

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 15, 2007

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

Present: Regents Blum, De La Peña, Dynes, Garamendi, Hopkinson, Johnson, Kozberg, Lansing, Ledesma, Marcus, Moores, Preuss, Ruiz, and Schilling (14)

In attendance: Regents-designate Allen, Brewer, and Bugay, Faculty Representatives Brown and Oakley, Acting Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Hume, Executive Vice President Darling, Vice President Sakaki, Chancellors Birgeneau, Córdova, Drake, Fox, Kang, Vanderhoef, and Yang, Acting Chancellor Blumenthal, and Recording Secretary Bryan

The meeting convened at 12:30 p.m. with Chairman Blum presiding.

1. READING OF NOTICE OF MEETING

For the record, it was confirmed that notice was served in accordance with the Bylaws and Standing Orders for a Special Meeting of The Regents of the University of California, concurrent with the regularly scheduled meeting, for the purpose of acting on the Report of the Committee on Oversight of the Department of Energy Laboratories.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Regent Moores, duly seconded, the minutes of the meeting of January 18, 2007 were approved.

3. REPORT OF THE PRESIDENT

President Dynes presented the report concerning University activities and individuals.

Upon motion of Regent Preuss, 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.]

President Dynes invited Faculty Representative Oakley to make his remarks. Professor Oakley reported that the Academic Council met with the Council of Vice

Chancellors to address problems with the faculty salary system. The Academic Senate is working on the problem also, with the faculty salary group chaired by Provost Hume. He emphasized that faculty salaries are at a critical point, having gone from a cyclical gap to a structural gap that will make it difficult to recruit and retain the best faculty. He reported that the Academic Senate is working also on the tobacco research funding issue that was referred to it and expects to make a progress report available after its May meeting. Finally, noting that the term of a Faculty Representative is limited to two years, he announced that the incoming Faculty Representative as of the September meeting will be Professor Mary Croughan, an epidemiologist from the San Francisco campus.

4. **REPORT OF THE COMMITTEE ON AUDIT**

Approval of External Audit Plan for the Year Ending June 30, 2007

The Committee recommended approval of the scope of the external audit of the University for the year ending June 30, 2007, including the expanded external audit coverage of the Lawrence Berkeley National Laboratory and Lawrence Livermore National Laboratory.

Upon motion of Regent Ruiz, duly seconded, the report of the Committee on Audit was approved.

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

A. ***Criteria for Corrective Actions for Administrators Who Authorized Compensation Identified in Audit Findings and Management Reviews***

The Committee recommended approval of revisions to the Guidelines for Corrective Actions Related to Compensation Practices, originally approved by The Regents in November 2006, as shown in **Attachment 1**. The Guidelines provide for appropriate treatment of administrators who had responsibility for actions associated with the compensation and related matters identified in the audits and management reviews. The revisions proposed are intended to clarify and enhance the specificity of the corrective actions that will be recommended for each Guideline category.

B. ***Recommended Compensation for Recipients Identified in Audit Findings and Management Reviews***

The Committee recommended approval of the proposed compensation and personnel actions for employees as shown in **Attachment 2**, which include corrective actions related to matters identified in audits conducted by PricewaterhouseCoopers, the Bureau of State Audits and the University Auditor, and other management reviews. These actions are proposed in accordance with the previously approved Guidelines for Resolution of

Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews.

C. ***Approval to Use Fee Earned by the University for Performance Incentive Payments for UC-Designated Key Personnel at Los Alamos National Security, LLC***

The Committee recommended approval of the performance incentive bonus amounts as well as approval to fund the full amount of the bonuses from the fee earned by the University for the period June 1, 2006 through September 30, 2006. The total amount of the bonuses, for five UC-designated key personnel at Los Alamos National Security LLC, is \$62,897.

The unreimbursed incentives payment described above shall constitute the University's total commitment under its respective program for those individuals until modified by The Regents and shall supersede all previous oral or written commitments.

D. ***Change in Title and Slotting for the Position of Vice Provost–Academic Personnel, Office of the President***

The Committee recommended approval of the following items in connection with the change in title and slotting of the position in recognition of additional responsibilities of the Vice Provost–Academic Personnel to allow recruitment to commence:

- (1) Title Change of a Senior Management Group position from Assistant Vice President–Academic Advancement to Vice Provost–Academic Personnel.
- (2) Approval of slotting of the position, Vice Provost–Academic Personnel, at SLCG Grade 107 range minimum \$167,600, midpoint \$212,700, maximum \$257,800, as recommended by Mercer.
- (3) Effective immediately upon approval by The Regents.

The title change and slotting as described establishes the grade and salary range for the University to begin recruitment efforts. The total compensation, terms, and conditions for the successful candidate will be presented to The Regents for approval, as required under Policies on Universitywide and Senior Leadership Compensation, and Procedures for Senior Leadership Compensation, as amended by The Regents in July 2006.

E. ***Total Compensation for Diane M. Griffiths as Secretary and Chief of Staff to The Regents***

The Committee recommended the following:

- (1) That an annual salary of \$225,000 be approved, along with the additional compensation related items listed below, for Diane M. Griffiths as Secretary and Chief of Staff to The Regents, 100 percent.
- (2) Ms. Griffiths' start date will be on or about April 1, 2007. If Ms. Griffiths needs to delay her start date (at the request of the Speaker), The Regents will be advised and approval will be requested from the Chair of the Compensation Committee and the Chairman of the Board of Regents.
- (3) Per policy, relocation of household effects.
- (4) As exception to policy, reimbursement of actual reasonable costs associated with temporary accommodations not to exceed \$25,000 over a period of six months to assist with the transition of Ms. Griffiths from her current location to Oakland.
- (5) As exception to policy, reimbursement of up to \$10,000 of actual costs associated with the storage of household belongings during Ms. Griffiths' transition to the University of California.
- (6) As an exception to policy, provide credit for Ms. Griffiths' more than 20 years of service with the State to allow for immediate eligibility upon her retirement from UC for the full University contribution for retiree health benefits. Although CalPers and UC have a reciprocity agreement for retirement pension benefits, retiree health benefits is not addressed. Normally, service of 20 years is required to qualify for full UC contribution to retiree medical. The actuarial value of providing this benefit is estimated at between \$69,000 and \$99,000, depending on when Ms. Griffiths retires.
- (7) As an exception to policy, provide credit for Ms. Griffiths' years of service with the State to allow immediate eligibility for the senior management disability benefits. Under policy, Ms. Griffiths would need to fulfill the five-year waiting period. This benefit provides up to 12 months of full salary, subject to the terms and conditions of the policy. This exception is requested to provide a replacement level of benefit equal to the employer-provided disability benefit to which she is entitled under the State program.

Additional compensation and related items include:

- 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.
- 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.

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. ***Stipend Increase for Anne L. Shaw as Acting Secretary of The Regents***

The Committee recommended approval of the application of a previously approved administrative stipend to the approved October 1, 2006 merited base salary for Anne L. Shaw as Acting Secretary of The Regents:

- (1) Administrative stipend of \$15,400 (15 percent) in addition to her base salary of \$102,440, for a total annual salary of \$117,840.
- (2) This appointment is at 100 percent time, and this changed calculation is effective October 1, 2006 and continuing until a permanent appointment is made and including a reasonable period thereafter for assisting in the transition of responsibilities to the permanent appointment.
- (3) If an adjustment to the base salary is made prior to the termination of this acting role, the 15 percent stipend will be recalculated against the new based salary.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits

The compensation described above shall constitute the University's total commitment regarding the stipend until modified by The Regents and shall supersede all previous oral or written commitments.

G. ***Automobile Allowance or Leased Automobile for Acting Chancellors and Acting Director***

The Committee recommended approval of the following items in connection with the recent President's policy governing automobile allowance or leased

autos for Acting Chancellors Abrams, Blumenthal, and Park and Acting Director Miller:

- (1) Automobile allowance of \$743 per month or leased automobile for Norman Abrams at UC Los Angeles, George Blumenthal at UC Santa Cruz, Roderic B. Park at UC Merced, and George L. Miller at Lawrence Livermore National Laboratory.
- (2) Retroactive with the change in policy, January 29, 2007, and to continue throughout their appointments at Acting Chancellor and Acting Director.

H. ***Stipend and Retention Increase for Bruce B. Darling as Executive Vice President–University Affairs, Office of the President***

The Committee recommended approval of the following items in connection with a retention increase and administrative stipend for Bruce B. Darling as Executive Vice President–University Affairs:

- (1) Retention increase of 13.8 percent (\$46,000) to bring Mr. Darling's annual base salary from \$334,000 to \$380,000 (SLCG Grade 113 minimum \$324,800, midpoint \$419,700, maximum \$514,700), effective March 15, 2007 upon Regental approval.
- (2) Per policy, an administrative stipend of
 - 10 percent (\$3,166.67) of base salary effective March 15, 2007 for the assumption of temporary duties related to a portion of the responsibilities of the Executive Vice President–Business Operations and the Senior Vice President–Chief Compliance and Audit Officer.
 - Upon the conclusion of a phase-in period not to exceed three months following the start date of the Executive Vice President–Business Operations, the stipend will be reduced to 5 percent (\$1,583.33) of base salary.
 - Upon the conclusion of a phase-in period not to exceed three months following the start date of the Senior Vice President–Chief Compliance and Audit Officer, the stipend will end.
 - Eligible to participate in the October 2007 merit and equity review program.

Additional compensation and related items include:

- Per policy, continued participation in the Senior Management Supplemental Benefit Program (5 percent of base salary; \$19,000 per annum at the new rate).

- Per policy, continued eligibility for an automobile allowance in the amount of \$743 (\$8,916 per annum).
- Per policy, Mr. Darling has a current MOP loan and will continue to participate in the Mortgage Origination Program.
- Per policy, an administrative fund of \$22,000 for official business and related expenses 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, 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.

I. ***Total Compensation for Katherine (Katie) N. Lapp as Executive Vice President–Business Operations, Office of the President***

The Committee recommended the following:

- (1) An annual salary of \$400,000 be approved, along with the additional compensation related items listed below, for Katherine (Katie) N. Lapp as Executive Vice President-Business Operations, 100 percent, effective no later than May 1, 2007.
- (2) As exception to policy, reimbursement of actual reasonable costs associated with temporary accommodations not to exceed \$25,000 over a period of six months to assist with the transition of Ms. Lapp from her current location to Oakland.
- (3) Within policy, a relocation allowance of \$90,000 (23.7 percent). The policy allows for a relocation allowance of up to 25 percent of base salary. This allowance will be paid in annual installments over three years from date of hire, with installments of 50 percent, 30 percent, and 20 percent. If she terminates employment, any remaining payments under this program will be forfeited.
- (4) As exception to policy, reimbursement of up to four round trip coach class airfares between San Francisco Bay Area and New York during Ms. Lapp's first 12 months of employment if needed to complete the sale or other arrangements necessary to take care of her current home in New York City.

Additional compensation and related items include:

- Per policy, relocation of household effects.

- 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.
- 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.

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.

J. ***Individual Salary Items***

The Committee recommended the following:

(1) ***Stipend for Fiona M. Doyle as Acting Dean—College of Engineering, Berkeley Campus***

Approval of the following items in connection with the appointment of Fiona M. Doyle as Acting Dean—College of Engineering, Berkeley campus:

- a. As an exception to policy, an administrative stipend of 15.7 percent (\$25,000) to increase her adjusted academic salary of \$159,500 (inclusive of two summer ninths) for an annual salary of \$184,500. The policy governing stipends allows for up to 15 percent. This recommendation increases the existing stipend from \$20,200 to \$25,000 per annum.
- b. As an exception to policy, retroactive to December 1, 2006 for a period of up to thirteen months through December 31, 2007, or until this responsibility is transferred to the new Dean of the College of Engineering, whichever is sooner. The policy allows for duration of up to twelve months.
- c. This appointment is at 100 percent time. If an adjustment to Ms. Doyle's annualized academic base salary is made prior to the termination of this acting role, the 15.7 percent stipend will be recalculated against the new annualized academic base salary.

Due to the sudden illness of the former incumbent, a stipend was granted for Ms. Doyle by the campus commencing in December 2006. This stipend was not brought to The Regents for approval because, based on the campus' calculations, the stipend was below 7.5 percent. With the death of the former incumbent, Ms. Doyle will be taking a more active role in the administration of the College of Engineering, thus indicating the need for an increase to, and extension of, the initial stipend.

Additional items of compensation include:

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

(2) ***Stipend for J. Nicholas Entrikin as Acting Dean and Vice Provost–International Studies, Los Angeles Campus***

Approval of the following items in connection with the appointment of J. Nicholas Entrikin as Acting Dean and Vice Provost–International Studies, Los Angeles campus:

- a. An administrative stipend of 10 percent (\$20,200) to increase his adjusted academic salary of \$201,900 (inclusive of two summer ninths) for an annual salary of \$222,100.
- b. If an adjustment to the annualized academic base salary is made prior to the termination of this acting role, the 10 percent stipend will be recalculated against the new annualized academic base salary.
- c. This appointment is at 100 percent time and is effective June 1, 2007, through May 31, 2008, or until the appointment of a permanent Dean and Vice Provost–International Studies, whichever occurs first.

Additional items of compensation include:

- Continuation of an additional stipend of \$3,000 for duties begun in 2005 and associated with the position of Chair, Global Studies, Interdepartmental Program, International Institute for a total annual salary of \$225,100.
- 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.

(3) ***Stipend for Susan Moore as Director–Finance and Accounting, Medical Center, San Francisco Campus***

Approval of the following items in connection with expanded administrative responsibilities for Susan Moore as Director–Finance and Accounting, Medical Center, San Francisco campus:

- a. Administrative stipend of 7 percent (\$14,900) to increase her base salary of \$213,200 to a total annual salary of \$228,100.
- b. This stipend is at 100 percent time and effective upon approval and to continue until September 30, 2007, or until these responsibilities are transferred to the new Director–Supply Chain potentially including up to a three-month transition period, whichever is sooner.
- c. If an adjustment to the base salary is made prior to the termination of these responsibilities, the 7 percent stipend will be recalculated against the new base salary.
- d. Per policy, continued eligibility for participation in the CEMRP with a maximum payout of up to 20 percent of base salary (\$45,620).

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) ***Retroactive Stipend Extension, Slotting, and Salary Increase for Ginger Osman as Chief Administrative Officer, Geffen School of Medicine, Los Angeles Campus***

Approval of the following slotting of the position and a salary increase for Ginger Osman as Chief Administrative Officer, Geffen School of Medicine, Los Angeles campus:

- a. Retroactive stipend extension from July 1, 2006 through February 28, 2007 in the amount of \$26,000.
- b. Slotting to SLCG grade 107, based on Mercer recommendation.
- c. Salary increase of \$39,000 (21.3 percent) to bring her annual base salary from \$183,500 to \$222,500. This salary increase is equal to the former stipend which is not proposed to continue past the effective date of the increase to base salary.
- d. Effective March 1, 2007.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Eligibility for UCLA Staff Achievement Award (up to 10 percent).

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) ***Retroactive Stipend for Terry C. Wallace, Jr., as Acting Principal Associate Director–Science, Technology, and Engineering, Los Alamos National Security, LLC***

Approval of the following item in connection with a retroactive stipend (due to an administrative error) for Terry C. Wallace, Jr. as Acting Principal Associate Director–Science, Technology and Engineering, Los Alamos National Security, LLC (LANS):

- a. Administrative stipend of 5 percent (\$1,063 per month) to increase his monthly base salary of \$21,250 to a total monthly salary of \$22,313 for the period June 1, 2006 through September 30, 2006.
- b. Administrative stipend of 5 percent (\$1,083 per month) to increase his monthly base salary of \$21,667 to a total monthly salary of \$22,750 for the period October 1, 2006 through May 31, 2007.

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) ***Salary Adjustment for Barbara A. Horwitz as Vice Provost–Academic Personnel, Davis Campus***

Approval of the following items in connection with the salary adjustment for Barbara A. Horwitz as Vice Provost–Academic Personnel, Davis campus, to maintain an appropriate differential between her faculty salary and her administrative salary:

- a. A salary adjustment of \$24,500 (11.8 percent) added to her base salary of \$207,900 for a total annual salary of \$232,400. This increase establishes a 15 percent differential between Ms. Horwitz’s 11-month fiscal year faculty salary and her Vice Provost’s salary. Her current 11-month fiscal year faculty salary is \$202,121.
- b. With approval of this recommendation, Ms. Horwitz will cease participation in the Health Sciences Compensation Plan (HSCP).
- c. Effective date of March 1, 2007 upon approval of The Regents.

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.

(7) ***Joint Mortgage Origination Program Loan for Matthew Kahn and Dora Costa as Professors of the Institute of the Environment and Department of Economics, Respectively, Los Angeles Campus***

Approval for participation in the Mortgage Origination Program (MOP) by husband and wife Matthew Kahn and Dora Costa, Professors of the Institute of the Environment and the Department of Economics, respectively, Los Angeles campus with the following terms:

- a. The loan may be up to \$1.5 million.

- b. The loan will comply with all other normal Mortgage Origination Program parameters.

(8) ***Mortgage Origination Program Loan for William Rubenstein as Professor of Law, Los Angeles Campus***

Approval for participation in the Mortgage Origination Program (MOP) by William Rubenstein, Professor of Law, Los Angeles campus with the following terms:

- a. The loan amount may be up to \$1.5 million.
- b. The loan will be in the form of the graduated payment MOP product (GP-MOP) with no annual reduction in the Interest Rate Differential during the term of the loan, resulting in a fixed Interest Rate Differential of 3 percent for the duration of the loan.
- c. The loan will comply with all other normal Mortgage Origination Program parameters.

(9) ***Mortgage Origination Program Loan for Douglas Lichtman as Professor of Law, Los Angeles Campus***

Approval for participation in the Mortgage Origination Program (MOP) by Douglas Lichtman, Professor of Law, Los Angeles campus with the following terms:

- a. The loan amount may be up to \$1.25 million.
- b. The loan will be in the form of the graduated payment MOP product (GP-MOP) with no annual reduction in the Interest Rate Differential during the rate reduction period, resulting in a fixed Interest Rate Differential of 3 percent for 15 years.
- c. The loan will comply with all other normal Mortgage Origination Program parameters.

(10) ***Change in Title, Classification, Slotting of Position, and Salary Adjustment for Santiago Muñoz as Associate Vice President–Clinical Services Development, Office of the President***

Approval of the following items in connection with the change in title, classification, slotting of position, additional responsibilities, and salary adjustment for Santiago Muñoz as Associate Vice President–Clinical Services Development, Office of the President:

- a. Change in title from Executive Director–Clinical Services Development to Associate Vice President–Clinical Services Development.
- b. Classification of position in the Senior Management Group.
- c. Approval of slotting of position, Associate Vice President–Clinical Services Development at SLCG Grade 106 range minimum \$150,000, midpoint \$189,900, maximum \$229,700, as recommended by Mercer.
- d. Salary adjustment of \$18,604 ((10.9 percent) added to his current salary of \$171,396 for a total annual salary of \$190,000, 100 percent time.
- e. As an exception to policy, eligibility for participation in the CEMRP with a maximum payout of up to 20 percent of base salary (\$38,000). This request for Mr. Muñoz’s participation is supported by the medical center CEOs. Any payout will be based on performance against pre-established goals and objectives associated with cost and revenue management, as well as other objectives.
- f. 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, including, per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- g. Effective date of March 1, 2007 after approval by The Regents.

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) ***Change in Title, Classification, and Slotting of Position for James E. Stofan as Assistant Vice President–Alumni Affairs and Protocol, Office of the President***

Approval of the following items in connection with the change in title, classification, and slotting of position for James E. Stofan as Assistant Vice President–Alumni Affairs and Protocol, Office of the President:

- a. Change in title from Executive Director, Alumni Affairs and Protocol to Assistant Vice President–Alumni Affairs and

Protocol. There is no change in Mr. Stofan's base salary of \$155,250 per annum.

- b. Classification of the position in the Senior Management Group.
- c. Approval of slotting of the position, Assistant Vice President–Alumni Affairs and Protocol, at SLCG Grade 104 minimum \$120,400, midpoint \$151,400, maximum \$182,400.
- d. Effective March 1, 2007.

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, 3 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.

(12) ***Change in Title and Salary Adjustment for Daniel Greenstein as Vice Provost–Academic Information and Strategic Services, Office of the President***

Approval of the following items in connection with the change in title and salary adjustment for Daniel Greenstein as Vice Provost–Academic Information and Strategic Services, Office of the President in recognition of additional responsibilities:

- a. Title Change from Associate Vice Provost and University Librarian to Vice Provost–Academic Information and Strategic Services.
- b. Salary Adjustment of \$29,500 (15 percent) added to his base salary of \$196,800 for a total annual salary of \$226,300.
- c. Effective date March 1, 2007.

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.

(13) ***Change in Title and Promotional Increase for Jonathan Mandle as Investment Officer–Absolute Returns, Office of the President***

Approval of the following items in connection with the promotional increase, title, and job grade change for Jonathan Mandle as Investment Officer–Absolute Returns, Office of the President:

- a. Promotion and change in title from Investment Analyst SLCG grade 102 to Investment Officer–Absolute Returns SLCG grade 104, 100 percent time.
- b. Promotional increase of \$20,500 (19 percent) to bring his base salary from \$108,000 to \$128,500 (SLCG Grade 104 minimum \$120,400, midpoint \$151,400, maximum \$182,400).
- c. Per policy, continued eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan. Consistent with the new position and grade, increase in the incentive target from 20 percent to 35 percent (maximum award of up to 70 percent) of base salary.
- d. Effective March 1, 2007 upon approval of The Regents.

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.

(14) ***Contract Compensation for Jeff Tedford as Head Football Coach, Berkeley Campus***

Approval of the following revised compensation terms for Head Coach of Football, Jeff Tedford, Berkeley campus, 100 percent time. Pending approval by The Regents of these compensation terms, Mr. Tedford's

revised contract will be effective January 1, 2007 and terminate on December 31, 2013 unless extended one year for each season (including the bowl season) that the University of California, Berkeley Football team wins nine games. Upon such extension all terms and conditions of the contract will remain in place and unless otherwise agreed to in writing the compensation will remain as approved for the 2013 contract year.

The campus undertook negotiations with Mr. Tedford, to enhance and extend his current contract when he was contacted by an NFL team to fill their head coach position.

The following terms and conditions are reflected in the new proposed contract:

- a. Base Salary: This contract increases his annual base salary from \$167,500 to no less than:

01/01/07 - 12/31/07	\$225,000	(this represents an increase of 34.3 percent)
01/01/08 - 12/31/08	\$225,000	no increase
01/01/09 - 12/31/09	\$225,000	no increase
01/01/10 - 12/31/10	\$225,000	no increase
01/01/11 - 12/31/11	\$225,000	no increase
01/01/12 - 12/31/12	\$225,000	no increase
01/01/13 - 12/31/13	\$225,000	no increase

- b. Talent Fee: This contract increases his annual talent fee from \$1,332,500 to a guaranteed talent fee of:

01/01/07 - 12/31/07	\$1,575,000	(this represents an increase of 18.2 percent)
01/01/08 - 12/31/08	\$1,575,000	no increase
01/01/09 - 12/31/09	\$1,575,000	no increase
01/01/10 - 12/31/10	\$1,575,000	no increase
01/01/11 - 12/31/11	\$1,575,000	no increase
01/01/12 - 12/31/12	\$1,575,000	no increase
01/01/13 - 12/31/13	\$1,575,000	no increase

In addition, in the event the team, during the term of this employment contract, plays in a BCS Bowl Game, the base annual talent fee shall increase by \$50,000 for the contract year and all subsequent contract years in the term of this contract.

- c. Retention Bonus: The revised contract discontinues his deferred compensation at \$500,000 per year and implements a Retention Bonus.

If Coach is employed continuously as Cal Head Football Coach from 01/01/07 through the completion of the 2008 football season, including post season play, on January 8, 2009 Coach will receive \$1,000,000.

If Coach is employed continuously as Cal Head Football Coach from 01/01/07 through the completion of the 2011 football season, including post season play, on January 8, 2012 Coach will receive \$1,500,000.

If Coach is employed continuously as Cal Head Football Coach from 01/01/07 through the completion of the 2013 football season, including post season play, on January 8, 2014 Coach will receive \$1,000,000.

In addition, in the event the team, during the term of this employment contract, plays in a BCS Bowl Game, the retention bonus shall increase by \$50,000 for the season/year in which the game(s) is played and all subsequent years remaining in the contract.

In the event Coach becomes unable to provide services described in contract and contract is terminated, Coach or his assigns shall receive pro-rata portion of the retention bonus per contract language.

- d. Signing Bonus: A signing bonus of \$1,000,000 will be paid upon full execution of the contract addendum.

This bonus must be repaid within 60 days by Mr. Tedford if he does not complete the 2007 football season.

- e. Additionally, this contract provides opportunity to earn supplemental compensation for accomplishments of up to \$375,000 per annum, as detailed below.

In the event the team, during the term of this Employment Contract, accomplishes the following, Mr. Tedford shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

Accomplishment

Amount

National Championship

Team earns National Championship
(AP or Coaches' Poll) \$150,000

Post Season Play (The highest of the following:)

Team earns or ties for the Pac-10 Championship; \$75,000

Or Team participates in a BCS Bowl, but does not
win the Pac-10; or \$ 50,000

Team participates in a non BCS Bowl game \$ 25,000

Regular Season Achievements

Team wins nine games during the regular season \$ 25,000

Coaching Achievements (The highest of the following:)

Coach is named National Coach of the Year; or \$100,000

Coach is named Pac-10 Coach of the Year \$ 50,000

Support of Educational Objectives

At the discretion of the Athletic Director, for
maintenance and/or improvement in current team
cumulative GPA and NCAA APR statistics
(2.80 team GPA/950 APR) Coach may receive up to \$ 25,000

- f. Other Incentive Pay has additional annual income
potential \$520,000

Based on performance of Coach, annual non-base
building bonus as determined by the Athletic Director
during Contract Year 1 (01/01/07-12/31/07) and Contract
Years 4 and 5 (01/01/10-12/31/11) \$4,000 - \$10,000

Based on performance of Coach, annual non-base
building bonus as determined by the Athletic Director
during Contract Year 2 and 3 (01/01/08-12/31/08 and
01/01/09-12/31/09) \$14,000 - \$20,000

The Stadium Renovation Bonus has been modified from
the original contract as follows:

- Coach remains as Head Cal Football Coach
until team fully occupies the Simpson High
Performance Center (amount due within 30 calendar
days following game). \$250,000
- Coach remains as Head Cal Football Coach on the
date team plays its first home football game
subsequent to the completion of the West Side

Improvements (amount due within 30 calendar days following game). \$250,000

Termination Clause:

This contract contains a penalty clause for early termination. If Mr. Tedford terminates before the expiration of the agreement and before the football program fully occupies the Student-Athlete High Performance Center, he shall pay, within 30 days of leaving employment, \$150,000 for each contract year remaining in the agreement, inclusive of the year he leaves. If Mr. Tedford terminates before the expiration of the agreement and after the football program fully occupies the SAHPC, he shall pay, within 30 days of leaving employment, \$300,000 for each contract year remaining in the agreement, inclusive of the year he leaves.

Furthermore, once the team fully occupies the Simpson High Performance Center, Mr. Tedford agrees that he will not be employed by any Pac-10 school during the term of this contract.

If the University terminates the contract early without cause, the campus will owe the base salary, retention bonus, and talent fee in amounts noted above, paid out in monthly installments, and any additional earned bonus income as set out by the contract. The University will not be responsible for paying unearned bonus/stipend income in this circumstance. If Mr. Tedford secures employment during this time, these payments will be reduced by such amounts.

The maximum total potential payout under this contract occurs in year five in the amount of \$4,285,000. Payment of this amount is dependent upon Mr. Tedford achieving all goals, including all those in the "Accomplishments" section, above.

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 currently provided and will continue to be provided include:

- Per contract, 20 working days of vacation at the beginning of each contract year. Coach may not have more than 40 working days of accrued vacation leave at any time during the

- employment contract. When 40 days of accrued vacation is reached, Coach will cease to earn additional vacation leave until accrued vacation balance is reduced to 20 working days.
- Per contract and policy, 12 days of sick leave during each twelve-month period of the contract.
 - Per policy, eligible for standard Health and Welfare benefits.
 - Consistent with practice, two courtesy vehicles will be provided. These courtesy vehicles may be withdrawn at any time at the sole discretion of the Director–Intercollegiate Athletics.
 - Country Club Membership with a value of approximately \$7,080.
 - Football Tickets – 30 season and 5 parking passes with a potential value of approximately \$10,000.
 - In accordance with University policies and regulations governing travel and subject to approval by the Athletics Director, University will pay spouse travel for required events outside the San Francisco Bay Area.

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.

(15) ***Appointment Salary for Timothy J. Recker as Director–Private Equity Investments, Office of the Treasurer***

Approval of the following items in connection with the appointment of Timothy J. Recker as Director–Private Equity Investments, Office of the Treasurer:

- a. Appointment of Director–Private Equity Investments (SLCG grade 107 minimum \$167,600, midpoint \$212,700, maximum \$257,800).
- b. Annual base salary of \$207,000, 100 percent time.
- c. Per policy, eligibility to participate in the University of California Office of the Treasurer's Annual Incentive Plan with an incentive target of 45 percent with a maximum of up to 90 percent of base salary.
- d. Per policy, \$51,750 (25 percent) lump sum relocation allowance, subject to a repayment requirement in the event that Mr. Recker resigns within the first four years of employment.

- e. Per policy, reimbursement of 50 percent of the actual moving expenses up to \$7,500.
- f. Exception to policy, one house-hunting trip, not to exceed four days for Mr. Recker and his spouse. Coach air fare, meals and lodging will be reimbursed up to \$2,500. This is an exception as travel to seek housing applies only to members of the Senior Management Group and this position is not a member of that group.
- g. Exception to policy, participation in the Mortgage Origination Program Loan (MOP). This is an exception as this loan program applies to members of the Academic Senate or those who hold an equivalent title and members of the Senior Management Group. This is an exception since the position is classified as Management and Senior Professional.
- h. Effective April 9, 2007 upon approval of The Regents.

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.

(16) ***Retention Increase for Rebecca Stafford as Investment Officer–Alternative Investments, Office of the Treasurer***

Approval of the following items in connection with the retention increase for Rebecca Stafford as Investment Officer, Office of the Treasurer:

- a. Retention increase of \$22,853 (17.8 percent) to bring her base salary from \$128,547 to \$151,400 (SLCG Grade 104 minimum \$120,400, midpoint \$151,400, maximum \$182,400).
- b. Per policy, eligibility to participate in the University of California Office of the Treasurer's Annual Incentive Plan with an incentive target of 35 percent with a maximum of up to 70 percent of base salary.
- c. Effective upon approval of The Regents.

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.

(17) ***Retention Increase for David Hughes as Investment Officer–Externally Managed Investments, Office of the Treasurer***

Approval of the following items in connection with the retention increase for David Hughes as Investment Officer–Externally Managed Investments, Office of the Treasurer:

- a. Retention increase of \$22,800 (17.7 percent) to bring his base salary from \$128,600 to \$151,400 (SLCG Grade 104 minimum \$120,400, midpoint \$151,400, maximum \$182,400).
- b. Per policy, eligibility to participate in the University of California Office of the Treasurer's Annual Incentive Plan with an incentive target of 35 percent with a maximum of up to 70 percent of base salary.
- c. Effective upon approval of The Regents.

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.

(18) ***Retention Increase for Thomas Lurquin as Investment Officer—Private Equity, Office of the Treasurer***

Approval of the following items in connection with the retention increase for Thomas Lurquin as Investment Officer, Office of the Treasurer:

- a. Retention increase of \$19,360 (14.2 percent) to bring his base salary from \$136,240 to \$155,600 (SLCG Grade 105 minimum \$134,400, midpoint \$169,600, maximum \$204,700).
- b. Per policy, eligibility to participate in the University of California Office of the Treasurer's Annual Incentive Plan with an incentive target of 35 percent with a maximum of up to 70 percent of base salary.
- c. Effective March 1, 2007 upon approval of The Regents.

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.

K. ***Transfer of Assets and Liabilities from the University of California Retirement Plan (UCRP) to the Los Alamos National Security, LLC (LANS) Defined Benefit Pension Plan and Agreement Regarding the Ongoing Obligations of the Department of Energy to Reimburse the University for Contributions to the UCRP***

The Committee recommended that, in accordance with the provisions of the Contract governing the transition to a successor contractor at Los Alamos National Laboratory (LANL), the Associate Vice President–Human Resources and Benefits be authorized to enter into the following agreements on behalf of the University as sponsor of University of California Retirement Plan (UCRP) and The Regents as trustees of UCRP, provided the agreements are substantially as described in the item presenting this recommendation to the Committee, to execute any regulatory filings associated with the transfer of assets and liabilities, and, pursuant to The Regents’ authority to amend UCRP, to adopt any amendments to UCRP that are necessary to carry out the provisions of the agreements:

- (1) The Agreement Concerning the Transfer of Assets and Liabilities (Transfer Agreement) incorporates the terms agreed to by the University and the Department of Energy/National Nuclear Security Administration (DOE/NNSA) for the transfer of assets and liabilities from UCRP to the LANS Plan, including the amount of assets to be transferred and the documentation required to be provided to UC prior to the transfer of any assets.
- (2) The substantive terms of the agreement confirming the DOE/NNSA’s ongoing funding obligation for UCRP benefits associated with LANL service (Funding Agreement) define the method for calculating any future funding shortfalls, commit DOE/NNSA to a schedule of payments to restore full funding of the separately accounted for segment within UCRP to which the assets and liabilities associated with members’ LANL service are allocated (LANL Segment), and address other administrative matters.

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

6. REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY**A. *Approval of Principles Underlying the Determination of Registration Fees***

The Committee recommended that:

- (1) The Regents approve the development of a multi-year plan to address needs as they arise, such as student mental health support.
- (2) The Regents approve the allocation of a significant fraction of the proposed increase in Registration Fee for 2007-08 as permanent funds and as a first step towards meeting the needs of student mental health support.

B. *Approval of Principles Underlying the Determination of Fees for Students of Professional Degree Programs*

The Committee recommended that:

- (1) The Regents approve professional school fees according to a multi-year plan, subject to annual reconsideration.
- (2) The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out of state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out of state graduate academic students for all campuses across the system.
- (3) It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.
- (4) The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost and Executive Vice President with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.

- (5) The Regents charge the Provost and Executive Vice President with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.

C. ***Adoption of Resolution to Permit the University to Apply for Licensure to Issue Charitable Gift Annuities to New York Residents***

The Committee recommended that the following resolution be adopted to permit the University of California to apply for licensure to the Superintendent of Insurance in the State of New York to issue charitable gift annuities.

**RESOLUTION TO BE PASSED BY CHARITABLE ANNUITY SOCIETIES
RELATING TO THE APPLICATION FOR A SPECIAL PERMIT AND THE
SEGREGATION OF ANNUITY RESERVE FUNDS**

WHEREAS, Article 11, Section 1110 of the Insurance Law of New York State, passed July 1984 and known as Chapter 367 of the Laws of 1984, provides, among other things in respect to the exemption of Charitable Annuity Societies from certain provisions of the Insurance Law of the State of New York, that every duly organized domestic or foreign non-stock corporation or association conducted without profit engaged solely in bona fide charitable, religious, missionary, educational or philanthropic activities and which has been in active operation for at least ten years prior to the application for a permit hereinafter mentioned, and which issues gift annuity agreements, shall segregate from its assets as separate and distinct funds, independent from all other funds of such corporation or association, an amount at least equal to the reserves and surplus as required therein on all gift annuity agreements, and shall not apply said assets for the payment of the debts and obligations of the corporation or association or for any purpose other than the annuity benefits therein specified, and,

WHEREAS this Section 1110 provides for the issuance of a special permit by the Superintendent of Insurance of the State of New York for the purposes therein mentioned.

NOW, THEREFORE, be it RESOLVED that in order to meet the aforesaid requirements of the law and for the purpose of obtaining a special permit from the Superintendent of Insurance of the State of New York to issue gift annuity agreements in New York there shall be set aside and maintained assets of The Regents of the University of California as a separate and distinct fund independent of all other funds of The Regents in an amount at least equal to the reserves and surplus of ten percent of such reserves on all The Regents outstanding gift annuity agreements required by subsection (b) of Section 1110 of the New York Insurance Law, which shall be invested in accordance with the provisions of subsection (b) of Section 1110 of the New York Insurance

Law and which segregated funds shall not be applied for the payment of debts and obligations of The Regents or for any purpose other than the annuity benefits herein referred to and which fund shall be known as The Regents of the University of California Gift Annuity Fund.

Any assets heretofore segregated and held as separate funds on account of annuity benefits shall be merged with the aforesaid segregated assets to the extent required in order to comply with the provisions of said Section 1110.

Upon motion of Regent Marcus, duly seconded, the recommendations of the Committee on Educational Policy were approved, Regent Garamendi voting "No."

7. REPORT OF THE COMMITTEE ON GOVERNANCE

The Committee on Governance recommended the following appointments, effective immediately:

- A. Appointment of Regent Varner as The Regents' representative to the California Postsecondary Education Commission, replacing Regent Kozberg, through June 30, 2008.
- B. Appointment of Regents Gould, Hopkinson, Marcus, Moores, and Schilling to the Committee on Long Range Planning through June 30, 2007. The charge to the Committee follows:
 - (1) Consist of Regent members, who will regularly consult with an Advisory Board representing a broader range of constituents, including members of the Long Range Guidance Team, chancellors, vice chancellors, faculty members, deans, students, alumni, and other administrative leaders.
 - (2) Consider and recommend to the Board on all matters that assist the University in planning for the future in ways that will aid in developing the institution and in enhancing its strengths, with the intention of maintaining the University's world-class mission of research, teaching, and community service.
 - (3) Consider and recommend to the Board on the role and process through which the Committee and its Advisory Board suggest action items that would positively affect the future of the University.

Upon motion of Regent Lansing, duly seconded, the recommendations of the Committee on Governance were approved.

8. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS

A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Rieber Repairs and Refurbishment, Los Angeles Campus***

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

Los Angeles: Rieber Repairs and Refurbishment – preliminary plans, working drawings, construction and equipment – \$44,224,000, to be funded from the Los Angeles campus' share of University of California Housing System Net Revenue Fund Reserves.

B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, UCSF Medical Center SB 1953 Moffitt/Long 2008, San Francisco Campus***

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

From: San Francisco: UCSF Medical Center SB 1953 Moffitt/Long 2008 Phase 1 – preliminary plans, working drawings, and construction – \$9,996,000, to be funded from State lease revenue bonds (\$8,000,000), and hospital reserves (\$1,996,000).

San Francisco: UCSF Medical Center SB 1953 Moffitt/Long 2008 Phase 2 – preliminary plans, working drawings, and construction – \$19,971,000, to be funded from State lease revenue bonds (\$17,000,000) and Federal FEMA funds (\$2,971,000).

To: San Francisco: UCSF Medical Center SB 1953 Moffitt/Long 2008 – preliminary plans, working drawings, and construction – \$36,723,000, to be funded from State lease revenue bonds (\$25,000,000), Federal FEMA funds (\$6,000,000), and hospital reserves (\$5,723,000).

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of Interim and External Financing, Helios Energy Research Facility, Berkeley Campus***

The Committee recommended that:

- (1) The 2006-07 and the 2007-08 Budgets for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: Helios Energy Research Facility – preliminary plans, working drawings, and construction – \$159.4 million total project cost, to be funded from State lease revenue bonds (\$70 million), external financing (\$74.4 million), and gifts (\$15 million).
- (2) The President be authorized to obtain external financing not to exceed \$74.4 million to finance the Helios Energy Research Facility 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 any financing shall be from the facility's lease income and the Berkeley campus' share of the University Education Fund.
 - c. The general credit of The Regents shall not be pledged.
- (3) The President be authorized to obtain interim financing not to exceed \$15 million prior to awarding a construction contract for any gift funds not received by that time and 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 any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus' share of the University Opportunity Fund.
 - c. The general credit of The Regents shall not be pledged.
- (4) The Officers of The Regents be authorized to provide certification to the lender for any component of this project for which tax exempt financing is used that interest paid by The Regents is excluded from

gross income for purposes of federal income taxation under existing law.

- (5) 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 Interim and External Financing, Computational Research and Theory Facility, Lawrence Berkeley National Laboratory and Berkeley 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:

Lawrence Berkeley National Laboratory and Berkeley Campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – \$90,444,000, to be funded from external financing (\$85,000,000), gifts (\$5,000,000), and LBNL operating funds (\$444,000).

- (2) The President be authorized to obtain external financing not to exceed \$85 million to finance the Computational Research and Theory Facility 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 any financing shall be from Lawrence Berkeley National Laboratory (LBNL) operating funds.
- c. The general credit of The Regents shall not be pledged.

- (3) The President be authorized to obtain interim financing not to exceed \$5 million prior to awarding a construction contract for gift funds not received by that time and 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 any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus' share of the University Opportunity Fund.

- c. The general credit of The Regents shall not be pledged.
- (4) The Officers of The Regents be authorized to provide certification to the lender for any component of this project for which tax exempt financing is used that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (5) 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, Approval of Standby and External Financing, Certification of Addendum to Environmental Impact Report, and Approval of Design, Biomedical and Health Sciences Building, Berkeley Campus***

The Committee recommended that:

- (1) The 2006-07 and 2008-09 Budgets for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: Biomedical and Health Sciences Building – preliminary plans – \$6,500,000, to be funded from gifts.

To: Berkeley: Biomedical and Health Sciences Building – preliminary plans, working drawings, construction, and equipment – \$256,653,000, to be funded from gifts (\$128,900,000), external financing (\$75,053,000), and State funds (\$52,700,000).

- (2) The President be authorized to obtain external financing not to exceed \$75,053,000 to finance Step 1 of the Biomedical and Health Science 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 Berkeley campus' share of the University Education Fund and the Berkeley campus' share of the University Opportunity Fund.
 - c. The general credit of The Regents shall not be pledged.
- (3) The President be authorized to obtain standby financing not to exceed \$57 million, prior to awarding a construction contract for any gift funds not received by that time and 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 any financing shall be from gift funds and, in the event such gift funds are insufficient, from the Berkeley campus' share of the University Opportunity Fund.
 - c. The general credit of The Regents shall not be pledged.
- (4) 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.
 - (5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.
 - (6) Upon review and consideration of the environmental consequences of the proposed project as described in the Addendum to the 2020 Long Range Development Plan Environmental Impact Report (LRDP EIR) The Regents:
 - a. Certify the Addendum to the 2020 LRDP EIR.
 - b. Adopt the Findings.

F. ***Adoption of Mitigated Negative Declaration and Approval of Design, Structural and Materials Engineering Building, 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 Structural and Materials Engineering Building, San Diego campus.

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

9. **REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES**

Appointment of William R. Frazer to the Executive Committee of the Board of Governors of Los Alamos National Security, LLC, on an Interim Basis

The Committee recommended that William R. Frazer be appointed on an interim basis as a member of the Executive Committee of the Board of Governors of the limited liability company known as Los Alamos National Security, LLC (LANS), effective immediately.

Dr. Frazer will be compensated from the fee earned by the University under the terms of the LANS contract, prorated for any partial year performance.

Upon motion of Regent Preuss, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was approved.

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:

- A. The Vice Chairman of the Board, the Chair of the Committee on Compensation, and the President of the University approved the following recommendation:

Contract Compensation for DeWayne Walker as Assistant Coach (Football Defensive Coordinator), Los Angeles Campus

Approval of the following items in connection with the contract compensation of DeWayne Walker as Assistant Coach (Football Defensive Coordinator), Los Angeles campus:

Corrections to certain aspects of Mr. Walker's compensation (Contract effective January 30, 2006 through June 30, 2007) which were erroneously reported to The Regents at the January 2007 meeting:

- (1) Correction of his current base salary from \$170,000 to \$150,000 effective July 1, 2006.
- (2) Retroactive approval of a \$20,000 increase to his talent fee from \$100,000 to \$120,000 to July 1, 2006.

The following terms and conditions are reflected in the new proposed contract to be effective January 1, 2007 through June 30, 2008:

- (3) The proposed contract increases his talent fee from \$120,000 to \$180,000 annually.
- (4) This proposed contract does not increase his annual base salary of \$150,000.

- (5) The proposed contract does not increase his supplemental compensation of up to \$20,000 annually, as detailed below.

<u>Accomplishment</u>	<u>Amount</u>
Post-Season Bowl Appearances:	
Participation in Non-BCS Bowl Champion Series Bowl (UCLA receiving <\$1million)	\$ 4,000
Participation in Non-BCS Bowl Champion Series (UCLA receiving >\$1million)	\$ 6,500
Participation in Bowl Champion Series ("BCS") Bowl	\$10,000
National Championship Win (includes BCS participation noted above)	\$20,000

- (6) This proposed contract provides for new summer camp revenue sharing at an amount of up to \$10,000 annually.

Total proposed, potential annual compensation:	
Annual base salary:	\$150,000
Talent Fee:	\$180,000
Supplemental Compensation (up to):	\$ 20,000 (up to)
Summer Camp:	<u>\$ 10,000</u> (up to)
	\$360,000

If Coach is terminated for cause, all obligations will cease; if Coach is terminated without cause (section 9(a) of the contract), the University will owe the remaining balance on the \$150,000 annual base (4(a)), plus the annual "royalty" (talent fee) of \$180,000 (4(d)). Finally, Coach is free to terminate at any time other than during the football season (8(b)), and there is no penalty clause.

The compensation provided under this contract will be paid from existing non-State fund sources, including already received ticket revenue.

Additional elements of compensation currently provided and will continue to be provided include:

- Per policy, eligible for standard Pension and Health and Welfare benefits.
- Per contract, one courtesy automobile.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous

oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by The Regents.

- B. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the President of the University concurred in the following recommendation:

Amendment of the Budget for Capital Improvements and the Capital Improvement Program for UCDMC Central Plant Utilities Extension, Davis Medical Center, Davis Campus

That the 2006-07 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: UCDMC Central Plant Utilities Extension – preliminary plans, working drawings, and construction – \$11,057,000, to be funded from hospital reserves.

11. REPORT OF PERSONNEL ACTIONS

Acting Secretary Shaw reported that, in accordance with Bylaw 14.7(b), the following reports a personnel action taken at the January 2007 meeting. There was no roll call vote taken on this action.

Appointment of Sung Mo (Steve) Kang as Chancellor, Merced campus, 100 percent, effective on or about March 1, 2007. He will also hold an academic appointment, 0 percent time, on the Merced campus.

12. SUMMARIES OF COMMUNICATIONS RECEIVED

Acting Secretary Shaw presented summaries of communications received subsequent to the January 2007 meeting which will be referred to President Dynes for response as appropriate.

13. PRESIDENT'S REPORT OF MATERIALS MAILED BETWEEN MEETINGS

The President reported that, on the dates indicated, the following were mailed to The Regents or to its Committees:

To Members of the Committee on Health Services

- A. *Medical Center Activity and Financial Status Report for the Five Months Ended 11/30/06.* February 8, 2007 (Schedule of Reports)

The Regents of the University of California

- B. Letter with press release describing the impact of the Governor's Budget on UC. January 10, 2007
- C. *Resolution of the Academic Council on Returning UC to a Sound Fiscal Base.* January 16, 2007
- D. *Total Remuneration and the 2007-2008 Budget: An Academic Council Analysis and Recommendation* endorsed by the Academic Council. January 16, 2007
- E. Letter from Academic Council Chair Oakley conveying the Academic Council's recommendation that the University's Senior Budget Officer be located in the Office of Academic Affairs, and the President's response. January 22, 2007
- F. *A Compelling Case for Growth*, the final report of the Advisory Council on the Future Growth in the Health Professions. January 22, 2007
- G. *University of California Office of the President Department of Financial Management, Office of Risk Services Annual Report for 2005/2006.* January 22, 2007
- H. Release of the fall 2007 undergraduate application numbers, with summary and application tables. January 24, 2007
- I. *Second Annual Report to the Department of Finance on Performance Measures Specified in the Compact with the Governor.* January 30, 2007
- J. Copy of letter addressed to The Regents, from John R. Seffrin of the American Cancer Society, regarding proposed policy on funding of research by the tobacco industry. January 31, 2007
- K. Announcement that UC Berkeley, in partnership with the Lawrence Berkeley National Laboratory and the University of Illinois at Urbana-Champaign, was selected by British Petroleum as the winner of an international competition to develop an Energy Biosciences Institute for research in alternative energy development. February 1, 2007
- L. Report from Academic Council: *Current Budget Trends and the Future of the University of California.* February 6, 2007
- M. Announcement that the President will be leading a delegation of UC researchers on a visit to India promoting collaborative research. February 12, 2007
- N. President reports an apparent malfeasance involving administrative leadership of the UC College Prep program. February 23, 2007

The meeting adjourned at 12:35 p.m.

Attest:

Acting Secretary