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September 8, 2010

Professor Emeritus John B. Oakley
Chair, UCRS Advisory Board
400 Mrak Hall Drive
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Davis, California 95616-5203

Dear John:

Let me begin by congratulating you on your election as Chair of the University of California Retirement System (UCRS) Advisory Board. It is reassuring to know that you are continuing your efforts in the University's behalf and I look forward to working with you.

With respect to your letter of August 4 regarding the operation of the 2010-2011 UCRS Advisory Board, I want to assure you that I welcome input from the Board members, even though it must come through a somewhat cumbersome route. I understand that the complexities of the Higher Education Employer-Employee Relations Act (HEERA) prevent the Board from making direct recommendations or proposals as an entity, but this in no way diminishes the importance of hearing the members' views on potential changes to post-employment benefits and other matters that affect the University's retirement plans. You will appreciate that we are particularly concerned about staying within the restrictions of HEERA, as interpreted by the Public Employment Relations Board, because of the sensitive labor matters we must address in the next several years.

The Post-Employment Benefits (PEB) Task Force Report has been released and is available to the UCRS Advisory Board on the following website:
http://universityofcalifornia.edu/sites/ucrpfuture/files/2010/08/peb_finalreport_082710.pdf

Thus, in response to your first question, I look forward to hearing the views of the UCRS Advisory Board, but at this time I do not anticipate asking the Board to focus on any particular recommendations.

As to your second question, I understand that the Advisory Board has been extensively briefed in executive session on the work and draft recommendations of the Task Force, and that six FY 2009-2010 members of the Board served on the Task Force. As you know, I am in regular contact with many members of the UCRS Advisory Board, including Executive Vice President Nathan Brostrom and Vice President Dwaine Duckett, who have kept me informed of the Board's activities. I do not believe, therefore, that an in-person meeting

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with the Board is necessary at this time, but I do appreciate your asking.

As to your third question, it has not been the practice to have the Chair of the UCRS Advisory Board make a presentation to the Board of Regents. As in the past, I will convey the sentiments of the Advisory Board members to The Regents. Of course, you are always welcome to address The Regents during the public speaking portion of The Regents' meetings, if you wish.

I plan to proceed on the following schedule in order to provide the University community with an appropriate time period to review any recommendations on the funding and design of post-employment benefits:

- At the September Regents' meeting, we plan to present an information item as an overview of UC's post-employment benefits, and an action item on University and members' contribution rates.
- At the November Regents' meeting, there will be the introduction of more substantial recommendations in addition to the July 1, 2010 actuarial reports.
- A special meeting of the Board of Regents will be held in December for continued discussion and possible action.

I look forward to the contributions of the UCRS Advisory Board under your direction during this critical time.

With best wishes, I am,

Sincerely yours,



Mark G. Yudof
President

cc: Members, UCRS Advisory Board
Executive Vice President Brostrom
General Counsel Robinson
Vice President Duckett
Academic Council Chair Simmons
Secretary and Chief of Staff Griffiths
Director Schlimgen