

The Regents of the University of California

**COMMITTEE ON COMPENSATION**

March 18-19, 2008

The Committee on Compensation met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Dynes, Kozberg, Lozano, and Varner; Advisory members Scorza and Brown

In attendance: Regents Allen and Bugay, Regent-designate Shewmake, Faculty Representative Croughan, Associate Secretary Shaw, General Counsel Robinson, Provost Hume, Executive Vice Presidents Darling and Lapp, Vice President Lenz, Chancellors Blumenthal, Fox, and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 3:20 p.m. with Committee Chair Lozano presiding.

1. **PUBLIC COMMENT**

There were no requests to speak.

2. **REVIEW OF PROPOSED CHANGES TO APPROVAL AUTHORITY FOR COMPENSATION AND RELATED ACTIONS FOR THE SENIOR MANAGEMENT GROUP AND NON-ACADEMIC EMPLOYEES WHOSE ANNUAL COMPENSATION EXCEEDS THE INDEXED COMPENSATION LEVEL**

Executive Vice President Lapp discussed the review of proposed changes to approval authority for compensation and related actions for the Senior Management Group (SMG) and non-academic employees above the Indexed Compensation Level (ICL). She recalled that, during the past year, progress has been made in reviewing the current compensation policies, developing updated policies that are more accessible and clarify decision rights, and creating a standard format for policies. As the work has progressed, a proposed framework has emerged related to the approval rights concerning SMG and non-academic employees with total compensation exceeding the ICL, which currently is \$205,000. The approval authority would be contingent upon mechanisms for reporting monitoring and compliance processes being approved by the Regents. There are 340 positions in the SMG and 150 in the non-academic employees above the ICL group.

Ms. Lapp reported that the proposal is to return to the Regents with a policy which would set forth clear salary guidelines and would incorporate the performance review process for all SMG and non-academic employees above the ICL. In addition, reporting requirements would be put in place whereby the Regents would receive reports at each meeting for all compensation actions approved by the President, the Chancellors, and the

Laboratory Director. Monitoring and compliance processes under development also would be put in place. It is proposed that the Regents continue to approve all compensation-related actions for SMG members. Non-academic employees above the ICL, however, would be subject to a new process. For an employee who is not a direct report and whose salary is within the policy and guidelines approved by the Regents, approval would reside with the President, the Chancellor, or the Laboratory Director. For a direct report to the President, Chancellor, or Laboratory Director, the approval would go to a higher level. In the case of the President, approval would rest with the Regents, even if the action were within guidelines. Any exception to policy would come to the President. In all cases, all items would be reported to the Regents at every meeting. If the Committee accepts this proposed framework, a final recommendation will be presented at the May or July meeting.

In response to a question asked by Committee Chair Lozano, Regent Kozberg confirmed that the plan follows the spirit of previous recommendations for revising the approval and compliance monitoring framework. She believed that the process would gain accountability as a result.

Regent Varner commented that the refined process will streamline the work of the Regents.

Regent Lozano noted that sample reports were distributed to the Committee and, unless modification is proposed, their form will be followed for the final recommendation.

[Background material was distributed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

3. **SLOTING STRUCTURE OF CERTAIN POSITIONS IN THE OFFICE OF THE GENERAL COUNSEL**

The President recommended approval of an interim slotting structure for attorney positions in the Office of General Counsel, as shown in the table below.

Position Title	Proposed SLCG Grade	SLCG Range Min	SLCG Range Midpt	Market Survey 50 <sup>th</sup> Percentile	SLCG Range Max
•Deputy Chief Counsel (Oakland)	108	\$192,300	\$244,900	\$232,600	\$297,400
•Chief Campus Counsel					
•Chief Health Sciences Counsel	107	\$172,300	\$218,700	\$207,600	\$265,000
•Managing Counsel <sup>(1)</sup>	106	\$154,200	\$195,200	N/A	\$236,100
•Principal Counsel <sup>(2)</sup>					

•Senior Counsel	105	\$138,200	\$174,300	N/A	\$210,400
•Counsel	104	\$123,800	\$155,600	\$149,900	\$187,500
•Staff Counsel	102	\$99,200	\$124,100	\$123,400	\$148,900

<sup>(1)</sup>Primary responsibility is to assist the Chief Campus Counsel or Deputy Chief Counsel in managing three or more attorneys for a campus or functional/specialty area.

<sup>(2)</sup>Responsible for handling complex legal matters or projects in a highly specialized area of law, such as health sciences, intellectual property, or tax law.

Committee Chair Lozano recalled that objectives were established for the Office of the General Counsel to develop an organizational structure and a framework that would better align its work both at the Office of the President and on the campuses.

Executive Director Larsen noted that the recommendation is for a structure only. There are no salary increases or other actions associated with it. It is the final step in reviewing the functional areas of the Office of the President. The proposal would align with market practices, based on an analysis provided by Mercer Human Resource Consulting. The current structure for attorneys at OP does not align well with market practices. Upon review, it was determined that six levels will be sufficient to address the needs of the organization. Of those six levels, there are four positions of individual contributors and four positions that reflect management and senior management functions. The proposed slotting results in salary range midpoints that are, on average, within 4 percent of market median base salaries. Non-benchmark attorney positions lacking salary survey data (identified as N/A above) were slotted based on data from recent campus and Oakland recruitment experiences as well as facilitating a dual career path (management and individual contributor) within the overall structure. The structure puts in place a mechanism for reasonable market-based pay from the minimum to the maximum for addressing salary administration for both existing staff and recruiting.

In response to a question asked by Regent Brewer, Associate Vice President Boyette reported that the Office of the General Counsel has been experiencing both retention and recruitment problems. General Counsel Robinson noted that 20 percent of the attorney positions in Oakland are vacant.

Faculty Representative Brown asked whether the new structure will include a performance appraisal. General Counsel Robinson responded in the affirmative, noting that it is planned to bring together the chief lawyers throughout the system to discuss individual appraisals, following which target salaries will be set. Recommendations would be reviewed with the Chancellors with respect to the campuses and with relevant Office of the President representatives for employees there. Following this initial assessment, final assessments will be based on a performance management program annually.

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The Committee adjourned at 3:40 p.m.

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The Committee reconvened on March 19, 2008 at 2:05 p.m.

Members present: Regents Blum, Dynes, Hopkinson, Kozberg, Lozano, Pattiz, and Varner; Advisory members Cole, Scorza, and Brown

In attendance: Regents Allen, Brewer, Bugay, De La Peña, Garamendi, Gould, Hotchkis, Island, Marcus, O'Connell, Schilling, and Wachter, Regent-designate Shewmake, Faculty Representative 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, Lenz, and Sakaki, Chancellors Birgeneau, Bishop, Block, Blumenthal, Fox, Kang, Vanderhoef, and Yang, Acting Chancellor Grey, and Recording Secretary Bryan

4. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of January 16-17, 2008 were approved.

5. **ACTION ON RECOMMENDATION FOR SLOTTING STRUCTURE OF CERTAIN POSITIONS IN THE OFFICE OF THE GENERAL COUNSEL (See item 3 above)**

Upon motion duly made and seconded, the Committee approved the President's recommendation with respect to the slotting structure of certain positions in the Office of the General Counsel and voted to present it to the Board.

6. **APPROVAL OF INDIVIDUAL SALARY ITEMS DISCUSSED IN CLOSED SESSION**

The Committee recommended the following:

A. ***Appointment Salary for Vicki L. Ruiz as Dean–School of Humanities, Irvine Campus***

Approval of the following items in connection with the appointment for Vicki L. Ruiz as Dean–School of Humanities, Irvine campus:

- (1) Per policy, appointment salary of \$221,300. This represents an 8.2 percent increase over Ms. Ruiz's annual adjusted academic salary of \$204,582 (Salary Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- (2) This appointment is 100 percent time and effective January 1, 2008, pending approval of the Regents.

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, ineligible to participate in Senior Management Supplemental Benefit Program due to tenured faculty position.
- Per policy eligible to accrue sabbatical credits due to dual academic appointment.

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.

B. ***Title Change and Appointment Salary for Maureen L. Zehntner as Associate Vice Chancellor and Chief Executive Officer–Medical Center, Irvine Campus***

Approval of the following items in connection with the appointment of Maureen L. Zehntner as Associate Vice Chancellor and Chief Executive Office–Medical Center, Irvine campus:

- (1) Title change from Chief Executive Officer to Associate Vice Chancellor and Chief Executive Officer–Medical Center. This change supports the restructuring efforts of the new Vice Chancellor for Health Affairs.
- (2) Appointment salary of \$555,000 (SLCG Grade 117: Minimum \$522,300, Midpoint \$679,000, Maximum \$835,800) as Associate Vice Chancellor and Chief Executive Officer–Medical Center, Irvine campus. This represents a 22.4 percent increase in Ms. Zehntner's base salary of \$453,300.
- (3) This appointment is 100 percent time and effective March 1, 2008 pending approval by the Regents.
- (4) Per policy, eligibility for additional non-base building incentive pay (pursuant to the Clinical Enterprise Management Recognition Plan) of up to 20 percent (\$111,000) of annual base salary to be awarded based on meeting performance 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, participation in the Senior Management Supplemental Benefit Program at the rate of 5 percent.
- Per policy, an annual automobile allowance of \$8,916.

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.

**C. *Appointment Salary for Anthony Perez as Chief Health Sciences Counsel, San Diego Campus***

Approval of the following items in connection with the appointment of Anthony Perez as Chief Health Sciences Counsel at the San Diego campus:

- (1) As an exception to policy, a salary increase of \$44,000 (26.5 percent), to bring his annual base salary from \$166,000 to \$210,000.
- (2) This appointment is at 100 percent time and will become effective March 24, 2008.

- (3) As contemplated by policy, eligibility to participate in the Mortgage Origination Program (MOP). This loan will comply with all standard MOP loan policies.
  - a. This individual is not a member of the eligible population as defined by MOP policy. However, policy does provide for Presidential authorization of individuals, outside of that population, based upon essential recruitment and retention needs and goals of the institution. Instances, such as this one, wherein the individual's compensation exceeds the Indexed Compensation Level (ICL) must be approved by the Regents.
  - b. The loan amount will not exceed \$800,000. If a larger loan amount is deemed appropriate, the Regents hereby authorize the Chancellor to approve a loan amount not to exceed the maximum allowable under policy (\$1.33 million).

Additional items of compensation are:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, eligibility for Staff Recognition and Development Program award up to 10 percent of base salary annually.

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.

**D. *Title Change and Promotional Increase for Michele Cucullu as Investment Officer–Private Equity Investments, Office of the President***

Approval of the following items in connection with the promotional increase and title change for Michele Cucullu as Investment Officer–Private Equity Investments, Office of the President:

- (1) Promotion to Investment Officer–Private Equity Investments (SLCG Grade 106: Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100) at 100 percent time.
- (2) As an exception to policy, a promotional increase of \$40,420 (31.2 percent), bringing her base salary from \$129,580 to \$170,000.
- (3) Effective March 1, 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.

**E. *Title Change and Promotional Increase for Thomas Lurquin as Director–Private Equity, Office of the President***

Approval of the following items in connection with the title change and promotional increase for Thomas Lurquin as Director–Private Equity, Office of the President:

- (1) Promotion to Director–Private Equity (SLCG 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400) at 100 percent time.
- (2) A promotional increase of \$27,843 (15 percent), bringing the base salary from \$185,623 to \$213,466.
- (3) Effective March 1, 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 90 percent of base salary. Target payout level is 45 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.



F. ***Title Change and Promotional Increase for Kay Harrison Taber as Assistant Vice President–Administrative Services, Agricultural and Natural Resources, Office of the President***

Approval of the following items in connection with the title change and promotional increase for Kay Harrison Taber as Assistant Vice President–Administrative Services, Agriculture and Natural Resources, Office of the President:

- (1) Promotion to Assistant Vice President–Administrative Services, Agriculture and Natural Resources (SLCG 104: Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500) at 100 percent time.
- (2) A promotional increase of \$24,809 (19.8 percent), to bring annual base salary from \$125,191 to \$150,000.
- (3) Effective April 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, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, eligibility to participate in the Mortgage Origination Program (MOP), with a loan amount not to exceed the maximum allowable under policy (currently \$1.33 million). This loan will comply with all standard MOP loan policies.

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.

G. ***Stipend for Julianne J. Larsen as Acting Associate Vice Chancellor–University Development, San Diego Campus***

Approval of the following items in connection with a stipend for Julianne Larsen for additional duties as Acting Associate Vice Chancellor–University Development, San Diego campus:

- (1) A stipend of 15 percent (\$26,130), to increase her base salary of \$174,200 to a total annual salary of \$200,330\* (SLCG Grade 107: Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- (2) If an adjustment to the base salary is made prior to the termination of this acting role, the 15 percent stipend will be recalculated against the new base salary.
- (3) Effective January 14, 2008 through December 31, 2008, or until the appointment of a permanent Associate Vice Chancellor–University Development, whichever occurs first.

Additional compensation and related items include:

- Per policy, standard Pension and Health and Welfare benefits.
- Per policy, eligibility to participate in the UCSD Development Officer Variable Pay Plan (DOVPP), with a maximum payout of up to 15 percent of base salary annually (\$26,130).\*

\*Eligibility for DOVPP results in total cash compensation above the Regental approval threshold of \$205,000.

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.

H. ***Stipend for Steven W. Relyea as Acting Vice Chancellor–External Relations, San Diego Campus***

Approval of the following items in connection with a stipend for Steven W. Relyea for additional duties as Acting Vice Chancellor–External Relations, San Diego campus:

- (1) As an exception to policy, a stipend of 18.8 percent (\$45,000), to increase his base salary of \$240,000 to a total annual salary of \$285,000 (SLCG Grade 109: Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- (2) If an adjustment to the base salary is made prior to the termination of this acting role, the 18.8 percent stipend will be recalculated against the new base salary.

- (3) Effective January 1, 2008 through December 31, 2008, or until the appointment of a permanent Vice Chancellor–External Relations, whichever occurs first.

Additional compensation and related items include:

- Per policy, standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, 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.

I. ***Stipend Extension for David Rein as Director–Finance and Operations, UCSF Medical Group, and Acting Vice Dean–Administration, Finance, and Clinical Affairs, School of Medicine, San Francisco Campus***

Approval of the following items in connection with a stipend extension for David Rein as Director–Finance and Operations, UCSF Medical Group, and Acting Vice Dean–Administration, Finance, and Clinical Affairs, School of Medicine, San Francisco campus:

- (1) An extension of his existing stipend of \$26,910 (15 percent), to increase his base salary of \$179,400 to \$206,310 (SLCG Grade 110: Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
- (2) The stipend amount will be increased as the base salary is increased, so the stipend will equal 15 percent of the base salary, at a 100 percent appointment.
- (3) Continued eligibility to participate in the School of Medicine Management Incentive Plan with a maximum payout of up to 20 percent of base salary (\$35,880).
- (4) Per policy, effective March 1, 2008, through June 30, 2008, or the completion of a three-month transition period after the interim duties are transferred to the new Vice Dean–Administration, Finance, and Clinical Affairs, School of Medicine, whichever occurs first.

Additional items of compensation include:

- Per policy, continued eligibility for 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

**J. *Title Change, Interim Re-slotting, and Salary Adjustment for Ronald L. King as Chief Financial Officer–Health Affairs, Irvine Campus***

Approval of the following items in connection with a title change, interim re-slotting, and salary adjustment for Ronald L. King as Chief Financial Officer–Health Affairs, Irvine campus. These actions recognize the assumption of additional responsibilities as a result of the elimination of the Associate Dean for Fiscal Affairs–School of Medicine position as part of the restructuring:

- (1) Title change from Chief Financial Officer–Medical Center to Chief Financial Officer–Health Affairs. This new title reflects the additional broader responsibility resulting from combining his current duties with those of the Associate Dean for Fiscal Affairs–School of Medicine.
- (2) Approval of interim re-slotting of newly restructured position, Chief Financial Officer–Health Affairs at SLCG Grade 113 is consistent with a recommendation by Mercer Human Resource Consulting (Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100).
- (3) Salary adjustment from \$380,000 to \$431,500. This represents a 13.6 percent increase to Mr. King's base salary.
- (4) This change is effective March 1, 2008, pending approval of the Regents.

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, 5 percent monthly contributions to the Senior Management Supplemental Benefit Program.
- Per policy, eligibility for additional non-base building incentive pay (pursuant to the Clinical Enterprise Management Recognition Plan) of up

to 20 percent (\$86,300) of annual base salary to be awarded based on meeting performance objectives.

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

**K. *Corrections to Merit and Equity Increases for Certain Officers of the University and Other Senior Managers, Merced Campus***

Approval of the following corrected salary rates shown below, 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).

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

LOCATION	EMPLOYEE NAME	TITLE	CORRECTED BASE SALARY
UCM SMG	Alley, Keith	Executive Vice Chancellor and Provost	\$ 240,500
UCM SMG	Garamendi II, John	Vice Chancellor for University Relations	\$ 207,200
UCM SMG	Miller, Mary	Vice Chancellor for Administration	\$ 203,500
UCM SMG	Pallavicini, Maria	Dean, School of Natural Sciences	\$ 203,400
UCM SMG	Wright, Jeffrey	Dean, School of Engineering	\$ 202,400
UCM SMG	Kogut, Richard	Associate Vice Chancellor and Chief Information Officer	\$ 187,700
UCM SMG	Lawrence, Jane	Vice Chancellor for Student Affairs	\$ 181,800
UCM SMG	Miller, Robert	University Librarian	\$ 162,300

**L. *Salary Adjustment for Ronaldo G. Espiritu as Associate Dean for Business and Fiscal Affairs, Health Sciences, San Diego Campus***

Approval of the following items in connection with the salary adjustment for Ronaldo G. Espiritu as Associate Dean for Business and Fiscal Affairs, Health Sciences, San Diego campus. This action recognizes the assumption of additional responsibilities over time, as well as those resulting from reorganization.

- (1) Salary adjustment of \$37,200 (20.2 percent), to increase his annual base salary from \$184,400 to \$221,600. Proposed slotting of the position at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).

- (2) Effective March 1, 2008.

Additional items of compensation are:

- 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.

M. ***Slotting of Three Existing Positions in the Office of the Treasurer***

Approval of the following items in connection with the slotting of three positions of Director in the Office of the Treasurer:

- (1) Slotting of the position of Director of Communications, currently held by Susan Rossi, at SLCG Grade 102 (Minimum \$99,200, Midpoint \$124,100, Maximum \$148,900), as recommended by Mercer Human Resource Consulting.
- (2) Slotting of the position of Business Manager, currently held by Nelson Chiu, at SLCG Grade 102 (Minimum \$99,200, Midpoint \$124,100, Maximum \$148,900), as recommended by Mercer Human Resource Consulting.
- (3) Slotting of the position of Director of Investment Operations, currently held by Robert Yastishak, at SLCG Grade 103 (Minimum \$110,800, Midpoint \$139,000, Maximum \$167,100), as recommended by Mercer Human Resource Consulting.
- (4) Effective upon approval by the Regents.

N. ***Salary Adjustment for Anne L. Shaw as Associate Secretary of The Regents***

Approval of a salary adjustment for Anne L. Shaw as Associate Secretary of The Regents, based on the additional permanent responsibilities added to her position. The addition of these responsibilities has already been incorporated into her job classification through the standard administrative process within the Office of the President.

- (1) Salary adjustment of \$20,800 (19.2 percent over her annual base salary), from \$108,600 to \$129,400, effective retroactively to February 1, 2008.

Since this recommendation would eliminate her stipend of \$16,284, the actual salary adjustment would be 3.6 percent over her total annual salary of \$124,884.

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.

[Background material was 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 duly made and seconded, the Committee approved the recommendations and voted to present them to the Board.

7. **APPROVAL TO USE FEE EARNED BY THE UNIVERSITY FOR UNREIMBURSED PERFORMANCE INCENTIVE PAYMENTS FOR UC-DESIGNATED KEY PERSONNEL AT LOS ALAMOS NATIONAL SECURITY, LLC (LANS) AS DISCUSSED IN REGENTS ONLY SESSION**

The Committee recommended approval of performance incentive awards for the period October 1, 2006 through September 30, 2007 for ten UC-designated key personnel at Los Alamos National Security, LLC, as proposed below, based on their performance against pre-determined goals and objectives. The source of funds will be from the fee earned by the University under the terms of the LANS contract.

<b>UC-Designated Key Personnel at LANS</b>	<b>Annual Salary Effective October 2006</b>	<b>Proposed Incentive Award, as Percent of Base Salary (max 20%) for Period 10/1/06 thru 9/30/07</b>	<b>Proposed Corresponding Award Amount for Period</b>
Anastasio	\$390,400	18%	\$70,272
Mara	\$320,000	15%	\$48,000
Wallace	\$303,845	12.5%	\$37,981
Knapp	\$268,000	15%	\$40,200
McMillan	\$268,000	15%	\$40,200
Beason	\$261,000	10%	\$26,100
Seestrom	\$261,000	10%	\$26,100
Neu	\$237,100	7.5%	\$17,783
Bishop	\$248,675	10%	\$24,868
Gibbs	\$228,000	10%	\$22,800
<b>Total</b>			<b>\$354,304</b>

The unreimbursed incentives 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.

Committee Chair Lozano recalled that in January 2006 the Regents approved a performance incentive program for key UC-designated LANS personnel, which allows participants to earn up to 20 percent of their annual salary in a bonus incentive performance plan. This amount is not reimbursed by the Department of Energy; it is paid from the share of partner fees. The awards range between 7.5 percent and 18 percent.

Regent Garamendi recalled an earlier discussion in which the Regents were informed that the administrators at the national laboratories are not employees of the University and, if so, it appears as though UC is rewarding people who are not its employees. Regent Pattiz noted that the Director of Los Alamos National Laboratory and certain others are paid for by the University. Executive Vice President Darling noted, for clarification, that University funds will pay only the portion of the salary that is not reimbursed by the Department of Energy. Regent Garamendi requested a briefing on the relationships of the entities involved and an explanation of how the money flows.

Committee Chair Lozano reported that she and Regent Pattiz, Chair of the Committee on Oversight of the Department of Energy Laboratories, were planning to prepare a briefing document that outlines specifically the relationships and the key understandings within the contractual arrangement. They believed that it would be helpful, considering the rotation of Regents, to create a standard base of knowledge about the subject.

[Background material was distributed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

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

8. **ANNUAL REPORT ON EXECUTIVE COMPENSATION FOR CALENDAR YEAR 2007: INCUMBENTS IN CERTAIN SENIOR MANAGEMENT POSITIONS**

Committee Chair Lozano noted that the Report on Executive Compensation for Calendar Year 2007 was very detailed and speaks to the level of oversight in which the Committee and the Board are currently engaged. It allows for the establishment of guidelines to monitor compliance and to assure that exceptions are followed by a corrective action plan.

Executive Director Larsen commented that the report covers 535 incumbents and former incumbents, including those in acting capacities and those who stepped down or were terminated during the calendar year 2007. The report also contains the data on positions as required by the Legislature and outlined in the Budget Act. Of the 535 incumbents,



265 are individuals who would be reported to the Legislature. On the campuses and medical centers this includes the chancellors and vice chancellors, deans and medical center CEOs. It also includes directors and deputy directors at the Berkeley and Livermore laboratories. For the Office of the President, the named positions include all levels of vice presidents, the University Auditor, and the Principal Officers of The Regents. The report also includes the population that currently requires Regental approval – those above the indexed compensation level – and certain positions, such as coaches, that are not slotted but that have the potential to exceed the indexed compensation level. If an individual held more than one position during 2007, both positions are reported.

The elements of compensation and details contained in the report are compliant with legislative reporting requirements and were approved by the Regents in January 2007. The elements capture all cash compensation, including base salary and other forms of cash, including annualized stipends. There are some actual payments represented that may not be annualized, such as incentive program payments. One-time payments and reimbursements are also captured, as are benefits and perquisites. Local auditors reviewed the report data against the source data. A questionnaire was sent to each employee subject to the reporting effort asking a series of questions to reach compensation or other payments that may not have been captured by the UC payroll or payable systems. In addition, certifications were received from each individual and the SMG coordinators on the campuses who managed the process and from the chancellors, the provost, and the laboratory directors. The certifications attest to the accuracy of the information contained in the report and the population being reported. During review, five actions were identified that will require follow-up. They include stipends that were within policy but the total cash compensation exceeded the indexed compensation level, which would have required Regental approval; reimbursement of moving expenses; and excessive vacation accrual and additional income derived through teaching assignments.

[Background material was distributed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

9. **ANNUAL REPORT ON COMPENSATED OUTSIDE PROFESSIONAL ACTIVITIES FOR CALENDAR YEAR 2007: INCUMBENTS IN CERTAIN SENIOR MANAGEMENT POSITIONS**

Committee Chair Lozano commented that the report on compensated outside professional activities refers to those individuals who are designated within the Senior Management Group. The information is reported by the individuals, following which it undergoes a review process. SMG members sign a certification stating that the report filed was complete and accurate. All individuals contained in the report were in compliance with policy. The policies are under review; a new set will be presented that will guide this activity over the next calendar year.

In response to a question asked by Regent Hopkinson concerning honoraria, Executive Director Larsen reported that in some cases honoraria are paid to the individual directly;

the report captures that information. In other cases, they may be donated to the University either by the recipient or by the institution. He will ascertain whether the University has a policy that requires honoraria to be paid to the University.

Regent Hopkinson noted that one position was reported where a full-time employee also served as an executive director with a salary of \$125,000 a year. Executive Director Larsen agreed to provide further detail about that particular situation.

Committee Chair Lozano reported that a review of the guidelines is being undertaken to clarify any inconsistencies in the reporting terms. She noted that the data for one individual were received after the report had been produced and is being reviewed.

[Background material was distributed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

The Committee adjourned at 2:30 p.m.

Attest:

Secretary and Chief of Staff