

The Regents of the University of California

SPECIAL COMMITTEE ON REGENTS' PROCEDURES

January 18, 2006

The Special Committee on Regents' Procedures met on the above date at the Price Center, San Diego campus.

Members present: Regents Dynes, Hopkinson, Kozberg, Lansing, Parsky, and Preuss; Advisory member Brunk

In attendance: Regents Gould, Island, Johnson, Juline, Lee, Lozano, Pattiz, Rominger, Rosenthal, Ruiz, Sayles, Schilling, and Wachter, Regents-designate Coombs, Ledesma, and Schreiner, Faculty Representative Oakley, Secretary Trivette, General Counsel Holst, Interim Treasurer Berggren, Acting Provost Hume, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Foley, Gomes, Gurtner, and Hershman, Chancellors Bishop, Carnesale, Córdoba, Denton, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Vice Chancellor Burnside representing Chancellor Birgeneau, and Recording Secretary Nietfeld

The meeting convened at 8:50 a.m. with Regent Kozberg presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meetings of September 21 and November 17, 2005 were approved.

2. **DATES OF REGENTS MEETINGS FOR 2007**

The President recommended that the following dates of Regents meetings for 2007 be approved.

2007

January 17-18

March 14-15

April – campus visit

May 16-17

June – DOE Laboratory visit

July 18-19

September 19-20

October – campus visit

November 14-15

The Committee was informed that these dates are the third Wednesday and Thursday of each month. Annual approval of the dates of Regents meetings is the responsibility of The Regents, while the President and the Chairman of the Board, in consultation with the Secretary, are responsible for establishing the locations of Regents meetings. In accordance with recent practice and Regents' discussions, two to three meetings will be held at a campus facility in San Francisco, two meetings at UCLA, and one to two meetings at other campuses. Campus and DOE laboratory visits will also be scheduled in the months indicated.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

3. **ESTABLISHMENT OF THE SPECIAL COMMITTEE ON COMPENSATION AND SUSPENSION OF RELEVANT BYLAWS PERTAINING TO COMPENSATION MATTERS**

The Chairman recommended that:

- A. A Special Committee on Compensation shall be established, effective immediately. The goals of the Special Committee shall be to:
 - Ensure that the University of California's compensation and benefits policies, procedures, programs, and practices are fair, effective, clear, comprehensible, transparent, and accountable and inspire the trust of the University community and the public.
 - Promote and support the excellence of the University through compensation policies, programs, and practices that attract and retain the highest quality faculty and staff.
- B. The charge to the Special Committee shall be to analyze, discuss, review and make recommendations to The Regents on all matters related to the University of California's compensation and benefits policies, procedures, programs, and practices, including all matters requiring Regental action as mandated in the Senior Leadership Compensation Policy adopted by the Regents in November 2005.
- C. The Special Committee shall make an annual report on senior management compensation and on outside professional activities by senior managers, forwarding this report and any resulting conclusions of the Committee.
- D. The Special Committee shall conduct any studies or audits necessary to accomplish these goals.
- E. The term of the Committee shall continue until action is taken by The Regents to discharge it.

- F. In the period during which the Special Committee operates, portions of the following Bylaws shall be suspended insofar as they refer to compensation matters, including employment and benefits:
- Bylaw 12.3(l), (m),(n), (o), (p), Committee on Finance
 - Bylaw 12.7 (c), Committee on Health Services
- G. In the period during which the Special Committee operates, references to the Committee on Finance shall be understood to refer to the Special Committee on Compensation in the following Standing Orders insofar as they refer to compensation matters, including employment and benefits:
- Standing Order 100.3 (a), (b), and (c)
 - Standing Order 101.2 (a)

It was recalled that at the November 2005 meeting, The Regents adopted the recommendation of the Advisory Group on University Compensation to institute procedures for determining and setting compensation levels for senior leadership that are clear, comprehensive, and accountable, and to increase salaries to achieve market comparability for all groups of employees over the next ten years. The establishment of a dedicated committee is intended to address these issues on an ongoing basis.

As with Standing Committees, all members of the Board will be invited to attend the Special Committee's sessions, many of which will be scheduled at regular meetings of the Board. The Special Committee will not have the authority to approve compensation, as this responsibility will remain the sole responsibility of the Board of Regents. The Special Committee will become a Standing Committee once Bylaw 12.8 has been adopted by The Regents.

On December 19, President Dynes sent an open letter to the University community which outlined actions the University is taking to address concerns that have been raised with respect to compensation levels for senior executives. Among these steps, the President reported that Chairman Parsky is recommending that The Regents establish a Standing Committee on Compensation. At the March 2006 meeting, notice will be served in order to amend the Bylaws to add Bylaw 12.8, Committee on Compensation. A draft charge to the new Standing Committee is shown in the **attachment**. This first draft will be refined by the advice of the independent Task Force on Compensation, Accountability, and Transparency and the Special Committee on Compensation, with the assistance of external consultants who will be staffing the work of the Task Force. It is intended that final action to establish the new Standing Committee be taken by The Regents at the May 2006 meeting.

Chairman Parsky underscored the fact that the Regents are committed to strong oversight and accountability in the area of compensation. While the University must continue to compensate its employees competitively, he believed that the process should ensure public

confidence. The establishment of a special committee dedicated exclusively to compensation is a continuation of those basic principles. There must be full, prompt, clear disclosure of compensation action, and the special committee should address all elements of compensation. The Regents will need to examine all levels of authority for compensation approval and provide regular, consistent monitoring and assessment of the University's compensation policies and practices. These charges to the special committee will allow the Committee on Finance to focus on the fiscal and business management issues facing the University.

Chairman Parsky announced that he had made the following appointments to the Special Committee on Compensation: Regents Hopkinson (chair), Juline, Marcus, Moores, Pattiz, Schilling, and Wachter, with Regent-designate Coombs and Faculty Representative Oakley serving as advisory members.

Upon motion duly made and seconded, the Committee approved the Chairman's recommendation and voted to present it to the Board.

4. **AMENDMENTS TO THE CURRENT ORGANIZATION OF REGENTS MEETINGS**

The Committee concurred with the suggestion of Chairman Parsky that this item be postponed to the March meeting, when Special Committee Chair Marcus will be in attendance.

5. **REGENTS' COMMITTEE STRUCTURE**

The Committee concurred with the suggestion of Chairman Parsky that this item be postponed to the March meeting, when Special Committee Chair Marcus will be in attendance.

The meeting adjourned at 9:05 a.m.

Attest:

Secretary