

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 18, 2013

A special meeting of the Regents was held on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Blum, De La Peña, Feingold, Flores, Gould, Island, Kieffer, Lansing, Makarechian, Newsom, Pattiz, Reiss, Ruiz, Schultz, Varner, Yudof, and Zettel

In attendance: Regents-designate Engelhorn, Leong Clancy, and Saifuddin, Faculty Representatives Jacob and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice President Dooley, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Dirks, Drake, Katehi, Khosla, and Yang, Acting Chancellor Conoley, and Recording Secretary McCarthy

The meeting convened at 2:10 p.m. with Chairman Varner presiding.

1. **READING OF NOTICE OF MEETING**

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

Upon motion duly made and seconded, service of notice was waived.

2. **REPORT OF THE SPECIAL COMMITTEE TO CONSIDER THE SELECTION OF A PRESIDENT**

Appointment of the President of the University of California

The Special Committee recommended that Janet Napolitano be appointed as President of the University of California, at 100 percent time, effective on or about September 30, 2013.

Regent Lansing said the process of selecting a candidate for president began more than five months prior, with extensive input from faculty, alumni, students, staff, senior leadership, and the Regents. It was not possible to release the names of the hundreds of candidates considered, because of the need for confidentiality. The Special Committee arrived at a unanimous decision to recommend Janet Napolitano as the next President of the University of California. Ms. Napolitano has had a lifetime of public service. As two-

time Governor of Arizona, she was a long-time advocate for education. As Secretary of the Department of Homeland Security (DHS), Ms. Napolitano has been a staunch supporter of the Development, Relief and Education for Alien Minors (DREAM) Act. Regent Lansing expressed the Committee's enthusiastic support for Ms. Napolitano's appointment, which will bring a fresh vision to the University.

Regent Flores commented that Ms. Napolitano's long public service is commendable and she has the potential to be an excellent manager and administrator of the UC system. Regent Flores congratulated Ms. Napolitano on her nomination as the first female President of the University. However, Regent Flores noted that students have raised several concerns about Ms. Napolitano's appointment. California's immigrant population is an important part of the state and Ms. Napolitano's involvement with the U.S. Immigration and Customs Enforcement's Secure Communities program would cast a shadow on her future endeavors. Regent Flores expressed her view that this program was divisive, created boundaries to higher education for many students and their families, created fear in immigrant communities, and ran counter to UC's mission of enhancing diversity. Regent Flores said she would not vote to approve Ms. Napolitano's appointment, but she is hopeful that she and Ms. Napolitano would work together to make UC a place where all students feel welcome, safe, supported, and respected. Regent Flores asked Ms. Napolitano to make the concerns of undocumented students a priority within the first 60 days of her appointment, to fund academic preparation programs, and to review the appointment process for the UC President.

Upon motion of Regent Lansing, duly seconded, the recommendation of the Special Committee to Consider the Selection of a President was approved, Regent Flores (1) voting "no."

Regent Varner thanked Regents who served on the Special Committee and Regent Lansing who served as Chair. The Committee spent many hours conducting an exhaustive search and arrived at a highly qualified candidate.

Regent Newsom thanked all applicants and members of the Special Committee for their work in arriving at a candidate for one of the most privileged positions in academia. He acknowledged the legitimacy of concerns expressed during the public comment period from those who have experienced immigration issues from a very personal perspective. Regent Newsom recalled that, as mayor of San Francisco, he supported passage of its City and County of Refuge ordinance, comprehensive immigration reform, and the DREAM Act, but he also had to enforce immigration laws relating to the Secure Communities program. Mayors across the nation were required to apply policies of the President of the United States and the Congress. Difficult issues had to be faced in each city and there is a shared national responsibility for the current difficulties with immigration law. Regent Newsom said that Ms. Napolitano is a remarkable person of character who would exceed expectations. He anticipated that Ms. Napolitano would demonstrate her unique understanding of immigration law in a positive way. She has been a leader in every position she has held, including as Secretary of the large, unwieldy DHS, and has been an advocate for women's rights, immigrants' rights, and education.

She was successful in leading the Federal Emergency Management Agency and its Center for Domestic Preparedness. Regent Newsom expressed his view that, while the concerns raised about Ms. Napolitano's tenure as Secretary of DHS deserve respect, the University is fortunate to have a candidate of her caliber.

Regent-designate Saifuddin expressed support for the position of Regent Flores and said that the concerns about campus climate and immigration issues expressed by students should be taken seriously. She and Regent Flores would work hard to ensure that a safe climate is maintained at the University.

Regent Reiss commented that Ms. Napolitano is eager to undertake the challenge of leading UC.

Regent Lansing said that Ms. Napolitano is committed to upholding the values of the University and has shown sensitivity to students' concerns. She expressed hope that Regent Flores and Regent-designate Saifuddin would encourage the student community to engage in a civil discourse to help alleviate and address concerns.

Regent Island said that in his eight years of service on the Board he has tried to be vigilant about the University's commitment to diversity and to providing a safe and welcoming community to all its students, faculty, and staff. He emphasized that he has had the full support of the President, all of his Board colleagues, the faculty, and staff in these efforts. UC is an embracing, welcoming community and it would continue to be so. He offered the Board's support in helping the new president reach out to UC students. While he respects the concerns and fears expressed by some students during the public comment session, Regent Island expressed his view that Ms. Napolitano's service is not tainted by the Obama administration's immigration and deportation policies. He expects Ms. Napolitano to be an outstanding president who will lead the University to new heights.

3. **REPORT OF THE COMMITTEE ON COMPENSATION**

The Committee presented the following from its meeting of July 18, 2013:

Compensation for Janet Napolitano as President of the University of California

The Committee recommended that, contingent upon and effective with Ms. Napolitano's appointment by the Regents as President of University of California, the following items be approved in connection with that appointment:

- A. Per policy, an annual base salary of \$570,000, which will be fully State-funded.
- B. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- C. Per policy, an annual automobile allowance of \$8,916.

- D. Per policy, as a condition of employment and for the convenience of the University, Ms. Napolitano will be required to live in a University-leased house and later, if available, a University-owned home. If the leased house is not available when Ms. Napolitano moves to the San Francisco Bay Area, the University will provide Ms. Napolitano with suitable temporary accommodations until the leased home is ready.
- E. Per policy, the University will provide Ms. Napolitano with two round trips (coach class airfare) including transportation, meals, and lodging for the purpose of organizing the move into the University-provided house or to secure suitable temporary housing, subject to the limitations under policy.
- F. Per policy, a relocation allowance of \$142,500 (25 percent of annual base salary), which is intended to offset any additional personal, unreimbursed expenses associated with accepting the University's offer and relocating at the request of the University. It will be paid as a single lump sum, subject to a repayment schedule if Ms. Napolitano separates from the University in the first four years of her employment. The following repayment schedule will apply: 100 percent if separation occurs within the first year of employment, 60 percent if separation occurs within the second year of employment, 30 percent if separation occurs within the third year of employment, and ten percent if separation occurs within the fourth year of employment.
- G. Per policy, the University will arrange for the packing and relocation of household goods and personal effects associated with the initial relocation to the San Francisco Bay Area and, if necessary, the move from the temporary accommodations to her University-leased home. The University will also arrange to pack and move Ms. Napolitano's personal library and other related materials, subject to the limitations under University policy.
- H. Per policy, when Ms. Napolitano steps down as President, the University will arrange for the packing and relocation of her personal belongings, including her library and any other related materials, to a location of her choice in California.
- I. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- J. Reimbursement of reasonable travel expenses, as defined by policy, for all business-related visits to the University prior to Ms. Napolitano's official start date.
- K. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability after five years of Senior Management Group service).

COMPARATIVE ANALYSIS**Recommended Compensation****Effective Date:** on or about September 30, 2013**Base Salary:** \$570,000**Target Cash Compensation:*** \$570,000**Funding:** partially or fully State-funded**Budget &/or Current Incumbent Data****Title:** President**Base Salary:** \$591,084**Target Cash Compensation:*** \$591,084**Funding:** partially or fully State-funded

* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

COMPETITIVE ANALYSIS FOR SYSTEMWIDE PRESIDENT

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25 th	50 th	60 th	75 th	90 th
Market Data	\$619K	\$717K	\$787K	\$891K	\$951K
% Difference from Market	-7.9%	-20.5%	-27.6%	-36%	-40.1%

Survey Source: College and University Professional Association (CUPA) survey. CUPA reports base salary only.

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.

Submitted by: Chairman of the Board of Regents Varner
Reviewed by: Committee on Compensation Chair Kieffer
 Office of the President, Human Resources

Regent Kieffer pointed out that the proposed compensation for Ms. Napolitano was lower than the compensation of the current president. Regent Reiss commented that, particularly since Ms. Napolitano would be the first female president of the University, it was important to note that she declined to accept a compensation package equal to that of the current president, because of the University's current budget situation. Regent Lansing added that the Special Committee did not seek a candidate from any particular demographic group, but only the best possible candidate.

Upon motion of Regent Kieffer, duly seconded, the recommendation of the Committee on Compensation was approved.

Ms. Napolitano expressed appreciation for the work done in preparation for this very special day for her. She thanked the Board, Chairman Varner, Regent Lansing, and the Special Committee to Consider the Selection of a President for selecting her for the privilege and honor of serving as the 20th president of the University of California. Ms. Napolitano said she is humbled by the Regents' support and looks forward to working with the Board to build further on the excellence of the University. She thanked President Obama for the opportunity to serve the American people as the third Secretary of the Department of Homeland Security (DHS), a role in which she will continue until September 6, 2013, and the men and women of the Department for their commitment to their critical missions. While she is eager to begin as president of UC, Ms. Napolitano confirmed her undivided commitment as Secretary of DHS until September 6.

When she comes to UC, Ms. Napolitano said she will face the challenges of her new position with enthusiasm. The University of California is the backbone of the state and a beacon for the nation and the world. As California goes, so goes the nation. During her tenure as Governor of Arizona, Ms. Napolitano experienced firsthand the effects of the fluctuations in California's economy on other states. As Secretary of DHS, she experienced the effects of California's economic leadership as the national economy rebounded. She said that as UC goes, so goes California.

Ms. Napolitano acknowledged that she is not a traditional candidate for the University's presidency, since she has not spent her career in academia. However, she has spent 20 years in public service advocating for education. Ms. Napolitano recalled that, as Governor of Arizona, she advocated for that state's universities, fought to keep tuition as low as possible for students, and helped create a new medical school in downtown Phoenix, a new research organization to foster university research and development, and loan forgiveness programs for high-demand fields of study. She also has decades of experience managing large institutions, such as prosecutorial offices, a state with 40,000 employees and excellent universities, and a federal agency with 240,000 employees working on a range of pressing and high-priority issues. At DHS, Ms. Napolitano created the agency's first Office of Academic Engagement to foster partnerships between DHS and the higher education community; DHS's Science and Technology Directorate supports research centers of excellence throughout the country.

Ms. Napolitano said she would bring sound management skills, a commitment to strong fiscal stewardship, and the ability to tackle tough challenges to her new position, as well as a sense of fairness. She was an early and vocal advocate of the Development, Relief and Education for Alien Minors (DREAM) Act and of comprehensive immigration reform. Ms. Napolitano said that, because it was the right thing to do, the prior summer she proactively put in motion an administrative version of the DREAM Act, under which more than 400,000 young people have been granted deferred action from removal proceedings with corresponding work authorization.

Ms. Napolitano noted that her late father was a faculty member at the University of New Mexico and finished his career as dean of its School of Medicine. Her brother has spent his career doing scientific research at Sandia National Laboratory.

Ms. Napolitano said she has much to learn about the University. She plans to listen to faculty about their research and scholarships needs, to students, to the governor and legislature, the Regents, staff, and alumni to learn their opinions about where UC is excelling and in what areas it can improve. The University is preeminent in educating the state's young people, in enhancing research and scholarship, in fostering economic growth, in medicine, and the arts. The University of California is the gold standard, which must be sustained now and in the future to educate California and the nation's future leaders and to foster research and new discoveries, while ensuring access across the spectrum of the state's diverse population. Ms. Napolitano will serve as UC's strongest advocate. President Yudof and his team have done an incredible job of steering the University through extremely difficult times and it is time for the University to move forward by challenging itself at every turn. She thanked the Board for her appointment and said she looks forward to her arrival.

Chairman Varner congratulated Ms. Napolitano and said the Board is eager to work with her.

The meeting adjourned at 2:40 p.m.

Attest:

Secretary and Chief of Staff