

The Regents of the University of California

COMMITTEE ON COMPENSATION

May 7, 2009

A special meeting of the Committee on Compensation was held by teleconference on the above date at the following locations: UCSF-Mission Bay Community Center, 1675 Owens Street, San Francisco; International Room, Tom Bradley International Hall, Los Angeles Campus; Moss Cove A and B, Student Center, Irvine Campus; 355 Highlander Union Building, Riverside Campus; Ballroom B, Price Center, San Diego Campus; Chancellor's Conference Room, 5123 Cheadle Hall, Santa Barbara Campus; 501 S. Alta Avenue, Dinuba; 700 S. Flower Street, Los Angeles; 2220 Lodgepole Circle, Modesto; 777 California Avenue, Palo Alto; 3110 Main Street, Santa Monica; 12006 Bennett Flat Road, Truckee; Board Room, 1806 N. Nimitz Street, Victoria, Texas.

Members present: Regents Cole, Johnson, Lozano, and Varner; Ex officio members Blum and Yudof; Advisory members Croughan and Stovitz

In attendance: Regents De La Peña, Gould, Island, Kieffer, Lansing, Makarechian, Marcus, Reiss, Ruiz, Schilling, Scorza, Shewmake, Wachter, and Zettel, Regents-designate Bernal and Nunn Gorman, Faculty Representative Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Interim Provost Pitts, Executive Vice Presidents Darling, Lapp, and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz and Sakaki, Chancellors Birgeneau, Bishop, Block, Blumenthal, Drake, Fox, Kang, Vanderhoef, White, and Yang, and Recording Secretary Johns

The meeting convened at 12:30 p.m. with Committee Chair Varner presiding.

1. READING OF NOTICE OF MEETING

For the record, notice was given in compliance with the Bylaws and Standing Orders for a special meeting of the Committee on Compensation to accommodate a scheduling change.

2. APPROVAL OF TOTAL COMPENSATION FOR SUSAN D. DESMOND-HELLMANN, M.D., M.P.H. AS CHANCELLOR, SAN FRANCISCO CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION

The President recommended that, contingent upon the appointment by the Regents of Susan D. Desmond-Hellmann, M.D., M.P.H., as Chancellor of the San Francisco campus, at 100 percent time, effective August 3, 2009, an annual salary of \$450,000 be approved, along with the additional compensation-related items listed below. She will also hold an academic appointment, zero percent time, on the San Francisco campus.

- A. Per policy, a monthly automobile allowance of \$743 (\$8,916 per annum).
- B. Per policy, a University house will be provided while Chancellor.
- C. Per policy, packing and relocation of household effects to be completed within one year from the date she assumes the chancellorship in order for it to be nontaxable. The move may be accomplished in one or more stages.
- D. Per policy, packing and relocation of her library and any other related equipment and materials.
- E. Consistent with past practice, upon leaving the Chancellor position and returning to the University faculty at a UC campus, the University will arrange for the relocation of personal belongings to a location of her choice in California.
- F. Per policy, eligibility for the Mortgage Origination Program (MOP) when stepping down as Chancellor, if she assumes a tenured faculty position at UCSF or at another UC campus. The benefit will be available for 12 months after stepping down as Chancellor. If granted a MOP loan, she will be entitled to continue under the program into retirement as long as she remains in the home.
- G. Per policy, an Administrative Fund will be established. Adjustments may occur annually as allowed by policy.
- H. If an active research program is maintained during the appointment as Chancellor, an annual allocation of campus funding will be established for this research during the term as Chancellor.
- I. Reimbursement of reasonable travel expenses for all business related visits to the campus during the 12-week transition period from May 7 to the effective start date of August 3.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- Credit for prior UC service will be reviewed and applied as appropriate.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

[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.]

3. **APPROVAL OF TOTAL COMPENSATION FOR LINDA P. B. KATEHI AS CHANCELLOR, DAVIS CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION**

The President recommended that, contingent upon the appointment by the Regents of Linda P. B. Katehi as Chancellor of the Davis campus, at 100 percent time, effective August 17, 2009, an annual salary of \$400,000 be approved, along with the additional compensation-related items listed below. She will also hold an academic appointment, zero percent time, on the Davis campus.

- A. Per policy, a monthly automobile allowance of \$743 (\$8,916 per annum).
- B. Per policy, a University house will be provided on campus while Chancellor.
- C. Per policy, a relocation allowance of \$100,000 (25.0 percent) to be paid no later than October 1, 2009. Should Ms. Katehi resign as Chancellor in the first four years of appointment, this relocation allowance will be subject to a repayment schedule as follows: 100 percent if resignation occurs within the first year, 60 percent if resignation occurs within the second year, 30 percent if resignation occurs within the third year, and 10 percent if resignation occurs within the fourth year of employment.
- D. Per policy, packing and relocation of household effects to be completed within one year from the date she assumes the chancellorship in order for it to be nontaxable. The move may be accomplished in one or more stages.
- E. Per policy, packing and relocation of her library and any other related equipment and materials.
- F. Consistent with past practice, upon leaving the Chancellor position and returning to the University faculty at a UC campus, the University will arrange for the relocation of personal belongings to a location of her choice in California.
- G. Per policy, eligibility for the Mortgage Origination Program (MOP) when stepping down as Chancellor, if she assumes a tenured faculty position at UCD or at another UC campus. The benefit will be available for 12 months after stepping down as Chancellor. If granted a MOP loan, she will be entitled to continue under the program into retirement as long as she remains in the home.
- H. Per policy, an Administrative Fund will be established. Adjustments may occur annually as allowed by policy.

- I. If an active research program is maintained during the appointment as Chancellor, an annual allocation of campus funding will be established for this research during the term as Chancellor.
- J. Reimbursement of reasonable travel expenses for all business-related visits to the campus during the 14-week transition period from May 7 to the effective start date of August 17.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- Credit for prior UC service will be reviewed and applied as appropriate.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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4. **APPROVAL OF COMPENSATION FOR DWAIN DUCKETT AS VICE PRESIDENT – HUMAN RESOURCES, OFFICE OF THE PRESIDENT AS DISCUSSED IN REGENTS ONLY SESSION**

The President recommended approval of the following items in connection with the appointment of and compensation for Dwaine Duckett as Vice President – Human Resources, Office of the President:

- A. Slotting of the new Senior Management Group position of Vice President – Human Resources at SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500), as recommended by Mercer Human Resource Consulting.
- B. Per policy, an annual base salary of \$300,000.
- C. Per policy, reimbursement of actual and reasonable costs associated with temporary living expenses not to exceed \$15,000 over a period of up to three months.

- D. Per policy, two round-trip coach class airfare trips, plus reasonable accommodation expenses to assist with house-hunting, subject to the limitations under policy for the candidate and his spouse/partner.
- E. Per policy, 100 percent reimbursement of actual and reasonable relocation expenses, to be completed within one year of assuming the position of Vice President – Human Resources, subject to the limitations under policy.
- F. Per policy, a relocation allowance of 25 percent (\$75,000) of base salary, to aid in Mr. Duckett's relocation from Pittsburgh, Pennsylvania to the Bay Area, subject to a repayment schedule if Mr. Duckett elects a lump sum payment and resigns in the first four years of his appointment. If paid in a lump sum, the repayment schedule would be as follows: 100 percent if resignation occurs within the first year of employment, 60 percent within the second year of employment, 30 percent within the third year of employment, and 10 percent within the fourth year of employment.
- G. Per policy, eligibility to participate in the University's Mortgage Origination Program.
- H. Per policy, a monthly automobile allowance of \$743 (\$8,916 per annum).
- I. Effective upon approval of the Regents, with a start date on or about May 15, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

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Committee Chair Varner briefly introduced the compensation items for the new chancellors of the San Francisco and Davis campuses, noting that the appointments of new chancellors are among the most important items the Regents consider. He also introduced the compensation item for the Vice President – Human Resources, Office of the President.

President Yudof expressed his pleasure in recommending Susan Desmond-Hellmann as the next chancellor of UC San Francisco. He described her career as a tremendous success story, with a history of great personal and professional accomplishment. Dr. Desmond-Hellman is a physician, a successful leader in the cancer research enterprise, and a veteran of industry who served for the last 14 years with Genentech, most recently as president of product development. She has led the development of therapies for some of the most pressing health problems, including a range of cancers. President Yudof commented on her commitment to patients, her ability to lead the clinical enterprise at UCSF, and her ability to facilitate and nurture the research enterprise. Dr. Desmond-Hellman is a proven manager of large, complex organizations, and will be an outstanding leader of the internal community and ambassador to the external community and to the many friends of UCSF. She will bring a commitment to all of the health professions represented on the campus. The chancellorship of departing Chancellor Bishop was a period of extraordinary accomplishment for UCSF. The campus will now build on that foundation and take on new challenges – including the next wave of global health threats and construction of a major new hospital at Mission Bay. President Yudof expressed his confidence that Dr. Desmond-Hellman is perfectly positioned to provide the leadership UCSF would need through this exciting next period.

Chairman Blum noted that the search committee identified many good candidates, but that it could not have made a better choice for chancellor of UCSF than Dr. Desmond-Hellmann.

Executive Director Larsen briefly reviewed the terms of the proposed compensation for Dr. Desmond-Hellmann as listed above.

President Yudof then presented his enthusiastic recommendation of Linda Katehi as the next chancellor of UC Davis. He praised her accomplishments as an academic, a member of the National Academy of Engineering, chair of the presidential committee that selects winners of the National Medal of Science, and an inventor in the field of engineering with 16 patents to her credit. He described Ms. Katehi as an able and effective manager, which she demonstrated as provost at the University of Illinois and as dean of engineering at Purdue University, where she launched an ambitious program to heighten the national prominence of the engineering school. He emphasized her commitment to students and her experience as a mentor, as a leader in extending research opportunities to undergraduates, and as an advocate for the quality of the graduate student experience and for the interests of underrepresented students. President Yudof noted that Ms. Katehi's breadth of background was appropriate for California. She was born and educated in Greece, came to California, and received her master's and doctoral degrees in engineering from UCLA. Since then she has served in faculty and administrative positions at three Big Ten universities: Michigan, Purdue, and Illinois. Her experience, and in particular her experience as provost at the University of Illinois, made her an excellent choice for UC Davis. Ms. Katehi understands the land-grant mission, is familiar with many of the leading academic disciplines at UC Davis, and understands how to advance quality at large, complex, public research institutions.

President Yudof noted the legacy of great accomplishment at UC Davis left by departing Chancellor Larry Vanderhoef. The campus has been physically transformed in a dramatic way, has risen remarkably in its national standing and in research grants, and has seen many improvements for students during Chancellor Vanderhoef's 15-year tenure. President Yudof believed that Ms. Katehi has the ability to sustain the great progress that has been made at UC Davis and to build on it, ambitiously, as the campus fully takes its place among the very top tier of American research universities.

Executive Director Larsen briefly reviewed the terms of the proposed compensation for Ms. Katehi as listed above.

President Yudof then turned to the compensation item for Dwaine Duckett as Vice President – Human Resources, Office of the President.

Executive Vice President Lapp noted that Mr. Duckett was selected after a national search. He has more than 20 years of experience as a human resources professional with General Foods, PepsiCo, Sony, and most recently the Heinz Corporation. Mr. Duckett's strategic thinking on human resources issues and his experience in the field of labor relations were especially impressive.

Executive Director Larsen briefly reviewed the terms of the proposed compensation for Mr. Duckett as listed above.

Upon motion duly made and seconded, the Committee approved the President's recommendations for compensation for Susan D. Desmond-Hellmann, Linda Katehi, and Dwaine Duckett and voted to present them to the Board, Regents Blum, Cole, Johnson, Lozano, Varner, and Yudof (6) voting "aye."¹

The Committee recessed at 12:50 p.m.

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The Committee reconvened at 1:25 p.m. with Committee Chair Varner presiding.

Members present: Regents Cole, Johnson, and Varner; Ex officio members Blum and Yudof; Advisory members Croughan and Stovitz

In attendance: Regents De La Peña, Gould, Island, Kieffer, Lansing, Makarechian, Marcus, Reiss, Ruiz, Schilling, Scorza, Shewmake, Wachter, and Zettel, Regents-designate Bernal and Nunn Gorman, Faculty Representative Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Interim Provost Pitts, Executive Vice Presidents Darling, Lapp, and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz and Sakaki, Chancellors Birgeneau, Bishop, Block, Blumenthal, Drake, Fox, Kang, Vanderhoef, White, and Yang, and Recording Secretary Johns

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.

5. ANNUAL REPORT ON EXECUTIVE COMPENSATION FOR CALENDAR YEAR 2008: INCUMBENTS IN CERTAIN SENIOR MANAGEMENT POSITIONS

[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 Annual Report on Executive Compensation for Calendar Year 2008: Incumbents in Certain Senior Management Positions was submitted to the Committee for information only. There was no discussion.

6. POLICY GOVERNING EMPLOYEE FURLoughS AND COMPENSATION REDUCTIONS DURING FISCAL EMERGENCIES AND AMENDMENT OF STANDING ORDER 100.4

[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 Vice President Lapp explained that this discussion item proposes a policy framework under which the University might implement furloughs and/or salary reductions in circumstances of financial emergency. President Yudof had not yet made any decision regarding salary reductions or furloughs, but wished that the University be able to act in case such actions were necessary. The item has two parts. The first is a proposed amendment to Standing Order 100.4 – Duties of the President. The second part establishes draft furlough and salary reduction guidelines.

The proposed amendment to the Standing Order prescribes the terms and conditions under which the President may implement furloughs and/or salary reductions for some or all University employees. The guidelines outline procedures required before a declaration for either of these actions could be recommended and set forth a comprehensive planning process for any salary reduction or furlough action. The robust nature of the consultation and planning processes required by both the amendment to the Standing Order and the guidelines are in recognition of the fact that, in most instances, the University would have ample warning before implementing these extraordinary measures and to ensure that the entire University community has participated in the planning process. The proposed amendment and guidelines have been distributed to chancellors and the Academic Senate, and will be discussed with staff representatives. Comments received will be evaluated in preparing the item that will be presented for approval at the July meeting.

Faculty Representative Croughan expressed satisfaction at the involvement of the Academic Senate in the development of this item. She described it as a testimony to the practice of shared governance at UC that faculty and staff opinion would be incorporated into the final version of the policy. She thanked President Yudof, Acting Deputy General Counsel Blair, and Ms. Lapp for ensuring that these various UC constituencies were involved.

7. APPROVAL OF REVISED DATES FOR ADMINISTRATIVE LEAVE IN LIEU OF SABBATICAL LEAVE FOR J. MICHAEL BISHOP, M.D. AS PROFESSOR ABOVE SCALE, SAN FRANCISCO CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION

The President recommended approval of the following item for J. Michael Bishop, M.D. as Professor Above Scale, 100 percent time, San Francisco campus:

Per policy, for the period August 3, 2009 through August 2, 2010, continuation of administrative salary of \$402,200 per annum while he is on paid administrative leave in lieu of sabbatical leave. This is Chancellor Bishop's current base salary as Chancellor, and is consistent with the provisions of Academic Personnel Policy 758-0 B.(2), which govern these types of leaves. This one-year administrative leave is contingent upon Dr. Bishop returning to a tenured faculty position for a minimum of one year at the completion of this leave.

Additional items approved by the Regents at their March 2009 meeting include:

- Per policy, conferral of the title of Chancellor Emeritus in recognition of Dr. Bishop's extensive service to the University as Chancellor of the San Francisco campus.
- Per policy, payment of reasonable and customary moving expenses from his University offices and the University-provided housing to his personal residence. These expenses are estimated at approximately \$10,000.
- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

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8. APPROVAL OF REVISED DATES FOR ADMINISTRATIVE LEAVE IN LIEU OF SABBATICAL LEAVE FOR LARRY N. VANDERHOEF AS PROFESSOR ABOVE SCALE, DAVIS CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION

The President recommended approval of the following item for Larry N. Vanderhoef as Professor Above Scale, 100 percent time, Davis campus:

Per policy, for the period August 17, 2009 through August 16, 2010, continuation of administrative salary of \$315,000 per annum while he is on paid administrative leave in lieu of sabbatical leave. This is Chancellor Vanderhoef's current base salary as

Chancellor, and is consistent with the provisions of Academic Personnel Policy 758-0 B.(2), which govern these types of leaves. This one-year administrative leave is contingent upon Mr. Vanderhoef returning to a tenured faculty position for a minimum of one year at the completion of this leave.

Additional items approved by the Regents at their March 2009 meeting include:

- Per policy, conferral of the title of Chancellor Emeritus in recognition of Mr. Vanderhoef's extensive service to the University as Chancellor of the Davis campus.
- Per policy, payment of reasonable and customary moving expenses from his University offices and the University-provided housing to his personal residence. These expenses are estimated at approximately \$7,500.
- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

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Upon motion duly made and seconded, the Committee approved the President's recommendations for revised dates for administrative leave for J. Michael Bishop, M.D., and Larry N. Vanderhoef and voted to present them to the Board, Regents Blum, Cole, Johnson, Varner, and Yudof (5) voting "aye."

The meeting adjourned at 1:30 p.m.

Attest:

Secretary and Chief of Staff