

COMMITTEE ON COMPENSATION

SEPTEMBER 2007

POSITION REVIEW AND COMPENSATION FOR MARIE N. BERGGREN AS CHIEF INVESTMENT OFFICER, VICE PRESIDENT – INVESTMENTS, AND ACTING TREASURER OF THE REGENTS

Regent Wachter recommended that the Committee on Compensation recommend to The Regents approval of the following actions for Marie N. Berggren as Chief Investment Officer, Vice President – Investments, and Acting Treasurer of The Regents.

- (1) Slotting the position to SLCG Grade 114 (minimum \$362,700, midpoint \$470,200, maximum \$577,600) to align with current competitive market data, and consistent with the recent slotting recommendations for other positions within the Office of the Treasurer, as presented to The Regents in May. This recommendation has also been documented in a letter from Mercer Human Resources Consulting dated June 4, 2007, attached.
- (2) A base salary increase of 5.3 percent (\$23,750) over Ms. Berggren's base salary (including stipend) resulting in a final base salary of \$470,000. This adjustment reflects the competitive market data review, and takes into account Ms. Berggren's performance and contribution over the 2006-07 fiscal year. This increase incorporates Ms. Berggren's normal 2007 merit increase and will be effective October 1, 2007, consistent with normal program timing. The stipend Ms. Berggren is currently receiving will cease effective October 1, 2007.
- (3) Adjust the maximum incentive opportunity for the Chief Investment Officer and Treasurer position to 165 percent of the target incentive from the current maximum of 150 percent, effective commencing with the 2007-08 plan year. The *University of California, Office of the Treasurer Annual Incentive Plan* dated March 2002 (the "Plan")¹ states that maximum incentive opportunity for Plan participants is to be capped at 200 percent of the target incentive opportunity. However, the incentive opportunity for this position was capped at 150 percent of target due to a provision inherited through a contractual agreement that UC negotiated with Ms. Berggren's predecessor.
- (4) Per policy, continuation of an automobile allowance (\$8,916 per annum).
- (5) Per policy, continued eligibility for participation in the Mortgage Origination Program (MOP) loan program.
- (6) Per policy, continued participation in the Senior Management Supplemental Benefit Program at the rate of 5 percent.

Additional items of compensation include:

¹ Amended in 2005 to reflect revised performance objectives and incentive maximums

- Per Policy, Standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, Executive Salary Continuation for Disability

The compensation described above shall constitute the University’s total commitment until modified by The Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents’ 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by The Regents.

BACKGROUND

Ms. Berggren was appointed Chief Investment Officer and Acting Treasurer in June 2006. Her current total cash compensation (base salary plus incentive compensation, or “TCC”) for this role is detailed below.

Pay Component	Value
Chief Investment Officer Base Salary	\$390,000
Stipend as Acting Treasurer	\$56,250
Total	\$446,250
Incentive Opportunity at Target	100% of Base Salary, or \$446,250
Total Cash Compensation – at Target	\$892,500
Incentive Opportunity at Maximum	150% of Base Salary, or \$669,375
Total Cash Compensation – at Maximum	\$1,115,625

At the request of UCOP, Mercer collected market compensation data for the Chief Investment Officer and Treasurer (CIO) position consistent with the approach taken in our May 2007 compensation evaluation of the investment staff in the Office of the Treasurer.

Also consistent with the approach used for investment staff and in past analyses, the market composite represents an equal blending of the for-profit and non-profit investment organization data.

[Compensation form attached.]

**COMPENSATION FOR MARIE N. BERGGREN AS CHIEF INVESTMENT OFFICER, VICE PRESIDENT-INVESTMENTS,
AND ACTING TREASURER OF THE REGENTS, OFFICE OF THE TREASURER**
Position Slotted in Grade 114 – Minimum \$362,700, Midpoint \$470,200, Maximum \$577,600

Page 1 of 2

ITEM	RECEIVING		AMOUNT	EXCEPTION TO POLICY	APPROVAL REQUIRED
	YES	NO			
SALARY AND OTHER CASH PAYMENTS					
· Annual Base Salary	X		\$470,000	NO	REGENTS
· Health Sciences Compensation Plan		X			
· Additional Salary (Stipend, add-ons, etc.)		X			
· Clinical Enterprise Management Recognition Plan- up to 20%		X			
*example payout calculated at 20%					
· Any other bonuses/Incentives:		X			
· Annual Incentive Plan (Treasurer's Office only) - per plan design, awards are paid out in equal increments over a three year period. Maximum potential at 165% is shown.	X		\$775,500	NO	REGENTS
· Senior Management Supplemental Benefit Program - eligible to receive 5% as contribution to retirement plan for total annual amount at current base salary	X		\$23,500	NO	REGENTS
BENEFITS AND PERQUISITES					
· Standard Benefits Package (Health, UCRP, Vision, Dental, etc.)	X			NO	
· Automobile Allowance	X		\$8,916	NO	
· Leased Automobile		X			
· Senior Manager Life Insurance	X			NO	
· Executive Business Travel Insurance	X			NO	
· Exec. Salary Continuation for Disability	X			NO	
· Mortgage Origination Program (MOP) Loan		X			
· Supplemental Home Loan Program (SHLP)		X			
· University-provided Housing (President/Chancellors)		X			
· Educational Expenses		X			
· Other Perqs – please list below		X			
ONE-TIME PAYMENTS/REIMBURSEMENTS					
· Payment in Lieu of Sabbatical Pay		X			
· Relocation Allowance		X			
· Temporary Housing Allowance - 1 month per policy		X			
· Payment in lieu of Vacation Pay		X			
· Moving Expenses/Movement of Household Goods		X			

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Page 2 of 2

ITEM	RECEIVING		AMOUNT	EXCEPTION TO POLICY	APPROVAL REQUIRED
	YES	NO			
FUTURE BENEFITS					
· Post-retirement Employment Agreements		X			
· Consultant/Independent Contractor Compensation Agreement		X			
· Severance/Separation Agreement		X			
· Sabbatical/Administrative Leave		X			
· Special Health Benefits or Other Benefits		X			
OTHER					
· Administrative Fund Allocation	X		\$7,100		
· Corporate Board Service		X			
· Other (Specify)		X			
TOTAL ANNUAL EMPLOYEE COMPENSATION					
(Including, if applicable, Salary, Perquisites, One-time Payments, Future Benefits, and Other)			\$1,277,916		

[Please note that all payments, reimbursements, special benefits, etc. should be listed on this form in order to be authorized by the President and The Regents. This information will be released to the Public.]

The only compensation permitted is what is listed on the summary page that accompanied the item.