

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 16, 2006

The Regents of the University of California met on the above date at Covell Commons, Los Angeles campus.

Present: Regents Blum, Bustamante, Dynes, Gould, Island, Johnson, Kozberg, Lansing, Ledesma, Lozano, Marcus, Parsky, Pattiz, Ruiz, Schilling, Schreiner, Varner, and Wachter (18)

In attendance: Regents-designate Allen, Brewer, and Bugay, Faculty Representatives Brown and Oakley, Acting Secretary Shaw, Acting General Counsel Blair, Chief Financial Officer Berggren, Provost Hume, Executive Vice President Darling, Vice Presidents Broome, Foley, Gurtner, and Hershman, Chancellors Birgeneau, Bishop, Córdova, Drake, Fox, and Vanderhoef, Acting Chancellors Abrams, Blumenthal, and Park, University Auditor Reed, and Recording Secretary Bryan

The meeting convened at 11:10 a.m. with Chairman Parsky presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Regent Blum, duly seconded, the minutes of the meetings of September 2006 were approved.

2. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

Upon motion of Regent Blum, duly seconded, the President's report was accepted, and it was directed that notes of thanks be sent to the donors of the gifts mentioned in the report, that congratulations be extended to those faculty and staff members who have been awarded honors, and that notes of sympathy and regret be sent to the families of those whose deaths were reported.

[The report was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Faculty Representative Oakley reported that the Academic Senate addressed the issue of restrictions on research funding sources, reporting that the matter was considered first by the Academic Council, which voted 12 to 5, with one abstention, to enact the following:

“The Academic Council instructs the Chair of the Counsel to advise the President that grave issues of academic freedom would be raised if the Regents were to deviate from the principle that no unit of the University, whether by

faculty vote or administrative decision, has the authority to prevent a faculty member from accepting external research funding based solely on the source of funds.”

Policies such as the Faculty Code of Conduct are already in place on all campuses to uphold the highest standards in integrity of research. The Academic Council believes that Regental intervention on the basis of assumptions about the moral or political standing of the donor is unwarranted. Because the faculty are divided on this issue and because the ultimate sovereign body expressing the will of the faculty is the Assembly of the Academic Senate, the effectuation of this Council action was deferred until the Assembly had a chance to consider it. The Assembly endorsed the Council’s resolution by 27 to 16. Also, two related motions were adopted by a substantial majority, as follows:

“The Assembly declares its deep disapproval of funding arrangements in which an appearance of academic freedom belies an actual suppression of academic freedom.”

“The Assembly asserts its conviction that past funding arrangements involving the tobacco industry have been shown to suppress academic freedom.”

Professor Oakley noted that President Dynes has taken the lead in addressing the growing disparity caused by the structural lag in faculty salaries of between 10 and 15 percent. The result of the lag is a series of ad hoc adjustments that have created a bumpy faculty salary system rather than relatively uniform salary scales with professorial ranks and steps applied throughout the campus system. The faculty welcomes the chance to work with President Dynes and a task force which has been convened by Provost Hume in an effort to develop a better salary system. Mr. Oakley reported that the University Committee on Faculty Welfare, with the endorsement of the Academic Council, has presented a position paper which shows that in order to maintain the total remuneration of faculty in effect after the upcoming resumption of contributions to the University retirement plan, a cost-of-living adjustment of 7 percent of faculty salaries up to \$97,500 is required and of 10 percent of the amount of salaries beyond that. These calculations use Mercer Human Resource’s statistics for evaluating the worth in total remuneration in terms of the direct contribution funding source that is being redirected to UCRP. This would not make up anything of the salary lag, however. The position paper also addresses the fact that faculty salaries are distributed partly as COLAs and partly as merits. Presently, out of the 4 percent for salary increases this year, 2 percent goes to cost-of-living increases across all of the steps and 2 percent goes for merit and equity increases. The paper shows that it is not properly part of a faculty COLA to consider the merit money. As part of the distortion in the salary system, merit money is being used in a way that is being addressed by the working group. It is deceptive to say that faculty are receiving a 4 percent salary adjustment across the board in the current budget or the 5 percent projected in next year’s budget. The real cost-of-living adjustment that faculty enjoy

is only 2 percent, which is causing a crisis in faculty salaries which will be exacerbated by a resumption of contributions to the UCRP.

Regent Bustamante commented that his proposal to prohibit the tobacco industry from funding UC research was not an attack on academic freedom. The industry has been cited by Congressional hearings and the federal court system to manipulate data. If the industry should wish to help build the medical school at UC Riverside and create a center to research tobacco-related illnesses, he would be supportive, but he believed that to provide resources for the purpose of research that does not go through a third party threatens the University's reputation.

Regent Blum expressed concern about faculty salaries. He noted that the Regents have a fiduciary responsibility to uphold the high standards of the University's reputation. It would not be appropriate to abrogate their first amendment rights to the faculty on issues such as research funding.

Regent Lansing believed that the faculty themselves were capable of monitoring tobacco-funded research.

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

A. ***Approval of the University of California 2007-08 Budgets for Current Operations and for State Capital Improvements***

- (1) The Committee recommended that the expenditure plan included in the document, *2007-08 Budget for Current Operations*, be approved.
- (2) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 2007-2008 Budget for State Capital Improvements be approved.

B. ***Approval of the University of California Financial Report, 2006***

The Committee recommended that the *University of California Financial Report, 2006* be approved.

C. ***Adoption of Policy Regarding Approval of the Annual Budget for the Office of the President***

The Committee recommended that:

- (1) The Regents of the University of California shall approve an annual operating budget for the Office of the President.
- (2) The President and the Office of the President shall have no authority to expend funds related to the operations of the Office of the President

for that fiscal year unless and until that budget has been approved in writing by The Regents.

- (3) The President is directed to create appropriate guidelines, procedures, and standards to ensure that this Regental policy is fully implemented in advance of the next fiscal year.

Upon motion of Regent Gould, duly seconded, the report of the Committee on Finance was approved, Regent Marcus voting “no” on item C.

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

A. ***Approval of University of California 2007-08 Budget for State Capital Improvements***

The Committee recommended that, subject to concurrence of the Committee on Finance, the 2007-08 Budget for Capital Improvements be approved as presented in the document titled, *2007-2008 Budget for State Capital Improvements*.

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Stockton Boulevard Research Center Phase II, Davis Medical Center, Davis Campus***

The Committee recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Stockton Boulevard Research Center Phase II – preliminary plans, working drawings, and construction – \$22.3 million, to be funded from funds available to the School of Medicine.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Arroyo Vista Repairs, Irvine Campus***

The Committee recommended that:

- (1) The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Irvine: Arroyo Vista Repairs – preliminary plans, working drawings, and construction – \$20 million, to be funded from external financing.

- (2) The President be authorized to obtain external financing not to exceed \$20 million to finance the Arroyo Vista Repairs project, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. As long as this debt is outstanding, University of California Housing System fees for the Irvine campus shall be established at levels sufficient to provide excess net revenues sufficient to pay the debt service and to meet the related requirements of the proposed funding.
 - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for the Humanities Building, Irvine Campus***

The Committee recommended that:

- (1) The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Irvine: Humanities Building – preliminary plans, working drawings, construction, and equipment – \$27,790,000, to be funded from the State.

To: Irvine: Humanities Building – preliminary plans, working drawings, construction, and equipment – \$37,790,000, to be funded from the State (\$27,790,000) and external financing (\$10,000,000).

Additions shown by underscore

- (2) The President be authorized to obtain external financing not to exceed \$10,000,000 to finance the Humanities Building project, subject to the following conditions:
- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. Repayment of the debt shall be from the Irvine campus' share of the University Opportunity Fund.
 - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

E. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for the CNSI Court of Sciences Building, Los Angeles Campus***

The Committee recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings, construction, and equipment – \$149,100,000, to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$70,000,000), in-kind gift funds (\$12,925,000), and campus funds (\$5,000,000).

To: Los Angeles: CNSI Court of Sciences Building – preliminary plans, working drawings, construction, and equipment – \$166,600,000, to be funded from the State through the California Institutes for Science and Innovation program (\$61,175,000), external financing using the Garamendi funding mechanism (\$70,000,000), in-kind gift funds (\$12,925,000), and preoccupancy indirect cost recovery funds (\$22,500,000).

F. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Amendment of External Financing for Westwood Replacement Hospital and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure, and Replacement Hospitals Furniture and Equipment, Los Angeles Campus***

The Committee recommended that:

- (1) The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$677,700,000, to be funded from federal funds (\$432,900,000), State matching funds (\$44,100,000), State lease revenue bond funds (\$125,000,000), gift funds (\$57,700,000), and external financing (\$18,000,000).

To: Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction, and equipment – \$829,300,000, to be funded from federal funds (\$439,700,000), State matching funds (\$44,100,000), State lease revenue bond funds (\$125,000,000), State children’s hospital program grant funds (\$29,827,000) gift funds (\$6,373,000), hospital reserves (\$6,000,000), campus funds (\$1,000,000), external financing (\$170,300,000), and earnings from previous bond issue (\$7,000,000).

From: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$275,900,000, to be funded from federal funds (\$72,200,000), State lease revenue bond funds (\$55,000,000), gift funds (\$41,700,000), and external financing (\$107,000,000).

To: Los Angeles: Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – preliminary plans, working drawings, construction, and equipment – \$377,900,000, to be funded from federal funds (\$72,200,000), State lease revenue bond funds (\$55,000,000), hospital reserves (\$3,000,000), gift funds (\$3,000,000), and external financing (\$244,700,000).

From: Los Angeles: Replacement Hospitals Furniture and Equipment – furniture, furnishings, miscellaneous medical equipment, IT systems, and other startup costs associated with

the two replacement hospitals – \$85,000,000, to be funded from gift funds.

To: Los Angeles: Replacement Hospitals Furniture and Equipment – furniture, furnishings, miscellaneous medical equipment, IT systems, and other startup costs associated with the two replacement hospitals – \$179,500,000, to be funded from gifts.

Deletions shown by strikeout; additions by underscore

- (2) The President be authorized to obtain external financing not to exceed \$165,000,000 to finance Westwood Replacement Hospital, and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure subject to the following conditions:
- a. Interest only, based on the amount drawn down shall be paid on the outstanding balance during the construction period.
 - b. Repayment of the debt shall be from the gross revenues of the UCLA Hospital System.
 - c. The general credit of The Regents shall not be pledged.
- (3) The President be authorized to obtain an additional amount of external financing not to exceed \$250,000,000 to finance Westwood Replacement Hospital, and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure subject to the following conditions:
- a. Interest only, based on the amount drawn down shall be paid on the outstanding balance during the construction period.
 - b. Repayment of the debt shall be from the gross revenues of the UCLA Hospital System.
 - c. The general credit of The Regents shall not be pledged.
- (~~3~~)(4) The President be authorized to obtain standby financing not to exceed ~~\$59,000,000~~ \$58,000,000 and ~~interim financing not to exceed \$26,000,000, for a total of \$85,000,000~~ for Replacement Hospitals Furniture and Equipment, subject to the following conditions:
- a. Interest only, based on the amount drawn down shall be paid on the outstanding balance during the construction period.

- b. Repayment of the debt shall be from gift funds and in the event such gift funds are insufficient, from the Los Angeles campus' share of the University Opportunity Funds.
 - c. The general credit of The Regents shall not be pledged.
- (5) ~~The 2003-04 Budget for Capital Improvements and Capital Improvement Program be amended as follows:~~

~~Los Angeles: Westwood Replacement Hospital and Santa Monica/Orthopaedic Replacement Hospital and Parking Structure – additional construction expenditures, additional contingency and other capital projects associated with construction at the replacement hospitals – to be funded from external financing (\$40,000,000).~~

- (5) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (6) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

G. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Commons Expansion, Riverside Campus***

The Committee recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to reflect the following changes:

From: Riverside: Commons Expansion – preliminary plans, working drawings, construction, and equipment – (\$54,173,000), to be funded from external financing (\$51,923,000) and Registration Fees Reserves (\$2,250,000).

To: Riverside: Commons Expansion – preliminary plans, working drawings, construction, and equipment – (\$66,962,000), to be funded from external financing (\$51,923,000), Registration Fees Reserves (\$4,750,000), Common Reserves (\$5,500,000), Campus Funds (\$3,000,000), and Housing Reserves (\$1,789,000).

H. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Music Building, San Diego Campus***

The Committee recommended that:

- (1) The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Diego: Music Building – preliminary plans, working drawings, construction, and equipment – \$42,131,000, to be funded from State funds.

To: San Diego: Music Building – preliminary plans, working drawings, construction, and equipment – \$55,028,000, to be funded from State funds (\$45,707,000) and gifts (\$9,321,000).

- (2) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

I. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for the Osher Building, San Francisco Campus***

The Committee recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Francisco: Osher Building – preliminary plans – \$1,125,000, to be funded from gift funds.

J. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Biomedical and Health Sciences Building, Berkeley Campus***

The Committee recommended that the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: Biomedical and Health Sciences Building – preliminary plans – \$6.5 million, to be funded from gifts.

K. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Approval of Standby Financing, Approval of Design, Student Athlete High Performance Center, and Certification of Environmental Impact Report for the Southeast Campus Integrated Projects, Berkeley Campus***

- (1) Upon review and consideration of the environmental consequences of the proposed project as evaluated in the Southeast Campus Integrated Projects Environmental Impact Report, the Committee recommended that:
 - (a) The 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: Student Athlete High Performance Center – preliminary plans – \$5,600,000, to be funded from gift funds.

To: Berkeley: Student Athlete High Performance Center – preliminary plans, working drawings, construction, and equipment – \$111,948,000, to be funded from gift funds.
 - (b) The President be authorized to obtain standby financing not to exceed \$12,000,000 prior to awarding a construction contract for any gift funds not received by that time and subject to the following conditions:
 - i. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - ii. Repayment of any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus' football program revenue.
 - iii. The general credit of The Regents shall not be pledged.
 - (c) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
 - (d) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.
- (2) The Committee deferred consideration of the following actions until a future meeting, to be set for early December, 2006:

- a. Certify the Final Environmental Impact Report.
- b. Adopt the Findings and Statement of Overriding Considerations.
- c. Adopt the Mitigation Monitoring Program
- d. Approve the design of the Student Athlete High Performance Center, Berkeley campus.

[The Final Environmental Impact Report, Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

L. ***Adoption of Initial Study and Negative Declaration and Approval of Design, King Hall Renovation and Expansion, Davis Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Initial Study and Negative Declaration, the Committee reported its:

- (1) Adoption of the Initial Study and Negative Declaration.
- (2) Adoption of the Findings.
- (3) Approval of the design of the King Hall Renovation and Expansion Project, Davis campus.

[The Initial Study, Negative Declaration, and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

M. ***Certification of Addendum to 2003 Long Range Development Plan Environmental Impact Report, Amendment to 2003 Long Range Development Plan, and Approval of West Village Implementation Plan, Davis Campus***

Upon review and consideration of the environmental consequences of the proposed action as evaluated in the Addendum to the 2003 Long Range Development Plan (LRDP) Environmental Impact Report (EIR), the Committee reported its:

- (1) Certification of the Addendum #1 to the 2003 LRDP EIR.

- (2) Adoption of the Findings, as amended on November 14, 2006 by the incorporation by reference of the Neighborhood Master Plan Findings adopted by The Regents on November 20, 2003, in connection with its approval of the 2003 Long Range Development Plan.
- (3) Amendment of the 2003 LRDP.
- (4) Approval of the West Village Implementation Plan, Davis campus.
- (5) Delegation to the Chancellor of the Davis campus approval of Phase 1 of the detailed implementation of the plan subject to substantial conformance with the West Village Implementation Plan.

[The Addendum #1 to the 2003 LRDP EIR and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

N. ***Adoption of Mitigated Negative Declaration, Findings, and Approval of Design, North Campus Housing, San Diego Campus***

Upon review and consideration of the environmental consequences of the proposed project, the Committee reported its:

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Mitigation Monitoring Program and Findings.
- (3) Approval of the design of the North Campus Housing Project, San Diego campus.

[The Initial Study/Mitigated Negative Declaration, Mitigation Monitoring Program, and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary.]

Upon motion of Regent Kozberg, duly seconded, the report of the Committee on Grounds and Buildings was approved.

5. REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY**A. *Approval to Proceed with the Next Phase of Planning for a Proposed School of Medicine, Riverside Campus***

The Committee recommended that The Regents endorse continuing efforts leading to the development of a proposed new School of Medicine at the University of California, Riverside (UCR). It is further recommended that The Regents give its approval for UCR to proceed with activities and the next phase of planning in support of this goal, including the hiring of a founding dean; developing the curriculum, business plan, and full proposal; creating a Clinical Medical Education Program; planning for construction of the initial infrastructure; and seeking review and approval of the curriculum and the new school by the Riverside Division of the Academic Senate as well as the Academic Council.

Committee Chair Marcus called on Regent Lansing to comment on the Advisory Council on the Future Growth of Health Professionals. Regent Lansing reported that the committee, which includes Regents and administrators, had worked for a year to produce and distribute a comprehensive report, which the committee will continue to update.

B. *Establishment of a School of Law at the Irvine Campus*

The Committee forwarded to the Board through the Committee of the Whole the recommendation that effective immediately, Section 14 (a) of The Regents' provisions as covered under the Standing Order 110.1 – Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, be amended as follows:

Additions shown by underscoring

14. Professional Schools

- (a) There are established the following schools, with curricula based on two or more years of undergraduate work:

School of Law, at Irvine, with curricula leading to the degrees of Juris Doctor (J.D.), Master of Laws (LL.M.), and Doctor of the Science of Law (J.S.D.).

Committee Chair Marcus proposed the following amendment:

Outstanding issues with CPEC that cannot be resolved should be brought to this Board for consideration and appropriate action.

Upon motion of Regent Vaner on item A. and Regent Marcus on item B., duly seconded, the report of the Committee on Educational Policy was approved as amended.

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

Regents' Investment Policy with Respect to UC Campus Foundations

The Committee recommended that the following investment policy for the UC Campus Foundations be approved.

INVESTMENT POLICY FOR THE UC CAMPUS FOUNDATIONS

The Regents' generalist investment consultant shall conduct an annual review of each Campus Foundation's investment policy and performance on an annual basis, including:

- Asset allocation relative to its policy, and
- Performance by asset class and relative to its benchmarks,

and provide a report to the Committee on Investments annually on their findings.

In addition, on an annual basis, beginning with the Fiscal Year 2006-2007, the Regents' investment consultant will review the written investment policies and governance structure of each Foundation to ensure that each set of written policies includes, at a minimum:

- Asset allocation target percentages,
- Ranges for each asset class,
- Policy benchmarks for each asset class and in total, and
- Investment guidelines for each asset class.

Foundations should adopt the investment policies and guidelines of the GEP. If any Foundation's policies differ materially from those of the GEP, the Foundation is required to explain the differences to The Regents' generalist investment consultant. The Regents' generalist investment consultant shall review, initially and at the time of any change, each Foundation's asset allocation policy. If a Foundation's target asset class weights are (or will be) outside the ranges currently set annually for the GEP for the next fiscal year, the Foundation is required to explain its rationale to The Regents' generalist investment consultant. The Regents' generalist investment consultant will then provide an assessment and recommendation to the Committee on Investments, at the next scheduled meeting of the Committee on Investments. Any exception to the Regents' Investment Policy must be approved by the Committee on

Investments or the Foundation must immediately move to comply with the approved GEP Policies and demonstrate such compliance to the Committee on Investments.

If the Committee on Investments approves an exception to The Regents' investment policies, it will be reevaluated by The Regents' investment consultant annually and brought back to the Committee on Investments for approval each successive year.

If any Foundation makes changes to its policy (asset allocation percentages and/or benchmarks) that are outside the GEP guidelines, it must communicate such change to The Regents' generalist investment consultant and must be approved by the Committee on Investments before such change can be effective.

Beginning next fiscal year, the Committee on Investments will require the Foundations to also be in compliance with the GEP's risk budget, which will also be reviewed by the Consultant. The Treasurer's Office will work with the Foundations over the course of the next year to ensure that the Foundations are informed of the key assumptions underlying the risk budget.

This policy is to be effective immediately.

Committee Chair Wachter offered an amended policy to reflect the Committee's discussion at its meeting on November 15, 2006.

Upon motion of Regent Wachter, duly seconded, the report of the Committee on Investments was approved as amended.

7. **REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**

A. ***Proposed Revisions to the Schedule of Reports to Regents***

The Committee recommended that the attached Schedule of Reports be approved. ([Attachment 1](#))

B. ***Policy on the Operation of the Board and its Committees, Amendment of the Statement of Expectations of the Members of the Board of Regents, and Amendment of Bylaw 20.2 – Officers of the Corporation***

The Committee recommended that:

- (1) The Policy on Coordination of Material for Presentation to Regents be amended as follows:

Additions shown by underscore, deletions by strikeout**POLICY ON ~~COORDINATION OF MATERIAL FOR~~ PRESENTATION TO REGENTS THE OPERATION OF THE BOARD AND ITS COMMITTEES**

The following shall be the procedures for the operation of the Board and its Committees:

1. All items shall, and background material and reports for presentation to The Regents, including those of the Secretary, General Counsel, ~~Treasurer~~ Chief Investment Officer, Vice President–Chief Compliance and Audit Officer, and individual Regents, should be submitted in advance of the meeting to the President of the University, who shall be responsible for the preparation of agendas, the advance consultation with Committee Chairmen and the Chairman of the Board, and for the coordination of all material for presentation to The Regents. The Committee Chair will approve the agenda for his or her Committee, with the provision that any Regent may request that an item be placed on the agenda. Any item can be brought to the Committee of the Whole if the Chair of the requesting Committee deems it is important enough to do so. Any Regent may place an item on the agenda of the Committee of the Whole.
 2. The majority of the membership of a Standing Committee should serve more than one year to assure continuity.
 3. Concurrent and off-cycle Committee meetings are encouraged when scheduling permits.
- (2) The *Statement of Expectations of the Members of the Board of Regents* be amended as follows:

Guidelines for Discharge of Regental Duties

* * *

Preparation

Members of the Board are expected to ~~devote adequate time to preparation regarding~~ prepare themselves for the issues coming before the Board and to base their votes on the information available and their best judgment. An orientation is mandatory for all new Regents.

- (3) Following service of appropriate notice, Bylaw 20.2 be amended as follows:

BYLAW 20.

OFFICERS OF THE CORPORATION

* * *

20.2 Election.

The Board shall elect the Chairman, Vice Chairman, and Principal Officers except the President, who shall be the Governor of the State. The Chairman and Vice Chairman shall be elected at the May meeting of the Board and shall hold office for one year commencing on July 1 and until their successors are elected. In event of an interim vacancy in the office of Chairman, the Vice Chairman shall hold office until a successor is elected. The Chairman of the Board shall not be elected for more than two consecutive years plus an immediately preceding unexpired term, if any. The Vice Chairman of the Board shall not be elected for more than ~~one~~ two terms plus an immediately preceding unexpired term, if any. All other Officers shall be elected at such times as vacancies may occur and shall hold office at the pleasure of the Board. The election and removal of the Chairman, Vice Chairman, and Principal Officers of the Corporation shall be by the affirmative vote of a majority of the members of the Board, except that the election of a Chairman Pro Tempore shall be by the vote of a majority of the members of the Board present and voting at any regular or special meeting of the Board at which such election takes place.

C. ***Amendment of Bylaws 10 and 16.4 and Proposed Addition of Bylaws 12.9 and 12.10 to Reflect Recommendations of the Task Force to Evaluate Standing Committees and Procedures***

The Committee recommended that, following service of appropriate notice, Bylaws 10.1, 10.2, and 16.4 be amended, as shown in [Attachment 2](#) and Bylaws 12.9 and 12.10 be added, as shown in [Attachment 3](#), for purposes of clarification and to implement Recommendations Three and Four of the Task Force to Evaluate Standing Committees and Procedures; namely, that the Nominating Committee be eliminated and its functions incorporated as part of a new Standing Committee on Governance and that a new Standing Committee on Long Range Planning be added to the existing Standing Committees of The Regents.

Upon motion of Regent Marcus, duly seconded, the recommendations of the Special Committee on Regents' Procedures were approved, and notice was served on items B(3) and C.

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

A. ***Approval of Corrective Action Guidelines – Audit and Management Review; and Recommended Compensation and personnel Actions Related to Audit Findings and Management Reviews***

The Committee recommended that:

- (1) The Guidelines for Corrective Actions Related to Compensation Practices be approved as shown in [Attachment 4](#).
- (2) The proposed compensation and personnel actions for employees be approved as shown in [Attachment 5](#), which include corrective actions related to matters identified in audits conducted by PricewaterhouseCoopers, the Bureau of State Audits, and the University Auditor.

B. ***Merit and Equity Increases for Certain Officers of the University, Officers of The Regents, and Other Senior Managers of the University, Medical Centers, and for the Directors and Certain Senior Management Personnel at Lawrence Berkeley National Laboratory and Lawrence Livermore National Laboratory***

The Committee recommended that:

- (1) The proposed salary shown on [Attachment 6](#) be approved, effective October 1, 2006, for the Chief Investment Officer, pursuant to Bylaw 21.8(f)(1).
- (2) The proposed salary shown on [Attachment 6](#) be approved, effective October 1, 2006, for an employee in an acting capacity in the Office of the General Counsel of The Regents, pursuant to Bylaw 21.8(f)(1).
- (3) The proposed salary shown on [Attachment 6](#) be approved, effective October 1, 2006, for an employee in an acting capacity in the Office of the Secretary of The Regents, pursuant to Bylaw 21.8(f)(1).

- (4) Certain salary rates be approved, as shown in [Attachment 6](#), effective October 1, 2006, for certain Officers of the University and Officers of The Regents, pursuant to Bylaw 12.8(f)(1) and Standing Order 100.3(b), and for other employees with cash compensation above \$200,000, as required by Bylaws 12.8(f)(3) and 12.8(f)(4) and Standing Order 101(a)(2).

C. ***Revised Title and Job Description for the Secretary of The Regents and Revised Title and Interim Slotting for the Vice President–Compliance and Audit Officer***

The Committee recommended that revised job descriptions, titles, and individual salary grades be approved for the following positions within the Senior Leadership Compensation Group (SLCG):

- (1) Approval of revised job description: Secretary and Chief of Staff to The Regents, as shown in [Attachment 7](#).
- (2) Title change and interim slotting for the following existing position: Senior Vice President–Chief Compliance and Audit Officer, Office of the President: SLCG grade 112 with a salary range of \$290,800 minimum, 374,800 midpoint, and \$458,700 maximum.

D. ***Approval of Total Compensation for Charles F. Robinson as General Counsel and Vice President–Legal Affairs, Office of the President***

The Committee recommended that an annual salary of \$400,000 be approved for Charles F. Robinson as General Counsel and Vice President–Legal Affairs, 100 percent time, effective January 1, 2007.

Additional compensation and related items include:

- Per policy, relocation of household effects
- As exception to policy, reimbursement of reasonable costs associated with temporary accommodations not to exceed \$25,000 over a period of six months from commencing employment, to assist with the transition of Mr. Robinson and his family from his current location to Oakland
- Per policy, standard sick leave and vacation accrual
- Per policy, Administrative Fund for official entertainment and other purposes permitted by University 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
- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program
- Per policy, an automobile allowance of \$8,916 per annum
- Per policy, participation in the Mortgage Origination Loan Program (MOP), available to be exercised within a period not to exceed 24 months from date of employment

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.

E. ***Approval of Total Compensation for Judy K. Sakaki as Vice President–Student Affairs***

The Committee recommended that an annual salary of \$238,000 be approved for Judy K. Sakaki as Vice President–Student Affairs, 100 percent time, effective January 1, 2007.

Additional items of compensation are:

- Per policy, reimbursement of expenses associated with normal relocation including, relocation of household effects, standard temporary housing, standard house hunting trips
- Per policy, standard sick leave and vacation accrual
- Per policy, Administrative Fund for official entertainment and other purposes permitted by University 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
- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program
- Per policy, an automobile allowance of \$8,916 per annum

- Per policy, participation in the Mortgage Origination Loan Program (MOP), available to be exercised within a period not to exceed 24 months from date of appointment.

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.

F. ***Approval of Individual Compensation Recommendations***

The Committee recommended the following:

(1) ***Promotional and Merit Increase for Mark A. Speare as Senior Associate Director for Marketing, Patient Affairs, and Human Resources, Los Angeles Campus***

Approval of the following items in connection with the merit and promotional increases for Mark A. Speare as Senior Associate Director for Marketing, Patient Affairs, and Human Resources, Los Angeles campus:

- a. Merit increase of \$6,500 (3.53 percent) to bring his base salary from \$183,900 to \$190,400 (just above the threshold for the SLCG Grade 108, minimum \$187,100, midpoint \$238,200, maximum \$289,300).
- b. Promotional increase of \$27,600 (14.5 percent) to bring his base salary from \$190,400 to \$218,000 (leading the first quartile for SLCG Grade 108 by 2.5 percent, minimum \$187,100, midpoint \$238,200, maximum \$289,300).
- c. Effective October 1, 2006 (upon approval of The Regents).

Additional items of compensation include:

- Per policy, participation in the Clinical Enterprise Management Recognition Plan (CEMRP) for up to 20 percent of base salary, resulting in additional compensation of \$43,600.
- Per policy, standard Pension and Health and Welfare benefits.

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.

(2) ***Establishment of Position and Appointment of Jonathan A. Showstack as Assistant Vice Chancellor and Co-Chief Information Officer, San Francisco Campus***

Approval of the following items in connection with the establishment of the position and an appointment salary for Jonathan A. Showstack as Assistant Vice Chancellor and Co-Chief Information Officer, San Francisco campus:

- a. Establishment of new position within the Senior Management Group, Assistant Vice Chancellor and Co-Chief Information Officer.
- b. Approval of slotting of new position, Assistant Vice Chancellor and Co-Chief Information Officer at SLCG Grade 108; range minimum \$187,100, midpoint \$238,200, maximum \$289,300.
- c. Appointment to the position of Assistant Vice Chancellor and Co-Chief Information Officer at a salary of \$225,910, 100 percent time.
- d. Effective July 1, 2006.

Additional items of compensation are:

- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- 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.

(3) ***Promotional and Merit Increase and Title Change for Lynda Choi as Senior Portfolio Manager, Office of the President***

Approval of the following items in connection with the merit and promotional increases and the promotional title and job grade change for Lynda Choi as Senior Portfolio Manager, Office of the President:

- a. Merit increase of \$6,375 (3.5 percent) to bring her base salary from \$181,125 to \$187,500 (leading the first quartile by

8.1 percent for the SLCG Grade 107, minimum \$167,600, midpoint \$212,700, maximum \$257,800).

- b. Promotional increase of \$19,500 (10.4 percent) to bring her base salary from \$187,500 to \$207,000 (lagging the midpoint by -2.8 percent for SLCG Grade 107, minimum \$167,600, midpoint \$212,700, maximum \$257,800).
- c. Promotion to Senior Portfolio Manager-Absolute Return at SLCG grade 107, 100 percent time.
- d. Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan with an incentive target of 45 percent up to a maximum of 90 percent of base salary.
- e. Effective October 1, 2006.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

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.

(4) ***Establishment of Position and Appointment Salary for Daniel C. Sampson as Assistant Vice President–Financial Controls and Accountability, Office of the President***

Approval of the following items in connection with the establishment of position and appointment salary for Daniel C. Sampson as Vice President–Financial Controls and Accountability, Office of the President:

- a. Establishment of new position within the Senior Management Group, Assistant Vice President–Financial Controls and Accountability.
- b. Approval of slotting of new position, Assistant Vice President–Financial Controls and Accountability at SLCG Grade 107; range minimum \$167,600, midpoint \$212,700, maximum \$257,800.

- c. Appointment to the position of Assistant Vice President–Financial Controls and Accountability at an annual salary of \$205,000, 100 percent time.
- d. Effective November 1, 2006.
- e. Continuation of practice to award up to 10 percent of base salary as a bonus, payable based upon performance against predetermined objectives.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

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.

(5) ***Recalculation of Administrative Stipend for Jay Keasling as Division Director–Faculty, Physical Biosciences, Lawrence Berkeley National Laboratory***

Approval of the following items in connection with an Administrative Stipend for Jay Keasling Division Director–Faculty, Physical Biosciences, Lawrence Berkeley National Laboratory (LBNL):

- a. Approval to apply previously approved administrative stipend of 15 percent to new annualized salary (calculated against July 1, 2006 salary, the stipend is \$35,000) to increase his adjusted academic salary of \$233,333, for a total annual salary of \$268,333.
- b. Effective date of the above revised stipend calculation is July 1, 2006 (upon approval of The Regents).
- c. Approval to apply previously approved administrative stipend of 15 percent to new annualized salary (calculated against October 1, 2006 salary, the stipend is \$35,420) to increase his adjusted academic salary of \$236,133, for a total annual salary of \$271,553.

- d. Effective date of the latest revised stipend calculation is October 1, 2006 (upon approval of The Regents).
- e. Approval of ongoing adjustment of his 15 percent administrative stipend as base salary increases.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. Separate approval by DOE of this item is not required.

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.

(6) ***Stipend for Sheila D. Dwight as Acting Dean—University Extension, Riverside Campus***

Approval of the following items in connection with the appointment of Sheila D. Dwight as Acting Dean—University Extension, Riverside campus:

- a. Administrative stipend of 15 percent (calculated against current salary, the stipend is \$17,600) to increase her base salary of \$117,100, for a total annual salary of \$134,700.
- b. The stipend amount will be increased as the base salary is increased, so the stipend will equal 15 percent of the base salary.
- c. This appointment is at 100 percent time and is effective November 1, 2006 through October 31, 2007 or until this responsibility is transferred to the new Dean of University Extension, whichever is sooner.

Additional items of compensation include:

- Per policy, Standard Pension and Health and Welfare benefits.

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.

(7) ***Stipend for Joseph Rudnick as Acting Dean–Division of Physical Sciences, College of Letters and Science, Los Angeles Campus***

Approval of the following items in connection with the appointment of Joseph Rudnick as Acting Dean–Division of Physical Sciences, College of Letters and Science, Los Angeles campus:

- a. An administrative stipend of 15 percent (\$26,700) to increase his adjusted academic salary of \$178,000, for a total annual salary of \$204,700; his adjusted academic salary of \$178,000 is derived from a current adjusted academic salary of \$139,300 and 2.5 summer ninths of \$38,700; his adjusted academic salary currently inclusive of 3 summer ninths as a faculty member; that compensation will be reduced to 2.5 summer ninths when the academic administrator position is assumed; the current stipend as Chair will be discontinued.
- b. The stipend amount will be increased as the base salary is increased, so the stipend will equal 15 percent of the base salary.
- c. This appointment is at 100 percent time, effective October 1, 2006 through September 30, 2007, or until this responsibility is transferred to the new Dean of Physical Sciences, whichever is sooner.

Additional items of compensation include:

- Per policy, Standard Pension and Health and Welfare benefits.
- Per policy, eligible for Sabbatical Credits.

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.

(8) ***Stipend for Harold G. Levine as Associate Provost for Education Initiatives, Office of the President***

Approval of the following items in connection with the additional work being done by Harold G. Levine as Associate Provost for Education Initiatives, Office of the President:

- a. Administrative stipend of 15 percent (calculated against current salary, the stipend is \$26,205) to increase his base salary of \$174,700, for a total annual salary of \$201,205.
- b. The stipend amount will be increased as the base salary is increased, so the stipend will equal 15 percent of the base salary.
- c. Effective September 1, 2006 (upon approval of The Regents) through August 31, 2007 or until the appointment of a permanent Associate Provost, whichever occurs first.

Additional items of compensation include:

- 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.

(9) ***Stipend Extension for Interim Vice Provost Joyce Justus for Additional Management Responsibilities in the Department of Student Affairs, Office of the President***

Approval of the following items in connection with the stipend extension for Joyce Justus for additional management responsibilities in the Department of Student Affairs, Office of the President:

- a. Administrative stipend of 15 percent (calculated against current salary, the stipend is \$25,125) in addition to her base salary of \$159,100, for a total annual salary of \$192,625.
- b. Effective September 1, 2006 through January 31, 2007 to facilitate the transition of responsibilities to the permanent Vice President–Student Affairs.

- c. Standard Pension and Health and Welfare benefits.

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.

(10) ***Title Change from Associate Vice Chancellor–Academic Affairs to Vice Provost–Academic Affairs for Sally J. Marshall, San Francisco Campus***

That a change in title from Associate Vice Chancellor–Academic Affairs to Vice Provost–Academic Affairs be approved for Sally J. Marshall, San Francisco campus. There is no change in compensation.

Current compensation includes:

- Base salary of \$210,100.
- Per policy, Health Sciences Compensation of \$35,000.

Per policy, participation in the Staff Recognition Award Program.

- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and 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.

(11) ***Summer Salary for No-Hee Park as Dean–School of Dentistry, Los Angeles Campus***

Approval of the following item in connection with the one-time additional compensation payment of No-Hee Park as Dean–School of Dentistry, Los Angeles campus:

- a. As an exception to policy, a one-time additional compensation payment of \$15,291.67, for total annual compensation of \$358,791.67.

- b. This additional compensation is for the month of August 2006 and will be paid from the National Institute of Health's (NIH) grant entitled *UCLA Fundamental Clinical Research Training Grant Research in oral cancer, microbiology and immunology, and bone biology*.
- Per policy, Mr. Park will forfeit one month of his accrued vacation.
- The summer salary component of compensation described above shall constitute the University's total commitment under this policy until modified by The Regents and shall supersede all previous oral or written commitments.

(12) ***Summer Salary for Paul W. Drake as Dean–Division of Social Sciences, San Diego Campus***

Approval of the following item in connection with the one-time additional compensation payment of Paul W. Drake as Dean–Division of Social Sciences, San Diego campus:

- a. For a 1/12th one-time additional compensation payment of \$15,767, for total annual compensation of \$204,967.
- b. This additional compensation is for the month of August 2006 and will be paid from Mr. Drake's endowed chair funds for the period that Mr. Drake worked on a book on the history of democracy in Latin America, tentatively entitled *Between Tyranny and Anarchy*.
- Per policy, Mr. Drake will forfeit one month of his accrued vacation.

The summer salary component of compensation described above shall constitute the University's total commitment under this policy until modified by The Regents and shall supersede all previous oral or written commitments.

(13) ***Summer Salary for Frieder Seible as Dean–Jacobs School of Engineering, San Diego Campus***

Approval of the following item in connection with the one-time additional compensation payment for Frieder Seible as Dean–Jacobs School of Engineering, San Diego campus:

- a. For a 1/12th one-time additional compensation payment of \$19,650, for total annual compensation of \$255,450.
 - b. This additional compensation is for the month of September 2006 and will be paid from grant funds for the period that Mr. Seible conducted research as Principal Investigator of the Explosive Loading Laboratory Testing Program at UCSD.
- Per policy, Mr. Seible will forfeit one month of his accrued vacation.

The summer salary component of compensation described above shall constitute the University's total commitment under this policy until modified by The Regents and shall supersede all previous oral or written commitments.

(14) ***Summer Salary for Mark H. Thiemens as Dean—Division of Physical Science, San Diego Campus***

Approval of a 1/12th one-time additional compensation payment for Mark H. Thiemens as Dean—Division of Physical Science, San Diego campus:

- a. For a 1/12th one-time additional compensation payment of \$18,742, for total annual compensation of \$243,642.
 - b. This additional compensation is for the month of August 2006 and will be paid from research grant funds for the period that Mr. Thiemens engaged in isotope research associated with the identification of long-range aerosol transport and a project to examine the cause of large rain forest extinctions in Ecuador that has been funded for approximately five years.
- Per policy Mr. Thiemens will forfeit one month of his accrued vacation.

The summer salary component of compensation described above shall constitute the University's total commitment under this policy until modified by The Regents and shall supersede all previous oral or written commitments.

(15) ***Summer Salary for Gabriele Wienhausen as Provost–Sixth College, San Diego Campus***

Approval of a 1/12th one-time additional compensation payment for Gabriele Wienhausen as Provost–Sixth College, San Diego campus:

- a. For a 1/12th one-time additional compensation payment of \$10,275, for total annual compensation of \$133,575.

This additional compensation is for the month of August and will be paid from instructional grant funds for the period that Ms. Wienhausen who is a Co-Principal Investigator (P.I.) managed and oversaw the four-week residential California State Summer School for Mathematics and Science (COSMOS) Program.

- Per policy, Ms. Wienhausen will forfeit one month of her accrued vacation.

The summer salary component of compensation described above shall constitute the University's total commitment under this policy until modified by The Regents and shall supersede all previous oral or written commitments.

(16) ***Summer Salary for Matthew Tirrell as Dean–School of Engineering, Santa Barbara Campus***

Approval of a 1/12th one-time additional compensation payment for Matthew Tirrell as Dean–School of Engineering, Santa Barbara campus:

- a. For a 1/12th one-time additional compensation payment of \$20,450, for total annual compensation of \$265,850.

- b. This additional compensation is for the month of August 2006 and will be paid from unrestricted gift funds for the period that Mr. Tirrell worked on a project on polyelectrolytes.

- Per policy, Mr. Tirrell will forfeit one month of his accrued vacation.

The summer salary component of compensation described above shall constitute the University's total commitment under this policy until modified by The Regents and shall supersede all previous oral or written commitments.

(17) ***Contract Compensation for Anne (Sandy) Barbour, Athletic Director, Berkeley Campus***

Approval of revised compensation terms for Athletic Director, Anne “Sandy” Barbour, Berkeley campus, 100 percent time. Pending approval by The Regents of these compensation terms, Ms. Barbour’s revised contract will be effective retroactive to October 1, 2006. The contract will also be extended for an additional two years through September 30, 2011.

a. This contract increases her base salary annually as follows:

10/01/05 - 09/30/06	\$238,500	Current base salary
10/01/06 - 09/30/07	\$252,850	6.0 percent increase
10/01/07 - 09/30/08	\$262,950	4.0 percent increase
10/01/08 - 09/30/09	\$273,450	4.0 percent increase
10/01/09 - 09/30/10	\$284,400	4.0 percent increase
10/01/10 - 09/30/11	\$295,800	4.0 percent increase

b. Talent Fee:

10/01/06 - 09/30/07	\$52,650
10/01/07 - 09/30/08	\$69,200
10/01/08 - 09/30/09	\$85,750
10/01/09 - 09/30/10	\$85,750
10/01/10 - 09/30/11	\$85,750

c. Additionally, this contract provides the following opportunity to earn supplemental compensation during the first year (10/01/2006-09/30/2007):

Early achievable non-base building program development incentives

10.0%	\$25,285	Academic Achievement: All Teams meet Academic Performance Rate threshold
5.0%	\$12,643	Adherence to Financial Plan Progress Requirements
5.0%	\$12,643	Integration with Academic Programs

Long-Term non-base building Athletic success incentive payments

4.0%	\$10,114	Men’s Basketball-Tournament Participation
5.0%	\$12,643	Men’s Basketball-Final Four Participation
7.5%	\$18,964	Men’s Basketball-National Championship
4.0%	\$10,114	Women’s Basketball-Tournament Participation
5.0%	\$12,643	Women’s Basketball-Final Four Participation
7.5%	\$18,964	Women’s Basketball-National Championship
4.0%	\$10,114	Football-Bowl Participation
5.0%	\$12,643	Football-BCS Bowl
7.5%	\$18,964	Football-National Championship
2.5%	\$6,321	Tennis-Sears Cup Top 20

4.0%	\$10,114	Tennis-Sears Cup Top 10
5.0%	\$12,643	Tennis-Sears Cup Top 5
7.5%	\$18,964	Tennis-Sears Cup #1

Note: Athletic Director is precluded from receiving more than one of the above bonuses for each sport. These awards are based on the percentages shown; therefore, as base salary increases each year so does the potential dollar payout.

- c. Television Participation:
Annual \$25,000 non-base building payment for the life of the contract
- e. One-time bonus payment of \$15,600 as an incentive to accept the contract extension terms
- f. The total potential compensation package for each of the years covered by the contract is up to:
10/01/06 - 09/30/07 \$472,525
(Excludes pre-approved relocation and housing of \$33,125)
10/01/07 - 09/30/08 \$488,625
(Excludes pre-approved relocation and housing of \$16,563)
10/01/08 - 09/30/09 \$520,925
10/01/09 - 09/30/10 \$537,350
10/01/10 - 09/30/11 \$554,450

The probability of attaining this maximum payout by achieving all goals is not high.

This contract does not contain a penalty clause for early termination. If Ms. Barbour terminates before the expiration of the agreement, she simply loses the benefits of the agreement, and all University obligations cease.

If the University terminates the contract early without cause, the campus will owe the balance of the base salary, talent fees, and housing support laid out in the contract and paid out in yearly installments. However, these amounts may be reduced or mitigated by any amounts received or to be received at a later date by Ms. Barbour during the term she would have been a University employee.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fundraising and no State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- Consistent with practice, a courtesy vehicle.
- Per contract, 20 days of vacation per each twelve-month period of the contract.
- Per contract and policy, twelve days of sick leave during each twelve-month period of the contract.
- Balance of relocation allowance and housing allowance approved at time of appointment. Balance of relocation is \$17,888 and balance of housing allowance is \$31,800.
- Per policy, eligible for standard Pension, Health & Welfare benefits.

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.

(18) ***Salary Adjustment for Dennis Levi as Dean–School of Optometry, Berkeley Campus***

Approval of the following items in connection with the salary adjustment and merit increase for Dennis Levi as Dean–School of Optometry, Berkeley campus:

- a. Salary adjustment of \$16,700 (8.7 percent) added to his base salary of \$192,500 for a total annual salary of \$209,200 (just below the midpoint for the SLCG Grade 107, minimum \$167,600, midpoint \$212,700, maximum \$257,800) to maintain the differential between Mr. Levi's academic salary and his Dean's salary. He is a Professor, Above-Scale and received a merit increase in his fiscal year academic salary to \$184,900 effective July 1, 2006.
- b. Effective date of September 1, 2006 for salary adjustment (upon approval of The Regents).
- c. Merit increase of \$5,200 (2.5 percent) to bring his base salary from \$209,200 to \$214,400 (just above the midpoint of the SLCG Grade 107 by 0.8 percent, minimum \$167,600, midpoint \$212,700, maximum \$257,800).
- d. Effective date of October 1, 2006 for merit increase.

Additional compensation and related items include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, accrual of sabbatical credits as a member of the faculty.
- As an exception to policy, up to one full month of additional research compensation to fulfill responsibilities to his grant funded by the National Institutes of Health.
- As an exception to policy, a Faculty Recruitment Allowance of \$150,000 (\$9,400 paid annually and at year seven, payment of a lump sum of \$75,000) was provided to Mr. Levi upon his hire in 2001. This allowance was approved by then-Provost King and disclosed to The Regents in July 2001.

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.

(19) ***Salary Adjustment for Paul W. Ludden as Dean—College of Natural Resources, Berkeley Campus***

Approval of the following items in connection with the salary adjustment and merit increase for Paul W. Ludden as Dean—College of Natural Resources, Berkeley campus:

- a. A salary adjustment of \$22,000 (10.8 percent) added to his base salary of \$203,000 for a total annual salary of \$225,000 to maintain the differential between Mr. Ludden's faculty salary and his Dean's salary. He is also a Professor and Agronomist and received a faculty merit increase in his academic year salary of \$162,300 effective July 1, 2006, resulting in an adjusted faculty salary of \$207,400.
- b. Effective date of September 1, 2006 for salary adjustment (upon approval of The Regents).
- c. Merit increase of \$5,600 (2.5 percent) to bring his base salary from \$225,000 to \$230,600 (above the midpoint for the SLCG Grade 107, minimum \$167,600, midpoint \$212,700, maximum \$257,800).

- d. Effective date of October 1, 2006 for merit.

Additional compensation and related items include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, accrual of sabbatical credits as a member of the faculty.

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.

(20) ***Salary Adjustment for P. David Pearson as Dean—Graduate School of Education, Berkeley Campus***

Approval of the following items in connection with the salary adjustment and merit increase for P. David Pearson as Dean—Graduate School of Education, Berkeley campus:

- a. A salary adjustment of \$27,300 (13.8 percent) added to his base salary of \$197,700 for a total annual salary of \$225,000 to maintain the differential between Mr. Pearson's faculty salary and his Dean's salary. He is a Professor, Above-Scale and received a merit increase in his academic year salary of \$166,700 effective July 1, 2005 which results in an adjusted faculty salary of \$213,000.
- b. Effective date of September 1, 2006 for salary adjustment (upon approval of The Regents).
- c. Merit increase of \$5,600 (2.5 percent) to bring his base salary from \$225,000 to \$230,600 (above the midpoint for the SLCG Grade 107, minimum \$167,600, midpoint \$212,700, maximum \$257,800).
- d. Effective date of October 1, 2006 for merit.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior

Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.

- Per policy, accrual of sabbatical credits as a member of faculty.

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.

(21) ***Salary Adjustment for Peter Woon as Controller–Financial Administration, Irvine Campus Medical Center, Irvine Campus***

Approval of the following items in connection with the salary adjustment of Peter Woon as Controller–Financial Administration, Irvine Campus Medical Center, Irvine campus:

- a. A salary adjustment of \$17,500 (10.1 percent) added to his base salary of \$173,400 for a total annual salary of \$190,900.
- b. An effective date of September 1, 2006.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits
- Per policy, UC Irvine Campus Medical Center Director's Incentive Plan.

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.

G. *Approval of Compensation for Participants of Campus Bonus and/or Incentive Plans*

The Committee recommended that award amounts be approved for certain members of the Senior Leadership Compensation Group, as shown below.

Name	Loc.	Title	Proposed Incentive Payment
Rhea Turteltaub	LA	Interim Vice Chancellor--External Affairs and Associate Vice Chancellor--Development	\$7,500
Judith Rothman	LA	Assoc Vice Chancellor--Finance & Administration and Sr Assoc Dean--School of Medicine	\$18,800
James Asp	SF	Associate Vice Chancellor-University Development and Alumni Relations	\$21,500
Irene Brezman	SF	Director-IT Application	\$23,167
Marcia Canning	SF	Chief Campus Counsel	\$20,000
Jose Claudio	SF	Director-Infrastructure Services	\$23,167
Julie Cox	SF	Director-IT Customer Service	\$23,224
Barbara French	SF	Associate Vice Chancellor-University Relations	\$21,000
Martha Hooven	SF	Associate Chair for Administration (SOM)	\$28,119
Randy Lopez	SF	Associate Vice Chancellor-Administration/Co-CIO Office of Academic & Administrative Information Systems	\$ 5,297
Sally Marshall	SF	Associate Vice Chancellor-Academic Affairs	\$ 1,890
Russell Peckenpugh	SF	Director-IT	\$23,197
Eric Vermillion	SF	Associate Vice Chancellor-Finance	\$ 5,797
Eugene Washington	SF	Executive Vice Chancellor	\$26,750
Steve Wiesenthal	SF	Associate Vice Chancellor-Capital Projects and Facilities Management	\$ 6,258
Lori Yamauchi	SF	Assistant Vice Chancellor-Campus Planning	\$19,040

The compensation described above shall constitute the University's total 2005-06 incentive commitment for these individuals until modified by The Regents and shall supersede all previous oral or written commitment.

H. *Amendment of the University of California Retirement Plan Buyback Rules for Eligible Lawrence Livermore National Laboratory Employees*

The Committee recommended approval of an amendment to University of California Retirement Plan (UCRP) buyback rules, effective February 1, 2007, to:

- (1) Permit eligible Lawrence Livermore National Laboratory (LLNL) employees who are within the three year buyback eligibility window

to establish or re-establish UCRP service credit with an after-tax lump sum payment prior to termination from UC employment.

- (2) Permit eligible LLNL employees who are currently making monthly payroll deductions to establish/re-establish UCRP service credit to complete their payments with an after-tax lump sum payment within 60 days of termination from UC employment, regardless of how long their payroll deductions have been in effect.
- (3) Delegate implementation to the Plan Administrator.

I. ***Amendment of Bylaws and Standing Orders Regarding Secretary of The Regents and Vice President–Chief Compliance and Audit Officer***

The Committee recommended that:

- (1) Service of notice be waived.
- (2) Bylaws and Standing Orders regarding the Secretary of The Regents and the Vice President–Chief Compliance and Audit Officer be amended as shown below.

Additions shown by underscore; deletions shown by strikethrough

BYLAW 2.

CORPORATE SEAL

* * *

2.2 Use.

The corporate seal shall be used only in connection with the transaction of business of The Regents of the University of California and of the University. The seal may be affixed by the Secretary and Chief of Staff on any document signed on behalf of the Corporation. Permission may be granted by the Secretary and Chief of Staff for the use of the seal in the decoration of any University building or in other special circumstances.

BYLAW 14.

MEETINGS OF THE BOARD AND COMMITTEES

14.1 Regular Meetings of the Board.

A regular meeting of the Board shall be held once each month, unless dispensed with by the Board, at such time and place as the Board by resolution from time to time may direct.

At least ten days in advance of regular meetings, the Secretary and Chief of Staff shall give notice of such meetings to any person who has requested such notice in writing.

14.2 Special Meetings of the Board.

Special meetings of the Board shall be called by the Secretary and Chief of Staff at the direction of the President or Chairman of the Board, or any four members thereof. Such meetings may be called at any time, and notice of the time, place, and agenda thereof shall be given by telephone, or by letter or telegram addressed to each Regent at the last known place of business or residence in time to reach the Regent at least 72 hours before the time appointed for such meeting. In addition, public notice shall be given for such meetings. Such notice shall be given by notifying any newspaper of general circulation or any television or radio station and shall be delivered personally or by mail so that the notice may be published or broadcast at least 72 hours before the time of such meeting. No business other than that included in the agenda of the meeting shall be considered. A record of the service of notice required to be given as aforesaid shall be entered upon the minutes of the Board, and the said minutes when read and approved at the subsequent meeting of the Board shall be conclusive of the fact that notice was given as required.

14.3 Meetings of Committees and Subcommittees.

Meetings of Committees and Subcommittees shall be called by the Secretary and Chief of Staff at the direction of the Chairman of the Board, the Chairman of the particular Committee or Subcommittee concerned, the President of the University, or any three members of the Committee or Subcommittee of which a meeting is to be called.

Meetings of Committees and Subcommittees held in conjunction with meetings of the Board shall be regarded as regular meetings unless specifically called as special or emergency meetings.

Notice and agenda requirements are as set forth in Bylaws 14.1 and 14.5 for regular meetings, Bylaw 14.2 for special meetings, and Bylaw 14.4 for emergency meetings.

14.4 Emergency Meetings.

Emergency meetings of the Board or Committees shall be called by the Secretary and Chief of Staff at the direction of the President or Chairman of the Board, or the President of the University, at any time, and notice of the time, place, and purpose thereof shall be given by letter or telegram addressed to each Regent at the last known place of business or residence. Emergency meetings may be held only in the event of or to consider: (a) work stoppage or other activity which severely impairs public health, safety, or both; (b) crippling disaster which severely impairs public health, safety, or both; (c) administrative disciplinary matters, including, but not limited to, consideration of proposed stipulations, and pending litigation, which require immediate attention.

Newspapers of general circulation and radio or television stations which have requested notice of Board or Committee meetings shall be notified by the President or Chairman of the Board, or the President of the University or a designee thereof, one hour prior to the emergency meeting by telephone. In the event that telephone services are not functioning, notice requirements shall be deemed waived, and the President or Chairman of the Board, or the President of the University, or a designee thereof, shall, as soon after the meeting as possible, notify such newspapers, radio stations or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any actions at the meeting which are subject to announcement.

As soon after the meeting as possible, the Secretary and Chief of Staff shall post for a minimum of ten days in a public place a list of persons notified or attempted to be notified, and as to actions which are subject to announcement, the minutes of the emergency meeting, including roll call votes and actions taken.

14.5 Agenda and Agenda Materials for Regular Meetings of the Board, Committees, and Subcommittees.

At least ten days prior to each regular meeting of the Board, Committees and Subcommittees, the Secretary and Chief of Staff shall mail to each member of the Board an agenda setting forth all business to be transacted or discussed at the meeting. No business other than that included in the agenda for the meeting shall be considered. At regular meetings of the Board there may be considered any item on the agenda of a regular Committee or Subcommittee meeting held in conjunction with the meeting of the Board.

Seven days prior to each regular meeting of the Board, Committees and Subcommittees, or as soon thereafter as practicable, the Secretary and Chief of Staff shall mail to each member of the Board materials relating to items on the session agenda. The materials shall set forth the name of any officer of the Corporation or of the University whose appointment or dismissal is to be requested at the meeting.

* * *

14.7 Release of Information—Closed Sessions.

* * *

(c) Release of actions shall be determined by the President of the University and by the Secretary and Chief of Staff, the ~~Treasurer~~ Chief Investment Officer, and the General Counsel of The Regents in their respective areas of responsibility and in accordance with procedures established by the Board.

(d) Information from closed sessions other than final actions may be released only as follows:

(1) The President of the University, the Secretary and Chief of Staff, the ~~Treasurer~~ Chief Investment Officer, and the General Counsel of The Regents in their respective areas of responsibility may release from closed session background information as required for the conduct of ordinary business of the University.

* * *

BYLAW 16.

BOARD AND COMMITTEE PROCEDURES

* * *

16.9 Communications.

Communications for presentation to the Board or a Committee thereof shall be in writing and shall be presented by the Secretary and Chief of Staff at the next regular meeting following their receipt by the Secretary and Chief of Staff, provided that communications from the Academic Senate or members of the faculty or student body or employees of the University shall be presented only through the President of the University. This Bylaw does not apply to communications presented by members of the University of California Student Association Board of Directors or by members of the Academic Council of the Academic Senate pursuant to Bylaw 16.10.

16.10 Appearances Before the Board and Committees.

- (a) Individuals or organizations shall have an opportunity to address the Board or a Committee directly on each open session agenda item before or during discussion or consideration of the item in accordance with such procedures as may be adopted by The Regents by resolution, provided that the Chairman of the Board or the Committee Chairman, as appropriate, may reasonably limit the total amount of time allocated for public testimony on particular issues and for each speaker and may limit testimony either to assure that it is germane to the item or if it does not involve a specific matter which has been delegated to an officer and which is more appropriately raised with that officer.

Individuals seeking to address the Board or a Committee shall communicate their intention to the Secretary and Chief of Staff no later than the beginning of the morning or afternoon sessions of The Regents on the day the individual wishes to speak.

* * *

16.11 Reconsideration, Repeal, or Rescission.

No motion for repeal or rescission of any action taken by the Board shall be voted upon unless notice of intention to make such motion shall have been given at the previous meeting or by mail by the Secretary and Chief of Staff to each member of the Board and the subject matter of the motion has been placed on the agenda in accordance with Bylaw 14.5.

Any member may move for the reconsideration of an action taken by the Board. Such motion must be made and voted upon at the same meeting at which said action is taken.

16.12 Minutes of Board and Committee Proceedings.

- (a) Minutes of the proceedings of the Board shall be kept by the Secretary and Chief of Staff and, as soon as practical after a meeting, a copy of said minutes shall be mailed to each member.
- (b) Minutes of the proceedings of each committee shall be kept by the Secretary and Chief of Staff and, as soon as practical after a meeting, a copy of said minutes shall be mailed or delivered to each member of said Committee.

* * *

BYLAW 20.

OFFICERS OF THE CORPORATION

20.1 Designation and Qualifications.

The Officers of the Corporation shall be President of the Board (who shall be the Governor of the State); Chairman; Vice Chairman; the following who shall collectively be known as the Principal Officers of The Regents: Secretary and Chief of Staff, Chief Investment Officer and Vice President for Investments (who also serves as an Officer of the University), General Counsel and Vice President for Legal Affairs (who also serves as an Officer of the University), Senior Vice President–Chief Compliance and Audit Officer (who also serves as an Officer of the University); and such deputies, associates and assistants of the foregoing Principal Officers as they may from time to time designate in their respective areas of responsibility as Officers of the Corporation. The President, Chairman, and Vice Chairman shall be members of the

Board, but membership on the Board shall not be a necessary qualification for other Officers. Any Officer, other than the President, Chairman, and Vice Chairman, may hold as many offices as the Board shall determine.

* * *

21.3 Secretary and Chief of Staff.

The Secretary and Chief of Staff shall serve as the primary liaison between The Regents of the University of California and University administration, working directly with the Board Chairman and the President of the University on a regular basis in the execution of Board related projects, initiatives, and mandates, including Board meetings and their agendas, providing substantive research and analysis, planning, preparation and support and review. The Secretary and Chief of Staff shall respond to communications and events on behalf of the Board and its members, serving as an ambassador of The Regents.

In addition:

- (a) The Secretary and Chief of Staff shall administer the annual operating budget for the Board of Regents, ensuring that expenditures are approved according to University and Regental policies and guidelines;
- (b) The Secretary and Chief of Staff shall inform and advise both Regents and University administrators on Regental policies and procedures, and shall ensure that the activities of the University comply with all pertinent policies and procedures and conform to sound governance practices by engaging in regular consultations with the General Counsel of The Regents.
- (c) The Secretary and Chief of Staff shall provide governance support to the Board by providing staff support to designated committees, and designing and facilitating the orientation of new Regents.
- (d) The Secretary and Chief of Staff shall participate in administrative working groups that include Regents as members as requested or required to provide appropriate support to The Regents.

- (a)(e) The Secretary and Chief of Staff shall give legal notice of all meetings of the Board of Regents and of all meetings of Committees, shall record and keep the minutes of the proceedings of the Board and of the proceedings of all Committees; shall track and coordinate all information, reports, and follow-up issues emanating from such meetings; and shall assist the President of the University in providing provide a full range of general administrative support to the Board and its Committees.
- (b)(f) The Secretary and Chief of Staff shall be the custodian of all official records of the Corporation, including the minutes of all meetings and papers of the Corporation.
- (c)(g) The Secretary and Chief of Staff shall be custodian of the corporate seal of the Corporation and certain other official Regental and other vital corporate records; and shall affix it the seal to documents executed on behalf of the Corporation and to certifications as required.
- (d)(h) The Secretary and Chief of Staff may certify to any action of the Board or its Committees, to the identity, appointment, and authority of Officers of the Corporation or of the University, and to the provisions of the Corporation's Bylaws and Standing Orders and to excerpts from the minutes of The Regents.
- (e)(i) The Secretary and Chief of Staff shall execute in the name of The Regents, or attest to, a broad range of all documents necessary for the operation of the University, including, but not limited to, those documents which have been executed by the President, Chairman or Vice Chairman of the Board, or the Chairman or Vice Chairman of the Committee on Finance in accordance with the Corporation's Bylaw 21.1.
- (f)(j) The Secretary and Chief of Staff, acting alone, is authorized, in the name of the Corporation, to enter into and execute the following:
- (1) Except as otherwise provided in the Bylaws or Standing Orders, all documents involving \$1 million or less which are necessary to implement programs or policies approved by the Board or by a Committee thereof which has been empowered to act.

- (2) Documents involving real estate transactions which are necessary to implement programs or policies approved by the President of the University or the ~~Treasurer~~ Chief Investment Officer of the Corporation in their respective areas of authority and responsibility, provided, however, that the following shall be subject to approval by the Board or by a Committee thereof empowered to act (see also Bylaw 21.4(~~ttq~~) and Standing Order 100.4(cc)):
- (aa) Documents affecting a conveyance of title to real property other than those subject to approval by the ~~Treasurer~~ Chief Investment Officer in accordance with Bylaw 21.4(~~so~~) and 21.4(~~tp~~) and those subject to approval by the President in accordance with Standing Order 100.4 (gg), 100.4(hh), and 100.4(ll).
 - (bb) Leases of mineral rights, including gas, oil, and other hydrocarbons, or geothermal resources, associated with real property held or acquired for investment purposes which involve a land rent in excess of \$500,000 per year during the primary lease term.
 - (cc) Leases, licenses, easements, and rights-of-way with respect to real property in excess of the authority granted to the President and the ~~Treasurer~~ Chief Investment Officer in their respective areas of authority.
 - (dd) Agreements by which the University assumes liability for conduct of persons other than University officers, agents, employees, students, invitees, and guests. This restriction does not apply to agreements under which the University assumes responsibility for the condition of property in its custody.
- (3) Certificates of acceptance of title to interests in real property acquired in accordance with authority granted by the Board or acquired through trustees' sales or other proceedings arising from defaults in secured obligations held by the Corporation as investments.

- (4) Proofs of loss with respect to claims against insurance companies and receipts and releases for payments received under insurance policies, proxies, receipts and acknowledgments, and notices and declarations, as may be appropriate or necessary when a signature of a Corporate officer is required.
- (5) All surety bonds required in connection with the business of the Corporation or the University, provided that surety bonds to be required of officers and employees shall be consistent with requirements established by the Committee on Finance pursuant to bylaw 12.3(h).

* * *

21.4 Chief Investment Officer.

* * *

- (n) The Secretary and Chief of Staff, Associate Secretary, or Assistant Secretary of the Corporation shall annex to any instrument of assignment and transfer executed pursuant to and in accordance with the provisions of this section a certificate which shall set forth the statement that such provisions are in full force and effect and, furthermore, which shall set forth the names of the Chief Investment Officer, Deputy Chief Investment Officer, Associate Chief Investment Officer, and Assistant Chief Investment Officer of the Corporation. All persons to whom such instrument with such annexed certificate shall thereafter come, shall be entitled, without further inquiry or investigation and regardless of the date of such certificate, to assume and to act in reliance upon the assumption that the shares of stock or other securities named in such instrument were duly and properly transferred, endorsed, sold, assigned, set over, and delivered by the Corporation, and that with respect to such securities the provisions of Bylaw 21.4(k) and the authority of the Chief Investment Officer, Associate Chief Investment Officer, and Assistant Chief Investment Officer with respect thereto continue in full force and effect.

21.5 Senior Vice President-Chief Compliance and Audit Officer.

The Senior Vice President-Chief Compliance and Audit Officer shall develop and maintain the University's Corporate Compliance Program, functioning as an independent and objective office that reviews and evaluates compliance issues and concerns within the University. This position will monitor and report as to the Board itself, the administration, faculty, and employees on compliance with rules and regulations of regulatory agencies, University policies and procedures, and the University's Statement of Ethical Values and Standards of Ethical Conduct. This position is authorized to implement all necessary actions to ensure achievement of the objectives of an effective, accountable compliance program.

STANDING ORDER 100.

OFFICERS OF THE UNIVERSITY

100.1 Designation and to Whom Responsible.

- (b) The President shall be responsible directly to the Board. All other Officers shall be responsible to the President directly or through designated channels, with the exception of the General Counsel and Vice President for Legal Affairs and the Senior Vice President–Chief Compliance and Audit Officer, both of whom shall have a dual responsibility to the Board and to the President.

* * *

100.4 Duties of the President of the University.

- (a) The President shall be the executive head of the University and shall have full authority and responsibility over the administration of all affairs and operations of the University, excluding only those activities which are the responsibility of the Secretary and Chief of Staff, Chief Investment Officer, General Counsel of The Regents, and Senior Vice President–Chief Compliance and Audit Officer. The President may delegate any of the duties of the office except service as an ex officio Regent.

* * *

- (c) The President of the University, in accordance with such regulations as the President may establish, is authorized to

appoint, determine compensation, promote, demote, and dismiss University employees, except as otherwise provided in the Bylaws and Standing Orders and except those employees under the jurisdiction of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents. Before recommending or taking action that would affect personnel under the administrative jurisdiction of Chancellors, Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, or Directors of the Ernest Orlando Lawrence Berkeley National Laboratory, the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory, the President shall consult with or consider recommendations of the appropriate Officer. When such action relates to a Professor, Associate Professor, or an equivalent position; Assistant Professor; a Professor in Residence, an Associate Professor in Residence, or an Assistant Professor in Residence; a Professor of Clinical (.e.g, Medicine), an Associate Professor of Clinical (e.g., Medicine) or an Assistant Professor of clinical (e.g., Medicine); a Senior Lecturer with Security of Employment, or a Lecturer with Security of Employment, the Chancellor shall consult with a properly constituted advisory committee of the Academic Senate.

* * *

STANDING ORDER 101.

FACULTY MEMBERS AND OTHER EMPLOYEES OF THE UNIVERSITY

* * *

101.1 Employment Status.

* * *

- (c) Appointments, promotions, demotions, and dismissals of all faculty members and other employees, except as otherwise provided in the Bylaws and Standing Orders, shall be under the jurisdiction of the President of the University, and of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents in their respective areas of responsibility.

* * *

101.2 Compensation.

- (a) Rate of compensation and subsequent changes in rate of compensation shall be determined by the Board upon recommendation of the President of the University or upon recommendation of the Secretary and Chief of Staff, Chief Investment Officer, or General Counsel of The Regents in their respective areas of responsibility through the Committee on Compensation for:

* * *

- (b) Mutually agreeable changes in the effective date of appointment of and in percent of time to be served by those enumerated in (a) above may be approved by the President of the University and by the Secretary and Chief of Staff, Chief Investment Officer, or General Counsel of The Regents in their respective areas of responsibility with commensurate adjustment in compensation based on the salary rates approved by The Regents. Any such changes shall be reported annually to the Board.
- (c) Compensation of other employees except as otherwise provided in the Bylaws and Standing Orders of The Regents shall be under the jurisdiction of the President of the University and of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents in their respective areas of responsibility.

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

9. **CHARLES R. DREW UNIVERSITY INITIATIVE**

Provost Hume reported that the Charles R. Drew University had been a partner of the University's, particularly of the Los Angeles campus', for about 30 years. He invited Assemblyman Dymally and Drew University President Kelly to present their remarks concerning Charles R. Drew University of Medicine and Science in south Los Angeles.

Assemblyman Dymally provided a brief history of the school. He recalled that it was built in 1966 as a post-graduate medical school. Subsequently, a two-year medical school program divided between UCLA and Drew was developed.

President Kelly reported that she was seeking Regental support in planning for a four-year medical school at Drew University in partnership with The Regents. She stated that she would work closely with the Regents, private donors, and foundations to establish the program, which would ease the critical shortage of doctors in California, particularly those who would serve medically underserved and disadvantaged communities. She reported that the Dean of Medicine at Drew has extensive experience in developing an innovative basic sciences curriculum for diverse first- and second-year medical students. Also, Drew has an expanding College of Health Sciences and an array of successful programs. Drew is in the top 10 percent of universities with respect to National Institutes of Health funding. Drew will evolve and accommodate the impact of the downsizing of its affiliate teaching hospital, King Drew Medical Center, now known as the Martin Luther King Harbor Hospital. From 2016, Drew plans to graduate doctors who are skilled and committed to providing excellent care with compassion, who are culturally competent, and who exercise leadership in their society and conduct relevant research to aid open populations that cannot pay for health care and to reduce health disparities. Drew has graduated over 400 physicians in 25 years, 40 percent of whom are African-American, 33 percent Hispanic and Latino, and 25 percent Asian and Pacific Islander. One-third of Los Angeles County's minority doctors graduated from Drew University. Becoming a four-year program would enable a more significant contribution to the number of qualified doctors that will be needed in the near future, as projected by the American Association of Medical Colleges. As the only medical historically Black college and university west of the Mississippi and one dedicated to patients who cannot pay for their care, Drew intends to develop a distributed clinical model and has commitments from local hospitals wishing to join the partnership.

Ms. Kelly stated that she hoped for the Regents' encouragement to continue planning a four-year school in partnership with UCLA and the UC system. She anticipated returning with a progress report in six months.

10. **REPORT OF INTERIM ACTIONS**

In accordance with authority previously delegated by The Regents, Acting Secretary Shaw reported that interim action was taken on routine or emergency matters as follows:

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

A. ***Retention Increase and Title Change for Bruce W. Spaulding as Senior Vice Chancellor–University Advancement and Planning, San Francisco Campus***

That the following be approved in connection with the retention of Bruce W. Spaulding, San Francisco campus:

- (1) Retention increase of \$50,700 (20.0 percent) to bring his base salary from \$253,300 to \$304,000 (above the midpoint of the salary range for SLCG Grade 110, minimum \$233,200, midpoint \$298,800, maximum \$364,300)
- (2) Change in title from Vice Chancellor–University Advancement and Planning to Senior Vice Chancellor–University Advancement and Planning
- (3) Effective upon approval by The Regents

Additional items of compensation include:

- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program
- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability
- Per policy, annual Auto Allowance of \$8,916
- Per policy, currently participating in the Mortgage Origination Program

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 execution.

B. *Appointment Salary for Thomas R. Leet as Assistant Vice Chancellor–Human Resources, San Diego Campus*

That the following be approved in connection with the appointment of Thomas R. Leet as Assistant Vice Chancellor–Human Resources, San Diego campus, 100 percent time:

- (1) Appointment salary of \$157,000 (MSP position slotted into the SLCG at Grade 105; range minimum \$130,900, midpoint \$165,100, maximum \$199,300)
- (2) Effective October 1, 2006

Additional items of compensation are:

- Per policy, eligibility for Staff Recognition and Development Program award
- Standard Pension and health and Welfare benefits

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 execution.

C. *Retention and Equity Increase for Stephen J. Barclay as Senior Vice Chancellor–Finance and Administration, San Francisco Campus*

That the following retention and equity adjustment be approved for Stephen J. Barclay, San Francisco campus:

- (1) Retention and equity increase of \$55,800 (20 percent) to bring his base salary from \$279,200 to \$335,000 (slightly above midpoint of the salary range for SLCG Grade 111, minimum \$260,400, midpoint \$334,600, maximum \$408,700).
- (2) Effective upon approval by The Regents.

Additional items of compensation include:

- Per policy, continuation of the 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Continuation of exception to policy, for a standard Automobile Allowance of \$8,916.
- Per policy, continued participation in the Clinical Enterprise Management Recognition Plan for up to 20 percent of base salary.
- Per policy, continued participation in the Supplemental Home Loan Program (SHLP). Mr. Barclay currently has an active SHLP loan.

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 execution.

D. ***Re-Slotting of Vice Chancellor–University Relations and Merit and Promotional Increase for F. Scott Bidy as Vice Chancellor–University Relations, Berkeley Campus***

That the following merit and promotional increase be approved for F. Scott Bidy, Berkeley campus, 100 percent time:

- (1) Merit increase of \$9,200 (4.6 percent) to bring his base salary from \$201,800 to \$211,000 (just below the midpoint of the SLCG Grade 107, minimum \$167,600, midpoint \$212,700, maximum \$257,800).
- (2) The merit increase effective date will be October 1, 2006, consistent with the Merit Program for SMG members.
- (3) Re-slotting of Vice Chancellor–University Relations from SLCG Grade 108 to SLCG Grade 109, per the recommendation of Mercer Human Resource Consulting.
- (4) Promotional increase of \$49,000 to bring his base salary to \$260,000 (23.2 percent), bringing his base salary near the midpoint of SLCG Grade 109; range minimum \$208,900, midpoint \$266,800, maximum \$324,600), 100 percent time. This promotion will move Mr. Bidy from Associate Vice Chancellor–University Relations (Grade 107) to Vice Chancellor–University Relations (Grade 109).

- (5) Effective date of December 1, 2006, for appointment/promotion salary.
- (6) Exception to policy, Annual Performance Incentive Bonus of up to \$50,000 based on achievement of predetermined goals and objectives established by the Chancellor.

Additional items of compensation are:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, \$5,688 remaining of initial Relocation Allowance of \$48,750.
- Per policy, Automobile Allowance of \$8,916.
- Per policy, 5 percent Senior Management Supplemental Benefit Program.

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 execution contingent upon the candidate's acceptance of the offer.

11. **REPORT OF PERSONNEL ACTIONS**

In accordance with Bylaw 14.7(b), the following reports a personnel action taken at the September 2006 meeting. There was no roll call vote taken on this action.

Appointment of Roderic B. Park as Acting Chancellor, Merced Campus, 80 percent, effective September 21, 2006 and continuing until such time as the new Chancellor is appointed.

12. REPORT OF COMMUNICATIONS RECEIVED

Acting Secretary Shaw presented summaries of communications received subsequent to the September 2006 meeting. Communications may be referred to President Dynes for response as appropriate.

13. REPORT OF THE PRESIDENT

On the dates indicated, the following were mailed to The Regents or to its Committees:

To Members of the Committee on Audit

- A. Internal Audit Activity report for the quarter ended June 30, 2006. October 26, 2006 (Schedule of Reports)

To Members of the Committee on Grounds and Buildings

- B. Major Capital Projects Implementation Report for fiscal year 2005-06. October 27, 2006 (Schedule of Reports)

To Members of the Committee on Health Services

- C. Medical Center Activity and Financial Status Report for the twelve months ended June 30, 2006. October 10, 2006 (Schedule of Reports)

The Regents of the University of California

- D. "Proposed Principles on Private Funding of Senior Leadership Salaries at the Level of Dean and Above" adopted by the Academic Council and Assembly of Academic Senate. September 13, 2006
- E. Letters to Senator Coburn concerning his request for information about University earmarking policies and funding, and to House Energy and Commerce Committee Chairman Barton and the California members of the Committee concerning support for the National Institutes of Health reauthorization bill. October 2, 2006
- F. Fact sheet summarizing UC's contributions to the issue of global warming in response to landmark legislation signed by the Governor calling for a substantial reduction in the emission of greenhouse gases in California. October 3, 2006
- G. Announcement of the Nobel Prize in Physics to Professor George F. Smoot of the Berkeley campus. October 3, 2006

- H. Information concerning Martin Luther King Jr./Drew Hospital's failure to meet the U.S. Centers for Medicare and Medicaid Services certification requirements and its affect on the Drew/UCLA Medical Education program. October 10, 2006
- I. Public Records Act request from the San Francisco Chronicle for the University's systemwide payroll database for 2005-06. October 16, 2006
- J. The latest issue of "Our University", a periodic Web publication prepared by the Office of the President for the University of California community. October 16, 2006]
- K. Copies of the 2007-2008 Budget for Current Operations, 2007-2008 Budget for State Capital Improvements, and the Five-Year Capital Program Non-State and State Funds 2006-2007 to 2010-2011. October 26, 2006
- L. Update on a security incident at the Los Alamos National Laboratory and the competition for the Lawrence Livermore National Laboratory. October 27, 2006

The meeting adjourned at 11:50 a.m.

Attest:

Acting Secretary