

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 17, 2008

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

Present: Regents Allen, Blum, Bugay, Dynes, Gould, Island, Kozberg, Lansing, Marcus, Parsky, Pattiz, Preuss, Ruiz, Schilling, and Varner (15)

In attendance: Regents-designate Scorza and Shewmake, Faculty Representatives Brown and Croughan, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Hume, Executive Vice Presidents Darling and Lapp, Vice Presidents Beckwith, Dooley, Foley, and Sakaki, Chancellors Bishop, Block, Blumenthal, Fox, Kang, Vanderhoef, and Yang, Acting Chancellor Grey, and Recording Secretary Bryan

The meeting convened at 1:00 p.m. with Chairman Blum presiding.

1. **REPORT OF THE PRESIDENT**

President Dynes presented the report concerning University activities and individuals.

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

2. **RESOLUTION IN APPRECIATION – JOHN J. MOORES**

Upon motion of Regent Gould, duly seconded, the following resolution was adopted:

WHEREAS, the members of the Board of Regents of the University of California wish to pay well-deserved tribute to their friend and colleague, John J. Moores, for his eight years of devoted and loyal service to the people of California through his dedicated stewardship as a Regent of this great institution of higher learning; and

WHEREAS, since his appointment in 1999, he has consistently demonstrated his commitment to sustaining and enhancing the University of California as an educational resource of high quality and purpose, giving ever generously of his time, keen intellect, and considered insight as a two-term Chairman of the Board, Vice Chairman of the Board, and vital member of the Committees on Audit, Investments, Finance, Educational Policy, Grounds and Buildings, Compensation, Governance, Health Services, and Oversight of the Department of Energy National Laboratories, contributing to all incisive comment and a thoughtful perspective; and

WHEREAS, vigorous in the pursuit of excellence and widely recognized for the depth of his convictions, his unswerving and forthright advocacy of greater transparency and accountability in the University's admissions policies, his exacting standards of performance, as well as his analytic approach to the major issues facing the University of California won him the respect and admiration of many, were instrumental in increasing the public's understanding of the admissions process, and have been a powerful influence in shaping the University of California of the 21st century; and

WHEREAS, with exemplary idealism and energy, he has worked selflessly to improve health care here and abroad, generously founding and supporting the Moores Cancer Center at UC San Diego, where the spirit of discovery lives and hope is given to those whose lives have been ravaged by illness; the Scripps Research Institute for Childhood and Neglected Diseases, where innovative research is shedding new light on diseases and conditions such as malaria, epilepsy, mental retardation, and cystic fibrosis; and the Worm Institute for Research and Medicine, which combats filarial conditions that debilitate and disfigure millions of people the world over; and

WHEREAS, a highly successful businessman with many interests and commitments, he has made significant and lasting contributions to the San Diego and Houston communities and to the nation as a philanthropic and civic leader, serving with distinction as Chair of the San Diego Padres Baseball Club, Chair of the Scripps Institute Board of Trustees, as a Trustee and then Chairman of the Board of the Carter Center of Atlanta, and as founder of the Scripps River Blindness Foundation, now an important part of the Carter Center; and

WHEREAS, in recognition of his devoted service as a member of the Board of Regents of the University of California and in the hope that he will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon John J. Moores the title, Regent Emeritus;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their deep gratitude to John for his dedicated service, and commend him for his unshakeable devotion to his ideals, his determined efforts on behalf of UC and higher education, and for the vision, integrity, and unstinting generosity he has brought to his far-reaching international efforts to improve the human condition;

AND BE IT FURTHER RESOLVED that the Regents extend to John and Becky Moores their best wishes that the years ahead will be rich and rewarding and direct that a suitably inscribed copy of this resolution be presented to them as a symbol of the Regents' appreciation of their many contributions to the life of the University and as a token of the Board's regard and esteem.

3. RESOLUTION IN APPRECIATION – GERALD L. PARSKY

Upon motion of Regent Gould, duly seconded, the following resolution was approved.

WHEREAS, on the occasion of his retirement from the Board of Regents of the University of California, the members of the Board wish to express their abiding gratitude and heartfelt appreciation to Gerald L. Parsky for the keen insight, broad experience, economic acumen, enormous integrity, and outstanding knowledge of people he has brought to the deliberations of this body for more than a decade; and

WHEREAS, since his appointment in 1996, he has enthusiastically served the University in many capacities, including two terms as Chairman of the Board of Regents; service as Co-Chair of the University's diversity study, the first comprehensive analysis of its kind; service on various senior executive search committees; membership on the Regents' Committees on Audit, Investment, Finance, Grounds and Buildings, and Oversight of the Department of Energy National Laboratories; as well as service on the Board of Visitors of the Anderson Graduate School of Business at UCLA and the UC San Diego Foundation; and

WHEREAS, he has brought to his tenure as a Regent the benefits of a long and distinguished career in business, which he used to great effect in overseeing the Regents' efforts to strengthen the investment policies and practices of the University's Pension and Endowment Funds, actions which had a tremendous and positive impact on the Endowment and Pension Funds, to the lasting benefit of its beneficiaries, both existing and future, as well as saving the University billions of dollars, thereby benefitting tens of thousands of students and furthering the University's mission of teaching, research, and public service; and

WHEREAS, his deep commitment to the welfare of the University was most notably evident during a tumultuous period in the UC's rich history during which his dedicated handling of the many complex issues involving executive compensation earned him the respect and admiration of his fellow Regents, who, in an unprecedented action, voted to extend his second term as Chairman of the Board in order to provide order and continuity in the oversight of the resulting compensation reforms; and

WHEREAS, with great vigor and determination, he engaged in the management transition at Los Alamos and Livermore National Laboratories, helping to secure the renewal of contracts, as well as to create a new model through which the University will continue to fulfill its historic service to the nation in meeting the global challenges of the 21st century; and

WHEREAS, in recognition of his devoted service as a member of the Board of Regents of the University of California and in the hope that he will continue as an

active and vital participant in the life of the University, the Regents do hereby confer upon Gerald L. Parsky the title, Regent Emeritus;

NOW, THEREFORE, BE IT RESOLVED, that the Regents of the University of California express their deep gratitude to Gerry for his exemplary service, his dedicated advocacy of the University before many forums, and his willingness to enlist his extensive business experience on behalf of public higher education and the people of California;

AND BE IT FURTHER RESOLVED that the Regents extend to Robin and Gerry Parsky their affectionate best wishes, and direct that a suitably inscribed copy of this resolution be presented to them as a symbol of the Board's lasting friendship and esteem.

4. **RESOLUTION IN APPRECIATION – PETER PREUSS**

Upon motion of Regent Gould, duly seconded, the following resolution was adopted:

WHEREAS, the members of the Board of Regents wish to express their deep and abiding gratitude to Peter Preuss, an esteemed and beloved colleague, on the occasion of his retirement from the Board following a second term as a Regent, a term in which he continued to exemplify the highest precepts of duty and public trust; and

WHEREAS, deeply cognizant of the vital role education plays in the life of a child, he has been a spirited and enthusiastic advocate for California's children, working tirelessly for the betterment of not only higher education, but K-12 education, most notably exemplified by his generous philanthropy that enabled the founding of the Preuss School, an innovative charter school that holds the promise of providing top-flight educational benefits to future generations of children in the San Diego region; and

WHEREAS, his steadfast dedication to maintaining and improving the quality of the University of California was clearly evident in his many perceptive and incisive contributions to the deliberations of this Board and its committees, not only during his tenure as Vice Chairman of the Board, but through his distinguished service on the Committees on Investments, Grounds and Buildings, Educational Policy, Audit, and Long-Range Planning, as well as through his chairmanship of the Committees on Finance and Oversight of the Department of Energy Laboratories, during the latter of which he worked tirelessly as Chairman to strengthen laboratory management and research; and

WHEREAS, in addition to his remarkable contributions to education, his generous philanthropy and foresight have extended to life-saving medical advancements in the

field of neuro-oncology through the renowned Preuss Foundation, which is dedicated to fostering improved communication among cancer researchers, the Preuss Laboratory for Molecular Neuro-Oncology at UC San Francisco, and the Preuss Laboratory for Brain Tumor Research at the Duke University Medical Center; and

WHEREAS, his essential nature as a man of towering idealism, manifest brilliance, and consistent goodwill has been greatly appreciated by his fellow Regents, all of whom have come to value the acute insight, constructive thought, and buoyant temperament he has brought to the critical deliberations of the Board as the Regents endeavored to meet the daunting challenges facing higher education in the dawning years of the 21st century; and

WHEREAS, in recognition of his devoted service as a member of the Board of Regents of the University of California and in the hope that he will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon Peter Preuss the title, Regent Emeritus;

NOW, THEREFORE, BE IT RESOLVED that with the greatest pleasure and fondness the Regents wish to commend Peter on a remarkable record of personal and professional achievement and to recognize his great strength of character in which a forthright expression of views, absolute integrity, unswerving loyalty, and a grand breadth of vision have been the special hallmarks of his life and of his tenure as a member of the Board of Regents;

AND BE IT FURTHER RESOLVED that the Regents extend to Peggy and Peter Preuss their affectionate good wishes for a full and happy life in the years ahead and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's enduring friendship.

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

Committee Chair Ruiz presented the following from the Committee's meeting of December 17, 2007:

There were no public comments.

All items on the agenda were for discussion.

The search for the advisory positions to the Committee, the Financial Advisor and the Compliance Advisor, is still in process and names are being gathered. Committee Chair Ruiz and Chief Compliance and Audit Officer Vacca requested recommendations from Committee members for potential candidates.

Chief Compliance and Audit Officer Vacca provided an update on the development of UC's compliance and ethics program. She discussed industry compliance guidelines and informed the Committee that she will be using the Federal Sentencing Guidelines in developing the University's program because they are recognized across industries and accepted as a standard framework. She discussed the seven elements of an effective compliance program identified in the Guidelines and outlined the key elements of her approach to establishing an effective systemwide program at UC: an inventory of existing UC compliance and audit activities, identification of gaps in controls, leveraging of current activities, and effective communication with key constituents. Ms. Vacca discussed the desired outcomes of this program and its benefit to the University and noted the anticipated staffing needs of the Compliance Office.

Mr. Terrence Hamilton, Manager of Internal Audit Services at Lawrence Berkeley National Laboratory (LBNL), presented a summary of LBNL audit activities. He discussed the LBNL budget and Internal Audit department activities, highlighting a cost allowability audit and a value-added review carried out in response to U.S. Office of Management and Budget Circular A-123, concerning requirements for internal financial controls in federal agencies. One measure of the effectiveness of LBNL Internal Audit followup efforts is that there were no overdue high risk findings in fiscal year 2007. Committee Chair Ruiz underscored the importance of Laboratory Director Chu's participation in all LBNL Audit Committee meetings and suggested that chancellors should become more involved at the campuses. Other Committee members concurred that this model of senior management participation shown by LBNL could be expanded to all UC locations.

University Auditor Reed discussed highlights from the report on Internal Audit Activities for the quarter ended September 30, 2007. He reported that Internal Audit had completed audits of the five health sciences compliance programs and discussed the current status of high risk, past due Management Corrective Actions. Mr. Reed explained that the items in question are generally complex issues requiring a systemwide solution and take longer to resolve. As an important recent trend, he discussed the need for Principal Investigators to understand and carry out their fiscal responsibilities for research activities, and the importance of Principal Investigators' role in controlling the expenditure of federal funds. Mr. Reed noted a new reporting capability instituted this quarter, quarterly reports to the Office of the President from Locally Designated Officials at campuses and locations, which will serve as a basis for improved reporting to the Committee. Mr. Reed briefly noted personnel turnover at the Audit Director level and current efforts toward integration of the audit and compliance programs.

Committee Chair Ruiz raised the issue of external auditors and the Committee's responsibility for appointing and evaluating them. Vice President Broome reported that the University will carry out a survey of all four nationally recognized

accounting firms. UC will present its requirements and ask the firms about their qualifications to meet these requirements. This Request for Qualifications is now being developed; it is anticipated that the Request will be issued in January 2008, the survey completed by February, and a report presented to the Committee at the March meeting.

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

The Committee presented the following from its meeting of January 16, 2008:

A. *Individual Salary Actions*

(1) *Appointment Salary for Sandra H. Kim as Executive Director–External Finance, Office of the President*

Approval of the following items in connection with the appointment of Sandra H. Kim as Executive Director–External Finance, Office of the President:

- a. Appointment salary of \$225,000 as Executive Director-External Finance, Office of the President, slotted at SLCG 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000). This is a 100 percent time appointment.
- b. Effective January 17, 2008, with employment start date to be after that date.
- c. Incentive bonus up to 10 percent of base salary determined relative to accomplishments of annual goals and objectives, which will be discussed and agreed upon each year.

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.
- Per policy, eligibility to participate in the Mortgage Origination Loan Program, 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.

(2) ***Appointment Salary for Katherine A. Yelick as National Energy Research Scientific Computing Center Division Director–Faculty, Lawrence Berkeley National Laboratory***

Approval of the following items in connection with the appointment for Katherine A. Yelick as National Energy Research Scientific Computing Center Division Director–Faculty, Lawrence Berkeley National Laboratory (LBNL):

- a. As an exception to policy, an increase in the amount of 42.8 percent (\$66,540) of her January 1, 2008, annualized base salary of \$155,466 for a total annual salary of \$222,006 (LBNL Grade N16: Minimum \$170,387, Midpoint \$262,017, Maximum \$353,647).
- b. If an adjustment to the academic base salary is made during the term of this ongoing appointment, the 42.8 percent increase will be recalculated against the new academic base salary to provide a new annualized base salary.
- c. This appointment, effective January 1, 2008, is at 80 percent time throughout the year for Lawrence Berkeley National Laboratory and 20 percent time UC Berkeley, pending Regents approval. After the first year, this appointment will be at 50 percent time during the academic year (simultaneous 50 percent faculty appointment at UCB during the academic year) and at 100 percent time during the three summer months.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, while her academic appointment is at 50 percent or more, Ms. Yelick will accrue sabbatical credits as a faculty member. During the course of 2008 while her academic appointment is less than 50 percent, she will not accrue sabbatical credits.

The source of funds for payment of these LBNL related compensation items is the Department of Energy, as provided under the University's contract with it.

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 Extension for Harry Le Grande as Acting Vice Chancellor–Student Affairs, Berkeley Campus***

Approval of the following items in connection with the extension of the stipend for Harry Le Grande as Acting Vice Chancellor–Student Affairs, Berkeley campus:

- a. As an exception to policy, administrative stipend of 22.7 percent (\$36,344), to increase his base salary of \$160,105, for an annual salary of \$196,449 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). Policy provides for an administrative stipend up to 15 percent for 12 months.
- b. If an adjustment to the base salary is made prior to the termination of this acting role, the administrative stipend will be recalculated based on the new base salary such that it remains at 22.7 percent of the new base salary.
- c. As an exception to policy, the stipend extension will be effective January 1, 2008 and continue through December 31, 2008 or until a new Vice Chancellor assumes the position, whichever occurs first. This change extends the acting appointment beyond the one year allowed by policy, for a total duration of two years. This extension will allow him to serve until the search is concluded.

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) *Stipend Extension for Christina Maslach as Acting Dean–Undergraduate Division, Berkeley Campus*

Approval of the following items in connection with the extension of the stipend for Christina Maslach as Acting Dean–Undergraduate Division, Berkeley campus:

- a. Per policy, administrative stipend of 15 percent (\$27,000), to increase her base salary of \$180,300, for an annual salary of \$207,300 (SLCG Grade 106: Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
- b. If an adjustment to the base salary is made prior to the termination of this acting role, the stipend will be recalculated based on the new base salary such that it remains at 15 percent of the new annual base salary.
- c. As an exception to policy this acting appointment will be effective January 1, 2008 and continue through June 30, 2008 or until a new Dean assumes the position, whichever occurs first (pending approval by the Regents). This change extends the acting appointment, with stipend, beyond the one year allowed by policy, for a total duration of two years. This extension will allow her to serve until the search is concluded.

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.
- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to dual appointment 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.

(5) ***Stipend Extension for Diana Wu as Acting Dean–University Extension, Berkeley Campus***

Approval of the following items in connection with the extension of the stipend for Diana Wu as Acting Dean–University Extension, Berkeley campus:

- a. Per policy, administrative stipend of 15 percent (\$19,700), to increase her annual base salary of \$131,600, for an annual salary of \$151,300 (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400).
- b. If an adjustment to the base salary is made prior to the termination of this acting role, the administrative stipend will be recalculated based on the new base salary such that it remains at 15 percent of the new annual base salary.
- c. As an exception to policy, this acting appointment will be effective February 1, 2008 and will continue until December 31, 2008 or until a permanent Dean assumes the position, pending approval by the Regents. This change extends the acting appointment, with stipend, beyond the one year allowed by policy, for a total duration of one-and-a-half years.

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.

(6) ***Stipend Extension for Donald A. Cooksey as Acting Dean–College of Natural and Agricultural Sciences, Riverside Campus***

Approval of the following items in connection with the stipend extension for Donald A. Cooksey as Acting Dean–College of Natural and Agricultural Sciences, Riverside campus:

- a. As an exception to policy, an administrative stipend of 41 percent (\$45,800), to increase his annual (12-month) professorial base salary of \$111,800, for a total annual salary of \$157,600 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).

Policy provides for an administrative stipend up to 15 percent for 12 months.

- b. If an adjustment to the base salary is made prior to the termination of this acting role, the 41 percent stipend will be recalculated against the new annualized academic base salary.
- c. As an exception to policy, this appointment will be effective March 12, 2008 and will continue through March 11, 2009, or until the appointment of a permanent Dean–College of Natural and Agricultural Sciences, whichever occurs first, pending approval by the Regents. This change extends the acting appointment beyond the one year allowed by policy, for a total duration of up to two years. This extension allows Mr. Cooksey to serve until the search is concluded.

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.

(7) ***Stipend for A. Paul Alivisatos as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory***

Approval of the following items in connection with the stipend for A. Paul Alivisatos as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory (LBNL):

- a. Per policy, a stipend of 10 percent (\$29,379) in addition to his current base salary of \$293,794 for an annual salary of \$323,173 (LBNL Grade N17: Minimum \$260,400, Midpoint \$334,596, Maximum \$408,696).
- b. If an adjustment to the academic base salary is made during the term of this ongoing appointment, the 10 percent increase will be recalculated against the new academic base salary to provide a new annualized base salary.

- c. Effective December 1, 2007 through November 30, 2008, or until a new Deputy Laboratory Director is appointed, whichever occurs first upon approval of the Regents.

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, not eligible for participation in the Senior Management Supplemental Benefit Program due to dual faculty appointment.

The source of funds for payment of this compensation item is the Department of Energy (DOE), 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.

(8) ***Retention Increase for Thomas J. Mitchell as Vice Chancellor–University Advancement, Irvine Campus***

Approval of the following items in connection with a retention increase for Thomas J. Mitchell as Vice Chancellor–University Advancement, Irvine campus:

- a. Per policy, retention increase of \$24,400 (9.7 percent), to increase his annual base salary from \$250,600 to \$275,000. (Salary Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)
- b. This increase is effective December 1, 2007.

Additional items of compensation continue to 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, continued participation in the Senior Management Supplemental Benefit Program at the rate of 5 percent.
- Per policy, annual automobile allowance of \$8,916.

- As an exception to policy, as part of a previous retention package in 2003, participating in Mortgage Origination Program (MOP) with a reduced interest rate differential reducing the standard MOP rate to 3 percent. The campus is providing Mr. Mitchell with a 5 percent differential fixed for a period of 12 years (beginning August 27, 2003).
- Per policy, Country Club Membership with a value of approximately \$7,620.

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) ***Salary Adjustments for Senior Managers with a Dual Professorial Appointment, San Diego Campus***

Approval of the following salary adjustments for three Senior Managers with dual professorial appointments at the San Diego campus to achieve a 15 percent differential between their Senior Manager salary and their professorial salary as follows:

- a. Steve Adler, Provost of Warren College, to receive a salary adjustment of \$18,900 (15.6 percent), to bring his annual base salary to \$140,200.
- b. Allan Havis, Provost of Thurgood Marshall College, to receive a salary adjustment of \$21,400 (17.4 percent), to bring his annual base salary to \$144,300.
- c. Mark H. Thiemens, Dean Physical Sciences, to receive a salary adjustment of \$28,000 (11.8 percent), to bring his annual base salary to \$265,400.
- d. In the event the professorial salaries of those listed above are adjusted, the Senior Manager salary will be adjusted accordingly to ensure a 15 percent differential is achieved.
- e. Effective retroactive to October 1, 2007.

This item reflects only compensation related to merit and equity adjustments recommended for approval. Approved actions in this item will be released to the public upon approval of the Regents.

(10) ***Retention Increase for Robert Sullivan as Dean–Rady School of Management, San Diego Campus***

Approval of the following items in connection with the retention of Robert Sullivan as Dean–Rady School of Management, San Diego Campus:

- a. Retention increase of \$56,300 (19.7 percent), to increase his total annual salary from \$286,500 to \$342,800 (rounded to the nearest one hundred dollars).
- b. Effective January 1, 2008.

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 faculty member.

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) ***Supplemental Home Loan Program Eligibility for Felicia McGinty as Vice Chancellor–Student Affairs, Santa Cruz Campus***

Approval of the following item in connection with the appointment of Felicia McGinty as Vice Chancellor–Student Affairs, Santa Cruz campus, 100 percent time:

- Per policy, participation in the Supplemental Home Loan Program.

This request is in response to an immediate need for Ms. McGinty to secure financing for a home loan purchase.

The compensation described above is an amendment to compensation approved by the Regents in August 2007. This amendment, in addition to the previously approved item shall constitute the University’s total commitment until modified by the Regents and shall supersede all previous oral or written commitments.

(12) ***Incentive Pay for John E. Plotts as Assistant Vice President–Financial Management, Office of the President***

Approval of the following items in connection with the performance bonus pay for John E. Plotts as Assistant Vice President–Financial Management, Office of the President:

- a. A performance incentive payment of \$23,611 (10 percent). This payment, in addition to the base salary of \$236,108, brings the total cash compensation to \$259,719.
- b. Effective upon approval by the Regents.
- c. Continued eligibility to participate in this performance incentive program, with annual awards not to exceed 10 percent of base salary. Actual award amount to be determined by assessment of performance and contribution measured against predetermined goals and 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.

(13) ***Incentive Pay 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 performance incentive payment for Daniel C. Sampson as Assistant Vice President–Financial Controls and Accountability, Office of the President:

- a. As approved by the Regents in an appointment action in November 2006, a performance incentive payment of \$21,320 (10 percent).
- b. Payment will be processed effective upon approval by the Regents.

- c. Continued eligibility to participate in this performance incentive program with annual awards not to exceed 10 percent of base salary. Actual award amount to be determined by assessment of performance and contribution, based on predetermined goals and objectives.

Additional items of compensation currently provided include:

- Annual base salary of \$213,200.
- 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.

(14) ***Change in Title, Interim Re-Slotting of Position, and Salary Adjustment for Debora Obley as Associate Vice President–Budget Operations, Office of the President***

Approval of the following items in connection with the change in title, interim re-slotting, and salary adjustment for Debora Obley as Associate Vice President–Budget Operations, Office of the President:

- a. Change in title and interim re-slotting of the position from Assistant Vice President–Budget Development and External Relations, at SLCG 104, to Associate Vice President–Budget Operations, at SLCG 106: (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
- b. Salary adjustment of \$33,036 (20 percent), to bring annual base salary to \$198,300.
- c. Effective February 1, 2008.

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.

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) ***Corrections to Additional Compensation for Participants of Bonus and/or Incentive Plans for Fiscal Year 2006-07***

Approval of the following corrected incentive award amounts proposed by the San Francisco campus for three senior managers in the Senior Leadership Compensation Group. The corrected award payments reflect \$8,050 over already approved award payments.

The incentive compensation described below, which shall supersede all previous oral or written commitments, shall constitute the University's total commitment regarding incentive awards for the individuals identified, until modified by the Regents.

| Last Name | First Name | Title | Annual Base Salary as of 06/30/07 | Incentive % | Incentive Award Amount |
|------------------|-------------------|---|--|--------------------|-------------------------------|
| Caffey | Marie P. | Dir, Psychiatry and LPPI Administration | \$189,900 | 12.2% | \$23,168 |
| Hooven | Martha | Dir, Admin Medicine | \$212,800 | 14.8% | \$31,494 |
| Rein | David | Dir, Faculty Medical Group | \$169,600 | 14.6% | \$24,762 |

(16) ***Corrections to 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 Director and Certain Senior Management Personnel at Lawrence Berkeley National Laboratory***

Approval of corrected salary rates, as shown in [Attachment 1](#), effective October 1, 2007, 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 \$205,000, as required by Bylaws 12.8(f)(3) and 12.8(f)(4) and Standing Order 101.2(a)(2).

This item reflects only compensation related to merit and equity adjustments recommended for approval.

(17) ***Extension of Temporary Housing Subsidy and Commuting Expenses for Joyce Justus as Interim Vice Provost for Educational Relations***

Exceptional approval of the following items in connection with the housing subsidy and commuting expense extension for Joyce Justus under her temporary recall appointment as Vice Provost for Educational Relations:

- a. Continuation of the housing subsidy for the cost of living in Oakland weekdays, estimated to be \$64,000 for the period May 1, 2007 through June 30, 2008.
- b. Continuation of reimbursement for commuting costs to travel from San Diego to Oakland, estimated to be \$30,000 for the period May 1, 2007 through June 30, 2008. Both of these amounts are adjusted upwards for tax purposes.

Additional items of compensation include:

- Annual base salary of \$167,500.
- Ms. Justus will not receive any other standard or senior management benefits other than retirement income and retiree medical 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) ***Approval to Use Fee Earned by the University for Unreimbursed Salary Amounts for UC-Designated Key Personnel at Los Alamos National Security, LLC (LANS)***

That the amount of compensation unreimbursed by Department of Energy – National Nuclear Security Administration (DOE-NNSA) for three UC-designated key personnel at Los Alamos National Security, LLC (LANS) be reimbursed by UC from the fee earned by the University under the terms of the LANS contract.

The annual salaries shown below for each individual were effective October 1, 2007, as presented to and approved by the LANS Executive Committee Governing Board. The following table confirms the annual salary to be paid to the individuals, the amount reimbursed by NNSA, and the amount to be reimbursed by UC. The total annual amount proposed for

reimbursement by UC is \$74,836, and the source of funds will be from the fee earned by the University under the terms of the LANS contract.

Proposed UC Annual Reimbursements for Federal FY2008 (October through September)

| LANS Key Personnel from UC | Annual Salary Effective Oct 1, 2007 | NNSA reimbursed amount | UC reimbursed amount |
|----------------------------|-------------------------------------|------------------------|----------------------|
| Anastasio, M. | \$410,000 | \$378,420 | \$31,580 |
| Wallace, T. | \$309,000 | \$286,333 | \$22,667 |
| Neu, M. | \$244,000 | \$223,411 | \$20,589 |
| Total | | | \$74,836 |

The annual base compensation described for the above named individuals shall constitute the University's total commitment under each respective program for those individuals until modified by the Regents and shall supersede all previous oral or written commitments.

(19) ***Interim Re-Slotting and Salary Adjustment for Diane M. Griffiths as Secretary and Chief of Staff to The Regents***

Approval of the following items in connection with the interim re-slotting and salary adjustment for Diane M. Griffiths as Secretary and Chief of Staff to The Regents:

- a. Change in slotting from SLCG Grade 107 to SLCG Grade 109: (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700), as recommended by Mercer Human Resource Consulting.
- b. As an exception to policy, a salary increase of \$61,000 (26.1 percent) to bring her annual base salary from \$234,000 to \$295,000.
- c. Effective January 1, 2008, pending approval by the Regents.

Additional compensation and related items currently provided 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, 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.

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance and Executive Business Travel Insurance.
- As exceptions to policy as approved by the Regents at the March 2007 meeting, immediate eligibility upon retirement for the full University contribution for retiree health benefits and immediate eligibility for the senior management disability 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.

(20) ***Approval of Adjustments to Selected Provisions of the Clinical Enterprise Management Recognition Plan***

Approval of the following actions, effective July 1, 2008 for the 2008-09 plan year:

- a.. Revise the Clinical Enterprise Management Recognition Program (Plan), as indicated below, to bring the Plan into alignment with competitive market practices and to place greater emphasis on performance outcomes of participants.
- b. Authorize the Office of the President, Human Resources and Benefits to implement the proposed amendments.

PLAN DESIGN CHANGES

There are four key Plan design features being recommended for change. These recommended changes will better align participants' actual award payouts with performance outcomes. Calculations of individual award payouts will be determined based on the level of each participant's achievement of pre-established goals and objectives. Total payouts will in no case exceed the sum of maximum award levels for all participants. In addition, these changes will make the Plan design more consistent with market prevalent practices based on the Mercer 2007/2008 US Compensation Planning Survey, pertaining to pay practices in the Healthcare industry and in Government/Nonprofit. These recommended changes include:

Eligibility Determination

Specific positions have been listed as eligible, and language added to the Plan to help describe the type and level of functional responsibilities necessary for participation in the Plan. Generally, participants will be members of the senior leadership of the Clinical Enterprise, and Chancellors

may recommend participation for key senior management by submitting a request to the Provost and Executive Vice President, Academic and Health Affairs and the President for approval. This central oversight will provide consistency in participation across the entire UC Clinical Enterprise system.

Financial Attainment Required

Setting financial attainment levels at each location, instead of at an overall UC System level, allows for more direct alignment to the mission and goals of each enterprise and for more direct influence in meeting the target set for each enterprise. These levels of financial attainment will be reviewed by each Clinical Enterprise annually in conjunction with the Vice President–Health Sciences and Services, the Executive Vice President and Provost, the Executive Vice President for Business Operations, and the Executive Vice President and Chief Financial Officer, and approved by the President.

Attainment of both financial and non-financial performance targets will provide full funding for award payouts. In the event that financial performance goals are not attained, but some or all non-financial goals exceed targeted performance levels, a pro-rated payout can be made on the basis of the defined award opportunity levels, provided that the institution's net cash flow remains positive before intra-institutional transfers and after the award payout.

Award Opportunity and Cost

Redefine award opportunity to allow for differentiation based on organizational level, as noted below. The current Plan provides a target incentive award of 15 percent for everyone, regardless of level. Competitive practice differentiates award levels, providing, on average, a 20 percent target for CEOs of non-profit medical centers. Competitive, prevalent practice also provides for a minimum level of funding if threshold performance is met, as well as capping the maximum payout and funding level.

| Position Level within Organization | Threshold Payout (as % of base) | Target Payout (as % of base) | Maximum Payout (as % of base) |
|---|--|---|--|
| Chief Executive Officer | 10% | 20% | 30% |
| Other “Chief-Level” and Other Key Senior Clinical Enterprise Leadership | 7.5% | 15% | 25% |
| Other Clinical Participants | 7.5% | 15% | 20% |

The cost of implementing these revised award opportunity levels could be greater or lesser than under the current plan, depending on the performance of the enterprise and individual and the actual payout level being awarded. Award payments at a threshold level of performance would result in a reduced cost of the plan. Under the current plan, award payments in 2007 totaled \$2.9 million. Assuming a static population and using the 2007/08 adjusted salaries, award payments would be approximately \$3.1 million at the new target payout levels and \$4.9 million at the new maximum payout levels. Total payouts could be less than previous years if performance was lower.

Performance Measures

Five categories of goals have been identified that may be used in establishing systemwide, institution, and individual performance measures:

- Financial Performance
- Quality Improvements
- Patient Satisfaction
- Key Achievements against the Strategic Plan
- People and other Resource Management

This will help clarify and redefine the “Performance Objectives” defined in the current Plan. Each performance measure must fall into one of the defined categories, and no single category should account for more than 50 percent of the total incentive. It is recommended that up to three goals be established per organizational level, with no more than nine goals in total.

Threshold, target, and maximum levels of performance will be established by the Clinical Enterprise, and where applicable, with the appropriate senior management at Office of the President. Actual awards will be based on assessments of performance and contributions.

In addition, performance will be measured across three organizational levels, with the following suggested range of weightings:

| Position Level within Organization | Organizational Levels | | |
|---|--------------------------------|-------------|------------|
| | Systemwide Clinical Enterprise | Institution | Individual |
| Chief Executive Officer | 25% to 50% | 25% to 50% | 10% to 25% |
| Other "Chief-Level" and Other Key Senior Clinical Enterprise Leadership | 10% to 25% | 25% to 50% | 25% to 50% |
| Other Clinical Participants | N/A | 25% to 50% | 25% to 75% |

REVISED PLAN SUMMARY

The proposed Plan summary described below notes any changes from the current plan provisions:

Eligibility

- Eligible participants are generally defined as the senior leadership of the Clinical Enterprise who have a significant strategic impact and broad span of control with the ability to effect organization-wide change.
- The Chancellor may recommend to the Provost and Executive Vice President, Academic and Health Affairs, for approval by the President, additional key employees for participation in the Plan. (New for Plan Year 2008)
- Participants must be active, full-time employees at the end of the Plan year. Prorated awards may be granted to participants newly appointed during the Plan year.
- Participants are not eligible to participate in any other University recognition or incentive award programs.

Award Levels

- Plan participants are assigned threshold, target, and maximum recognition award levels as part of their competitive total cash compensation package. These award levels serve to motivate and drive individual and team performance toward annually established goals.
- Award levels are determined based, in part, on the level within the organization. (New for Plan Year 2008)
- Target awards should be calibrated to expected results, while maximum awards should only be granted for superior performance

against established measures. Actual awards may not exceed the maximum award level.

Performance Measures

- Prior to the beginning of each Plan year, a series of financial and non-financial measures will be established consistent with the mission and goals of each Clinical Enterprise.
- Measures should fall into the categories below, with no single category accounting for more than 50 percent of the total incentive, and will be calculated at the System, Institution, and Individual level.
 - o Financial Performance
 - o Quality Improvements
 - o Satisfaction (Patient and Employee)
 - o Key Achievements against the Strategic Plan
 - o People and other Resource Management
- It is recommended that there be up to three goals per level (system, institution, and individual), with no more than nine goals in total.

(21) ***Approval of Compensation for Patrick J. Lenz as Vice President–Budget, Office of the President***

Approval of an annual salary of \$272,500, along with the additional compensation related items listed below, for Patrick J. Lenz as Vice President–Budget, Office of the President.

- a. Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- b. Per policy, an automobile allowance of \$8,916 per annum.
- c. Per policy, participation in the Mortgage Origination Loan Program, available to be exercised within a period not to exceed 24 months from date of employment.

Additional compensation and related items include:

- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy.
- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance and 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.

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

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

Transfer of Assets and Liabilities from the University of California Retirement Plan (UCRP) to the Lawrence Livermore National Security, LLC (LLNS) 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 Lawrence Livermore National Laboratory (LLNL) as modified by the parties' agreement, the Associate Vice President–Human Resources and Benefits, be authorized to enter into the agreements listed below on behalf of the University as sponsor of UCRP and The Regents as trustees of UCRP, provided the agreements are substantially as described in this item; to execute any regulatory filings associated with the transfer of assets and liabilities; and to adopt and implement any amendments to UCRP that are necessary to carry out the provisions of the agreements:

- A. The Agreement Concerning the Transfer of Assets and Liabilities (Transfer Agreement), which 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 LLNS 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.
- B. The agreement confirming the DOE/NNSA's ongoing funding obligation for UCRP benefits associated with LLNL service (Funding Agreement), which defines the method for calculating any future funding shortfalls, commits 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' LLNL service are allocated (LLNL Segment), and addresses other administrative matters.

Neither of these agreements will become effective, and no assets will be transferred, unless the Office of the General Counsel determines each is in substantially the form as described in the Background section of the item submitted to the Committee, a copy of which is on file with the Office of the Secretary and Chief of Staff, and each has been properly executed.

Upon motion of Regent Gould, duly seconded, the recommendation of the Committee on Finance was approved.

8. REPORT OF THE COMMITTEE ON GOVERNANCE**A. *Proposed Technical Amendment of Standing Order 100.4–Duties of the President of the University–Regarding Authority to Write Off Bad Debt Consistent with Regents’ Action of March 2006***

The Committee recommended that, following service of appropriate notice, Standing Order 100.4(w) be amended as follows:

Deletions shown by strike out, additions by underscore

100.4 Duties of the President of the University

* * *

- (w) The President is authorized to write off bad debts, provided reserves for that purpose are adequate or that specific income or an appropriation is available for that purpose. ~~A report on bad debt write offs shall be submitted annually to the Committee on Finance.~~

* * *

B. *Amendment and Clarification of Regents’ Policy on Appointment of Chancellors*

The Committee recommended that the Regents Policy on Appointment of Chancellors be amended, as shown on [Attachment 2](#).

C. *Appointments of Regents to Standing Committees*

The Committee recommended that:

- (1) Regent Johnson be appointed to the Committee on Compensation, effective immediately through June 30, 2008.
- (2) Regent Varner be appointed to the Committee on Finance, effective immediately through June 30, 2008.

Upon motion of Regent Schilling, duly seconded, the recommendations of the Committee on Governance were approved, and notice was served on item A.

9. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS

- A. ***Consent Item: Amendment of the Budget for Capital Improvements and the Capital Improvement Program, Tercero South Student Housing Phase II, Davis Campus***

The Committee recommended that the 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Tercero South Student Housing, Phase II – preliminary plans – \$1.6 million, to be funded from housing reserves.

- B. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for Law Building Infill and School of Law Planning Overview, Berkeley Campus***

The Committee recommended that the 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Berkeley: Law Building Infill – preliminary plans – \$2.6 million, to be funded from funds available to the Dean of the UC Berkeley School of Law.

- C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for the New University Hospital Development and Related Medical Center Renovation Projects, Irvine Campus***

The Committee recommended that:

- (1) The 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Irvine: UCI Medical Center Clinical Laboratory Replacement Building – preliminary plans, partial working drawings, and construction – \$3,947,000, to be funded from hospital reserves.

To: Irvine: UCI Medical Center Clinical Laboratory Replacement Building – preliminary plans, working drawings, construction, and equipment – \$49,497,000, to be funded from external financing (\$43,297,000) and capital leases (\$6,200,000).

- (2) The 2007-08 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following projects:

- a. Irvine: New University Hospital Site Improvements – preliminary plans, working drawings, and construction – \$23,972,000, to be funded from external financing.
 - b. Irvine: New University Hospital Shell Space Completion – preliminary plans, working drawings, construction, and equipment – \$139,044,000, to be funded from external financing (\$115,322,000) and capital leases (\$23,722,000).
 - c. Irvine: UCIMC Building 1A Renovation, Floors 2 and 3 – preliminary plans, working drawings, construction, and equipment – \$13,612,000, to be funded from external financing (\$11,813,000) and capital leases (\$1,799,000).
 - d. Irvine: Chao Comprehensive Cancer Center Remodel – preliminary plans, working drawings, construction, and equipment – \$16,098,000, to be funded from external financing (\$14,291,000) and capital leases (\$1,807,000).
- (3) The President be authorized to obtain external financing not to exceed \$242,223,000 to finance UCI Medical Center Clinical Laboratory Replacement Building, New University Hospital Site Improvements, New University Hospital Shell Space Completion, UCIMC Building 1A Renovation – Floors 2 and 3, and Chao Comprehensive Cancer Center Remodel projects, 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 the debt is outstanding, the gross revenue of the UC Irvine Medical Center shall be maintained in amounts sufficient to pay debt service and to meet the related requirements of the authorized financing.
 - 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.

D. ***Adoption of Mitigated Negative Declaration and Approval of Design, Cowell Student Health Center Expansion and Renovation, Santa Cruz Campus***

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

- (1) Adoption of the Initial Study and Mitigated Negative Declaration.
- (2) Adoption of the Findings.
- (3) Approval of the design of the Cowell Student Health Center Expansion and Renovation, Santa Cruz campus.

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

E. ***Adoption of Addendum and Approval of Design, Telemedicine Resource Center and Rural Prime Facility, Davis Health System, Davis Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Addendum to the Education Building Environmental Impact Report, the Committee reported its:

- (1) Adoption of the Addendum to the Education Building Environmental Impact Report.
- (2) Adoption of the Findings.
- (3) Approval of the design of the Telemedicine Resource Center and Rural PRIME Facility, Davis Health System, Davis Campus.

[The Addendum to the Education Building Environmental Impact Report and Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

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

10. REPORT OF THE COMMITTEE ON HEALTH SERVICES***Strategic Consultation Agreement: UCLA Medical Center and Saint John's Hospital and Health Care Center, Inc.***

The Committee recommended that The Regents:

- A. Approve the execution of the proposed agreement (Agreement) between UCLA and Saint John's Hospital and Health Care Center, Inc.
- B. Authorize the Chief Executive Officer of UCLA Hospital System and the President of the UCLA Faculty Practice Group to execute the duties assigned under the Agreement.

Upon motion of Regent Island, duly seconded, the recommendation of the Committee on Health Services was approved.

11. REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES

- A. ***Appointment of Norman J. Pattiz as Chairman of the Boards of Governors of Lawrence Livermore National Security, LLC and Los Alamos National Security, LLC; and Indemnification of Him with Regard to His Service Pursuant to Such Appointment***

The Committee recommended that:

- (1) Regent Norman J. Pattiz be appointed as Chairman of the Boards of Governors of Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC, effective March 1, 2008, concurrent with the completion by Regent Gerald L. Parsky of his term on the Board of Regents and his service as Chairman of each of the LLC Boards of Governors.
- (2) The Regents act to indemnify Mr. Pattiz against claims or litigation arising from his service pursuant to this appointment, to the same extent and subject to the same limitations as are prescribed by California law with regard to University employees acting within the course and scope of their employment.
- (3) The President and the Chairman of the Board be authorized to issue a confirmation of this appointment, together with terms of appointment necessary and appropriate to implement these actions.

B. *Authorization to Approve and Execute Modification to the Department of Energy Contract for the Lawrence Berkeley National Laboratory to Amend Clauses as a Result of Changes to the Federal Acquisition Regulations and the Issuance of Department of Energy Acquisition Letter AL2007*

The Committee recommended that the President be authorized to execute modifications to the provisions of Lawrence Berkeley National Laboratory (LBNL) contract DE-AC02-05CH11231 in order to incorporate revisions to three clauses, as follows:

- Clause I.16 FAR 52.19-9 Small Business Subcontracting Plan is revised to add definitions for Alaskan Native Concerns and Indian Tribes as well as updating clause language to reflect those definitions.
- Clause I.21 FAR 52.222-4 Contract Work Hours and Safety Standards Act – Overtime Compensation is revised to change the applicability to subcontracts from those over \$100,000 to those that may employ laborers or mechanics.
- Clause C.4 Statement of Work is revised to comply with implementing guidance for Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management.

The table of contents for the LBNL contract will be revised accordingly.

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

12. REPORT OF THE COMMITTEES ON EDUCATIONAL POLICY AND FINANCE

Policy on Higher Education Bond Measure Information and Advocacy Implementation Plan

The Committee on Educational Policy recommended that the following Policy on Higher Education Bond Measure Information and Advocacy Implementation Plan be adopted and carried out each time a bond measure is proposed for the ballot:

- A. The President will continue to assess the potential support and opposition to any prospective higher education bond measure and consult with the Chairs of the Regents' Committee on Finance and the Committee on Grounds and Buildings related to these findings.
- B. The General Counsel will review the University's "Legal Guidelines for UC Participation in Ballot Campaigns" to ensure clarity, and provide an overview of these guidelines to the Chancellors, Campus Counsel, and the University's Campus

Foundations and Alumni Associations. This review will also include a review of this Policy as well as of the Regental Policy on State Funding of Capital Projects: UC Endorsement of Educational Facilities Bond Measure Campaigns that was adopted by the Regents in January 2007.

- C. The President will apprise the Chairs of the Regents' Committee on Finance and the Committee on Grounds and Buildings when public education facilities bond measures are introduced in the Legislature and keep them informed regarding the legislation.
- D. Upon passage of the legislation, the President will prepare a Regents item so the Regents may decide whether to endorse such bond measure.
- E. If the Regents endorse the bond measure, the President will inform the Campus Foundations and Alumni Associations that the Regents have endorsed the bond measure.
- F. Following endorsement of the bond measure by the Regents, the President and other University officials will be authorized to begin an information and education program, as permitted by law, to explain the impact the bond measure would have on the University of California. The President will inform the Chairs of the Regents' Committees on Finance and Grounds and Buildings on an ongoing basis of the informational materials prepared by the campuses related to the bond measure.
- G. Following endorsement of the bond measure by the Regents, pursuant to the Regental Policy on State Funding of Capital Projects: UC Endorsement of Educational Facilities Bond Measure Campaigns, the University's auxiliary organizations, including Campus Foundations and Alumni Associations, would then be able to contribute their own privately raised funds in support of a campaign seeking to pass such a bond measure, in compliance with applicable campaign disclosure laws.
- H. Any Officer of The Regents or of the University or any other member of the Senior Management Group of the University who intends to participate in and/or participates in any organization engaged in soliciting funds for or otherwise campaigning for a state bond measure shall:
 - (1) At least ten days before commencing such participation, deliver to the Chairs of the Regents' Committees on Finance and Grounds and Buildings a signed writing disclosing such intent to participate.
 - (2) At least ten days before commencing such participation, deliver to the Secretary and Chief of Staff to The Regents a signed writing confirming that he or she has read this Regental Policy and understands its requirements.

- (3) Refrain from pursuing such participation on University time and further refrain from using University facilities and/or resources in support of such participation.
 - (4) Make clear to the organization and to others with whom he or she engages that he or she is not acting in an official University capacity or otherwise acting on behalf of the University.
 - (5) Within five days of each anniversary of commencing such participation, deliver to the Secretary and Chief of Staff to The Regents a signed writing confirming that he or she at all times has been in compliance with this policy.
- I. Upon notice that a disclosure under Paragraph H., above, has been received, the President shall cause each Campus Foundation to be advised in writing that the employee delivering such disclosure does not represent the University and has no authority to act on its behalf.
 - J. Compliance with this Policy will be assessed through a number of mechanisms, including: ongoing efforts by the General Counsel to ensure an understanding by University employees of the University's legal guidelines for participation in ballot campaigns; regular consultation with the Chairs of the Regents' Committee on Finance and Committee on Grounds and Buildings; and Internal Audit review of the Campus Foundation contributions in support of legislation, and measures taken by University employees to make certain that no University resources are used for campaign purposes.

Upon motion of Regent Marcus, duly seconded, the recommendation of the Committee on Educational Policy was approved.

13. **REPORT OF THE SPECIAL COMMITTEE TO CONSIDER THE SELECTION OF A PRESIDENT**

The Committee presented the following from its meeting of January 9, 2008:

Criteria for Selection of the President of the University

Leadership

The President of the University of California must be a visionary leader with the judgment, creativity, and courage to enhance the quality of the University as one of the preeminent universities in the world, who will be a national and state leader in the education policy arena, and who will inspire public support of the University in its three missions of education, research, and public service and has demonstrated a firm commitment to diversity and affordability. To provide this visionary leadership, the President must have the highest intellectual capacity; extraordinary communication skills; be of the highest ethical and moral

standards, and exhibit the leadership qualities necessary to instill ethical standards and conduct throughout the University; have the experience and repute that commands the respect of all the University's constituents; and have limitless energy and enthusiasm, courage, and stamina. The President should be decisive, with the ability to listen to those affected and then make a decision, and be able to lead and have others follow. He or she should have a vision for where the University is going (e.g., global innovations and social, economic, and health challenges) as well as the ability to be the face of the University and to explain to all Californians why the University is important.

Management

The quality and complexity of the University, a multi-dimensional, land-grant institution which includes ten campuses, five academic medical centers, the management of three national laboratories, and an agricultural division with operations in all 58 counties in California, requires a President who has the ability to attract and retain a highly skilled, dedicated and ethical management team, and in a cooperative team environment to develop and implement long-range plans and policies and to team build across the University system. The President should have a proven ability and commitment to attract, promote, maintain, and support staff, as demonstrated by leadership of an educational organization with best practices in recruitment, retention, and financial support for staff professional development. The President needs to have a comprehension of the magnitude and complexity of the University's financial environment and effectively and efficiently be able to utilize the resources available to the University. To provide management excellence, the President must understand the importance of and be able to work effectively with the faculty, staff, students, and alumni; understand the balance between the autonomy of the campuses and the authority of the Office of the President; be committed to the University's tradition of shared governance; and be committed to timely and full consultation on issues of concern to the Regents while recognizing the appropriate division of authority between the Board of Regents and the administration.

Experience

These necessary leadership and management skills will be most effective in a President who has demonstrated an ability to anticipate and direct change; who has experience interacting successfully with both State and federal government and is able to establish effective relationships with the Governor, the Legislature, federal officials, and all government agencies important to the success of the University, as well as with other public policy makers and California's business community; who has the ability to increase public and private funding for the University; who has been an effective representative and speaker in a variety of public settings and who has the ability to communicate with the public, the Legislature, and the media; who has experience in an environment of similar complexity to that of the University of California system, its missions, and its constituents; who has the political acumen to develop, sustain, and encourage effective working relationships with the Regents, policymakers, the press, and stakeholder groups; and who has the intellectual stature to command the respect of the faculty.

Upon motion of Regent Lansing, duly seconded, the report of the Special Committee to Consider the Selection of a President was approved.

14. **REPORT OF INTERIM ACTIONS**

In accordance with authority previously delegated by the Regents, Secretary and Chief of Staff Griffiths reported that interim action was taken on routine or emergency matters as follows:

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

(1) ***Contract Compensation for David Durden as Men's Swimming and Diving Coach, Berkeley Campus***

That the following compensation terms be approved for Head Coach of Men's Swimming and Diving, David Durden, Berkeley campus, 100 percent time. Pending approval by The Regents of these compensation terms, Mr. Durden's contract will be effective August 30, 2007 and terminate on June 30, 2011, unless terminated earlier pursuant to the term of the Employment Contract or unless the parties agree in writing to the terms of the successor contract or a contract extension prior to that date pending approval in accordance with Regental policies.

The campus undertook negotiations with Mr. Durden to employ him as the head coach of men's swimming and diving on the Berkeley campus. Mr. Durden was appointed as a result of a national search to replace the former head coach who retired from this position in June 2007. As an exception to policy, this contract includes a buyout clause required in his Maryland contract (see paragraph d.ii. below). Additionally, retroactivity to August 30, 2007 is requested due to the immediate need by the campus to have Mr. Durden begin his duties as Head Coach.

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

- a. **Base Salary:** This contract establishes an initial salary of \$120,000 with annual increases of 4 percent. This is an increase of 46 percent over the previous incumbent.

| <u>Effective Dates</u> | <u>Amount</u> | <u>% Increase</u> |
|------------------------|---------------|-------------------|
| 08/30/07 - 06/30/08 | \$120,000 | Starting Salary |
| 07/01/08 - 06/30/09 | \$124,800 | 4% |
| 07/01/09 - 06/30/10 | \$129,800 | 4% |
| 07/01/10 - 06/30/11 | \$135,000 | 4% |

- b. Talent Fee: This contract establishes an annual talent fee of \$20,000.
- c. Additionally, this contract provides the opportunity to earn supplemental compensation of up to \$96,900 per annum, as described below:

- i. Performance Bonuses: In the event that during the term of this employment contract Mr. Durden or the Men’s Swimming and Diving team accomplishes the following, Mr. Durden shall receive supplemental compensation during the contract year in which the accomplishment occurs, as follows:

| <u>Accomplishment</u> | <u>Bonus Amount</u> |
|---|---------------------|
| Wins the NCAA or Coaches Association Coach-of-the-Year | \$1,000 |
| Wins the Pac-10 Coach-of-the-Year | \$1,000 |
| Team finishes top 3 in the Pac-10 Team Championship | \$1,000 |
| Team wins the Pac-10 Team Championship | \$2,000 |
| Per NCAA Individual Title | \$2,000 |
| Per Individual American or World Record Broken | \$2,000 |
| Team finishes top 10 in the NCAA Team Championship | \$5,000 |
| Coach is named to the Olympic Coaching Staff | \$2,500 |
| Team finishes top 4 in the NCAA Team Championship | \$10,000 |
| Team wins the NCAA Team Championship | \$15,000 |

Mr. Durden is eligible to receive more than one bonus.

- ii. Camps and Clinics: At the discretion of the Director of Athletics, Mr. Durden may earn up to \$50,000 annually for participating in summer camps.
- iii. Courtesy Car Stipend: In lieu of a courtesy vehicle, Coach Durden will receive a stipend of \$450 per month.
- d. Additionally, this contract provides for \$131,200.16 in one-time payments the first year of the contract.
 - i. Signing Bonus: Upon full execution of the contract addendum, Coach Durden will receive a signing bonus of

\$25,000. This bonus must be repaid in full if Coach Durden terminates his employment before June 30, 2011.

- ii. Maryland Contract Buyout: Mr. Durden will receive a gross payment of \$54,253.16 to pay the buyout clause in his University of Maryland employment contract. He shall also receive an amount equivalent to the individual tax liability incurred by him based on this payment. This will be approximately \$51,947, for a total net payment of \$106,200.16.

This contract contains a penalty clause for early termination. If Mr. Durden terminates his employment before the expiration of the agreement, he shall pay \$106,200 to the University.

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

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:

- Per contract and Personnel Policies for Staff Members (PPSM) Policy 41, 18 days of vacation leave are accrued each year at the rate of 0.069231 per hour on pay status each month of the contract. Mr. Durden may not accrue above PPSM policy accrual limits at any time.
- Per contract and PPSM Policy 42, approximately 96 hours of sick leave are accrued each year, at the rate of 0.046154 per hour on pay status each month of the contract. Mr. Durden may not accrue above PPSM policy accrual limits at any time.
- Per policy, eligible for standard Health and Welfare benefits.
- Per contract and as an exception to Business and Finance Bulletin G-13 VI.B., 100 percent reimbursement for moving costs rather than the 50 percent as called for by policy.
- Consistent with Business and Finance Bulletin–Travel Policy G-28, actual travel expenses for the individual and his or her immediate family, but not to exceed the cost of air coach transportation, and the cost of meal en route, but not to exceed the University allowance for meals, as specified in referenced policy.

- Per policy, reimbursement for packing, insurance, transportation, storage fees (not to exceed thirty (30) calendar days), transporting items to and from storage, unpacking, and installation of the individual's household effects at the new location, when properly supported by invoices and receipts.
- Per contract, one preliminary trip for coach and spouse to find housing.
- Per contract, spouse travel for required events outside the San Francisco Bay Area, and other travel as approved by the Director of Athletics.

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) ***Mortgage Origination Program Loan for Barbara Allen-Diaz as Assistant Vice President–Programs, Agriculture and Natural Resources, Office of the President***

That the following be approved in connection with the Mortgage Origination Program loan for Barbara Allen-Diaz as Assistant Vice President–Programs, Agriculture and Natural Resources, Office of the President:

- a. Loan not to exceed the current loan balance of \$630,000 plus applicable transaction costs estimated to be up to \$8,000. This request represents an exception to policy because Ms. Allen-Diaz used a portion of a previous refinance loan proceeds to pay off a loan which was secured on another property.
- b. Effective upon 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.

(3) ***Contract Compensation for Michael Izzi as Director of Intercollegiate Athletics, Irvine Campus***

Approval of the following in connection with the compensation terms for Michael Izzi as Director of Intercollegiate Athletics, Irvine campus, 100 percent time. Pending approval by the Regents of these compensation terms, Mr. Izzi's contract will be effective January 1, 2008 and terminate on December 31, 2012 unless terminated earlier pursuant to the term of the Employment Contract or unless the parties agree in writing to the terms of a successor contract or a contract extension prior to that date.

The campus undertook negotiations with Mr. Izzi to employ him as the Athletic Director upon the resignation of former Athletic Director Robert Chichester.

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

- a. Base Salary: This contract establishes an initial base salary of \$190,000:

| <u>Effective Dates</u> | <u>Amount</u> | <u>Percent Increase</u> |
|------------------------|---------------|-------------------------|
| 1/01/08 - 12/31/12 | \$190,000 | Appointment Salary |

- b. Automobile: Consistent with practice, a courtesy vehicle or an allowance of \$500 per month if such vehicle is not available.
- c. Signing Bonus: Upon full execution of the contract no later than December 31, 2007, Mr. Izzi will receive a signing bonus of \$40,000 in one lump sum. The signing bonus will be repaid as follows: If he leaves at any time before the completion of two years for any reason, the \$40,000 will be paid back on a pro-rata basis (one-twenty-fourth for each month not completed).
- d. As an exception to policy, reimbursement of 100 percent of moving expenses.

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

Additional elements of compensation include:

- Authorization by the Regents to participate in the Mortgage Origination Program (MOP), under a non-standard title, up to the maximum allowed by policy of \$1,330,000. As Director of Intercollegiate Athletics, Mr. Izzi is not classified in a position that would normally qualify for MOP participation. Per policy, the President may approve participation in MOP for an individual in a non-standard title if it is deemed critical to the interests of the campus. The loan will comply with all other normal program parameters.
- Consistent with Policy on University Membership in Organizations (BFB G-43), Golf Club Membership with a value of approximately \$7,200.
- Consistent with University 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) ***Appointment Salary for Gary C. Matthews as Vice Chancellor–Resource Management and Planning, San Diego Campus***

Approval of the following items be approved in connection with the appointment of Gary C. Matthews as Vice Chancellor–Resource Management and Planning, San Diego campus:

- a. As an exception to policy, salary increase of \$45,400 (25.3 percent), to bring his annual base salary from \$179,600 to \$225,000 (SLCG Grade 107: Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- b. This appointment is 100 percent time and effective upon approval by the Regents.
- c. As an exception to policy, a retroactive extension of his 15 percent (\$26,940) stipend as Acting Vice Chancellor–Resource Management and Planning from December 1, 2007 until the effective date of the permanent appointment. Mr. Matthews' initial 12-month stipend, effective December 1, 2006 through November 30, 2007, was approved per policy under the authority of the Chancellor. Mr. Matthews was an employee covered by the Managers and Senior Professional personnel program at that time, and his salary was below the Regental approval threshold; therefore, his stipend approval was granted through the Chancellor's authority.

Additional items of compensation are:

- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, authorization by the Regents to participate in the Mortgage Origination Program with a loan up to \$1,330,000.
- 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.

(5) ***Appointment Salary for William J. Coaker, II, as Senior Managing Director of Public Equity Investments, Office of the President***

Approval of the following items in connection with the appointment of William J. Coaker as Senior Managing Director of Public Equity Investments, Office of the President:

- a. Appointment salary of \$275,000, slotted at SLCG Grade 110: (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500). This is a 100 percent time appointment.
- b. Effective January 14, 2008.

Additional Items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits, which include Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, eligible to participate in the Senior Management Supplemental Benefit Program.
- Per policy, University will pay for 100 percent of the actual moving expenses up to a maximum of \$10,000.
- Per policy, eligible to participate in the Mortgage Origination Program Loan. Participation subject to funding availability and program guidelines not to exceed \$1,300,000.
- Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan, with a maximum incentive payout of 120 percent of base salary. Target payout level is 60 percent of base salary, and awards are paid out over a three-(3) year period, with one-third paid out in the first year and the remainder deferred over the next two (2) years.

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) ***Appointment Salary for Anandh Hari as Investment Officer–Private Equity Investments, Office of the President***

Approval of the following items in connection with the appointment of Anandh Hari as Investment Officer–Private Equity Investments, Office of the President:

- a. Appointment salary of \$170,000, slotted at SLCG Grade 106: (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100). This is a 100 percent time appointment.
- b. Effective February 4, 2008.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan with a maximum incentive payout of 70 percent of base salary. Target payout level is 35 percent of base salary, and awards are paid out over a three-(3) year period, with one third paid out in the first year and the remainder deferred over the next two (2) years.

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) ***Increase in Mortgage Origination Program Eligibility Maximum for Erwin Chemerinsky as Dean–Donald Bren School of Law, Irvine Campus***

Approval of the following item in connection with the appointment of Erwin Chemerinsky as Dean–Donald Bren School of Law, Irvine campus, 100 percent time.

- Per policy, participation in the Mortgage Origination Program up to \$1,330,000.

The compensation described above is an amendment to compensation approved by the Regents in September 2007. This amendment in combination with the previously approved item shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments.

- B. The Chair of the Committee on Grounds and Buildings and the President of the University approved the following recommendation:

Adoption of Mitigated Negative Declaration and Approval of Design, Arts Building, Irvine Campus

That, upon review and consideration of the environmental consequences of the proposed project as evaluated in the Mitigated Negative Declaration, the following be approved:

- (1) Adoption of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the Design of the Arts Building, Irvine Campus.

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

- C. The Vice Chairman of the Board and the Chair of the Committee on Governance approved the following recommendation:

Appointment of Regent to Standing Committee

That Regent Kozberg be appointed to the Committee on Compensation and removed from the Committee on Audit, effective immediately through June 30, 2008.

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

- (1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Cowell College Commons Seismic and Capital Renewal, Santa Cruz Campus***

Pursuant to Standing Order 100.4(q)

- a. That the President amend the 2007-08 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

UC Santa Cruz: Cowell College Commons Seismic and Capital Renewal – preliminary plans, working drawings, construction, and equipment – \$13,584,000, to be funded from University housing reserves (\$896,000) and external financing (\$12,688,000).

Pursuant to Standing Order 100.4(nn)

- b. That the President approve and authorize external financing not to exceed \$12,688,000 to finance the project listed in a. above, 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. As long as the debt is outstanding, University of California Housing System fees for the Santa Cruz campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - iii. The general credit of The Regents shall not be pledged.
- c. That 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. That the Officers of The Regents be authorized to execute all documents necessary in connection with the above.

(2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Law Building Renovations Step 3, Berkeley Campus***

Pursuant to Standing Order 100.4(q)

- a. That the President amend the 2007-08 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Berkeley: Law Building Renovations Step 3 – preliminary plans, working drawings, construction, and equipment – \$14,837,000, to be funded from external financing.

Pursuant to Standing Order 100.4(nn)

- b. That the President approve and authorize external financing not to exceed \$14,837,000 to finance the project listed in a. above, 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. As long as the debt is outstanding, the Law School Professional Degree Fee shall be maintained in amounts sufficient to pay the debt service and meet the related requirements of the authorized financing;
- iii. The general credit of The Regents shall not be pledged.
- c. That 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. That the Officers of the Regents be authorized to execute all documents necessary in connection with the above.

15. **REPORT OF PERSONNEL ACTIONS**

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 14.7(b), the following personnel actions were taken at the November 2007 meeting. There were no roll call votes taken on these actions.

- A. Appointment of Daniel M. Dooley as Vice President–Agriculture and Natural Resources, 100 percent, effective January 1, 2008.
- B. Appointment of Steven V. W. Beckwith as Vice President–Research and Graduate Studies, 100 percent, effective January 1, 2008.

16. **SUMMARIES OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Griffiths reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in a report dated January 10, 2008.

17. **REPORTS 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 month ended July 31, 2007 and for the two months ended August 31, 2007. (November 19, 2007)
- B. Medical Center Activity and Financial Status Report for the three months ended September 30, 2007. (December 14, 2007)

To Members of the Committee on Investments

- C. Investment Performance and Assets Allocation Report of the University of California Foundation for the quarter ending June 30, 2007. (November 16, 2007)

To The Regents of the University of California

- D. Letter to Senator Darrell Steinberg in response to letter of October 12th regarding Senator Steinberg's concerns over UC Berkeley and the Native American Graves Protection and Repatriation Act. (November 19, 2007)
- E. Letter from Lieutenant Governor Garamendi to Governor Schwarzenegger regarding University of California funding. (November 19, 2007)
- F. University of California Office of the President Department of Financial Management, Office of Risk Services Annual Report for Fiscal Year 2007. (November 27, 2007)
- G. Letter in response to Mr. John M. Simpson regarding UC Berkeley's research agreement with BP to establish an Energy Biosciences Institute. (December 4, 2007)
- H. Letter concerning a recent audit of the UCSD Preuss Charter School. (December 11, 2007)
- I. Public Statement from UCSF and General Counsel Robinson addressing matters involving the leadership of the UCSF School of Medicine. (December 17, 2007)

The meeting adjourned at 1:05 p.m.

Attest:

Secretary and Chief of Staff