing or revising Implementing Procedures, affected Plan participants and the Advisory Committee shall be afforded the opportunity to review and comment on the proposed Procedures. Implementing Procedures shall specify how additional compensation will be calculated, when it may be paid, and the title(s) of person(s) authorized to approve individual compensation agreements. Additional compensation may be paid, in accordance with fund source restrictions, as follows:

1) Negotiated additional compensation (Y)

Plan members may receive a negotiated amount of additional compensation. This component of pay is beyond the base salary and is not covered compensation for UCRP, but may be eligible for optional disability and life insurance programs, where applicable.

2) Incentive/Bonus compensation (Z)

Plan members may receive incentive/bonus compensation. This incentive/bonus compensation is not covered compensation for UCRP.

Departmental Implementing Procedures will describe the manner in which faculty members within a department, division, or APU may earn incentive compensation beyond base and negotiated compensation, upon approval by the Dean.

3) Administrative Stipends

Plan members may receive administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal responsibilities.

670-19 **Other Outside Income That May be Retained by Plan Members**

a. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities.

b. Certain categories of income accruing from occasional service, as described below, may be retained by Plan members. Department Implementing Procedures shall address whether members can deposit remuneration from miscellaneous outside activities into an academic enrichment account, and the terms and conditions for those accounts. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas:

   1) Income from occasional outside professional activity in accordance with APM -671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants and school Implementing Procedures;

2) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;

3) Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;

4) Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;

5) University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy; and

6) Income from a profession or activity unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chair in consultation with the Dean.

c. **Complaints and Appeals**

A faculty member who has a complaint about an issue related to outside professional activities should first try to resolve the issue at the departmental level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Department Chair's response should be documented. If the faculty member disagrees with the departmental decision, s/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact-finding. Both the Chair or the Chair's designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean makes the decision based on this recommendation. Senate faculty may pursue their grievance rights under the terms of Senate Bylaw 335. Non-Senate faculty may request a hearing under the terms of APM - 140.

670-20 **Use/Terms of Employment/Conditions of Employment**

Benefits

No campus may offer faculty benefits beyond those which have been approved by The Regents. All benefits shall be provided in accordance with policies and/or guidelines issued or approved by the Office of the President. Each health sciences school and respective accounting office shall develop and provide a funding mechanism for support of all benefits made available under the provisions of this Plan, and this mechanism shall be included in the school Implementing Procedures established for administration of the Plan. All such benefits as described below and in related policies shall be provided uniformly within departments or divisions, as reviewed by their participants and as approved by the Dean.

a. **Base Salary-Related Benefits**

Base salary-related benefits are associated with an individual's salary from one of the Health Sciences Salary Scales. These benefits include participation in the UCRP, health care benefits, disability benefits, regular term life coverage, and other benefits as may be approved by The Regents. Base salary-related benefits will be made available to faculty members who are members of this Plan on the same basis as to all other members of the University faculty.

b. **Optional Benefits on Additional Compensation**

The Regents have authorized disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary. These programs must be approved by the Office of Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from that office.

c. **Paid Leave**

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave may be granted such leave paid at least the Health Sciences Scales Base Salary rate (X, X') as set forth in local Implementing Procedures. A Plan member who leaves University service or transfers from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

With the exception of the two provisions below, or where explicitly stated in policy, members of the Plan are eligible for leaves as defined in APM - 710 - 760. Schools or departments that include provisions in Implementing Procedures for leaves shall clearly define the rate of pay, i.e. whether any additional leave will be paid more than the minimum base salary rate. In the absence of specific Implementing Procedures, the leave provisions as described in APM - 710 - 760 will be used.

1) **Extended Illness**

Members of the Plan who are appointed full-time to at least a twelve-month term who are unable to work for reasons of extended personal illness, injury, or disability shall be granted paid medical leave of a minimum of six (6) weeks of consecutive or intermittent paid medical leave at the approved base salary. Any additional compensation under the HSCP shall be paid in accordance with campus policies.

a) Extended illness leave may not exceed the maximum time period allowable under APM - 710-11-a and b.

b) Authority to review and approve requests for extended illness leave rests with the Chancellor. This authority may be redelegated.

2) **Childbearing and Childrearing**

Childbearing and childrearing leaves shall be approved consistent with APM - 760-25. In no case shall childbearing and childrearing leave be less than the minimum time period or base salary rate of pay as allotted under APM - 760-25-b.

670-22 **Funds**

The management and reporting of professional services income and expenses under this Plan must be consistent with campus accounting and budgeting methods as outlined in Appendix C of this policy.

670-24 **Authority**

a. **The President**

1) The President or the President's designee shall have the authority to issue administrative guidelines and procedures further refining this Plan.

2) The President or the President's designee shall approve the inclusion or exclusion of a health sciences school, discipline, or specialty in the Plan, subsequent to the Chancellor's recommendation.

b. **The Chancellor**

1) The Chancellor shall submit school Implementing Procedures to the President or the President's designee for approval. Such authority may not be redelegated.

2) The Chancellor shall submit revisions to school Implementing Procedures within the limitations of the Plan to the President or the President's designee for approval. Such authority may not be redelegated.

3) The Chancellor shall approve exceptions to the provisions of the Plan to meet special teaching, research, or clinical service requirement.

670-80 **Procedures/Review Procedures**

a. **Annual Notification**

Once per fiscal year, the Department Chair or Unit Head shall provide each member of the Plan a written notification of the member's total annual compensation. This notification shall include:

1) The amount of UCRP-covered salary (X, and if applicable, X');

2) Which HSCP Salary Scale has been assigned to the Plan member's APU (X, X');

3) The amount of negotiated additional compensation (Y); and

4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

b. **Implementation**

1) Revisions to school Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review within one year of approval of said Plan revisions. School Implementing Procedures may be made effective as of the effective date of such revisions to the Plan, or at any time thereafter, as authorized by the President or the President's designee.

2) The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals.

Appendix A
Philosophy

Health Sciences education occupies a special place in American higher education with unique functions and responsibilities. In health sciences education, the orientation to clinical practice, essential to the teaching function, requires an emphasis on sophisticated patient care, in addition to an emphasis on research and the advancement of knowledge. In medicine, dentistry, nursing, pharmacy, and other health sciences education as well, clinical teaching is integrated with basic and applied research. The University of California is committed to excellence in instruction, research, and public service in the health sciences just as it is committed to the same goals in other academic disciplines. Health sciences faculty members are expected to act as professional role models for all. As a public university in California authorized to grant professional doctoral degrees in the health sciences, the University has a responsibility to the State, the public, and its students to maintain the breadth and depth of its curricula, the creativity of its research efforts, and the quality of its health care services.

To ensure the level of excellence essential in the University of California, special effort must be exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans must offer a competitive salary structure indispensable to the health sciences schools' recruitment and retention efforts.

Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools elsewhere in the United States. However, because University health sciences schools share some common needs and operating requirements, the University has developed a uniform Health Sciences Compensation Plan to govern compensation arrangements and account for compensation plan income to the University's Schools of Medicine, Dentistry, Nursing, Pharmacy, and other health sciences units as deemed appropriate by the President or the President's designee.

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

The Health Sciences Compensation Plan is approved, amended and repealed by and under the authority of The Regents of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan may be amended or repealed at any time by the President, following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s).

The implementation, administration and continued operation of this Plan shall be contingent on the understanding and assurance that it will not require the expenditure of more State-appropriated funds in the University budget than operation without the Plan would require.

~~**Appendix B**~~
~~**Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants**~~
~~**July 2012**~~

~~a. **Introduction**~~

~~1) **Overview of Office of the President Guidelines**~~

~~These Guidelines may be amended or repealed by the President following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s). Questions about these Guidelines should be directed to the Provost and Executive Vice President–Academic Affairs.~~

~~These Guidelines are intended to provide a framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. Additional Implementing Procedures may be developed for individual departments or organized research units. These additional Procedures must be consistent with the Plan and school Implementing Procedures and approved by the Dean.~~

~~Compensation Plan participants may engage in occasional outside professional activities (other than patient care) and retain the related income only in accordance with these Guidelines and school Implementing Procedures. In addition to these Guidelines, Plan participants must comply with other pertinent policies including:~~

- ~~Regents' Standing Order 103.1(b) Service Obligations;~~
- ~~Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University;~~
- ~~University Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974; and~~
- ~~APM - 020, Special Services to Individuals and Organizations.~~

~~2) **School Implementing Procedures and Faculty Consultation**~~

~~School Implementing Procedures must be consistent with these Guidelines, reviewed by the appropriate division Academic Senate committee(s), reviewed by the Chancellor, and approved prior to implementation by the President or the President's designee. Affected Plan participants shall be provided the opportunity to review and~~

~~comment on proposed school Implementing Procedures. In addition, as described in APM - 670-6-d of the Plan, an Advisory Committee which includes faculty representatives shall advise the Dean on school Implementing Procedures developed in accordance with these Guidelines.~~

~~b. **Requirements on Outside Professional Activities by Compensation Plan Participants**~~

~~1) **General**~~

~~School Implementing Procedures shall include Guidelines on outside professional activities by compensation plan participants. The University-wide Standard Requirement described in section b-2 below, shall apply to Plan participants unless an Alternative Option is approved in accordance with section b-3 below, for implementation in the Plan participant's school, department or organized research unit. The mechanisms for addressing potential conflicts of commitment, described in section b-3(d) below, are applicable in schools, departments or organized research units which operate under an Alternative Option, but are not required in schools, departments or units which operate under the University-wide Standard Requirement.~~

~~The University recognizes and supports a framework of diverse hours and schedules to accommodate teaching, research and creative work activity, University service, and University-related public service. Accordingly, these Guidelines do not provide a strict definition of a "day" of service, or of compensated outside professional activities. School Implementing Procedures or Guidelines may define a "day" more specifically. If school Implementing Procedures do not provide a more specific definition, then a "day" is defined on a case-by-case basis, using common sense and customary practice, and faculty members and Department Chairs or other appropriate administrators should exercise sound professional judgment, taking into account reasonable work schedules, when determining what constitutes a day of outside professional activity. Upon request from the Chancellor or the Chancellor's designee(s), faculty members should be prepared to provide an explanation of the definition of a "day" used in reporting outside activities (see also APM - 025-4, Conflict of Commitment and Outside Activities of Faculty Members).~~

~~2) **University-wide Standard Requirement**~~

~~The University-wide Standard Requirement is that Plan participants shall be allowed to retain payments from 21 days of service (other than patient care)~~

~~per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or to University Extension, if such service has been approved by the Dean and the Chancellor.~~

~~3) **Alternative Options**~~

~~a) General Overview~~

~~Chancellors, after consultation with the appropriate division Academic Senate Committee(s), may submit to the President or the President's designee for review provisions in school Implementing Procedures which would modify the University-wide Standard Requirement (as described above in Appendix B-b-2) to allow Plan participants in all or selected departments or units to retain additional types of income and/or income from more than 21 days of compensated outside professional activities. If an Alternative Option is proposed, the school Implementing Procedures or Guidelines must meet minimum criteria, as described below, with regard to:~~

- ~~a limit on the number of days devoted to compensated outside professional activity;~~
- ~~a description of types of professional income that may be retained; and~~
- ~~mechanisms for addressing potential conflicts of commitment.~~

~~b) Limit on the Number of Days Devoted to Compensated Outside Professional Activity~~

~~School Implementing Procedures or Guidelines must specify the maximum number of days which Plan participants may devote to compensated outside professional activity. The maximum number of days allowed must not exceed the time limits established for compensated outside professional activities in APM - 025. The school Procedures may allow departments or organized research units to set more restrictive limits, but such limits shall not be less than 21 days of compensated outside professional activity. Prior to implementing or revising a limit on the number of days devoted to compensated outside professional activities, affected Plan participants shall be provided an opportunity to review and comment on the proposed limit.~~

~~c) Description of Types of Professional Income that May be Retained~~

~~School Implementing Procedures or Guidelines must clearly describe the types of professional income that Plan members may be allowed to retain. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities. In addition to the types of income specified in the University-wide Standard Requirement, school Implementing Procedures or Guidelines may allow Plan participants in all or selected departments or organized research units to retain additional types of professional income, such as:~~

~~1) Consulting income from non-profit and for-profit entities, and/or~~

~~2) Income from consulting or testifying as an expert or professional witness.~~

~~School Implementing Procedures or Guidelines must also reference: 1) the University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest; and 2) the Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University. Since a faculty member's compensated outside activities may create an obligation for the faculty member to disclose a financial interest before making or participating in certain University decisions, school Implementing Procedures or Guidelines should also specify where to obtain information on the disclosure and disqualification requirements of the Political Reform Act of 1974, including the Academic Decision Regulation.~~

~~d) Mechanisms for Addressing Potential Conflicts of Commitment~~

~~School Implementing Procedures shall include mechanisms to identify and resolve potential conflicts between a Plan participant's commitment to generating revenues within the Plan and his or her outside professional activities. These mechanisms shall apply to all departments or units in which the University-wide Standard Requirement on occasional professional activity (as described above in Appendix B-b-2) has been modified to allow Plan participants to retain additional types of income~~

~~and/or income from more than 21 days of service. Responsibilities of the Department Chair that are discussed below shall be assumed by the Dean with respect to oversight of the outside professional activities of Department Chairs.~~

~~1) Reporting of Outside Professional Activities~~

~~Each Plan participant shall be required to submit to his or her Department Chair an annual report describing the previous year's outside professional activities from which the Plan participant retained income and an attestation of adherence to procedures implementing these Guidelines. It is the responsibility of the Plan participant to bring to the attention of his or her Department Chair those activities which require advance approval pursuant to APM - 670-10.~~

~~2) Annual Outside Professional Earnings Approval Threshold~~

~~An annual outside professional earnings approval threshold shall be established at the school, department or organized research unit level. A Plan participant who has satisfied the Good Standing Criteria established in accordance with APM - 670-10, who has not exceeded the limit on the number of days devoted to compensated outside professional activities established in accordance with Appendix B-b-3(b), and whose annual earnings from all outside professional activities will be less than the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies without having to request prior approval from his or her Department Chair. The approval threshold must not exceed the maximum approval threshold set by the Provost. Effective with the issuance of these Guidelines, the maximum annual outside professional earnings approval threshold set by the Provost shall be $40,000 or 20 percent of the Health Sciences Compensation Plan Salary Scale for an individual faculty member's rank, step, and APU, whichever is greater.[1] This approval threshold may be adjusted for inflation on a periodic basis by the Provost in accordance with the California Consumer Price Index (CPI). The adjusted threshold will be published in the Academic Salary Scales and campuses may adjust~~

~~[1] For example, under this provision, using the salary scales effective on 10/1/2011, a Professor, Step IX, on the Health Sciences Compensation Plan salary scale 9 (the highest salary scale) could be permitted to earn and retain up to $76,320 (20 percent of $381,600) before having to request approval to engage in outside professional activities.~~

~~their local thresholds accordingly. The maximum approval threshold may also be re-evaluated periodically by the Provost in consultation with campus management. Prior to implementing or revising a school, department or unit approval threshold, affected Plan participants shall be provided an opportunity to review and comment on the proposed threshold.~~

~~Each Plan participant shall be responsible for maintaining a running total of his or her annual earnings from all outside professional activities. If the Plan participant wishes to engage in an activity that might reasonably be expected to cause his or her total annual earnings from all outside professional activities to exceed the approval threshold established for his or her school, department or organized research unit, then the Plan participant must request approval to engage in the activity. To request approval, the Plan participant is required to provide to his or her Department Chair, in writing, relevant details about the engagement including: the nature of the services to be provided; the person or entity who will receive and/or pay for the service[2]; the anticipated period of service and/or days to be devoted to the activity; the total expected income from the activity; and the amount by which the participant's total annual earnings from outside activities are expected to exceed the threshold. Department Chairs shall forward to the Dean any request which requires review by the Dean and/or Chancellor in accordance with school Implementing Procedures and Guidelines. If a request is not approved, the Department Chair will advise the Plan participant whether: 1) the activity may be undertaken, but with all related income accruing to the Compensation Plan; or 2) the activity may not be undertaken at all. After a Plan participant has received approval to engage in an activity which may cause his or her total annual earnings from outside professional activities to exceed the established approved threshold, he or she must request the Chair's approval for any subsequent engagement(s). If such engagements are allowed, they shall be undertaken with all related income accruing to the Compensation Plan unless an exception is approved in writing in accordance with school Implementing Procedures or Guidelines.~~

~~Department Chairs and/or Deans may approve Plan participants' requests to engage in outside professional activities in accordance with school Implementing Procedures or Guidelines. However, school Implementing Procedures or Guidelines shall state that only the Chancellor has authority to approve any request which involves a~~

~~[2] When required to ensure appropriate patient confidentiality, the person or entity to be reported as recipient/payer for professional witness activities is the attorney or law firm requesting the services.~~

~~Plan participant retaining earnings that exceed the maximum annual outside professional earnings approval threshold set by the Provost [see above in Appendix B-b-3(d)(2)].~~

~~Plan participants shall notify Department heads immediately if they inadvertently exceed the dollar threshold or if any of the information they provided in an approval request changes or is found to be inaccurate; for example, a participant should immediately notify his or her Department Chair if the initial estimate of earnings from an outside professional activity turns out to be understated. Plan participants are subject to corrective action and disciplinary measures as outlined below in Appendix B-d for violation, neglect or manipulation of Compensation Plan requirements.~~

~~c.~~ **~~Limitations on Use of University Resources in Connection with Outside Professional Activities~~**

~~The use of University staff, laboratories, facilities, or other University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct, Part II, C. lists the unauthorized use of University resources or facilities on a significant scale for personal, commercial, political, or religious purposes as a type of unacceptable conduct (see APM - 015, Section II). In general, when faculty retain income from professional consulting or expert witness activities, particularly when the activities are conducted for third party for-profit entities or private individuals, the costs associated with the consulting or witness activities should be borne by the third party or the faculty member, not by the University. In addition, the University's liability coverage does not extend to certain faculty consulting and expert witness activities. For example, University malpractice/professional liability coverage does not generally extend to expert witness activities when the faculty member retains the related income. Questions about the appropriate use of University resources and coverage under University liability programs should be discussed with the faculty member's department or unit head, who may consult with the Dean. The Dean will, if necessary, refer the questions to other appropriate University officers.~~

~~d.~~ **~~Monitoring and Enforcement~~**

~~The primary means of monitoring compliance will be review by Department Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Department Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean of the appropriate School. The responsibility for oversight of the outside professional activities of Department Chairs shall reside with the Dean.~~

~~School Implementing Procedures or Guidelines shall clearly state that the University reserves the right to take corrective action and disciplinary measures toward any Compensation Plan member who fails to comply with Compensation Plan Implementing Procedures or Guidelines on outside professional activities. Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:~~

- ~~Failure to turn over income due to the Plan as required by school Implementing Procedures or Guidelines, and~~

- ~~Failure to accurately disclose and describe the nature and scope of outside professional activities as required by school Implementing Procedures or Guidelines.~~

~~If the Department Chair or the Dean has reason to believe that a Plan member has not complied with the school Implementing Procedures or Guidelines on outside professional activities, the Dean may take appropriate corrective action. A procedure for hearing and resolving disputes about corrective action shall be provided in school Implementing Procedures. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation Plan, because of noncompliance. For example, corrective actions may include:~~

- ~~Incentive or bonus compensation (commonly referred to as Z compensation) may be suspended until such time as the Plan member complies with the Compensation Plan provisions, or~~

- ~~Additional negotiated compensation (commonly referred to as Y compensation) may be set with consideration of the Plan member's prior performance, including compliance with guidelines on outside professional activities.~~

~~Compensation established in accordance with the specialized Health Sciences Salary Scales (commonly referred to as X, X' compensation) shall not be reduced as a corrective action unless the Plan member is placed, by Chancellorial exception, on the fiscal year salary scale.~~

~~Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves (see Appendix C). Whenever reductions in compensation are the result of corrective action, faculty shall be so notified in writing.~~

~~In addition, corrective action will not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws. Violations by Plan members of either the time limits or approval thresholds on~~

~~outside professional activities represent an unauthorized use of University resources and/or retention of funds belonging to the University. Such violations are subject to discipline in accordance with the Faculty Code of Conduct.~~

~~An Academic Senate member who is subject to corrective action has available a grievance process through the Privilege and Tenure Committee as described in Academic Senate Bylaw 335. Non-Senate faculty may grieve through the provisions of APM - 140.~~

Appendix B~~C~~
Campus Accounting and Budgeting Methods

a. **Management and Reporting of Professional Services Income and Expenses**

1) University Management

All professional services income generated by Compensation Plan members shall be considered revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with APM - 670-19. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. School Implementing Procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

a) Professional fee billing and collection activities shall be conducted by University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.

b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific University-wide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

2) Reports

The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

b. **Accounts and Sources**

Each campus shall establish one or more school Compensation Plan account(s) in the financial accounting records for the campus or, with the approval of the Chancellor on recommendation of the Dean, an account for each such unit participating in this Plan; may also be established at the department and divisional level. Plan income from the following sources should be recorded in these accounts:

1) Income from professional services.

2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in APM - 670-18-c(3).

3) Such other funds as are required by the Chancellor or President or the President's designee to be included in fund accounts.

Certain other sources of University income may be available to support faculty compensation and benefits but are not recorded in Compensation Plan accounts, such as:

1) Funds made available for salaries from University-administered grants and contracts.

2) Funds made available from unrestricted, non-State fund accounts within the school.

3) Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

c. **Assessment of Professional Services Income**

To aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in APM - 670-19 are not subject to assessment.

d. **Contingency in Event of Inadequacy of Health Sciences Fund Accounts**

School Implementing Procedures shall require the establishment of one or more reserve account(s) and shall specify whether such reserve account(s) will be established at the school, department, or division. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non-State account(s) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, or division, as determined by the Chancellor.

Although funds may be transferred from one account to another within a health sciences school in accordance with University accounting and budgeting policies and procedures, accounts on each campus shall be maintained as financially independent for administrative purposes.

e. **Budgeting**

Subject to approval by the Chancellor on recommendation of the Dean, each campus shall develop a process to annually budget for and monitor expenditures from the Health Sciences Compensation Plan accounts. Expenditures shall be budgeted for and funded in the following order of priority:

1) Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or -leased practice facilities; and for related professional operating activities.

2) To the extent that funds remain after expenditures for clinical practice costs indicated in 1), above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.

3) To the extent that funds remain after the foregoing expenditures, benefits costs approved in accordance with APM - 670-20 may be paid.

4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.

5) When a health sciences account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:

   a) At least one-half may be used for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean; and

   b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.

Attachment 2

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
Rodney Davis	Regent

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
Yolanda Gorman	Regent

Attachment 4

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
Abraham Oved	Regent

Additions shown by underscoring; deletions shown by strikethrough.

Effective: ~~August 1, 2013~~July 23, 2015
Replaces version effective: ~~January 1, 2011~~ August 1, 2013

TOTAL RETURN INVESTMENT POOL (TRIP) INVESTMENT ~~GUIDELINES~~POLICY

The purpose for ~~these performance objectives~~this investment policy ("Policy~~Objectives~~")~~ and management guidelines (Guidelines")~~ is to clearly state the investment approach, define performance objectives and to control risk in the management of the University's Total Return Investment Pool, or TRIP ("Pool~~rogram~~" or "Portfolio"). Th~~ese Objectives and Guidelines~~ is Policy shall be subject to ongoing review by the Committee on Investments. Capital market conditions, changes in the investment industry, new financial instruments, or a change in the Committee on Investments' risk tolerance, are among factors to be considered in determining whether the ~~Guidelines~~ Policy shall be revised.

This policy provides the framework for the management of the investments of the "Pool." The purpose of a policy statement is to document the investment management process by

- Identifying the key roles and responsibilities relating to the ongoing management of the Pool's assets;
- Recognize and ameliorate the agency issues among the parties responsible for various aspects of investment management;
- Setting forth an investment structure for the Pool's assets;
- This structure includes various asset classes and acceptable ranges that, in aggregate, are expected to produce a sufficient investment return over the long term while prudently managing risk;
- This strategy should provide guidance in all market environments, and should be based on a clear understanding of worst case outcomes;
- Establishing formalized criteria to measure, monitor, and evaluate the Programs performance results on a regular basis; and
- Encouraging effective communication among all fiduciaries, including external parties engaged to execute investment strategies.

1. ~~Investment Policy~~Framework

a. Background

~~The~~ TRIP is an investment pool established by The Regents and is available to UC Campuses and -certain other related entities. ~~The~~ TRIP allows UC organizations to maximize return on their ~~long~~intermediate-term working capital, subject to risk tolerance and liquidity management practices established with the Office of the President and Campuses~~an acceptable level of risk~~, by taking advantage of the economies of scale of investing in a larger pool and investing across a broad range of asset classes.

b. Key responsibilities in the oversight and management of the Pool are as follows:

1. Under the authority granted in Regents Bylaw, The Regents has appointed a standing Committee on Investments ("Committee"), which is charged with oversight responsibility for the management of investments on behalf of The Regents, which oversight of the management of the Pool's assets and, with the approval of The Regents, the establishment of investment policies for the Pool.
2. Under the Regents Bylaws, the Committee is directed to establish a system of custodianship for all securities.
3. Under Regents Bylaws, The Regents has delegated to the Chief Investment Officer general responsibility for all investment matters, including the implementation of investment policies established by The Regents for the Pool. References to the "Chief Investment Officer" below shall be understood, depending on the context, to mean the "Office of the Chief Investment Officer."

~~b. Incorporation of Regents Investment Policies~~

~~1. Investment governance, philosophy, policies and oversight procedures for this Program will be similar to those for the University of California Retirement Plan (UCRP) and General Endowment Pool (GEP), as specified in the Investment Policies for the UCRP.~~

~~2. Relevant policies from Sections 1-3 of the UCRP Investment Policy Statement are incorporated by reference into this Policy.~~

c. Investment Objective

~~The Objective of the Program is to generate a rate of return, after all costs and fees, in excess of the policy benchmark, and consistent with liquidity, cash flow requirements, and risk budget. See Section 2 for asset allocation and benchmark. As its name implies,~~ TRIP is managed according to a total return objective, and will be subject to interest rate risk, credit risk, equity risk, foreign exchange risk, commodity risk, and investment manager risk, and ~~(~~implementation~~)~~ risk. It is appropriate for longer-term investors who can accept this volatility in exchange for higher expected return. The Program has the flexibility to invest up to ten percent of the portfolio in private investments. While the program will generally invest in liquid, marketable securities, there will at times be a trade-off of illiquidity for higher expected return. The Objective of the Program is to generate a rate of return, after all costs and fees, in excess of the policy benchmark, and consistent with liquidity, cash flow requirements, and risk budget. See Section 2 for asset allocation and benchmark.

d. Investment Strategy

The Program shall be implemented by the Chief Investment Officer, using a combination of internal and external management ("Managers"), employing actively managed strategies where appropriate. Active strategies will include both sector allocation and security selection. The Chief Investment Officer will monitor the Program's adherence to the Policy.~~se Guidelines.~~

e. Risk Objective

The Program shall be managed so that its annualized tracking error budget shall be ~~300~~ 200 basis points. This budget is consistent with the ranges around the combined asset classes (2a below), and incorporates both asset / sector allocation and security selection differences from the aggregate benchmark.

Each Manager or asset class segment will have a unique active risk budget, relative to its asset class benchmark, which is appropriate to its individual strategy, and specified in its guidelines, and which will reflect the risk-return profile of its specific investment objectives.

f. Other Constraints and Considerations

1. Managers shall comply with applicable State and Federal laws and regulations.
2. Managers shall at all times act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
3. Managers shall act solely in the interest of the Program's owners.

2. Investment Guidelines

a. Strategic Asset Allocation and Allowable Ranges

Asset Category	Target Allocation	Lower Bound	Upper Bound
Equity/Growth	35.0	30.0	40.0
Income	50.0	45.0	55.0
Absolute Return	15.0	5.0	25.0
TOTAL	100.0		

b. Total TRIP Performance Benchmark

The composition of the TRIP performance benchmark is given below, and assumes monthly rebalancing:

Percentage	Performance Benchmark
35.0%	× MSCI All Country IMI World Index ex Tobacco (Net)
50.0%	× Barclays US Aggregate Index
15.0%	× HFRX Absolute Return Index

~~Asset Category~~	~~Target Allocation~~	~~Lower Bound~~	~~Upper Bound~~
~~U.S. Equity~~	~~15.0%~~	~~10.0%~~	~~20.0%~~

~~Non-U.S. Devel. Equity~~	~~7.5~~	~~5.0~~	~~10.0~~
~~Emerging Market Equity~~	~~7.5~~	~~5.0~~	~~10.0~~
~~Opportunistic Equity~~	~~10.0~~	~~7.5~~	~~12.5~~
~~Global REITS~~	~~10.0~~	~~7.5~~	~~12.5~~
~~U.S. Core Gov't.~~	~~2.5~~	~~0~~	~~5.0~~
~~U.S. Core Credit~~	~~7.5~~	~~5.0~~	~~10.0~~
~~High Yield Debt~~	~~5.0~~	~~2.5~~	~~7.5~~
~~Emerging Market Debt~~	~~5.0~~	~~2.5~~	~~7.5~~
~~Absolute Return~~	~~10.0~~	~~7.5~~	~~12.5~~
~~Cross Asset Class~~	~~20.0~~	~~15.0~~	~~25.0~~
~~Liquidity~~	~~-~~	~~0~~	~~10.0~~
~~TOTAL~~	~~100.0~~		
~~Public Equity~~	~~50.0~~	~~35.0~~	~~65.0~~
~~Fixed Income~~	~~20.0~~	~~10.0~~	~~30.0~~
~~Alternatives~~	~~30.0~~	~~22.5~~	~~37.5~~
~~TOTAL~~	~~100.0~~		

~~b. Total TRIP Performance Benchmark~~

~~This is the composition of the total TRIP performance benchmark, which reflects the weights in the "Target Allocation" above:~~

~~Percentage~~	~~Performance Benchmark~~
~~15.0%~~	~~× Russell 3000 Index (Tobacco Free)~~
~~7.5%~~	~~× MSCI World ex U.S. Index (Net) (unhedged) (Tobacco Free)~~
~~7.5%~~	~~× MSCI Emerging Market Index (Net)~~
~~10.0%~~	~~× MSCI All Country World Index (Net)~~
~~10.0%~~	~~× FTSE / EPRA / NAREIT Global REIT Index~~
~~2.5%~~	~~× Barclays U.S. Aggregate Government Index~~
~~7.5%~~	~~× Barclays U.S. Aggregate Credit Index~~
~~5.0%~~	~~× BofA / Merrill Lynch HY Cash Pay BB/B rated Index~~
~~5.0%~~	~~× JP Morgan Emerging Markets Bond Index Global Diversified~~
~~10.0%~~	~~× HFRX Absolute Return Index (50%) + HFRX Market Directional Index (50%)~~
~~20.0%~~	~~× Aggregate TRIP Policy Benchmark~~

~~Notes on Total Program benchmark:~~

~~1. The calculation of the Total Program benchmark will assume a monthly rebalancing methodology.~~

~~2. 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.~~

c. Rebalancing Policy

There will be periodic deviations in actual asset weights from the 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 within the given risk budget.

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 the Derivatives Policy ~~found in Appendix 4 of the UCRP Investment Policy Statement~~) 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.

d. Asset Class Guidelines

The Program will be invested in a diversified portfolio of equity, fixed income, and other securities. Each Segment of the Program, as defined above, will be subject to the Regents' ~~Asset Class~~Investment guidelines that ~~is~~ are appropriate and in effect for that Segment. ~~These Guidelines are found in the Appendices to the UCRP Investment Policy Statement, and are hereby incorporated by reference.~~

Managers may utilize derivative contracts and strategies in accordance with the Derivatives Policy ~~found in Appendix 4 of the UCRP Investment Policy Statement~~, and may employ leverage as circumscribed in the relevant asset class guidelines.

e. Diversification and Concentration

The Program's investments will be appropriately diversified to control overall risk and will exhibit portfolio risk characteristics similar to those of the Benchmark. The Chief Investment Officer is responsible for managing aggregate risk exposures.

It is expected that each Manager's portfolio will be appropriately diversified, within limits and restrictions established in its guidelines and relative to its performance objectives, to control risk, but without unduly restricting a Manager's ability to out-perform its benchmark. That is, an individual Manager's portfolio may be more concentrated than is appropriate for the Program's aggregate investments.

~~f. Restrictions~~

~~The Managers may **not:**~~

- ~~Purchase securities of tobacco related companies, as per the UCRP Investment Policy Statement, section 5b.~~
- ~~Invest in mutual funds or group trusts unless specifically allowed in their guidelines.~~
- ~~Buy party-in-interest securities.~~

- ~~Buy securities restricted as to sale or transfer, except for 144A securities, which are permitted.~~

~~Subject to the limitations above, the Managers have complete discretion with regard to choosing sector weights, issuers, and maturities.~~

3. Policy Review, Monitoring, and Reporting~~Evaluation and Review~~

a. Policy Review

The Chief Investment Officer shall review the Policy, objectives and guidelines at least annually, and report to the Committee on Investments the impact of the Program.

b. Monitoring and Evaluation

Program performance and risk exposures shall be monitored and evaluated at multiple levels in accordance with the Policy, and the objectives of the Program and individual Managers.

c. Reporting

The Chief Investment Officer shall provide and receive the following reports:

1. A summary of Program investments and risks.
2. A summary of Program performance, on an absolute and benchmark relative basis.
3. A performance attribution explaining differences in sector weights and returns, between the aggregate Program investments and the Benchmark, and an explanation of any material differences.

~~a. Policy and Guideline Review~~
~~The Chief Investment Officer shall review the Objectives and Guidelines at least annually, and report to the Committee on Investments on the impact of the Guidelines on the Program's performance.~~

~~b. Program performance and risk exposures shall be evaluated at multiple levels in accordance with the Objectives of the Program and individual Managers.~~

~~4. Reporting~~

~~On a quarterly basis, the Chief Investment Officer shall provide the following reports to the Committee on Investments:~~

~~a. A summary of Program investments and risks.~~
~~b. A summary of Program performance, on an absolute and benchmark relative basis.~~
~~c. A performance attribution explaining differences in sector weights and returns, between the aggregate Program investments and the Benchmark, and an explanation of any material differences.~~

Each Manager will be required to provide the Chief Investment Officer monthly and quarterly reports, including but not limited to:

a. A monthly performance statement for the portfolio (gross and net) and the benchmark, and provide the gross performance for the product Composite at least quarterly.

b. If available, a monthly or quarterly forecast risk report, using the Manager's risk system, showing the total, systematic ("common factor"), and non-systematic ("residual") risk of the portfolio relative to the benchmark.

c. A monthly or quarterly variance analysis, indicating sources of performance variances (difference between portfolio and benchmark return), and an explanation of any material differences.

d. Quarterly review of portfolio and strategy performance including a market outlook.

e. Annual statement of compliance with investment guidelines.

~~5.~~4. Investment Operations and Restrictions

~~a.~~ University Financial Management may establish limitations on Campus investments to maintain sufficient short term liquidity for University cash needs, and restrictions on withdrawals as is appropriate for the investment of the ~~longer-term~~ assets.

~~b.~~ Annual distributions will be made to participating UC entities, according to a spending rate ~~which will be reviewed and approved annually by the Committee on Investments~~.

~~6. Definitions: See Appendix 8 of the UCRP Investment Policy Statement~~

Attachment 6

Additions shown by underscoring; deletions shown by strikethrough.

UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM

DEFINED CONTRIBUTION PLAN, TAX DEFERRED 403(b) PLAN, and 457(b) DEFERRED COMPENSATION PLAN

INVESTMENT POLICY STATEMENT

This version dated ~~November 14, 2013~~July 23, 2015

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1. Introduction, Scope, and Purpose

This Investment Policy Statement ("Policy" or "IPS") provides the framework for the management of the investments of the University of California Retirement Savings Program ("UCRSP" or the "Program"), which includes the Defined Contribution (DC) Plan, the Tax Deferred 403(b) Plan, and the 457(b) Deferred Compensation Plan~~,~~ (collectively "the Plans"). The purpose of this policy statement is to assist the Committee by:

- Identifying the key roles and responsibilities relating to the ongoing investment management of the Program;
- Setting forth an investment structure and guidelines for the Program;
- Establishing formalized criteria to measure, monitor, and evaluate performance results on a regular basis; and
- Encouraging effective communication among all fiduciaries, including external parties engaged to execute investment strategies.

~~The Policy applies to a core set of investment options ("Core Fund Options") selected and monitored by the Office of the Chief Investment Officer (CIO) as provided in Section 5. The Policy does not extend to the Fidelity and Calvert mutual funds that have been retained as Program investment options as an accommodation to participants. Nor does it apply to mutual funds selected by participants through the individual brokerage accounts option provided through the record keeper.~~

~~References to "Program Options" refer only to the Core Fund Options referenced in Section 5.~~ If any term of the IPS should conflict with the Plan Documents, the terms and conditions in the Plan Documents will prevail. The IPS will be periodically reviewed to determine if amendments are appropriate based on changed circumstances such as the market environment or the needs of the Program.

2. Program Objectives and Participant Risks

a. The primary objective of the Program is to facilitate retirement savings for employees and retirees by providing a set of ~~Core~~ Fund Options that allow participants to tailor the investment of their retirement savings assets to their unique risk and return preferences at reasonable costs.

b. Participants are responsible for their investment decisions; they bear the financial risk for their investment choices. After making the initial decisions on investments, each participant has the responsibility to reallocate assets in his or her personal account as the participant's circumstances or the market environment changes.

c. The investment objectives of the ~~Core~~ Fund Options offered by asset class selected by the Office of the CIO are shown in Section 5.A and 5.B.

d. A description of the principal risks that impact the Program and participants can be found in Section 5.C.

3. Fiduciary Responsibilities and Oversight on Investments

The fiduciary oversight structure of the Plans aligns Regental oversight of the Plans through the Committee on Finance, which oversees the administration of the Plans, and the Committee on Investments, which recommends investment policy for the Plans for Regental approval and oversees the investment management function carried out by the Office of the CIO.

Under the terms of the Plans, the fiduciaries must act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The fiduciaries must comply with existing and future applicable state and federal laws and regulations. In addition, fiduciaries must act for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plans. They also must act in accordance with the terms of the Plans.

Key investment responsibilities in the oversight and management of the Program are as follows:

a. ~~Under the authority granted by the Regents' Bylaws 10.1.b and 12.5.a, t~~The Regents have appointed a standing Committee on Investments ("Committee")~~,~~ charged with responsibility for the management of investments on behalf of the Regents. The Committee's responsibilities include the ~~establishment of investment policies for the Program and~~ oversight of the ~~Core~~ Fund Options and, with the approval of The Regents, the establishment of investment policies for the Program.
b. ~~Under Regents Bylaw 21.4, t~~The Regents have delegated to the CIO responsibility for implementation of investment policies established by T~~t~~he ~~Committee~~ Regents for the Program.
c. Furthermore, the Regents have designated the CIO as the primary fiduciary for investment functions of the Program, including the selection of asset classes and ~~Core~~ Fund Options and the monitoring of investment performance. References to the "Chief Investment Officer" or "CIO" shall be understood, depending on the context, to mean the "Office of the CIO" in the Plan documents.
d. All transactions undertaken on behalf of the ~~Core~~ Fund Options are undertaken solely in the interests of the Program's participants and their beneficiaries.

Responsibilities of the CIO:

a. Develop and implement criteria for selecting appropriate asset classes and specific ~~Core~~ Fund Options within those classes for the Program as shown in Section 5.A and 5.B, after consultation with the Retirement Savings Program Advisory Committee ("RSPAC") and the appropriate constituent groups in the University community.
b. Create and implement a process to monitor and evaluate the Program's investment structure and the ~~Core~~ Fund Options and, based on such periodic evaluations and consultation with appropriate parties, make changes to either the asset classes or ~~Core~~ Fund Options.

c. Select investment professionals ("managers") with demonstrated experience and expertise who are responsible for managing specific portfolios consistent with the Investment Guidelines contained in Section 5.

d. Select mutual fund options as needed to provide the required diversity within an asset class, taking into account value and fees.

e. Establish and implement procedures for the selection, monitoring, evaluation, and termination of investment managers, which are found in the next section (Selection, Monitoring, Evaluation, and Reporting of Investment Options).

f. Instruct CIO employees that duties must be performed consistent with CFA Institute Code of Ethics and Standards of Professional Conduct for all employees of the CIO and relevant consultants and managers. These are found at: http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n14.1 and incorporated by reference.

g. Enforce other ethics guidelines as needed, consistent with other University policies and guidelines.

h. Participate in securities lending programs, when advisable, as a means to augment income for the Plans, with the Plan custodian or approved list of qualified third parties. Income generated by the lending program is used to offset Plan expenses.

i. Instruct the Plans' custodian bank to vote all proxies on behalf of the Regents according to guidelines established by the Regents.

Responsibilities of the Retirement Savings Program Advisory Committee (RSPAC):

a. RSPAC was established by the Regents to obtain feedback from the University community on the P~~p~~lans and to discuss coordination of issues that arise between the administrative and investment functions. RSPAC is comprised of the CIO, the Plan Administrator, and other members who serve at the request of the Executive Vice President - ~~Business Operations~~Chief Operating Officer (COO). RSPAC includes representatives from the Office of the CIO, ~~Business Operations~~Office of the COO, and the Office of the General Counsel. External consultants are invited to provide advice and counsel on an as-needed basis. Members serve on RSPAC without compensation. An appointed committee member can resign at any time.

b. RSPAC responsibilities include:
   - Assessing the quality of services provided by ~~investment managers~~vendors against established criteria and/or benchmarks;
   - Reviewing Program fees and expenses;
   - Providing input on the annual report to the Regents;
   - Retaining consultants necessary to assist in reviewing administrative and investment performance;
   - Formulating goals, proposing long-range improvements, developing policy, and setting priorities for the Retirement Savings Program.

4. Selection, Monitoring, Evaluation, and Reporting on Investment Managers and ~~Core~~ Fund Options

a. When selecting investment managers, the CIO follows a due-diligence process to make prudent selections. The process involves analyzing investment manager candidates in terms of certain:
   i. **Qualitative Characteristics,** such as the manager's key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
   ii. **Quantitative Characteristics** demonstrated by the manager, such as CFA Institute-compliant composite return data, risk-adjusted rates of return (e.g., information ratios), and other risk factors.
   iii. **Organizational Factors**, such as type and size of firm, ownership structure, client-servicing capabilities, record of gaining and keeping clients, and fees.

b. The CIO considers other factors as part of the due-diligence process as facts and circumstances warrant.

c. The CIO uses third-party database(s) to access appropriate screening information and ensure an unbiased and objective search process.

d. Investments included within a ~~Core~~ Fund Option will be chosen to:
   i. Cover a risk/return spectrum of appropriate investment classes;
   ii. Provide distinct risk/return characteristics;
   iii. Offer well-~~-~~diversified and professionally managed options;
   iv. Provide, in aggregate, a participant with the opportunity to structure a portfolio with risk and return characteristics consistent with the participant's risk tolerance and return objectives; and
   v. Offer reasonable fees for the asset class and investment style.

e. Investment consultants may be appointed to review investment performance of the Program as a whole or with respect to specific ~~Core~~ Fund Options, to assist in the development of the Program's investment policies, to monitor and report on investment risks, and to provide independent assessment of investments proposed by the CIO.

f. The ~~Core~~ Fund Options of the Program are reviewed no less than quarterly to assess whether Investment Guidelines continue to be appropriate and are met.

g. The CIO prepares ~~quarterly~~ performance reports on the ~~Core~~ Fund Options for the RSPAC, the Committee, and the Regents.

h. Investment performance results for the ~~Core~~ Fund Options are calculated and verified at least monthly by an external, independent performance consultant.

i. The CIO monitors the conduct of the Plans' custodian, trustee, and record keeper.

j. The CIO establishes performance benchmarks and overall investment guidelines ("Investment Guidelines") for each ~~Core~~ Fund Option. See Section 5.A.

k. The following factors govern review and/or termination of investment managers because of qualitative, quantitative, or organizational concerns. This list is representative and other factors may exist.
   i. Significant underperformance of the previously agreed-upon benchmark over the cumulative performance period, with proper adjustment for the manager's active risk;

ii. Significant organizational changes, including departure of key investment professionals;
iii. Implementation of significant change in strategy;
iv. Involvement in material litigation;
v. Involvement in an Security and Exchange Commission or other securities investigation;
vi. Acquisition by or of another firm.

l. The CIO may deem it appropriate to terminate or place an investment manager on notice, or to take no action at that time.
   i. In cases in which the manager is placed on notice, the manager will be informed of this decision in writing. The manager may be removed from this status upon exhibiting significant organizational and/or performance changes.
   ii. Should the investment manager fail to exhibit the desired changes, the CIO will conduct further discussions and analysis to determine if termination is warranted.
   iii. The decision to retain or terminate a manager will be made at the discretion of the CIO. However, a systematic process will be carried out. A decision to retain will depend on ~~that depends on~~ the CIO's confidence in the investment firm to perform in the future.

5. ~~Core~~ Fund Options Investment Guidelines

A. Asset Class, ~~Core~~ Fund Options, and Benchmarks

Asset Class	~~Core~~ Fund Options	Benchmark*
Equity	UC Equity Fund	85% (less the actual private equity weight from the prior month end) times the Russell 3000 TF[1] Index return, plus 15% times the MSCI World ex-US TF[1] Index return, plus the actual private equity weight of the previous month end times the actual return of the private equity portfolio~~.~~
	UC Domestic Equity Index Fund	Russell 3000 TF Index[1]
	UC International Index Fund	MSCI World ex-US TF Index [1]
	Vanguard FTSE Social Index Fund	FTSE 4Good US Select Index
	Vanguard Small Cap Index Fund	MSCI US Small Cap 1750 Index
	Vanguard REIT Index Fund	MSCI US REIT Index
	DFA Emerging Markets Portfolio	MSCI Emerging Markets Net Index
	Fidelity Growth Company Fund	S&P 500 TF Index
	Fidelity Diversified International Fund	MSCI World ex-US TF Index
	Calvert Capital Accumulation Fund	Russell 2500 TF Index
Fixed Income	UC Bond Fund	Barclays US Aggregate Index
	UC TIPS Fund	Barclays US TIPS Index
	UC Short Term TIPS Fund	Barclays 1-3 Year US TIPS Index
Asset Allocation	UC Pathway Funds (Target Date Income Fund to Target Date 2060 Fund)	Each Fund has a custom benchmark, which is the weighted sum of the Benchmarks of the component Funds, where the weights used are the policy weights of each Pathway Fund.
	UC Balanced Growth Fund	48% times the Benchmark of the UC Equity Fund, 17% times the MSCI World ex-US TF Index, 5% times MSCI Emerging Markets Net Index, 4% times the MSCI US REIT Index, 18% times the Barclays US Aggregate Index, and 8% times the Barclays 1-3 Year US TIPS Index
Capital Preservation	UC Savings Fund	Income Return of the 2-Year Constant Maturity Treasury Index
	UC ICC Fund (closed to new investments)	Income Return of the 5-Year Constant Maturity Treasury Index

Asset Class	Fund Options	Benchmark*
	Dreyfus Treasury Prime Cash Management Fund	Citigroup 3-Month T-Bill Index

* See Glossary for Description of Benchmarks.
[1] The abbreviation “TF” is used for “Tobacco Free.”

B. Investment Objectives, Strategy, and Management Style

~~Core~~ Fund	Investment Objective	Investment Strategy / Management Style
UC Equity Fund	The Fund seeks to maximize long-term capital appreciation through investing in various equity-related asset classes.	The Equity Fund asset allocation policy consists of 80% U.S. equity, 15% non-U.S. developed equity, and 5% private equity. The Fund's U.S. equity and non-U.S. developed equity allocations are passively* managed by State Street Global Advisors. The Fund's private equity allocation is managed by a diversified group of Buyout* and Venture Capital* firms, and is chosen and overseen by the Office of the Chief Investment Officer's Private Equity Group.
UC Domestic Equity Index Fund	The Fund seeks to provide broad and diversified exposure to the U.S. equity market.	The Fund is passively managed by State Street Global Advisors and is invested in a Russell 3000 Tobacco Free (TF) Index Fund.
UC International Index Fund	The Fund seeks to provide broad and diversified exposure to Developed Country (ex-US) equity markets.	The Fund is passively managed by State Street Global Advisors and is invested in a MSCI World ex-US Tobacco Free (TF) Index Fund.
Vanguard FTSE Social Index Fund	The Fund seeks to provide broad and diversified exposure to U.S. equity securities, which have been screened for certain social and environmental criteria.	The Fund is passively managed by Vanguard and is invested in FTSE4Good US Select Index Fund. This index is composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria by the Index sponsor (which is independent of Vanguard).
Vanguard Small Cap Index Fund	The Fund seeks to provide broad and diversified exposure to the smaller capitalization companies in the U.S. equity market.	The Fund is passively managed by Vanguard and is invested in a MSCI US Small Cap 1750 Index Fund. This index is a broadly diversified index of stocks of smaller U.S. companies.
Vanguard REIT Index Fund	The Fund seeks to provide a high level of income and moderate long-term capital appreciation by investing in publicly traded equity US REITs.	The Fund is passively managed by Vanguard and is invested in a MSCI US REIT Index Fund. This index is a broadly diversified index of U.S. Real Estate Investment Trusts* stocks.

Fund	**Investment Objective**	**Investment Strategy / Management Style**
DFA Emerging Markets Portfolio	The Fund seeks to achieve long-term capital appreciation by investing in stocks issued in or domiciled in Emerging Market countries.	The Emerging Markets Portfolio is actively managed by Dimensional Fund Advisors (DFA). It invests broadly in large capitalization companies across the seventeen emerging market* and frontier market* countries approved by DFA. The portfolio maintains limits on single-country exposure to reduce market and political risk.
Fidelity Growth Company Fund	The Fund seeks capital appreciation by investing in common stocks of domestic and foreign issuers.	Normally invests primarily in common stocks of domestic and foreign issuers that Fidelity Management & Research Company (FMR) believes offer the potential for above-average growth. Growth may be measured by factors such as earnings or revenue. Uses fundamental analysis of each issuer's financial condition and industry position, and market and economic conditions to select investments.
Fidelity Diversified International Fund	The Fund seeks capital growth by investing in foreign markets.	Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
Calvert Capital Accumulation Fund	The Fund seeks long-term capital appreciation by investing in common stocks of mid-size U.S. companies.	The fund invests primarily in the common stocks of mid-size U.S. companies. The adviser currently defines mid-cap companies as those whose market capitalization falls within the range of the Russell Midcap Growth Index. The fund seeks to invest in companies and other enterprises that demonstrate positive environmental, social and governance performance as they address corporate responsibility and sustainability challenges. It may also invest up to 25% of its net assets in foreign securities. The fund is non-diversified.
UC Bond Fund	The Fund seeks to maximize long-term investment returns by investing in intermediate-term debt securities.	The Fund is actively managed by the Office of the Chief Investment Officer Fixed Income group. It utilizes extensive analysis of economic and political factors using a “top-down” approach and fundamental, “bottom-up” analysis for individual security selection. It maintains a diversified portfolio primarily of high-quality debt securities, denominated in U.S. Dollars.

Fund	Investment Objective	Investment Strategy / Management Style
UC TIPS Fund	The Fund seeks to provide long-term return and inflation protection consistent with an investment in U.S. Government inflation-indexed securities or TIPS.*	The Fund invests in inflation-indexed securities* issued by the U.S. Treasury. The Fund is actively managed by the Office of the Chief Investment Officer's Fixed Income group but its performance tends to track closely with the return on the Benchmark.
UC Short Term TIPS Fund	The Fund seeks to provide returns more closely correlated with realized inflation over the near term and to offer investors the potential for less volatility of returns relative to a longer duration TIPS fund.	The Fund invests in inflation-indexed securities* issued by the U.S. Treasury with a shorter duration focus typically 1-3 years. The Fund is actively managed by the Office of the Chief Investment Officer Fixed Income group but its performance tends to track closely with the return on the Benchmark.
UC Pathway Funds (Pathway Income Fund to Pathway Fund 2060)	The Funds in this series are designed for investors who want a single, diversified approach to saving for retirement. The UC Pathway Funds are managed to adjust the investment risk level lower as each approaches its specified target date.	Each Pathway Fund is diversified across several asset classes (stocks, bonds, and short-term investments) by investing in a variety of Core Funds. Over time, the amount invested in equity-related funds is gradually reduced, while the amount invested in fixed income-related funds is increased.
UC Balanced Growth Fund	The Fund seeks to provide long-term growth and income through a single balanced portfolio of equity and fixed income securities; the portfolio maintains a similar asset allocation as the University of California Retirement Plan (UCRP).	The Fund is comprised of a variety of Core Funds. It is rebalanced periodically to maintain a fixed ratio of the underlying Core Funds. The proportion of each constituent Fund is chosen to mirror the asset allocation of the UCRP (making allowance for asset classes included in UCRP but not available as Core Funds).
UC Savings Fund	The Fund seeks to maximize interest income returns, while protecting principal, in order to provide a stable, low-risk investment, with attractive returns that attempts to exceed the rate of inflation.	The Fund is actively managed by the Office of the Chief Investment Officer's Fixed Income group, and invests solely in fixed-income securities issued by the U.S. Treasury, U.S. government agencies and U.S. government-sponsored enterprises (GSEs) such as Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The maturity of all investments must be five years or less.
UC ICC Fund (closed to new investments)	The Fund seeks to maximize interest income, while protecting principal. The Fund strives to provide income returns that exceed the rate of inflation.	The Fund is actively managed by the Associate CIO of the Office of the Chief Investment Officer, and invests solely in insurance company contracts* and other short-term fixed income securities.

Fund	Investment Objective	Investment Strategy / Management Style
Dreyfus Treasury Prime Cash Management Fund	The Fund seeks as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity.	The Fund is actively managed by Dreyfus, and only invests in securities issued or guaranteed as to principal and interest by the U.S. government.

* See Glossary for additional description.

C. Risk Factors

The UC Retirement Savings Program offers ~~the Core~~ Fund Options, which include a full range of asset classes. Participants in the Program should consider their unique needs and goals, along with any savings held outside of the Program, when building an appropriately diversified asset allocation of funds.

There are many factors that can affect the value of the individual investments within each of the ~~Core~~ Fund Options. These vary depending on the type of investment – e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results.

"Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses *only if securities are sold after a fall in price*.

It is expected (but not assured) that for diversified portfolios, in the long run, higher risk is necessary to achieve higher expected returns. Thus, the length of an individual's investment horizon will to some degree determine the appropriate amount of investment risk. All risk factors can be partially mitigated by diversification, both within a fund and across a person's entire assets.

Market Risk – the broad risk that securities prices may fluctuate, due to a variety of factors, potentially reducing the value of an investment.

Individual Company or Issuer Risk – the value of an individual stock or corporate bond may vary according to a number of factors directly related to the company's own performance, such as: management expertise, the company's financial condition, changes in demand for the company's products, changes in the regulatory environment, etc.

Concentration Risk (non-diversification) – the risk of having too much money invested in a few individual issuers, similar industries, or countries, thereby exposing a Fund to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

Credit Risk – the risk that a company will be unable to repay its debt obligations, relating to a variety of factors such as financial weakness or bankruptcy, litigation, and/or adverse political or regulatory developments. This risk is often quantified by credit ratings issued by several leading ratings agencies, such as Moody's and Standard & Poor's.

Prepayment Risk – Prepayment features on debt securities can increase volatility and affect returns, as cash flows may have to be reinvested at lower yields.

Interest Rate Risk – as interest rates rise, the market value of fixed income investments normally falls. The prices of fixed income securities with longer time to maturity (duration) tend to be more sensitive to changes in interest rates, and therefore more volatile, than those with shorter durations.

Liquidity Risk – the risk that certain securities may be difficult to buy or sell at various times in the markets, resulting in potentially unfavorable prices. Liquidity can be affected by a variety of factors, such as security type, general market conditions, and credit risk.

Foreign Security Risk – foreign securities may carry greater risk than domestic securities for a variety of reasons such as increased political risks; smaller or less liquid markets; higher transaction costs; less rigorous accounting and reporting standards for corporations; and changes in currency rates vs. the U.S. dollar. This last factor may be most significant, as the value of foreign currencies may fluctuate considerably over short periods of time, potentially reducing the market value of the security.

D. Glossary

1. **Active Management:** an investment approach in which securities are purchased in different proportions than in the Benchmark in the expectation of earning a greater return than would be earned by replicating the Benchmark portfolio (“passive” investing).
2. **Passive Management (Indexing):** an investment approach designed to track the performance of a particular market index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
3. **Buyout:** The purchase of a company's shares in which the acquiring party gains controlling interest of the targeted firm. Incorporating a buyout strategy is a common technique used to gain access to new markets and is one of the most common methods for inorganically growing a business.
4. **Venture Capital:** Money provided by investors to startup firms and small businesses with perceived long-term growth potential. This is an important source of funding for startups that do not have access to capital markets. It typically entails high risk for the investor, but it has the potential for above-average returns.
5. **Developed Market Country:** A country which achieved an advanced stage of economic development, whose securities markets have met certain standards for stability and are included in one or more index provider’s Developed Markets indexes; to be distinguished from “Emerging Markets.”
6. **Emerging Market Country:** A country at varying stages of economic development, whose securities markets have only recently met certain standards for stability and been included in one or more index provider’s Emerging Markets indexes; to be distinguished from “Developed Markets.”
7. **Frontier Market Country:** Less advanced capital markets from the developing world. Frontier markets are countries with investable stock markets that are less established than those in the emerging markets. They are also known as "pre-emerging markets."
8. **REIT (Real Estate Investment Trust):** A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.
9. **TIPS (Treasury Inflation Protected Securities):** U.S. Treasury notes and bonds that are designed to protect future purchasing power. The principal value is adjusted for changes in inflation, and a fixed interest rate is accrued on the inflation-adjusted principal.
10. **Insurance Company Contracts:** A contract with a highly rated, financially sound insurance company, which guarantee a fixed annual rate of interest for a specified time period and the repayment of principal at the end of that time period. Insurance contract guarantees are backed by the general account assets of the issuing insurance company and are not insured or guaranteed by any third party.

E. Description of Benchmarks

1. **Russell 3000 Tobacco Free Index:** Measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market excluding companies manufacturing tobacco products.
2. **MSCI World ex-US Tobacco Free Index:** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.
3. **FTSE4Good US Select Index:** Composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria by the Index sponsor, which is independent of the Fund manager.
4. **MSCI Emerging Markets Net Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.
5. **S&P 500 Index:** An American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.
6. **Russell 2500 Tobacco Free Index:** The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, or about 19% of its total capitalization, based on their market capitalization and index membership.

~~5.~~7. **MSCI US Small Cap 1750 Index:** ~~Represents the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents, as of October 29, 2004, approximately 12% of the capitalization of the U.S. equity market.~~Comprised of the remaining smallest 1,750 companies in the US Investable Market 2500 Index of the US equity market and designed to measure the performance of the small cap segment. The index represents, as of April 14, 2015, approximately 11.5% of the free float-adjusted market capitalization of the US equity market.

~~6.~~8. **MSCI US REIT Index:** A free float market capitalization weighted index that is comprised of Equity REITs securities that belong to the MSCI US Investable Market 2500 Index.

~~7.~~ 9. **Income Return of the 2-Year Constant Maturity Treasury Index:** The average yield of a range of Treasury securities, all adjusted to the equivalent of a 2-year maturity.

~~8.~~ 10. **Income Return of the 5-Year Constant Maturity Treasury Index:** The average yield of a range of Treasury securities, all adjusted to the equivalent of a 5-year maturity.

~~9.~~ 11. **Citigroup 3-Month T-Bill Index:** Measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.

~~10.~~ 12. **Barclays U.S. Aggregate Index:** Covers the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), Asset Backed Securities, and Collateralized Mortgage Backed Securities. Issues are market capitalization weighted. Securities must have a minimum maturity of one year to remain in the index. Securities must have a minimum quality investment grade by middle rating of Moody's, S&P, and Fitch.

~~11.~~ 13. **Barclays U.S. TIPS Index:** Covers all publicly issued U.S. Treasury-issued inflation linked bonds (linked to the U.S. Consumer Price Index). Issues are market capitalization weighted. Securities must have a minimum maturity of one year to remain in the index.

~~12.~~14. **Barclays 1-3 Year U.S. TIPS Index:** Covers publicly issued U.S. Treasury issued inflation linked bonds (linked to the U.S. Consumer Price Index) with a maturity between 1-3 years. Issues are market capitalization weighted. Securities must have a minimum maturity of one year to remain in the index.