

AMENDMENT OF THE OPTIONAL RETIREMENT PLAN AND THE DEFINED CONTRIBUTION RETIREMENT PLAN

The University currently sponsors The University of Oklahoma Optional Retirement Plan (the "Optional Plan") and The University of Oklahoma Defined Contribution Retirement Plan (the "DCP") (collectively, the "Plans") for University employees who meet the eligibility requirements to participate in the Plans. Board approval is requested to clarify that certain classes of employees will be excluded and included for purposes of participation in the Optional Plan, the DCP, the University's Health Plan ("Health Plan"), The University of Oklahoma Sooner Options Plan, and certain other benefit plans, policies and arrangements sponsored by the University.

Currently, the University employs individuals who work on a less than .50 full-time equivalency (FTE) basis. These individuals are considered temporary employees and are excluded from the Plans. Board approval is requested to authorize an amendment to the Plans to provide that an employee who is employed on a less than .50 FTE will be benefits-eligible to participate in the Plans and the Health Plan, the Oklahoma Sooner Options Plan and certain other benefit plans, policies and arrangements sponsored by the University if such employee receives a grant from the Small Business Innovation Research ("SBIR") and a portion of this employee's compensation is covered by such SBIR grant. This change will be effective for both Plans effective October 1, 2004.

The Internal Revenue Service (IRS) periodically adjusts the maximum University contribution that may be made for the benefit of participants in the Plans. Currently, the Plans contain a contribution schedule for individuals who receive "supplemental salary." Supplemental salary is the amount of compensation paid to participants who are faculty members of The University of Oklahoma Health Sciences Center ("HSC") for professional services rendered on behalf of the HSC. Supplemental salary is not included in an employee's regular salary or wages. The new contribution schedule determines the level of contribution by HSC to these Plans for certain individuals who receive supplemental salary as well as base salary. All contributions to the Plans are subject to certain limitations as required by the Internal Revenue Code of 1986, as amended (the "Code"). Board approval is requested to modify the contribution schedule in both Plans to reflect the current maximum Code limitation. The modified contribution schedule is an extension of the graded contribution levels currently contained in the Plans. The maximum limit for the current Plan Year ended June 30, 2005 is \$41,000. The new contribution schedule will allow for an automatic increase in the annual maximum contribution limit as such limit is increased by the IRS. Such increases are scheduled to occur no more frequently than annually in increments of \$1,000.

President Boren recommended the Board of Regents:

- I. Approve an amendment to the University of Oklahoma's Optional Retirement Plan and Defined Contribution Retirement Plan (the Plans) to provide an employee who is employed less than fifty percent full-time equivalency basis (.50 FTE) to be benefits eligible to participate in the Plans, Health Plan, Oklahoma Sooner Options Plan and certain other benefit plans, policies and arrangements sponsored by the University if such employee received a grant from the Small Business Innovation Research (SBIR) and a portion of this employee's compensation is covered by such SBIR grant;
- II. Approve a request to modify the contribution schedule in the Plans to reflect the current maximum Internal Revenue Code limitation; and
- III. Authorize the President or his designee to take all actions necessary to implement such recommendations for the reasons and within the parameters set forth above.

Regent Everest moved approval of the recommendation. The following voted yes on the motion: Regents Everest, Clark, Austin, Stuart, Weitzenhoffer and Wade. The Chair declared the motion unanimously approved.