

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 20, 2006

The Regents of the University of California met on the above date at UCSF–Mission Bay, San Francisco.

Present: Regents Blum, Coombs, Dynes, Gould, Hopkinson, Island, Johnson, Ledesma, Lozano, Marcus, Parsky, Pattiz, Ruiz, Schilling, Schreiner, and Wachter (16)

In attendance: Regents-designate Brewer and Bugay, Faculty Representatives Brown and Oakley, Acting Secretary Shaw, Acting General Counsel Blair, Chief Investment Officer Berggren, Provost Hume, Senior Vice President Darling, Vice Presidents Broome, Gomes, and Hershman, Chancellors Córdoba, Drake, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellors Abrams and Blumenthal, Interim Laboratory Director Miller, University Auditor Reed, and Recording Secretary Nietfeld

The meeting convened at 11:00 a.m. with Chairman Parsky presiding.

1. **READING OF NOTICE OF MEETING**

For the record, it was confirmed that notice was served in accordance with the Bylaws and Standing Orders for a Special Meeting of The Regents of the University of California for the purpose of acting on *Correction to Compensation for Chancellor as Professor of Public Policy and Mechanical and Aerospace Engineering, Los Angeles Campus* and *Total Compensation for Acting Chancellor, Santa Cruz Campus*.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion of Regent Blum, duly seconded, the minutes of the meetings of April, May, and June 2006 were approved.

3. **REPORT OF THE PRESIDENT**

President Dynes presented the report concerning University activities and individuals.

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

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

4. RESOLUTION IN APPRECIATION – CAROL TOMLINSON-KEASEY

Upon motion duly made and seconded, the following resolution was approved.

WHEREAS, on August 31, 2006 Carol Tomlinson-Keasey will step down as Chancellor of the Merced campus, a position in which, through a combination of superlative diplomacy, bold educational leadership, and just plain hard work, she brought into being the first new University of California campus in four decades, thus establishing a bright beacon of educational opportunity for students in California's Central Valley, as well as for students throughout the state and nation; and

WHEREAS, a well-respected scholar of developmental psychology, she has served the University with great distinction as a member of the faculties of UC Davis and UC Riverside, as Vice Provost for Academic Planning and Personnel and Dean of the College of Letters and Science at UC Davis, and, at the systemwide level, as Vice Provost for Academic Initiatives and Senior Associate to the President for UC Merced, the latter of which led to her appointment by the Board of Regents as Chancellor of the University's newest campus; and

WHEREAS, in her own words, "I've committed my heart and soul to UC Merced and to the University of California," overcoming countless challenges as the founding Chancellor of UC Merced, creating a broad, visionary blueprint for the campus, forging strong, lasting bonds of friendship and cooperation between the campus and the community, recruiting highly distinguished faculty and administrators, and engaging potential students with the limitless opportunities UC's newest campus can provide; and

WHEREAS, dynamic and singularly devoted to ensuring the survival and growth of the nation's first research university of the twenty-first century, resolute in action and unwilling to accept anything less than the best, she worked tirelessly with State and University leaders to secure the necessary support and funding required to build the campus of the future; and

WHEREAS, her pioneering spirit, brilliant foresight, and steadfast dedication during the seven years of her chancellorship have ensured a strong foundation for the campus, left a lasting educational legacy, and produced an institution that, even in its infancy, has had an enormous economic impact on the Central Valley, a respected university that is already creating new knowledge, acquiring patents, and producing innovations that will be felt far and wide in the decades to come;

NOW, THEREFORE, BE IT RESOLVED that the Regents express their deep admiration and heartfelt gratitude to Carol Tomlinson-Keasey for her strength of character and unwavering belief in the limitless of possibilities a new campus can

provide to the people of this great state and, not the least of which, for her monumental accomplishment in making the dream of the University of California, Merced a reality;

AND BE IT FURTHER RESOLVED that the Regents extend to Carol and her husband, Blake Keasey, their heartfelt appreciation and warmest good wishes, knowing that in the years ahead they will continue to make many significant contributions to the life of the University and, in particular, the Merced campus, and direct that a suitably inscribed copy of this resolution be presented to them as a token of the esteem in which they are held by the University of California community.

Regent Johnson recalled that seven years ago Carol Tomlinson-Keasey had taken the helm of the new Merced campus on a site that had yet to be developed. As Chancellor, she would transform a barren landscape into one of the most magnificent edifices in the city and county of Merced. Regent Johnson noted that Chancellor Tomlinson-Keasey had been able to unite the entire Central Valley behind the Merced campus and had encouraged students from local communities who had not envisioned attending a campus of the University of California to enroll.

5. **RESOLUTION IN APPRECIATION – JAMES E. HOLST**

Upon motion duly made and seconded, the following resolution was approved.

WHEREAS, the Board of Regents of the University of California wishes to pay well-deserved tribute to James E. Holst, General Counsel of The Regents and Vice President–Legal Affairs, who stepped down on June 29, 2006, having served the University with honor, dedication, and unwavering loyalty, all to the great and lasting benefit of this Board and the University community; and

WHEREAS, this remarkable Son of California has been an integral, highly respected, and beloved member of the University of California family for over four decades, one whose life has been closely intertwined with UC since his days as a student on the Berkeley campus, from which he earned a bachelor's degree in political science and a law degree from the School of Law before joining the Office of the General Counsel in 1964, where he advanced through the ranks to become General Counsel of The Regents in 1985; and

WHEREAS, he has represented the University with great distinction within the academic and legal communities nationwide, proving always to be a thoughtful and astute spokesman for UC, in addition to his having provided outstanding leadership to his attorneys and staff as they have successfully dealt with a wide range of complex legal issues facing the University, at all times principled in his oversight and actions and exacting in legal research and scholarship, and

WHEREAS, he has been an influential figure on the state and national higher education legal scene, offering advice and comment as the University and its sister institutions addressed vital educational and societal issues such as affirmative action, divestment, intellectual property rights, disability rights, medical ethics, and a host of other issues great and small that have come before the University and this Board; and

WHEREAS, during sometimes intense discussions of far-reaching public and educational policy issues that have shaped higher education over the past four decades, the University has not only benefitted tremendously from his exceptional legal scholarship and his encyclopedic knowledge of legal and University affairs, but the Regents and his University colleagues have relied on his calm and steady presence, his unsurpassed diplomatic gifts, deft handling of sensitive issues, rare wisdom, and wry good humor;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California do hereby express their heartfelt appreciation and admiration to James E. Holst for the excellence of the man and commend him for his notable legacy of integrity, commitment to the highest principles of his profession and exceptional record of dedication to the University, a colleague, friend, and true *amicus universitatis*;

AND BE IT FURTHER RESOLVED that the Regents extend to Jim and Sandra Holst their best wishes for a rich and full life, knowing that in the years ahead they will continue to contribute to the life of the University, and direct that a suitably inscribed copy of this resolution be presented to them as a token of the high esteem and genuine affection in which they are held by the Board of Regents and the entire UC community.

Regent Gould recalled that Mr. Holst had provide 42 years of service to the Office of the General Counsel, 21 of which were as General Counsel. He provided guidance with integrity, loyalty, dedication, and a good sense of humor.

6. **RESOLUTION IN MEMORY OF DENICE D. DENTON**

Upon motion duly made and seconded, the following resolution was approved.

WHEREAS, The Regents of the University of California wish to express their profound sorrow at the untimely loss of Denice D. Denton, Chancellor of the University of California, Santa Cruz, an internationally-renowned educational leader of rare talent and commitment, one whose passing will be keenly felt by the worldwide community of scholars; and

WHEREAS, she shed brilliant light on the vital importance of opening wide the doors of access to education, expressing a firm belief in excellence through diversity, always indefatigable in her efforts to effect far-reaching social and educational changes that would allow the underrepresented and disenfranchised of our society to have increased educational opportunities in fields traditionally restricted to them; and

WHEREAS, a leader of constructive thought and energetic action, during her all too brief tenure as Chancellor of UC Santa Cruz, she led the campus with great concern, compassion, and care, serving as the bold champion of ambitious plans to continue and improve upon UCSC's tradition of excellence in research, instruction, and public service;

WHEREAS, Denice was a vibrant and irreplaceable member of society, a distinguished engineer and eminent scholar who made excellence her standard, a thoughtful mentor and role model who warmly encouraged all those who sought her wise counsel, and a woman of personal courage and commitment whose spirit will live on in the coming generations of outstanding women scientists and engineers who will reap the rewards of her considerable efforts; and

WHEREAS, those of us who were fortunate to have known and worked with Denice will remember the special qualities she brought to her life and to her work—her boundless energy and indomitable spirit, her gentle humanity and compassion, her deep and abiding desire to right the injustices she and others encountered in order that future generations would have an easier path to travel, and the hope she gave to legions of young people with high aspirations and abilities;

NOW, THEREFORE, BE IT RESOLVED that the Regents express the deep sense of bereavement that they and the rest of the University community have sustained in the loss of Chancellor Denice D. Denton, a valued colleague, who will be sadly missed and long remembered;

AND BE IT FURTHER RESOLVED that the Regents convey to Denice's partner, Gretchen Kalonji, her mother, Carolyn Mabee, and her entire family their most heartfelt sympathy and direct that suitably inscribed copies of this resolution be presented to them as a token of the Regents' gratitude for her contributions to the University of California and, above all else, for her steadfast adherence to the towering ideals that her shining life exemplified so well.

7. **REMARKS OF THE VICE CHAIRMAN**

Chairman Parsky explained that Regent Blum had requested that a committee be established to examine the University's overall structure and called upon him for his remarks. Vice Chairman Blum reported that his family foundation had been working with a professional

consultant to study several aspects of how the University operates. It was his belief that the failure to conform to policies with respect to compensation was symptomatic of the lack of appropriate controls. The intention is to present to the Board and the administration recommendations on how operations could be improved. He anticipated that this project would take several years. Regent Blum believed that, aside from compensation issues, the most important subject to address would be the amount of money that the University wastes on its construction projects. There is no comprehensive program to measure the University's debt capacity. Regent Blum stressed the importance of making the best use of the funds that the University receives. Outside experts are required to undertake these studies.

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

A. ***Endorsement of Kindergarten-University Public Education Facilities Bond Act of 2006***

The Committee recommended endorsement of the Kindergarten-University Public Education Facilities Bond Act of 2006, to be included on the November 2006 statewide general election ballot as Proposition 1D. It is further recommended that the President and other University officials be authorized to organize an information program to explain the important nature of the bond measure in ensuring that projected enrollment growth can be accommodated, buildings are seismically safe, essential infrastructure is repaired or replaced, and critical fire and life safety improvements are made at the ten University of California campuses.

B. ***University of California 2006-07 Final Budget***

The Committee recommended that changes to the University of California 2006-07 budget plan for State General Funds consistent with the final budget act adopted by the Legislature and the Governor, as described in [Attachment 1](#), be approved.

Upon motion of Regent Gould, the recommendations of the Committee on Finance were approved.

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

The Committee presented the following from its meeting of July 19, 2006:

A. ***Approval of Amended State Capital Improvements Budget Consistent with the Final 2006-07 Budget Act***

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

- (1) Delete \$24,616,000 for working drawings and construction for the Berkeley campus, Seismic Safety Corrections Giannini Hall project.
- (2) Add \$24,616,000 for construction for the Santa Barbara campus, Education and Social Sciences Building project.

B. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Amendment of External Financing for UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion, San Diego Campus*

The Committee recommended that:

Deletions shown by strikeout, additions by underscore

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

San Diego: UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion - preliminary plans, working drawings, construction, and equipment - ~~(\$136,476,000)~~ (\$171,476,000) to be funded from external financing ~~(\$65,000,000)~~ (\$90,000,000), gifts ~~(\$30,000,000)~~ (\$38,000,000), and hospital reserves ~~(\$41,476,000)~~ (\$33,476,000), and capitalized leases (\$10,000,000).

- (2) The President be authorized to obtain external financing not to exceed ~~\$65 million~~ \$90 million to finance the UCSD Medical Center Cardiovascular Center and Thornton Hospital Expansion project, subject to the following conditions:
 - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. Repayment of the debt shall be from gross revenues of the UC San Diego Medical Center funds.
 - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

C. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for University House – Meeting Center and Chancellor Residence, San Diego Campus***

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

San Diego Campus: University House - Meeting Center and Chancellor Residence - preliminary plans, working drawings and construction - \$7,852,000 to be funded from gifts (\$6,402,000) and University funds (\$1,450,000).

D. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program for UC Stem Cell Projects, All Campuses***

The Committee recommended that the following projects be approved as a delegation of authority to the President:

All Campuses: UC Stem Cell projects - preliminary plans - not to exceed \$1.5 million per campus.

E. ***Approval of Design, Anteater Recreation Center, Step 3, Irvine Campus***

The Committee reported its approval of the design of the Anteater Recreation Center, Step 3, Irvine campus.

Upon motion of Regent Johnson, the recommendations of the Committee on Grounds and Buildings were approved.

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

A. ***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 DOE Acquisition Regulations and to Add New Clause Under Section H Special Contract Requirements***

The Committee recommended that the President be authorized to execute a modification to the provisions of Lawrence Berkeley National Laboratory contract DE-AC02-05CH11231 in order to add a new clause and incorporate revisions to seven clauses, as follows:

New Section H Clause

H. 45 – SPECIAL AGREEMENT ON FEE FROM JUNE 1, 2005 TO SEPTEMBER 30, 2006

Section I Changes

I.8 - FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (JUN 2003)

Date change to SEPT 2005 and text changes in paragraph (b)(3).

I.35 - FAR 52.225-13 Restrictions on Certain Foreign Purchases (JAN 2004)

Date change to FEB 2006 and update of website address.

I.39 - FAR 52.230-6 Administration of Cost Accounting Standards (NOV 1999)

Date change to APR 2005 and rewrite.

I.50 - FAR 52.244-6 Subcontracts for Commercial Items (DEC 2004)

Date change to FEB 2006 and minor text changes.

I.51 - FAR 52.247-1 Commercial Bill of Lading Notations (APR 1984)

Date change to FEB 2006 and minor text changes.

I.53 - FAR 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels (APR 2003)

Date change to FEB 2006 and minor text changes.

I.54 - FAR 52.247-67 Submission of Commercial Transportation Bills to the General Services Administration for Audit (JUN 1997)

Title and date change to FEB 2006 and text changes.

The table of contents for the LBNL contract will be revised to reflect the changes.

B. ***Resolution to Exclude Access to Classified Information for a Regent***

The Committee recommended adoption of the following resolution pertaining to the University's respective Department of Defense and Department of Energy Facility Security Clearances:

WHEREAS, current Department of Defense and Department of Energy Regulations contain a provision making it mandatory that the Chairman of the Board, Chief Executive Officer, and those other officers and officials who are to have access to classified information meet the personnel clearance requirements established for a contractor's facility clearance; and

WHEREAS, said Regulations permit the exclusion from the personnel clearance requirements of certain members of the Board of Regents, provided that this action is recorded in the University Regents' Board Minutes;

NOW, THEREFORE, BE IT DECLARED that the Chairman of the Board, at least an official quorum of the Board of Regents, and the Chief Executive Officer at the present time do possess, or will be processed for, the required security clearance; and

BE IT RESOLVED that in the future, when any individual enters upon any duties as Chairman of the Board, as a replacement for one of the cleared quorum of the Board, or as the Chief Executive Officer, such individual shall immediately make application for the required security clearance; and

BE IT RESOLVED FURTHER that the following member of the Board of Regents shall not require, shall not have, and shall be effectively excluded from access to all classified information in the possession of the Corporation and does not occupy a position that would enable her to affect adversely Corporate policies or practices in the performance of classified contracts for the Department of Defense, U.S. Department of Energy, or contracts with other Federal User Agencies of the National Industrial Security Program:

<u>Name</u>	<u>Title</u>
Leslie Tang Schilling	Regent

C. ***Establishment of a Limited Liability Company in Preparation for Lawrence Livermore National Laboratory Competition and Authorization of Regents' Procedure Approved Previously to Be Used to Appoint Individuals to Governing Board of Comparable LLC for Livermore Competition***

The Committee recommended that the President be authorized to participate in the establishment of a limited liability company (LLC) to be created for the purpose of competing for and performing the contract for the operation of the Lawrence Livermore National Laboratory, and that individuals be appointed to the governing board of such LLC in the same manner as has been approved by The Regents with regard to the Board of Governors of Los Alamos National Security, LLC.

Upon motion of Regent Pattiz, the recommendations of the Committee on Oversight of the Department of Energy were approved.

11. REPORT OF THE NOMINATING COMMITTEE

The Committee recommended the following appointments, effective immediately through June 30, 2007:

- A. Appointment of Regent-designate Brewer as an Advisory Member of the Committees on Educational Policy, Health Services, and Compensation, at such time that the Special Committee on Compensation becomes a Standing Committee of The Regents.
- B. Appointment of Regent-designate Bugay as an Advisory Member of the Committees on Finance and Grounds and Buildings.

Upon motion of Regent Marcus, the recommendations of the Nominating Committee were approved.

12. REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES

Proposed New Bylaw 12.8 to Establish a Standing Committee on Compensation and Related Amendments of Bylaws 10.1, 12.3, and 12.7 and Standing Orders 100.3 and 101.2

The Committee recommended that:

- A. Service of notice be waived.
- B. Bylaw 12.8 be adopted, as shown in [Attachment 2](#), to establish a Standing Committee on Compensation, effective following the meeting of the Board.
- C. Bylaws 10.1, 12.3, and 12.7 and Standing Orders 100.3 and 101.2 be amended, as shown in [Attachments 2 and 3](#), to conform with the charge to the Committee on Compensation.

Upon motion of Regent Marcus, the recommendations of the Special Committee on Regents' Procedures were approved.

13. REPORT OF THE SPECIAL COMMITTEE TO SELECT A STUDENT REGENT

The Committee recommended that Benjamin Allen be appointed a Regent of the University of California to serve for the period July 1, 2007 through June 30, 2008, and that he serve as Regent-designate, effective immediately, until the appointment becomes effective July 1, 2007.

Regent Pattiz explained that Mr. Allen could not attend today's meeting because he is spending the summer in Tanzania working with the United Nation's International Criminal Tribunal for Rwanda.

Upon motion of Regent Pattiz, the recommendation of the Special Committee to Select a Student Regent was approved.

14. **REPORT OF THE SPECIAL COMMITTEE ON COMPENSATION**

A. ***Regental Plan for Reforms in Response to Internal and External Audit Reports***

The Committee recommended that The Regents adopt the recommended actions shown in [Attachment 4](#) in response to the audit recommendations of the Bureau of State Audits, PricewaterhouseCoopers, and the University Auditor related to University compensation and travel and entertainment.

B. ***Restructuring of the Office of the President, Including Review of Position Descriptions for the University's Senior Business, Finance, and Compliance Officers***

The Committee recommended that, as part of the restructuring of the University of California Office of the President, the following be approved:

(1) The following titles for the positions indicated:

- A. Executive Vice President - Academic and Health Affairs and Provost
- B. Executive Vice President - Business Operations
- C. Executive Vice President - Chief Financial Officer
- D. Executive Vice President - University Affairs
- E. Vice President - Chief Compliance and Audit Officer

(2) The following position description for the Vice President - Chief Compliance and Audit Officer :

Vice President - Chief Compliance and Audit Officer
University of California

Primary Purpose:

This position directs the University's systemwide Compliance and Audit programs applicable to the ten campuses, five medical centers, the national laboratories managed for the Department of Energy, the Office of the President, and all related University activities.

Reports to:

This position reports directly to The Regents of the University of California and receives administrative supervision from the Executive Vice President - Business Operations.

Functional Oversight and Management:

The specific functions managed by this position include:

- Compliance and Ethics Training
- Compliance Standards and Procedures
- External Audit
- Internal Audit
- Investigation
- Monitoring and Communications
- Program Evaluation
- Regental and UC Policy Compliance
- Reporting Mechanisms
- Risk Assessment
- Special Area Compliance (Athletics, Research, Hospital, Environmental Health and Safety)
- Statutory and Regulatory Compliance

Essential Duties and Responsibilities:

- Establishes and maintains ongoing ethics and compliance oversight and audit programs for the entire University including Regental and University wide policies.
- Communicates directly with the Board of Regents and the Regents Committee on Audit regarding all elements of meaningful compliance and audit programs, including providing annual reports on compliance with applicable laws, regulations and University policies
- Directs the University's internal and external Audit functions to ensure compliance with University policies and procedures.
- Conducts internal audits and facilitates audits by the University's external auditor to monitor compliance with applicable statutes and policies and to identify for corrective action, instances of noncompliance.
- Directs the development and implementation of communication and reporting mechanisms with executive leadership at the Office of the

President and campuses, academic medical centers, and laboratories to ensure appropriate compliance and audit programs are implemented system-wide.

- Develops periodic goals in ethics and compliance on the basis of risk assessment for the UC system generally and for the Office of the President.
- Works with UC location audit and compliance functions to establish periodic goals at each location.

Budget Responsibilities

- Supervises planning for and monitors annual departmental operating budget.

External and Internal Liaison and Adviser

- Coordinates activities of the offices of Compliance and Audit with the large number of existing functions that are already in place, such as the Office of General Counsel, Risk Management, Controllers, Human Resources (including training), Research Compliance, Environmental Health and Safety, and hospital/health services functions.
- Guides and assists the campuses and other entities in establishing and maintaining appropriate compliance and audit monitoring programs and oversight at the operating unit level.
- Establishes and seeks guidance and input from an Ethics and Compliance Advisory Board that will provide advice and support for the Office Compliance and Audit.
- Works with appropriate UC leadership to develop and implement training in Ethics and Compliance.
- Oversees the review of results of audits conducted at the campuses, medical centers, DOE labs and other entities to monitor the quality of local audit procedures and to detect trends that might require system-wide audits or other interventions.
- Develops and maintains relationships with other entities including institutions of higher education, private and publicly-traded companies to ascertain and evaluate best practices in this field.
- Acts as the University's senior compliance and audit representative with all external groups including legislators, local communities, media and UC alumni/donors.
- Serves as the senior source of advice, counsel, and support in all areas of compliance and audit for the campuses, medical centers, DOE Laboratories and the University of California Office of the President.

Special Projects/Initiatives Leadership

- Establishes and implements a plan of action for the Board of Regents itself and for the UC system, to identify existing compliance audit functions and to recommend development of new functions and governance models to improve the governance of the University and compliance with its established policies.

Qualifications:

- Minimum Education: Bachelor's Degree or equivalent experience
- Minimum Experience: 10 Years
- Preferred Education: CPA designation and/or a law degree
- The successful candidate must have significant experience in audit and compliance issues in large and complex organizations.
- Compliance and audit experience in higher education, including academic medicine, is highly desirable.

C. *Amendment of the Bylaws and Standing Orders Regarding Treasurer of The Regents*

The Committee recommended that, following service of appropriate notice:

- (1) Bylaws 20.1 and 21.4 be amended as shown in [Attachment 5](#).
- (2) Standing Orders 100.4, 101.1, and 101.2 be amended as show in [Attachment 6](#).

D. *Procedures for Setting Compensation in 2006-07 for Those Classified in the Senior Leadership Compensation Group and Other Specified Non-Faculty Employees*

The Committee recommended that the two procedures for determining compensation for Senior Leadership Compensation Group (SLCG) positions adopted by The Regents in November 2005 which expire June 30, 2006 be extended to apply to FY2006-07. Additionally it was recommended that these procedures and the two extensions below be applicable to all non-faculty employees whose cash compensation levels fall within these guidelines, herein defined as "Other Specified Employees" (OSEs). The two procedures recommended for extension are:

- (1) Salary actions during FY2006-07 for SLCG members and OSEs that would result in base salary, plus any bonus or stipend, exceeding \$200,000 shall be individually approved by The Regents.
- (2) Any increase in base salary in excess of 7.5 percent for SLCG members and OSEs shall be individually approved by The Regents.

Upon motion of Regent Hopkinson, the recommendations of the Special Committee on Compensation were approved, and notice was served on Item C.

15. REPORT OF PERSONNEL ACTIONS

In accordance with Bylaw 14.7(b), the following reports a personnel action taken at the May 17, 2006 meeting and personnel actions taken at a Special Meeting on June 2, 2006. A roll call vote was taken for items B, C, and D. (roll call vote required by State law on all actions taken in meetings held by teleconference).

- A. Appointment of Anne L. Shaw as Acting Secretary of The Regents, effective June 28, 2006 and continuing until a permanent appointment is made.
- B. Appointment of Wyatt R. Hume as Provost and Senior Vice President–Academic Affairs, Office of the President, 100 percent, effective upon Regental approval. The roll call vote was as follows: Regents Blum, Dynes, Hopkinson, Island, Johnson, Juline, Kozberg, Lozano, Parsky, Pattiz, Rominger, Rosenthal, and Schilling voting “aye”(13).
- C. Appointment of Marie N. Berggren as Chief Investment Officer and Vice President–Investments, Office of the President, 100 percent, effective upon Regental approval, and to continue as Acting Treasurer of The Regents until determination by The Regents as to the officer to be responsible for the University’s various treasury functions. The roll call vote was as follows: Regents Blum, Dynes, Hopkinson, Island, Johnson, Juline, Kozberg, Lozano, Parsky, Pattiz, Rominger, Rosenthal, and Schilling voting “aye” (13).
- D. Appointment of Jeffrey A. Blair as Acting General Counsel of The Regents and Acting Vice President for Legal Affairs, Office of the President, 100 percent, effective upon Regental approval and following the retirement of current General Counsel of The Regents and Vice President for Legal Affairs James E. Holst, to continue until the appointment of a permanent General Counsel of The Regents and Vice President for Legal Affairs. The roll call vote was as follows: Regents Blum, Dynes, Hopkinson, Island, Johnson, Juline, Kozberg, Lozano, Parsky, Pattiz, Rominger, Rosenthal, and Schilling voting “aye”(13).

16. REPORT OF COMMUNICATIONS

Acting Secretary Shaw presented summaries of communications received subsequent to the May 2006 meeting. Unless instructed otherwise, the residency appeals will be referred to Acting General Counsel Blair, and the remaining communications may be referred to President Dynes for response as appropriate.

17. REPORT OF THE PRESIDENT: REPORTS MAILED BETWEEN MEETINGS

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

To Members of the Committee on Audit

- A. Internal Audit Activity report for the quarter ended March 31, 2006. June 21, 2006. (Schedule of Reports)
- B. Reports from Lawrence Berkeley National Laboratory, Los Alamos National Laboratory and Lawrence Livermore National Laboratory on the Status of the PricewaterhouseCoopers management recommendations made as a result of the fiscal 2005 Regents' audit. June 22, 2006

To Members of the Committee on Health Services

- C. Activity and Financial Status Report for the University Medical Centers for the ten months ended April 30, 2006. June 22, 2006 (Schedule of Reports)

To Members of the Regent's Special Committee on Compensation

- D. Report of salary actions taken for Professors by the President. July 5, 2006

To The Regents of the University of California

- E. Leadership initiatives proposed by the President. May 15, 2006
- F. E-mail from Assistant Vice President Van Ness regarding a recent article in the *San Francisco Chronicle* on the University's submission of expression of interest to locate the Department of Homeland Security's new National Bio-and Agro-Defense Facility at the Lawrence Livermore National Laboratory. May 31, 2006
- G. University data regarding freshman Statements of Intent to register for the fall 2006 entering class. May 31, 2006
- H. Report on Matters Relating to the California Postsecondary Education Commission. June 1, 2006 (Schedule of Reports)
- I. Annual University report on the Composition of the Career Staff Workforce by Race and Sex for 2005. June 2, 2006
- J. A report of sexual harassment complaint activity that occurred across the University system during calendar year 2006. June 2, 2006

- K. Announcement of Carol Tomlinson-Keasey's stepping down as Chancellor of the Merced campus, effective August 31, 2006. June 9, 2006
- L. Assistant Director of Capital Planning Lynda Brewer of the University of California, Irvine has been chosen as the 2006-07 Staff Advisor to The Regents. June 19, 2006
- M. University data on fall 2006 admissions of California Community College transfer students to the University. June 22, 2006
- N. Report on the University of California President's Summit on Faculty Diversity and the Report of the University President's Task Force on Faculty Diversity: Representation of Minorities Among Ladder Rank Faculty. June 28, 2006
- O. University modifies the way fall 2007 freshman applicants will have their test scores calculated to determine eligibility. July 5, 2005
- P. President forwards a report by the Assembly of the Academic Senate, *Compensation Principles Recommended to the University of California*. July 5, 2006

18. **SUPPLEMENTAL REPORT ON COMPENSATION**

A. ***Total Compensation for Norman Abrams as Acting Chancellor, Los Angeles Campus***

The Committee recommended that, contingent upon confirmation of his appointment by The Regents as Acting Chancellor, Los Angeles campus, 100 percent, an annual salary of \$320,000 be approved for Norman Abrams.

Additional compensation and related items include:

- Per policy, standard sick leave and vacation accrual.
- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy.
- Standard Pension and Health and Welfare benefits.

B. ***Total Compensation for George Blumenthal as Acting Chancellor, Santa Cruz Campus***

The Committee recommended that, contingent upon confirmation of his appointment by The Regents as Acting Chancellor, Santa Cruz campus, 100 percent, an annual salary of \$260,000 be approved for George Blumenthal, along with the additional compensation related items listed below.

Additional compensation and related items include:

- Per policy, standard sick leave and vacation accrual
- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy
- Standard Pension and Health and Welfare benefits, eligible for earning Sabbatical Credits

C. ***Compensation for Carol Tomlinson-Keasey as Professor, School of Social Sciences, Humanities, and Arts, Merced Campus***

The Committee recommended that the following appointment compensation be approved for Carol Tomlinson-Keasey as Professor, Step IX, in the School of Social Sciences, Humanities, and Arts, Merced campus, 100 percent time:

- (1) For the period September 1, 2006 through August 31, 2007, total salary of \$260,000 while Ms. Tomlinson-Keasey is on administrative leave in lieu of sabbatical leave. The proposed salary for this leave is the current base salary of her administrative position as Chancellor and is consistent with the provisions of Academic Personnel Policy 758, which governs this leave.
- (2) Effective September 1, 2007, academic salary as Professor, Step IX, currently \$130,900 per annum.

Additional items of compensation include:

- Reimbursement of actual moving expenses from University House to her personal residence, not to exceed \$2,000.

D. ***Extension of Exception to Policy on University-Provided Housing, San Diego Campus***

The Committee recommended that:

- (1) The exception to the Policy on University-Provided Housing to allow an alternative housing arrangement for the Chancellor, San Diego campus, be extended, and the term of the existing lease agreement (Lease) for the alternative housing arrangement between The Regents of the University of California, as Tenant, and Mr. and Mrs. Thomas Carroll, as Landlord, for a residence consisting of 3,596 square feet located at 1530 Soledad Avenue, La Jolla, California (Premises), be extended to permit renewals to coincide with the completion of the construction of University House, anticipated to be in the first quarter of the 2009 calendar year.
- (2) That the President, after consultation with the General Counsel, be authorized to approve and execute any amendments to the Lease or ancillary documents.

E. ***Recommended Compensation and Personnel Actions Related to Audit Findings and Internal Reviews***

The Committee recommended approval of:

- (1) Corrective Actions: Compensation and personnel actions proposed for the employees as shown on [Attachment 7](#), which include the initial set of corrective actions related to the matters identified in the PricewaterhouseCoopers LLP (PWC) audit for which The Regents approved the Guidelines for resolution in May.
- (2) W-2c (corrected Wage and Tax Statement): Reimbursement to employees that were provided incorrect W-2 forms as identified in the PWC and internal audits and a review by campus comptrollers, for the costs to the employee for applicable tax preparation fees, IRS interest charges and penalties, if any, and any incremental taxes associated with such reimbursements as evidenced by receipts or other documentation, as shown in [Attachment 8](#).

F. ***Equity Increase Recommendations for Certain Members of the Senior Leadership Group, Including Officers of the University***

The Committee recommended that, pursuant to Bylaw 12.(m)(1) and (3), Standing Order 100.3 (b), and actions taken by The Regents in November 2005, salary equity increases be approved for four incumbents of the top 32 most senior administrative positions in the University, as shown in [Attachment 9](#), effective October 1, 2005.

G. ***Correction to Compensation for Albert Carnesale as Professor of Public Policy and Mechanical and Aerospace Engineering, Los Angeles Campus***

The Committee recommended that the following correction be approved for Albert Carnesale as Professor, Departments of Public Policy and Mechanical and Aerospace Engineering, Los Angeles campus, 100 percent time:

- Eligibility to apply for Supplemental Home Loan Program (SHLP) loan, rather than the Mortgage Origination Program (MOP) loan that was approved by The Regents at the May meeting.
- The SHLP loan provides a fixed interest rate, whereas the MOP loan provides a variable interest rate (4.25 percent for the current quarter). The interest rate for this SHLP loan will be fixed at 3 percent and amortized over 30 years.
- The amount of the loan remains unchanged at up to \$1.5 million.
- Professor Carnesale must commence the loan application process within five years of July 1, 2006. All normal underwriting and eligibility criteria apply.

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

The meeting adjourned at 11:20 a.m.

Attest:

Acting Secretary