The Regents of the University of California

COMMITTEE ON COMPENSATION
May 14, 2008

The Committee on Compensation met on the above date at Covel Commons, Los Angeles campus.

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

In attendance: Regents Allen, Brewer, Bugay, De La Peña, Gould, Hotchkis, Island, Lansing, Marcus, Reiss, Ruiz, 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, Provost Hume, Executive Vice Presidents Darling and Lapp, Vice Presidents Broome, Foley, Lenz, and Sakaki, Chancellors Block, Blumenthal, Drake, Fox, Kang, Vanderhoef, and Yang, Acting Chancellor Grey, and Recording Secretary Bryan

The meeting convened at 11:00 a.m. with Committee Chair Lozano presiding.

1. **PUBLIC COMMENT PERIOD**

There were no persons wishing to address the Committee.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of March 18-19, 2008 were approved.

3. **APPROVAL OF INDIVIDUAL SALARY ITEMS AS DISCUSSED IN CLOSED SESSION**

[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.]

The Committee recommended the following:

A. ***Appointment Salary for Tyler E. Stovall as Dean–Undergraduate Division, College of Letters and Science, Berkeley Campus***

Approval of the following items in connection with the appointment of Tyler E. Stovall as Dean–Undergraduate Division, College of Letters and Science, Berkeley campus:

(1) Appointment salary of $182,300 (SLCG Grade 106: Minimum $154,200, Midpoint $195,200, Maximum $236,100). This represents a 17.9 percent increase ($27,700) in Mr. Stovall's July 1, 2008, adjusted faculty salary of $154,611.

(2) This appointment is 100 percent time and effective July 1, 2008 pending approval by 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, accrual of sabbatical credits as a member of the faculty.
- Per policy, ineligible for participation in the senior management supplemental benefit program due to dual appointment as a member of the faculty.

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

B. ***Appointment Salary for Kevin R. Johnson as Dean–School of Law, Davis Campus***

Approval of the following items in connection with the appointment of Kevin R. Johnson as Dean–School of Law, Davis campus:

(1) Per policy, appointment salary of $307,200 (SLCG Grade 110: Minimum $239,700, Midpoint $307,200, Maximum $374,500). This represents a 2.3 percent increase ($6,923) in Mr. Johnson's July 1, 2008 adjusted faculty salary of $300,277.

(2) This appointment is 100 percent time and effective July 1, 2008, pending approval by 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, ineligible for participation in the senior management supplemental benefit program due to dual faculty appointment.

- Per policy, accrual of sabbatical credits as a member of the faculty.

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

C. ***Appointment Salary for Enrique J. Lavernia as Provost and Executive Vice Chancellor, Davis Campus***

Approval of the following items in connection with the appointment salary for Enrique J. Lavernia as Provost and Executive Vice Chancellor, Davis Campus:

(1) Per policy, appointment salary of $307,500 (SLCG Grade 111: Minimum $267,700, Midpoint $344,000, Maximum $420,100). This represents a 24.6 percent increase in Mr. Lavernia's current base salary of $246,800.

(2) This appointment is 100 percent time and effective for a three-year term beginning on January 1, 2009 through December 31, 2011, pending approval by 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, an automobile allowance of $8,916 per year.
- Per policy, ineligible for participation in the senior management supplemental benefit program due to dual faculty appointment.
- Per policy, accrual of sabbatical credits due to dual faculty 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.

D. ***Appointment Salary for Seth Lerer as Dean–Division of Arts and Humanities, San Diego Campus***

Approval of the following items in connection with the appointment of Seth Lerer as Dean–Division of Arts and Humanities, San Diego campus:

(1) An appointment salary of $230,000 (SLCG Grade 107: Minimum $172,300, Midpoint $218,700, Maximum $265,000).

(2) This appointment is at 100 percent time and will become effective January 1, 2009.

(3) A dual tenured faculty appointment as Professor in the Department of Literature with the accrual of sabbatical credits, subject to the normal academic approval process.

Additional items of compensation include:

- Per policy, 30 days of temporary housing and reimbursement of moving expenses.
- As an exception to policy, up to two coach-fare house-hunting trips.
- Per policy, authorization by the Regents to participate in the Graduated Payment Mortgage Origination Program (GP-MOP) with a loan up to the maximum amount (currently $1.33 million).
- 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, ineligible to participate in senior management supplemental benefit program due to tenured faculty position.

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. ***Appointment Salary for Debra G. Neuman as Vice Chancellor–External Relations, San Diego Campus***

Approval of the following items in connection with the appointment of Debra G. Neuman as Vice Chancellor–External Relations at the San Diego campus:

(1) An appointment salary of $295,000 (SLCG Grade 109: Minimum $214,700, Midpoint $274,300, Maximum $333,700).

(2) This appointment is at 100 percent time and will become effective June 16, 2008.

Additional items of compensation are:

- Per policy, annual automobile allowance of $8,916.
- Per policy, 5 percent monthly contribution to the senior management supplemental benefit program.

- Per policy, a relocation allowance of $73,750 (25 percent), subject to a repayment requirement in the event that she resigns within the first four years of employment.
- Per policy, 30 days of temporary housing and reimbursement of moving expenses.
- Per policy, one coach-fare house-hunting trip.
- Per policy, authorization by the Regents to participate in the Mortgage Origination Program (MOP) with a loan of 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.

F. ***Appointment Salary for A. Paul Alivisatos as Deputy Laboratory Director, Lawrence Berkeley National Laboratory***

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

(1) Per policy, appointment salary of $350,000 (LBNL Job Code 198.4, Salary Grade N17: Minimum $260,400, Midpoint $334,548, Maximum $408,696). This represents a 19.1 percent increase in Mr. Alivisatos's current base salary of $293,796.

(2) This appointment is 100 percent and is effective April 7, 2008, 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, eligibility for participation in the University of California Mortgage Origination Program up to the maximum loan amount (currently $1.33 million). The loan will comply with all normal Mortgage Origination Program parameters.

Separate approval by the Department of Energy (DOE) of this item is required. As provided under the University's contract with DOE, any compensation amount approved by the Regents that is over the compensation amount approved by DOE will be paid from the fee earned under the contract. Approval from DOE is currently pending for this item.

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. ***Interim Appointment, Compensation, and Change of Title for John R. Sandbrook, Office of the President***

Approval of the following items in connection with the interim appointment of John R. Sandbrook, including a change of title for the position of Associate President to Chief of Staff, Office of the President.

(1) Per Management and Senior Professional (MSP) policy, a 17.2 percent ($29,342) administrative stipend to increase his annual base salary from $170,658 to $200,000 effective May 1, 2008 through May 31, 2008, during which time he will serve between 75 percent and 100 percent time in this capacity (MSP Grade VII: Minimum $106,300, Midpoint $172,700, Maximum $239,200).

(2) The 100 percent time interim appointment will be effective June 1, 2008 through December 31, 2008, with the possibility of renewal for the period January 1, 2009 through May 31, 2009 or until a permanent replacement is appointed, whichever is sooner. (MSP Grade VII: Minimum $106,300, Midpoint $172,700, Maximum $239,200)

a. The interim appointment salary will be $200,000.

b. Per MSP policy, Mr. Sandbrook will be eligible to participate in the 2008 merit process.

(3) In connection with and for the duration of the interim appointment beginning May 1, 2008, Mr. Sandbrook will receive reimbursement for actual expenses as follows:

a. As exception to policy, temporary housing not to exceed $3,800 per month.

b. One coach airfare, round trip between Oakland and Los Angeles and ground transportation to and from the airport each week.

c. Per policy, rental car as needed.

Additional items of compensation include:

- Standard 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.

H. ***Stipend Extension for Barbara H. Horwitz as Acting Provost and Executive Vice Chancellor, Davis Campus***

Approval of the following items in connection with the extension of an administrative stipend for Barbara A. Horwitz as Acting Provost and Executive Vice Chancellor, Davis Campus:

(1) Extension of stipend of 15 percent ($36,600) to increase her current base salary of $244,000, to a total annual salary of $280,600 (Salary Grade 111: Minimum $267,700 Midpoint $344,000 Maximum $420,100).

(2) If an adjustment to the base salary is made prior to the termination of this acting appointment, the 15 percent stipend will be recalculated against the new base salary.

(3) As an exception to policy, this acting appointment will be effective July 1, 2008 through December 31, 2008. 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.

(4) As an exception to policy, continuation of an automobile allowance of $8,916 per year, due to the continued expectation that Ms. Horwitz will be serving at 100 percent time for a total of 18 months performing the full scope of this position which, on a permanent basis, is eligible under policy for automobile allowance.

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.

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 Bruce R. White as Acting Vice Provost–Academic Personnel, Davis Campus***

Approval of the following items in connection with the administrative stipend extension for Bruce R. White as Acting Vice Provost–Academic Personnel, Davis campus:

(1) As an exception to policy, extension of stipend of 20.1 percent ($35,566) to increase his adjusted academic base salary of $176,946, to a total annual salary of $212,512 (Salary Grade 107: Minimum $172,300, Midpoint $218,700, Maximum $265,000). This previously approved percentage is above the 15 percent allowed by policy.

(2) If an adjustment to the base salary is made prior to the termination of this acting appointment, the 20.1 percent stipend will be recalculated against the new adjusted academic base salary.

(3) As an exception to policy, this acting appointment will be effective July 1, 2008 through December 31, 2008. 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.
- Per policy, accrual of sabbatical credits as a member of the faculty.

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

J. ***Stipend Extension and Title Change for J. Nicholas Entrikin as Acting Vice Provost–International Studies, Los Angeles Campus***

Approval of the following items in connection with a title change and stipend extension for J. Nicholas Entrikin as Acting Vice Provost–International Studies, Los Angeles campus:

(1) As an exception to policy, extension of the 11.5 percent administrative stipend ($23,800), beyond the one-year duration provided in policy. The stipend plus the adjusted base salary of $206,900 result in a total annual salary of $230,700.

(2) Title change of the position from Dean and Vice Provost–International Studies to Vice Provost–International Studies.

(3) This appointment is at 100 percent time and is effective from June 1, 2008 through May 31, 2009 or until a permanent appointment is made, whichever occurs first.

(4) If an adjustment to the annualized base salary is made prior to the termination of this acting role, the 11.5 percent stipend will be recalculated on the new annualized base salary.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, continuation of accrual of sabbatical leave credits as a member of the faculty.

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

K. ***Extension of Administrative Stipend for David T. Feinberg, M.D., as Acting Associate Vice Chancellor and Chief Executive Officer, Hospital System, Los Angeles Campus***

Approval of the following items in connection with extension of the appointment and salary for David T. Feinberg, M.D., as Acting Associate Vice Chancellor and Chief Executive Officer, Hospital System, Los Angeles campus:

(1) As exceptions to policy, extension of the 107 percent administrative stipend of $283,900 ($23,658 per month), beyond the one-year duration and

15 percent limit provided in policy. The stipend plus the annual base salary of $265,100 result in a total annual salary of $549,000.

(2) This appointment is at 100 percent time and is effective from July 1, 2008 through June 30, 2009 or until a permanent appointment is made, whichever occurs first.

(3) If an adjustment to the annualized base salary is made prior to the termination of this acting role, the $283,900 stipend will be added to the new annualized base salary.

(4) Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan with a maximum payout of up to 20 percent of base salary.

(5) As an exception to policy, automobile allowance not to exceed $8,916 per annum. Incumbent will be devoting 100 percent of his time to this acting role, which normally would provide an auto allowance.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, continuation of accrual of sabbatical leave credits as a member of the faculty.

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

L. ***Stipend for Adeline M. Nyamathi as Acting Dean–School of Nursing, Los Angeles Campus***

Approval of the following items in connection with the stipend for Adeline M. Nyamathi as Acting Dean–School of Nursing, Los Angeles campus:

(1) Per policy, 15 percent ($28,100) administrative stipend to increase her annual base salary from $187,000 to $215,000 (SLCG Grade 108: Minimum $192,300, Midpoint $244,900, Maximum $297,400).

(2) This appointment is at 100 percent time and will be effective March 1, 2008 through September 30, 2008 when the permanent replacement is appointed.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.

- Per policy, continuation of accrual of sabbatical leave credits as a member of the faculty.

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

M. ***Stipend Extension for Peter F. Cowhey as Dean–Graduate School of International Relations and Pacific Studies for Additional Duties as Acting Associate Vice Chancellor–International Affairs, San Diego Campus***

Approval of the following items in connection with the stipend extension for Peter F. Cowhey as Dean–Graduate School of International Relations and Pacific Studies for his additional duties as Acting Associate Vice Chancellor–International Affairs, San Diego campus:

(1) As an exception to policy, a second extension of the 15 percent administrative stipend ($28,590) beyond the one-year duration provided in policy. The stipend plus his base salary of $190,600 result in an annual compensation of $219,190.

(2) If an adjustment to the annualized 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) This appointment is 100 percent time and is effective July 1, 2008 through June 30, 2009, or until a permanent appointment is made, 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, accrual of sabbatical credits as a member of the faculty, 0 percent 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.

N. ***Retention Increase in Contract Compensation for Joanne P. Boyle as Head Women's Basketball Coach, Berkeley Campus***

Approval of the following revised compensation terms for Head Women's Basketball Coach, Joanne Boyle, Berkeley campus, 100 percent time. Pending approval by the Regents of these compensation terms, Ms. Boyle's revised contract will be effective April 15, 2007 and terminate April 14, 2014, 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.

It was deemed essential to enter into expeditious negotiations with Ms. Boyle concerning an enhancement and extension of her current contract when she was recruited by two other institutions in spring 2007. The current contract ends April 14, 2010 and, pending approval, will be extended an additional 4 years.

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

(1) Base Salary: This contract increases Coach's annual base salary from $158,000 to:

Effective Dates	Amount	Percent Increase
04/15/2007 - 04/14/2008	$232,500	(47.2 percent)
04/15/2008 - 04/14/2009	$241,688	(4.0 percent)
04/15/2009 - 04/14/2010	$251,198	(3.9 percent)
04/15/2010 - 04/14/2011	$261,039	(3.9 percent)
04/15/2011 - 04/14/2012	$271,475	(4.0 percent)
04/15/2012 - 04/14/2013	$281,768	(3.8 percent)
04/15/2013 - 04/14/2014	$292,680	(3.9 percent)

(2) Talent Fee: This contract increases Coach's annual talent fee from $172,000 to:

Effective Dates	Amount	Percent Increase
04/15/2007 - 04/14/2008	$292,500	(70.1 percent)
04/15/2008 - 04/14/2009	$301,688	(3.1 percent)
04/15/2009 - 04/14/2010	$311,198	(3.2 percent)
04/15/2010 - 04/14/2011	$321,039	(3.2 percent)
04/15/2011 - 04/14/2012	$331,475	(3.3 percent)
04/15/2012 - 04/14/2013	$341,768	(3.1 percent)
04/15/2013 - 04/14/2014	$352,680	(3.2 percent)

(3) This contract provides opportunity to earn annual supplemental compensation of up to $315,786 in the initial year of the contract and up to $374,311 (does not include estimate of Season Ticket Incentive Bonus or

Game Tickets) in the last year of the contract. In addition to the annual guaranteed income, Coach will receive the following performance bonuses for each Contract Year in which such performance is achieved. All bonuses are calculated as a percentage of total guaranteed income (base plus talent fee).

a. Pac-10 Regular Season and Pac-10 Tournament Championships:

In the event the University of California Women's Basketball team earns the Pac-10 Regular Season and/or Pac-10 Tournament Championships, in any given Contract Year, Coach will receive each of the following bonus payments based upon performance levels achieved as set forth below.

Achievement	Percentage	Bonus Amount FY 2007/08 - 2013/14
Pac-10 Regular Season Championship (or Co-Championship)	3 percent	($15,750 - $19,361)
Pac-10 Tournament Championship	3 percent	($15,750 - $19,361)

b. NCAA Tournament Participation:

In the event that the University of California Women's Basketball team participates in the NCAA tournament, in a Contract Year, Coach will receive each of the following bonus payments for performance levels achieved as set forth below.

Achievement	Percentage	Bonus Amount FY 2007/08 - 2013/14
NCAA Tournament Participation	3 percent	($15,750 - $19,361)
Round of 32 Participation	3 percent	($15,750 - $19,361)
Sweet Sixteen	3 percent	($15,750 - $19,361)
Elite Eight	3 percent	($15,750 - $19,361)
Final Four	3 percent	($15,750 - $19,361)
Championship Game Participation	3 percent	($15,750 - $19,361)
NCAA Championship	6 percent	($31,500 - $38,722)

During the course of this contract, the first time the Women's Basketball Team and Coach achieve an NCAA Tournament level of Round of 32 or higher, Coach shall receive a 5 percent "*enhanced bonus*," as shown below, in lieu of the 3 percent bonus for that level. Subsequent achievements of that same level will be at the 3 percent bonus level. If the Women's Basketball Team and Coach achieve

multiple levels for the first time in the same contract year, Coach may receive multiple "enhanced bonuses."

Achievement (*Enhanced Bonuses*)	Percentage FY 2007/08 - 2013/14	Bonus Amount
Round of 32 Participation	5 percent	($26,250 - $32,268)*
Sweet Sixteen	5 percent	($26,250 - $32,268)*
Elite Eight	5 percent	($26,250 - $32,268)*
Final Four	5 percent	($26,250 - $32,268)*
Championship Game Participation	5 percent	($26,250 - $32,268)*

c. Coaching Awards: In the event that Coach receives the following coaching awards, Coach will receive the applicable bonus payment identified.

Achievement	Bonus Amount
Pac-10 Coach of the Year	3 percent ($15,750 - $19,361)
National Coach of the Year	6 percent ($31,500 - $38,722)

d. Support of Academic Objectives: Coach will receive highest applicable bonus.

Achievement	Bonus Amount
> 2.80 team GPA (fall and spring terms) and >960 APR	1 percent ($5,250 - $6,454)
> 2.90 team GPA (fall and spring terms) or > 975 APR	2 percent ($10,500 - $12,907)
> 3.00 team GPA (fall and spring terms) or > 990 APR	3 percent ($15,750 - $19,361)

e. Team/Program Achievements:

Achievement	Bonus Amount
Top 25 Finish	3 percent ($15,750 - $19,361)

Qualifying rankings are exclusively as follows: Associated Press and ESPN/USA Today Coaches Poll.

Top 25 Recruiting Class	1 percent	($5,250 - $6,454)

Qualifying Recruiting Rankings are exclusively as follows: All Star Girls Report, Hoop Gurlz Report or Blue Star Index. Director of Athletics will review the selection of these rankings on an annual basis and add or remove rankings as appropriate based on legitimacy of ranking service.

All prospects from signing class must enroll in school in order to qualify for this bonus.

20 Win Season (Regular and Post-Season)	2 percent ($10,500 - $12,907)

f. Season Ticket Incentive Bonus: Coach will receive $10 for every full-price season ticket sold and $5 for every discounted season ticket sold in a Contract Year. The Season Ticket Incentive Bonus will be in one lump sum not later than June 1 following the season in the Contract Year which such bonus is earned. The value based on the 2007 season (140 full-price and 266 discounted tickets sold) is $2,730.

g. Camp: The University agrees that for the duration of this Employment Contract, Coach shall be assigned to serve as an administrator and instructor for a minimum of two weeks in the University's camp (Cal Camp) program. Coach agrees to make herself available to the University for the aforementioned Cal Camp program at times determined by the Director of Intercollegiate Athletics.

h. Tickets: Coach is entitled to receive complimentary tickets to Cal Athletic events as follows:

Home women's basketball games: ten (10) season tickets
Road women's basketball games: six (6) each game
Home men's basketball games: two (2) season tickets
Football: four (4) season tickets.

The value of these tickets for the 2007-08 season is $3,556.

i. Signing Bonus: At the discretion of the Director of Athletics, Head Coach will receive a signing bonus of $5,000 paid as a non-base building lump sum.

This contract is for a revenue sport and as such contains a penalty clause for early termination. In the event Coach terminates her employment prior to the

end of this Employment Contract, Coach shall pay to the University the sum of $100,000. Until such time as renovations are made to the women's basketball offices and appropriate improvements are made to the condition of the practice flooring, this sum shall be reduced to $50,000.

If the University terminates the contract early without cause, the campus shall continue to pay an amount equal to Coach's base salary during what would have been the remaining term of the employment contract had it not been terminated. Campus shall also pay Coach a pro-rated portion of her talent fee based upon talent fee services rendered during the contract year in which the termination occurred. The Athletic Director will have the sole discretion to determine the amount of the pro-rated talent fee to be paid.

The compensation provided under this contract is funded exclusively from athletic department revenues (including athletic equipment supplier agreements) and private fundraising. No State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- Per contract, but inconsistent with policy, 20 working days vacation per each 12-month period of the contract. Coach may not have more than 20 working days of accrued vacation leave at any time during the employment contract. When 20 days of accrued vacation is reached, Coach will cease to earn additional vacation leave until accrued vacation balance is less than 20 working days.
- Per contract and consistent with policy, 8 hours of sick leave accrued each month.
- Per contract and consistent with policy, eligible for standard health and welfare benefits.
- Per contract and consistent with practice, one courtesy car. It is understood that this perquisite may be withdrawn by the Director of Intercollegiate Athletics at any time in her sole, exclusive discretion.

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.

O. ***Retention Increase for Daniel G. Guerrero as Director of Intercollegiate Athletics, Los Angeles Campus***

Approval of the following compensation terms in connection with the retention of Daniel G. Guerrero as Director of Intercollegiate Athletics, Los Angeles campus. Pending approval by the Regents of these compensation terms, Mr. Guerrero's contract, currently effective April 1, 2006 through March 31, 2012, will be superseded by a new contract effective April 1, 2008 through March 31, 2013.

The campus initiated negotiations with Athletic Director Guerrero to amend his current contract in response to external interest on the part of competitive institutions. The following terms and conditions are proposed for the new contract:

(1) Contract Duration: Replaces the existing contract and establishes the term of the new contract as effective April 1, 2008 to March 31, 2013.

(2) Base Salary: As a policy exception, increases the annual base salary by 45 percent ($144,400) from $320,600 to $465,000, effective April 1, 2008.

(3) Bonus Compensation: Decreases the opportunity to earn bonus compensation from $120,000 to $75,000, as follows:

Academic achievement up to	$25,000
Athletic success up to	$25,000
Goal alignment up to	$15,000
Discretionary Bonus up to	$10,000
Total Maximum Bonus Potential	$75,000

(4) Annual Increase: Provides for a 5 percent increase in annual base pay starting April 1, 2009, and in each of the subsequent years of the contract duration in lieu of receipt of a standard merit increase.

(5) Retention Bonus: Provides for a retention bonus of $750,000 payable at the end of the fifth year of the contract if Director Guerrero completes the five full years of service of the contract. None of this bonus will vest on an interim basis, unless Director Guerrero is terminated without cause by the University, in which case it will vest at the rate of $150,000 per year of his service as Director (or pro-rated accordingly).

(6) Annual Physical Exam: By exception, provides eligibility for a completely voluntary, comprehensive annual physical examination at a cost not to exceed $3,500 per year, to be paid by department recharge from the Athletic Department to the UCLA School of Medicine's Comprehensive Health Program. Participation in this physical and or the results of this physical will

not serve as a condition of employment and will comply with all requirements under the Health Insurance Portability and Accountability Act (HIPAA).

Additional elements of compensation include:

- Pursuant to the existing contract, a courtesy vehicle, which will continue in effect under the new contract.
- Per policy, eligible for standard health and welfare benefits.
- Continuation of participation in the Supplemental Home Loan Program (SHLP).
- Other standard provisions of the existing contract will also continue in effect.

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.

P. ***Retroactive Approval of Six Actions Reported in the Annual Report on Executive Compensation and One Administrative Error***

Approval of the following corrections:

(1) Six corrective actions concerning compensation and personnel actions proposed for the employees as shown on Attachment 1. Three items were identified after the initial review and have been added here. Two items from the original five as reported at the March 2008 Regents meeting have been removed due to the need for additional research and preparation. All of these include corrective actions related to matters identified in the 2007 Annual Report on Executive Compensation for which the Guidelines for resolution in May 2007 (RE-74), as approved by the Regents, have been applied.

(2) One corrective action that addresses an error in an interim item approved by the Regents in February 2008 and identified by the campus is being presented for correction and approval.

This item reflects only compensation related to corrective actions recommended for approval.

Committee Chair Lozano reported that the Committee had reviewed and discussed the 16 items presented in the consent agenda. The items contain 35 actions. Of these, 11 actions represent exceptions to policies, with 5 of these being associated with the extension of existing stipends beyond the one year allowed under policy.

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

4. **APPROVAL OF REIMBURSEMENTS FOR CERTAIN INDIVIDUALS FOR EXPENSES RELATED TO FILING CORRECTED W-2 FORMS AS DISCUSSED IN CLOSED SESSION**

The Committee recommended that the University reimburse actual interest and penalties, and reasonable tax preparation fees for each of the following individuals, not to exceed $8,000 per person per year (the actual amount will be grossed up to cover taxes). This recommendation is the result of administrative errors in reporting income to the individuals, the University issuing Corrected Wage and Tax Statements (W-2c), and the individuals filing corrected State and federal income tax returns.

- Karl Dorrell (W-2c for three years)
- Dan Guerrero (W-2c for one year)
- Benjamin Howland (W-2c for three years)
- William Martin (W-2c for three years)
- John Savage (W-2c for two years)
- Dewayne Walker (W-2c for one year)

[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.]

Executive Director Larsen reported that the proposed reimbursements of actual interest and penalties, plus reasonable tax preparation fees for six individuals, are limited to a maximum of $8,000 per person per year, with the actual amount being grossed up to cover taxes. The recommendation is the result of the following three administrative errors in reporting income to the individuals who were identified by an Internal Revenue Service employment tax audit at UCLA:

A. Royalties – The largest amounts relate to Adidas royalty payments. Coaches may receive royalty payments from manufacturers of athletic equipment, in this case Adidas. Adidas pays the campus, and the campus then pays the coaches. The campus' payments to the coaches were reported by UCLA to the IRS as taxable income, although on a Form 1099-MISC instead of a Form W-2. Regardless of the form, the coaches were legally required to report this income on their tax returns and pay the appropriate tax. The IRS is confirming that the coaches paid tax on these amounts. As a result, UCLA will not pay any penalties and interest related to the royalties, since the amounts were reported to the IRS.

Future action: In the future, royalty payments will be reported on Form W-2, not Form 1099.

B. Courtesy Cars – Coaches are provided courtesy cars through various car dealers as part of their employment contract with UCLA. An external leasing agency was used to provide the valuation of the vehicles for tax reporting purposes. The leasing company used by UCLA incorrectly calculated the taxable value of the coaches' personal use of the cars that were loaned to the coaches. UCLA has amended the Form W-2 for the proper taxable value and will reimburse the coaches for accounting fees related to amending their tax returns and if any penalties and interest are assessed by the IRS related to these amounts.

Future action: The taxable value of cars will be calculated by UCLA, consistent with other executive automobiles, not by a third-party leasing company.

C. Spouse Travel – These expenses relate to spouses and children who attended a UCLA bowl game in 2004. The travel did not comply with UC policy regarding a substantive business purpose, even though the NCAA provided funding for the families to attend the game. As a result, the spousal travel costs should have been reported on the coaches' Form W-2 as taxable income. UCLA will reimburse the coaches for any penalties and interest related to these amounts.

Future action: Spouse travel will not be reimbursed unless there is a substantial business purpose for the travel or will be reported as taxable income on the coaches' W-2s.

As a result of these adjustments, UCLA has issued corrected Wage and Tax Statements (W-2c), and the individuals will be filing corrected State and federal income tax returns.

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

5. **APPROVAL OF EXCEPTIONS TO RETIREE HEALTHCARE PROGRAM AND UNIVERSITY OF CALIFORNIA RETIREMENT PLAN IN CONNECTION WITH SETTLEMENT FOR FORMER PROGRAM SUPERVISOR, ADMINISTRATIVE SERVICES, LAWRENCE BERKELEY NATIONAL LABORATORY AS DISCUSSED IN CLOSED SESSION**

The Committee recommended that, as an exception to policy, 2.8452 years of service credit be awarded to Nancy M. Sallee for the purposes of calculating Ms. Sallee's benefit under the University of California Retirement Plan (UCRP), determining her eligibility for retiree healthcare benefits, and determining the amount of the University contribution toward the cost of Ms. Sallee's retiree healthcare benefits, in connection with a proposed settlement agreement that will apply prospectively.

[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.]

Committee Chair Lozano noted that the Office of General Counsel reviewed and concurred with this exception to the service crediting rules of UCRP and the eligibility rules of the retiree healthcare program.

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

6. **AUTHORIZATION TO AMEND UNIVERSITY OF CALIFORNIA RETIREMENT PLANS TO FACILITATE THE IMPLEMENTATION OF A NEW STAFF AND ACADEMIC REDUCTION IN TIME (START) PROGRAM AND TO FACILITATE THE DISTRIBUTION OF SMALL ACCOUNTS**

The President recommended that:

A. Authority be delegated to the Associate Vice President, Human Resources and Benefits, to amend University of California Retirement Plan as necessary to facilitate the implementation of a Staff and Academic Reduction in Time (START) program as described in Attachment 2, effective from July 1, 2008 through June 30, 2010.

B. Authority be delegated to the Associate Vice President, Human Resources and Benefits to amend the DC Plan and the 403(b) Plan to facilitate the automatic rollover of certain mandatory distributions of small accounts to Individual Retirement Accounts (IRAs) in the absence of participant direction.

[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.]

Associate Vice President Boyette noted that the item proposes two amendments to the University's retirement program. The first is to implement a START program for two years with the intent to achieve temporary salary savings to address current budget constraints through the voluntary reduction of employees' appointment percentage and corresponding pay. As an incentive to elect reduced time and pay, employees would retain sick leave and retirement plan service credit at their pre-START rate, provided they work at least 50 percent time. Participation in the START program for represented employees would be dependent upon agreement with the applicable union. The plan's actuary, The Segal Company, has indicated that there would be no additional cost to the retirement plan because the program would not create projected benefits for current members greater than those already anticipated in funding calculations. Based on consultation with the Academic Senate, it is proposed that if contributions were to resume while the program was in effect, campus contributions on behalf of participants would be required to result in this program's being cost neutral to the retirement plan, as recommended by the Academic Council.

Ms. Boyette commented that the second proposal is to amend the University's retirement savings plans to provide for mandatory distributions of small accounts, in accordance with

Internal Revenue code requirements. The University's plans require that participants take a distribution of their accounts if they leave UC employment and the balance is less than $2,000. Because UC employs over 50,000 students each year, there is a proportionately large number of participants who leave employment with small balances, and they are often difficult to find. A special effort has been made to find them so that IRA rollovers will need to be done only to the extent absolutely necessary. The number has been reduced from over 400,000 to about 23,000 lost participants. Of the remaining small accounts, about 2,500 have balances over $1,000 that now need to be rolled over into IRAs. A competitive bid process has resulted in the selection of Union Bank to establish the necessary IRAs.

Noting that the START program would degrade the retirement plan financially because fewer dollars will be coming in, Regent Bugay expressed concern about the ability to meet future obligations. With respect to the mandatory rollover program, he noted that there are administrative cost savings to be realized, and he asked whether other opportunities were considered to garner additional benefits at different levels. Ms. Boyette responded that the University's cost of internally administering the program is significantly less than if an outside administrator were retained. The IRS requires the use of an outside administrator if small accounts are distributed. Analyses showed that the $2,000 level was the break-even point that would result in avoiding the external costs.

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

The meeting adjourned at 11:10 a.m.

Attest:

Secretary and Chief of Staff