

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

June 11, 2003

The Regents of the University of California met by teleconference on the above date at: 1000 Broadway, Suite 109, Oakland; 1130 K St., Suite 340, Sacramento; and 2107 Murphy Hall, Los Angeles campus.

Present: Regents Atkinson, Blum, Connerly, Davies, Hopkinson, Johnson, Kozberg, Lee, Ligot-Gordon, Lozano, Marcus, Montoya, Moores, Pattiz, Preuss, Saban, Sainick, Sayles, Terrazas (19)

In attendance: Regents-designate Murray and Seigler, Faculty Representatives Binion and Pitts, Secretary Trivette, General Counsel Holst, and Recording Secretary Alpaugh

The meeting convened in Open Session at 3:25 p.m.

1. **READING OF NOTICE OF MEETING**

For the record, it was confirmed that notice had been given in compliance with the Bylaws and Standing Orders for a Special Meeting of the Board of Regents, for this date and time, for the purpose of considering the compensation for a President of the University of California.

2. **PUBLIC COMMENT PERIOD**

Chairman Moores expressed his pleasure at announcing the appointment of Chancellor Robert C. Dynes as the eighteenth President of the University of California, effective October 2, 2003. He invited Regent Davies, Chairman of the Special Committee to Consider the Selection of a President, to review the search activities.

Special Committee Chairman Davies described the procedures followed during the search. He recognized the members of the Special Committee as follows: Regent Hopkinson of Santa Barbara and Vice Chairman of the Special Committee, Regent Lansing of Los Angeles, Regent Ligot-Gordon of Berkeley, Regent Lozano of Los Angeles, Regent Marcus of Palo Alto, Regent Sainick of Newport Beach and ex officio members Governor Davis and Chairman of The Regents Moores. Mr. Davies read a message from Regent Lansing, who could not attend the meeting:

“Due to a public speaking engagement I am unable to participate in this meeting. This pains me greatly and I very much wish to convey my whole-hearted support of this recommendation.”

He thanked the advisory groups for their advice leading to the revised criteria for the selection of a president and noted that the Special Committee had retained the services of

A.T. Kearney, an executive search firm. Mr. Davies emphasized the importance of the work undertaken by the Academic Advisory Committee, chaired by Academic Council Chair Binion, and recognized their commitment, hard work, and valuable counsel. He then outlined Chancellor Dynes' accomplishments, noting that he was measured against the very best candidates, both national and international.

Chairman Moores thanked Regent Davies for his report and proceeded to the public comment period of the meeting. After relating the procedures to be followed during public comment, it was determined that there were no members of the public wishing to address the Board pertaining to the Supplemental Report on Executive Compensation.

3. **SUPPLEMENTAL REPORT ON COMPENSATION**

The Committee on Finance presented the following from its Closed Session meeting of June 11, 2003:

Salary for Robert C. Dynes as President of the University of California

- A. Contingent upon approval of his appointment by The Regents as President of the University, 100 percent, a total annual base salary of \$395,000 be approved for Robert C. Dynes, effective October 2, 2003.
- B. As a condition of employment and for the convenience of the University, Mr. Dynes be required to reside in University-provided housing, with temporary housing, transportation and business-related expenses to be provided as needed and approved by the Chairman of The Regents and the Chairman of the Committee on Finance.
- C. Other regular and normal conditions and benefits offered to members of the University's Senior Management Group be provided to Mr. Dynes.

Regent Hopkinson, Chair of the Committee on Finance, reviewed the compensation package recommended for Mr. Dynes. It was noted that the recommended annual salary of \$395,000 is based on salaries of comparative positions. The proposed salary lags the mean of the 2002-2003 salaries of the heads of public systems and private institutions in the University's Full Comparison Group (\$465,872) by 18 percent. It also lags the average salary for presidents of the Comparison Eight institutions (\$484,336) by 22.6 percent. The current salary for outgoing President Atkinson is \$361,400. The recommended salary to be paid to Mr. Dynes represents an increase of 9.3 percent over the salary paid to President Atkinson, and an increase of 40.7 percent over Mr. Dynes' current salary of \$280,700.

In accordance with academic policy, Mr. Dynes has earned a full year's sabbatical leave based on his professorial appointment as a member of the faculty at San Diego, but he has not taken his earned leave due to his continuing administrative responsibilities. Because Mr. Dynes maintains an active laboratory, and because it is likely he will want to return to scientific endeavors at the end of his tenure as President, a sabbatical leave of one year at the annual salary then paid to the President from State funds is anticipated. This benefit does not require Regental action as it conforms to academic policy.

Because Mr. Dynes will be relocating from San Diego, transitional expenses as needed for housing, transportation, and related business expenses are recommended. Such expenses shall be approved by the Chairman of The Regents and the Chairman of the Committee on Finance.

Other regular and normal benefits offered to certain members of the University's Senior Management Group include the following:

- Severance Pay Plan: The Severance Pay Plan, approved by The Regents in March 1990 and effective July 1, 1990, provides severance pay for eligible senior managers upon separation from UC. After changes in the tax laws in 1986 and 1988, this plan was developed to replace the University's employer contribution plan for senior managers. Benefits accrue based on 5 percent of monthly covered compensation plus interest earnings based on the UC-managed Short Term Investment Pool rate. The maximum that may be paid to eligible executives is limited to two times the annual salary for the tax year immediately preceding the employee's separation from University-paid service. Payment is in a lump sum and is subject to federal and state taxes.
- Senior Management Life Insurance: In this program revised and approved by The Regents in December 1992, Senior Management Life Insurance at two times annual base salary is paid by UC; the senior manager pays income tax on imputed income value.
- Automobile Allowance: In this program affirmed by The Regents in December 1992, the automobile options include a leased car or maximum annual cash allowance of \$8,916. In addition, for the President only, a driver is provided for work and work-related transportation.
- Regular Benefits: As affirmed by The Regents in December 1992, other regular benefits include health insurance (including dental and optical coverage), social security, Medicare, life insurance, and disability insurance.

- Vacation and Sick Leave: In accordance with the Personnel Policies for Staff Members revised July 1, 2002, staff members, including members of the Senior Management Group, accrue vacation at the rate of 2 days per month after ten years of service, up to a maximum accrual of 48 days. Senior Management Group members as of July 1, 1996 already earned 2 days of vacation per month and the revised policy permitted them to continue to do so. Accrued vacation is paid out in a lump sum at separation. Mr. Dynes, having been appointed to the Senior Management Group prior to July 1, 1996 and having almost twelve years of University service, meets both criteria. Sick leave accrues at the rate of one day per month, which, if not used, is added to retirement system service credit at retirement.

Upon motion of Regent Hopkinson, duly seconded, the recommendation was approved, Regents Atkinson, Blum, Connerly, Davies, Hopkinson, Johnson, Kozberg, Lee, Lozano, Marcus, Montoya, Moores, Pattiz, Preuss, Saban, Sainick, Sayles, and Terrazas voting “aye” (18)¹; and Regent Ligot-Gordon voting “no” (1).

Chairman Moores introduced and congratulated the 18th President of the University of California, Robert C. Dynes, and his wife, Professor Frances Dynes Hellman. President-elect Dynes stated that it was a profound honor and a genuine thrill to accept the nomination. He thanked the Special Committee for conducting a national search and briefly described his educational and scientific background. He stated his intention to work together with the Regents in shaping the priorities of the University based on its three interlocking missions: education, research, and public service. He described the pressures on the University, both in terms of educational opportunity and the State’s fiscal crisis. He declared that sustaining the quality of the University of California was his first priority, and he looked forward to the challenges ahead.

Chairman Moores thanked President-elect Dynes for accepting the position and thanked Regent Davies for his exceptional leadership as Chair of the Special Committee.

The meeting adjourned at 3:50 p.m.

Attest:

Secretary

¹ Roll call vote required by State law on all actions taken in meetings held by teleconference