

# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

September 18, 2014

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

Members present: Regents De La Peña, Engelhorn, Gould, Island, Leong Clancy, Lozano, Makarechian, Napolitano, Pattiz, Reiss, Ruiz, Saifuddin, Sherman, Varner, and Zettel

In attendance: Regents-designate Davis, Gorman, and Oved, Faculty Representatives Gilly and Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Executive Vice President and Interim Chief Financial Officer Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz and Sakaki, Chancellors Block, Blumenthal, Katehi, Leland, Wilcox, and Yang, Interim Chancellor Gillman, and Recording Secretary Johns

The meeting convened at 9:20 a.m. with Chairman Varner presiding.

## 1. **REPORT OF THE PRESIDENT: APPOINTMENT – CHANCELLOR**

### *Appointment of Howard Gillman as Chancellor, Irvine Campus*

Having completed consultation with the Committee to Advise the President on the Selection of the Chancellor of the Irvine Campus, the President recommended that Howard Gillman be appointed as Chancellor, Irvine campus, at 100 percent time, effective upon approval. Mr. Gillman will also continue to hold an academic appointment, at zero percent time, on the Irvine campus.

President Napolitano reported that an exhaustive national search had resulted in the choice of Howard Gillman as the best candidate, one who appreciates the entrepreneurial spirit and bold ambition embodied by the Irvine campus. Mr. Gillman is an award-winning scholar of political science, has shown himself to be an effective leader, and possesses the imagination, intelligence, and energy to lead UC Irvine to the next level of excellence.

As UCI Provost and Executive Vice Chancellor, and most recently as Interim Chancellor, Mr. Gillman demonstrated a commitment to a diversified faculty and student body and closer ties between University research and the business community. His devotion to teaching and students is well known. Mr. Gillman earned his bachelor's, master's, and doctoral degrees from UCLA. He was the first member of his family to attend college.

President Napolitano praised Mr. Gillman for his vision, ability to listen, and commitment to collaboration. She recommended him wholeheartedly and with full confidence as the next chancellor of UC Irvine.

Upon motion of President Napolitano, duly seconded, the President's recommendation was approved.

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

The Committee presented the following from its meeting of September 18, 2014:

*Compensation for Howard Gillman as Chancellor, Irvine Campus*

The Committee recommended that, contingent upon and effective with Howard Gillman's appointment by the Regents as Chancellor of the Irvine campus, the following items be approved in connection with that appointment:

- A. Per policy, annual base salary of \$485,000.
- B. Per policy, continued eligibility to receive an annual automobile allowance of \$8,916.
- C. Per policy, a University-provided house while serving as Chancellor.
- D. Per policy, the University will arrange for the packing and relocation of Mr. Gillman's household goods and personal effects associated with the relocation to the University-provided house on campus. The University will also arrange to pack and move Mr. Gillman's personal library, laboratory, and other related equipment and materials, subject to the limitations under University policy.
- E. Per policy, when Mr. Gillman leaves the Chancellor position and returns to the University faculty at a UC campus, the University will arrange for the relocation of household goods and personal effects, including his personal library, laboratory, and any other related equipment and materials to a location of his choice in California.
- F. Per policy, continued eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies when stepping down as Chancellor, if Mr. Gillman assumes a tenured faculty position at Irvine or at another UC campus.
- G. 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.

- H. If Mr. Gillman maintains an active research program during his appointment as Chancellor, an annual allocation of campus funding will be established for this research during the term as Chancellor.
- I. Per policy, continuation of standard pension and health and welfare benefits (including senior management life insurance and executive salary continuation for disability).
- J. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, 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: President Napolitano**  
**Reviewed by: Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

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

Howard Gillman stated that he was honored and humbled by this vote of confidence in him to serve as the sixth chancellor of UC Irvine. He recalled that he began his college career at UCLA 38 years earlier as a first-generation freshman, where he quickly decided that he would be fortunate to spend his life within such a world of inquiry and discovery. The University of California made this wish possible, as he went on to become a scholar and a teacher, and it was also at UC that Mr. Gillman met his wife. He stressed his gratitude to UC, noting that countless other people who have been educated at a UC campus and who understand the value of great research universities share this same gratitude. He stressed the importance of public research universities for human progress, enlightenment, and democracy.

The decision of the people of California to create this extraordinary system should be considered one of the most visionary decisions ever made by a free people in support of its well-being. The University must communicate to the people of California the full story of the profound and positive impact it has in educating young people, preparing the next generation of scholars and professionals, exploring the frontiers of science, addressing pressing social challenges, engaging fundamental questions of morality and values, pursuing innovation in clinical practices, and forging partnerships with California communities.

Mr. Gillman recalled that he had returned to UC just over a year ago, attracted to the Irvine campus by its extraordinary accomplishments and palpable vitality, and by the spirit of the region, which is entrepreneurial, ascendant, committed to sustainability, and

encouraging of bold ambitions. He expressed gratitude to the students, faculty, and staff at UC Irvine, and stated that his experiences over the past year had convinced him that UCI is poised to rise higher in the ranks among global institutions of higher education that make the most important contributions to knowledge creation, education, arts and culture, clinical and professional practice, and human well-being.

Mr. Gillman stated that he would work with the UCI community to forge a path toward increased excellence and impact. There are a number of special considerations in that effort. First, the foundation of any great university is its people, especially its faculty. The founding faculty of UC Irvine pursued a vision not by copying, but by embracing a spirit of innovation. Today, the scholarship produced by Irvine faculty is among the most highly cited and influential in the world. The campus needs to ensure that it remains a place that attracts and nurtures innovative faculty.

Second, UC Irvine must ensure that the educational experiences of its students enrich their minds and spirits, enable them to achieve at the highest level, and open up opportunities for them to pursue their goals and have a positive impact on society. UC Irvine already has an outstanding record of success for its students, especially its Pell Grant-eligible and underrepresented students, a tremendous source of pride for the campus. UCI will strive for ways to secure more support for students and for innovation in how it teaches and structures academic experiences. Just as UCI seeks to attract the very best faculty, it will also be a first-choice school for the most outstanding students.

Third, while UCI will commit itself to increasing the impact of its work across the full spectrum of disciplines, the campus has a special obligation in health and medicine, both for residents of Orange County, in providing access to leading academic clinicians and medical researchers, and for the world, in doing its part to fight disease and promote human health. This fundamental mission could be more systematically integrated with expertise across the campus. There is hardly an area of study within UCI's schools that cannot contribute to this effort.

Fourth, the University's idea of excellence means inclusive excellence, the excellence that arises from a diverse community of inquiry. Diversity of experience and thought is an essential precondition for serious deliberation with a robust exchange of ideas. In a heterogeneous democratic society, the pathways to success must be open to everyone.

Mr. Gillman concluded by anticipating that UC Irvine would expand partnerships with its community. The campus is a vitally important institution for Orange County and the future of the region is inextricably linked to UCI's ongoing development. He looked forward to working with leaders in the region to advance shared goals and values, and to working with the Regents, students, staff, faculty, and supporters of UCI to further build on the excellence and impact of this great University.

Chairman Varner welcomed Mr. Gillman and stated that the Regents looked forward to working with him.

The Regents recessed at 9:30 a.m.

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The Regents reconvened at 12:10 p.m. with Chairman Varner presiding.

Members present: Regents Blum, De La Peña, Engelhorn, Gould, Island, Leong Clancy, Lozano, Makarechian, Napolitano, Newsom, Pattiz, Reiss, Ruiz, Saifuddin, Sherman, Varner, and Zettel

In attendance: Regents-designate Davis, Gorman, and Oved, Faculty Representatives Gilly and Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Chief Investment Officer Bachher, Executive Vice President and Interim Chief Financial Officer Brostrom, Senior Vice President Dooley, Vice Presidents Budil, Duckett, Lenz, and Sakaki, Chancellors Blumenthal, Gillman, Leland, Wilcox, and Yang, and Recording Secretary Johns

### 3. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of July 16-17, the special meeting of July 17, and the meetings of the Committee of the Whole of July 16 and 17, 2014 were approved.

### 4. REPORT OF THE PRESIDENT

The President presented her report concerning University activities and individuals. UCSF Professor Peter Walter received the 2014 Lasker Award for basic medical research, one of the most prestigious honors in science and medicine. He was the 12th UCSF faculty member to receive an award from the Albert and Mary Lasker Foundation, for either basic medical or clinical research. These awards are sometimes referred to as “the American Nobels.” In May, Professor Walter was also awarded Asia’s highest scientific honor, the 2014 Shaw Prize in Life Science and Medicine. Also at UCSF, Professor Robert Wachter was named one of the 100 most influential people in healthcare by *Modern Healthcare* magazine. The magazine’s list is a compilation based on more than 15,000 submissions. Former UCSF Chancellor Desmond-Hellmann was also included in this list. In conclusion, President Napolitano noted with sadness the passing of former Academic Council Chair Robert Connick, who served as Faculty Representative to the Board in 1982-83. A highly distinguished chemist, Professor Connick was affiliated with the Berkeley campus as a faculty member from 1943. He worked on the Manhattan Project during the Second World War and received both the Berkeley Citation and the Berkeley Medal.

### 5. REPORT OF THE COMMITTEE ON COMPENSATION

The Committee presented the following from its meeting of September 18, 2014:

#### A. *Policy on Compensation for Chancellors*

The Committee recommended that the following policy be approved to ensure the competitive compensation of chancellors:

The chancellors of the University of California system provide leadership that is critical to the continuing success of their individual schools and the system as a whole. As a result, it is essential that UC remain competitive in the compensation of these key leaders in order to recruit and retain the most highly qualified chancellors. This is particularly important in light of increasing responsibilities of chancellors and the dynamic market for university leaders of this caliber.

The following shall be used to determine whether compensation for UC chancellors is competitive: how the compensation for UC chancellors compares to that of the leaders of comparable institutions in both the Association of American Universities and the comparator institutions traditionally used for compensation comparisons, as well as other relevant indicators such as the appropriate Market Reference Zone.

When a UC chancellor's compensation falls behind the market for university leaders as measured by these indicators, the President shall recommend to the Regents an adjustment to the applicable chancellor's compensation so that it is more competitive with, though not necessarily equal to, the average compensation at such peer institutions. The President shall assess chancellors' compensation annually and recommend any adjustments to the Regents.

**B. *Preemptive Retention Salary Adjustment for Terry A. Belmont as Chief Executive Officer, UC Irvine Medical Center***

The Committee recommended approval of the following items in connection with the preemptive retention salary adjustment for Terry A. Belmont as Chief Executive Officer – UC Irvine Medical Center:

- (1) Per policy, a salary adjustment of 4.3 percent increasing Mr. Belmont's annual base salary from \$710,700 to \$741,260 as Chief Executive Officer at 100 percent time.
- (2) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a target award of 20 percent of base salary (\$148,252) and a maximum potential award of 30 percent of base salary (\$222,378). The actual award will be determined based on performance against pre-established objectives.
- (3) Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit program.
- (4) Per policy, continued annual automobile allowance of \$8,916.

- (5) Per policy, continuation of 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).
- (6) This action will be effective September 1, 2014.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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: UC Irvine Interim Chancellor Gillman**  
**Reviewed by: President Napolitano**  
**Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

C. *Appointment of and Compensation for Nathan Brostrom as Executive Vice President – Chief Financial Officer in Addition to Interim Appointment as Executive Vice President – Chief Operating Officer, Office of the President*

The Committee recommended approval of the following items in connection with the appointment of Nathan Brostrom as Executive Vice President – Chief Financial Officer, in addition to an interim appointment as Executive Vice President – Chief Operating Officer, Office of the President.

- (1) Per policy, appointment of Nathan Brostrom as Executive Vice President – Chief Financial Officer, Office of the President at 100 percent time, effective September 22, 2014.
- (2) Per policy, appointment of Nathan Brostrom as Interim Executive Vice President – Chief Operating Officer, effective September 22, 2014 and continuing until September 21, 2015 or the appointment of a new Executive Vice President – Chief Operating Officer, whichever occurs first.
- (3) Per policy, continuation of Mr. Brostrom's base salary of \$412,000.
- (4) Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).

- (5) Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program.
- (6) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- (7) Per policy, continuation of an annual automobile allowance of \$8,916.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, 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: President Napolitano**  
**Reviewed by: Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

D. *Incentive Compensation for Fiscal Year 2013-14 for John Stobo as Senior Vice President – Health Sciences And Services, Office of the President*

The Committee recommended approval of the Clinical Enterprise Management Recognition Plan (CEMRP) 2013-14 Plan Year award of \$116,000 for Dr. John Stobo as Senior Vice President – Health Sciences and Services, Office of the President. The recommended incentive award is 20 percent of his base salary.

**Recommended Compensation**

**Effective Date:** upon approval

**Base Salary:** \$580,000

**CEMRP Award:** \$116,000 (20 percent of base salary)

**Base Salary Plus Recommended CEMRP Award:** \$696,000

**Funding Source:** non-State-funded

**Prior Year Data (2012-13 Plan Year)**

**Base Salary:** \$580,000

**CEMRP Award:** \$115,988 (20 percent of base salary)

**Base Salary Plus CEMRP Award:** \$695,988

**Funding Source:** non-State-funded

The incentive compensation described shall constitute the University's total commitment regarding incentive compensation 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.



E. ***Incentive Compensation for Fiscal Year 2013-14 for Jagdeep Bachher as Chief Investment Officer and Vice President – Investments, Office of the President***

The Committee recommended approval of an award of \$153,750 for fiscal year 2013-14 under the Office of the Chief Investment Officer Annual Incentive Plan (AIP) for Jagdeep Bachher as Chief Investment Officer and Vice President – Investments. The recommended incentive award of \$153,750 represents 25 percent of Mr. Bachher's annualized base salary of \$615,000.

**Recommended Compensation**

**Effective Date:** upon approval

**Base Salary:** \$615,000 (annualized)

**AIP Award:** \$153,750

**Base Salary Plus Recommended AIP Award:** \$768,750

**Funding:** non-State-funded

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation 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.

F. ***Incentive Compensation for Fiscal Year 2013-14 for Melvin Stanton as Associate Chief Investment Officer, Office of the President***

The Committee recommended approval of an incentive award of \$438,792 for Melvin Stanton as Associate Chief Investment Officer under the Office of the Chief Investment Officer Annual Incentive Plan (AIP) for the 2013-14 Plan Year. The recommended incentive award is 139 percent of his base salary. The recommended award constitutes an exception to policy because the portion of the recommended award that corresponds to the period Mr. Stanton served as Co-Acting Chief Investment Officer was determined using the standards applicable to the position of Chief Investment Officer, rather than having the entire award determined using the standards applicable to the position of Associate Chief Investment Officer.

**Recommended Compensation**

**Effective Date:** upon approval

**Base Salary:** \$316,004

**AIP Award:** \$438,792 (139 percent of base salary)

**Base Salary Plus Recommended AIP Award:** \$754,796

**Funding:** non-State-funded

**Prior Year Data (2012-13 Plan Year)**

**Base Salary:** \$306,800

**AIP Award:** \$331,344 (108 percent of base salary)

**Base Salary Plus AIP Award:** \$638,144

**Funding Source:** non-State-funded

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation 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.

G. *Incentive Compensation for Fiscal Year 2013-14 for Randolph Wedding as Senior Managing Director – Fixed Income, Office of the President*

The Committee recommended approval of an incentive award of \$567,585 for Randolph Wedding as Senior Managing Director – Fixed Income under the Office of the Chief Investment Officer Annual Incentive Plan (AIP) for the 2013-14 Plan Year. The recommended incentive award is 152 percent of his base salary. The recommended award constitutes an exception to policy because the portion of the recommended award that corresponds to the period Mr. Wedding served as Co-Acting Chief Investment Officer was determined using the standards applicable to the position of Chief Investment Officer rather than having the entire award determined using the standards applicable to the position of Senior Managing Director – Fixed Income.

**Recommended Compensation**

**Effective Date:** upon approval

**Base Salary:** \$374,500

**AIP Award:** \$567,585 (152 percent of base salary)

**Base Salary Plus Recommended AIP Award:** \$942,085

**Funding:** non-State-funded

**Prior Year Data (2012-13 Plan Year)**

**Base Salary:** \$374,500

**AIP Award:** \$438,165 (117 percent of base salary)

**Base Salary Plus AIP Award:** \$812,665

**Funding Source:** non-State-funded

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation 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.

H. *Compensation for Certain Chancellors*

The Committee recommended that the following base salary adjustments for the individuals listed below be approved.

<b>Campus</b>	<b>Last Name</b>	<b>First Name</b>	<b>Title</b>	<b>Current Annual Base Salary</b>	<b>Proposed Salary Increase %</b>	<b>Proposed Annual Base Salary</b>
UCM	Leland	Dorothy	Chancellor	\$319,300	20.0%	\$383,160
UCSC	Blumenthal	George	Chancellor	\$319,300	20.0%	\$383,160
UCR	Wilcox	Kim	Chancellor	\$364,620	5.1%	\$383,160
UCSB	Yang	Henry	Chancellor	\$324,450	20.0%	\$389,340

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, 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: President Napolitano**  
**Reviewed by: Committee on Compensation Chair Kieffer**

I. *Amendment of the Market Reference Zone for the Associate Vice President – Finance, Office of the President*

The Committee recommended approval of the following items in connection with the amendment of the Market Reference Zone for the Level Two Senior Management Group position of Associate Vice President – Finance, Office of the President:

- (1) Amendment of the Market Reference Zone range for this position to reflect the following percentiles: 25th percentile – \$225,000, 50th percentile – \$274,000, 60th percentile – \$289,000, 75th percentile – \$323,000, and 90th percentile – \$375,000.
- (2) This action will be effective upon approval.

**Submitted by: President Napolitano**  
**Reviewed by: Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

Upon motion of Regent Lozano, duly seconded, the recommendations of the Committee on Compensation were approved, Regent Newsom (1) voting “no” on item 5. H. above.

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

The Committee presented the following from its meeting of September 17, 2014:

***Approval of University of California 2015-16 Budget for State Capital Improvements***

The Committee recommended that, subject to the concurrence of the Committee on Grounds and Buildings, the *2015-16 Budget for State Capital Improvements* as shown in Attachment 1 be approved.

Upon motion of Regent Ruiz, duly seconded, the recommendation of the Committee on Finance was approved.

**7. REPORT OF THE COMMITTEE ON GOVERNANCE**

The Committee presented the following from its meeting of September 18, 2014:

***Dates of Regents Meetings for 2016***

The Committee recommended that the following dates of Regents meetings for 2016 be approved.

2016

January 20-21

March 23-24

May 11-12

July 20-21

September 14-15

November 16-17

Upon motion of Regent Reiss, duly seconded, the recommendation of the Committee on Governance was approved.

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

The Committee presented the following from its meeting of September 18, 2014:

**A. *Approval of University of California 2015-16 Budget for State Capital Improvements***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the *2015-16 Budget for State Capital Improvements* as shown in Attachment 1 be approved.

**B. *Approval of Design following Action Pursuant to California Environmental Quality Act, Haas Business School New Academic Building, Berkeley Campus***

Following review and consideration of the environmental consequences of the proposed Haas Business School New Academic Building, as required by the

California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

- (1) Adoption of CEQA Findings based on the analysis of environmental impacts presented in the UC Berkeley 2020 Long Range Development Plan Environmental Impact Report and Addendum #10.
- (2) Approval of the design of the Haas Business School New Academic Building, Berkeley campus.

[The Environmental Impact Report Addendum #10 to the 2020 Long Range Development Plan Environmental Impact Report and California Environmental Quality Act Findings were provided to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Upon motion of Regent Makarechian, duly seconded, the recommendations of the Committee on Grounds and Buildings were approved.

## 9. **REPORT OF THE COMMITTEE ON INVESTMENTS**

The Committee presented the following from its meeting of September 17, 2014:

### A. ***Authorization to Establish an Investment Vehicle to Invest in the University's Innovation Economy***

The Committee recommended that the Regents:

- (1) Approve participation in an investment vehicle referred to herein as "UC Ventures" which would consist of:
  - a. A venture fund entity (the "Fund") to make and hold investments in innovative companies that are spun out from or associated with the University (collectively referred to as the "University ecosystem") on behalf of the investors in such entity, which is to include the following:
    - i. The Fund will be created and managed on behalf of the University and other investors, if any, by an independent team (the "Team"). Team members will not be University employees, members of the Board of Regents, immediate family members of University employees, nor will members of the Team serve in a staff capacity for the University.

- ii. Be subject to an investment strategy mandate to fund companies arising from the University ecosystem and have a goal to generate commercially attractive rates of return.
  - iii. Fund agreements to contain certain governance provisions such that the University, acting pursuant to its rights as an investor in the Fund, maintains certain limited control to ensure that the Fund's activities fit within the envisioned investment strategy and the University's interests are protected, including the ability of the Chief Investment Officer (CIO) to:
    - (a) Approve the business plan of the Fund.
    - (b) Approve an annual dollar-based budget.
    - (c) Terminate the Fund.
    - (d) Meet customary information rights and reporting requirements as reasonably determined by the CIO.
    - (e) Remove and replace the Team.
    - (f) Approve any new Fund investors.
  - b. If determined at the discretion of the CIO to be beneficial, a Holding Company wholly owned by the University to hold the University's interest in the Fund.
- (2) Require that the CIO:
- a. Present the detailed legal structure of UC Ventures to the Committee for informational purposes.
  - b. Submit regular reports no less than annually to the Committee on the Fund's status.
- (3) Authorize the CIO, after consultation with the Office of the General Counsel, to approve and execute: (i) any documents reasonably required to accomplish the above; and (ii) any modifications, addenda or amendments (collectively, "amendments") thereto; provided such amendments or other documents are materially consistent with the terms and conditions set forth above.

**B. *Establishment of a Framework for Sustainable Investing***

The Committee recommended that the Regents:

- (1) Approve the establishment and implementation of a framework on sustainable investment with the goal of completion by the end of the current fiscal year.
- (2) Integrate Environmental, Social, and Governance (ESG) factors as a core component of portfolio optimization and risk management. Evaluate all strategies for achieving ESG goals as soon as practical, including whether to use divestment.
- (3) Allocate \$1 billion over a period of five years to solutions-oriented investments such as renewable power and fuels, energy efficiency, and/or sustainable food and agriculture.

Upon motion of Regent Sherman, duly seconded, the recommendations of the Committee on Investments were approved.

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

The Committee presented the following from its meeting of September 18, 2014:

***Resolution to Exclude Access to Federal Classified Information***

The Committee recommended that the resolution pertaining to the University's Department of Defense Facility Security Clearances be approved, as shown in Attachment 2.

Upon motion of Regent Pattiz, duly seconded, the recommendation of the Committee on Oversight of the Department of Energy Laboratories was approved.

**11. REPORT OF INTERIM AND CONCURRENCE ACTIONS**

Secretary and Chief of Staff Shaw reported that, in accordance with authority previously delegated by the Regents, interim or concurrence action was taken on routine or emergency matters as follows:

- A. The Chairman of the Board, the Chair of the Committee on Finance, and the President of the University approved the following recommendation:

***Authority to Indemnify Union Pacific Railroad in Certain Limited Crossing Agreement, Davis Campus***

- (1) The President of the University be authorized to approve the terms of a wireline crossing agreement with Union Pacific Railroad (UPRR) that would allow the Davis campus to install a 30-inch diameter steel sleeve under the railroad tracks between the campus Solar Power Plant and the Davis Campus Substation, including a provision to indemnify, defend, and hold harmless UPRR, its officers, agents, and employees, and any other railroad company using the area, for any injury, damage or loss arising out of, resulting from, or related to the work contemplated by the wireline crossing agreement.
  - (2) The President, or her designee, after consultation with the General Counsel, be authorized to approve and execute any documents necessary in connection with the above.
- B. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, and the President of the University approved the following recommendation:

***Amendment of the Budget and Approval of External Financing, Computational Research and Theory Facility, Lawrence Berkeley National Laboratory and Berkeley Campus***

That the President of the University be authorized to:

- (1) Amend the 2014-15 Budget for Capital Improvements and the Capital Program as follows:
  - From: Lawrence Berkeley National Laboratory and Berkeley campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – \$124,944,000 to be funded from external financing supported by Lawrence Berkeley National Laboratory funds (\$119,944,000) and external financing to be supported by Berkeley campus funds (\$5 million).
  - To: Lawrence Berkeley National Laboratory and Berkeley campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – \$142,944,000 to be funded from external financing supported by Lawrence Berkeley National Laboratory funds (\$137,944,000) and external financing supported by Berkeley campus funds (\$5 million).
- (2) Obtain additional external financing in an amount not to exceed \$18 million. The President shall require that:
  - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.



- b. As long as the debt is outstanding, the available funds of the Lawrence Berkeley National Laboratory (LBNL) shall be maintained in amounts sufficient to pay the debt service and to meet the requirements of the authorized financing.
    - c. The general credit of the Regents shall not be pledged.
  - (3) For the additional \$3.8 million in contingency funding, require that the approval of the Vice President of Budget and Capital Resources be obtained for all expenditures exceeding \$1.9 million. The LBNL shall submit a formal letter requesting expenditure of the additional funds and identifying the work attributed to these additional funds.
  - (4) Execute all documents necessary in connection with the above.
- C. The Chairman of the Board, the Chair of the Committee on Compensation, and the President of the University approved the following recommendations:
  - (1) ***Appointment of and Compensation for Charles H. Podesta, Chief Information Officer, UC Irvine Medical Center***

Background to Recommendation

Action under interim authority was requested for approval of the appointment of and compensation for Charles H. Podesta as Chief Information Officer (CIO), UC Irvine Medical Center, effective on or about August 18, 2014. Mr. Podesta is an external hire.

This request was in response to the resignation of Jim Murry, the previous CIO, announced in 2013 and effective March 2014. After a thorough national search, Mr. Podesta emerged as the top candidate for this position.

The campus proposed a base salary of \$375,000, which represents an increase of 20.8 percent above the previous incumbent's base salary. The proposed base salary reflects an appropriate market rate and takes into account the scope and responsibilities of the position. The proposed base salary is 5.6 percent above the 60th percentile of the Market Reference Zone (MRZ) and 6.9 percent above the average salary (\$350,733) for CIOs at the other UC medical centers.

With the changes in the landscape of the healthcare information technology (IT) field, there is a shortage in talent for these senior positions. Recruiting and retaining these employees proves to be a challenge with a lack of high-quality candidates. As a result, the field has seen an escalation in compensation for skilled senior leaders. In this

recruitment, the second top candidate's salary requirements surpassed the compensation in this item.

Given Mr. Podesta's extensive IT healthcare experience, and particularly his proven track record with successful implementation of Epic Electronic Health Record, the proposed annual base salary of \$375,000 is appropriate.

Funding for this action will come exclusively from medical center revenue funds. No State funds will be used for this position.

Action under interim authority was necessary because Mr. Podesta is being actively recruited by similar organizations. The campus was not able to secure the recruitment of Mr. Podesta in time for submission to the July Regents meeting. The campus wanted Mr. Podesta's appointment to start in August, and in light of this time sensitivity, this item could not wait for the regularly scheduled meeting in September.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Charles H. Podesta as Chief Information Officer, UC Irvine Medical Center:

- a. Appointment of Charles H. Podesta as Chief Information Officer, UC Irvine Medical Center, at 100 percent time.
- b. Per policy, an annual base salary of \$375,000, funded by non-State funds.
- c. Per policy, eligible to participate in the Clinical Enterprise Management Recognition Plan, with a target award of 15 percent of base salary (\$56,250) and a maximum potential award of 25 percent of base salary (\$93,750). The actual award will be determined based on performance against pre-established objectives.
- d. Per policy, a monthly contribution to the Senior Management Supplemental Benefit Program equivalent to five percent of base salary.
- e. Per policy, a hiring bonus of approximately 13.3 percent of base salary (\$50,000), which is intended to make the hiring offer market-competitive and to assist in securing Mr. Podesta's acceptance of the offer. The hiring bonus will be paid in a lump sum, and Mr. Podesta must pay back a prorated portion of the

hiring bonus if he separates from the University within two years of his appointment, subject to the limitations under policy.

- f. Per policy, a relocation allowance of approximately 10.7 percent of base salary (\$40,000), which is intended to offset additional unreimbursed expenses associated with accepting the University's offer and relocating at the request of the University. The relocation allowance will be paid in installments over two years: \$20,000 to be paid within 30 days of hire, \$10,000 to be paid after one year of service, and \$10,000 to be paid after two years of service, subject to the limitations under policy. Any unpaid relocation allowance amounts will be forfeited at the time of separation.
- g. 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).
- h. Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.
- i. This action will be effective on or about August 18, 2014.

**Recommended Compensation**

**Effective Date:** on or about August 18, 2014

**Base Salary:** \$375,000

**Clinical Enterprise Management Recognition Plan (CEMRP):**  
\$56,250 (at 15 percent target)

**Target Cash Compensation:\*** \$431,250

**Funding:** non-State-funds

**Budget &/or Prior Incumbent Data**

**Title:** Chief Information Officer

**Base Salary:** \$310,400

**Clinical Enterprise Management Recognition Plan (CEMRP):** \$46,560  
(at 15 percent target)

**Target Cash Compensation:\*** \$356,960

**Funding:** non-State-funds

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend. For participants in the Health Sciences Compensation Plan (HSCP), Target Cash Compensation also includes HSCP payments.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the

Chancellor, as applicable under Regents policy, 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:** UC Irvine Chancellor Drake  
**Reviewed by:** President Napolitano  
Committee on Compensation Chair Kieffer  
Office of the President, Human Resources

(2) *Contract Compensation for Russell Turner, Head Men's Basketball Coach, Intercollegiate Athletics, Davis Campus*

Background to Recommendation

Action under interim authority was requested to approve the contract compensation reflected in an addendum to the original contract for Russell Turner, Head Men's Basketball Coach, Intercollegiate Athletics, Irvine campus, retroactive to May 1, 2013 and continuing through April 30, 2018. The term of Coach Turner's original contract was May 1, 2010 through April 30, 2015.

The negotiation of the addendum to Coach Turner's contract was unexpectedly delayed and not approved by the campus until November 2013. Because Coach Turner's total potential cash compensation exceeds \$295,000, it is subject to the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (the September 2008 Parameters). Those Parameters provide that retroactive approval of contract compensation terms constitutes an exception that requires approval by the Regents.

Accordingly, the campus sought approval of the compensation terms for Coach Turner that are reflected in the contract addendum, all of which are within the September 2008 Parameters and therefore could have been approved under local authority but for the retroactive effective date. The compensation terms include annual guaranteed compensation of \$260,000, which consists of base salary only. The proposed annual guaranteed compensation reflects an increase of 26.8 percent over the annual guaranteed compensation of \$205,000 in Coach Turner's original contract. The September 2008 Parameters permit an increase in annual guaranteed compensation of up to 30 percent. In addition, the campus requests approval of an annual maximum incentive potential of \$63,000 for contract year 2013-14. The proposed maximum incentive potential is \$30,000 (90.9 percent) more than the maximum incentive potential of \$33,000 in the original contract. In each of the subsequent years governed

by the contract, as amended by the addendum, the maximum incentive potential will increase by \$3,000 until it reaches \$75,000. The September 2008 Parameters permit an increase in incentive potential of up to 15 percent or \$30,000, whichever is higher, as well as increases of up to five percent in each subsequent contract year. The campus also seeks approval of total deferred compensation of \$240,000 to be paid in the form of annual contingent retention bonuses of \$60,000, provided that Coach Turner remains continuously employed as the Head Coach through each contract year and achieves the applicable game fee minimum for that year. The September 2008 Parameters permit total deferred compensation of no more than the first year's guaranteed compensation. Lastly, the campus seeks approval of a one-time signing bonus in the amount of \$30,000. The signing bonus amount of \$30,000 is approximately 11.5 percent of the first year's annual guaranteed compensation under the addendum. The September 2008 Parameters permit a one-time signing bonus of up to 33 percent of the first year's guaranteed compensation.

All other compensation terms in the contract, as amended by the addendum, remain unchanged from Coach Turner's original contract and are consistent with the September 2008 Parameters.

The source of funding for this position is non-State funds; the position will be exclusively funded by athletic department revenues, effective May 1, 2014. The source of funding for Coach Turner's compensation from May 1, 2013 through April 30, 2014 was a combination of athletic department revenues and student services fees. Because the September 2008 Parameters require that coach compensation subject to those Parameters be funded only by athletic department revenues (including athletic equipment supplier agreements) or private fundraising, the use of student service fees to fund Coach Turner's compensation constitutes an exception to the September 2008 Parameters that required Regental approval. Use of student services fees to fund the position is consistent with Regents' policy and Presidential guidelines.

Russell Turner has led Irvine to 44 wins over the past two seasons. He was named the 2014 Big West Conference Coach of the Year and NABC District 9 Coach of the Year after leading Irvine to their first league regular season title in 12 years and a second consecutive 20-win season.

Action under interim authority was requested because Coach Turner was being actively pursued by other institutions. In an effort to retain Coach Turner, the campus negotiated new contract terms that are to be effective July 1, 2014. However, the addendum to his current contract must be approved before the new terms can be finalized with Coach Turner. The Irvine campus is ambitiously working to continue the success of its men's basketball team, which has led to growth in both the program and its

reputation. The donor community has connected with Coach Turner and has a strong desire to see the team's continued success under his leadership.

#### Recommendation

The following items were approved in connection with the retroactive approval of the following items in connection with the contract compensation for Russell Turner, Head Men's Basketball Coach, Intercollegiate Athletics, Irvine campus:

- a. Annual guaranteed compensation of \$260,000, which is comprised of base salary only. The annual guaranteed compensation will remain constant throughout the contract duration, as amended by the contract addendum.
- b. An annual maximum incentive potential of \$63,000 for contract year 2013-14. The maximum incentive potential will increase by \$3,000 in each subsequent year of the contract, as amended by the contract addendum. In contract year 2014-15, the maximum incentive potential will be \$66,000. In contract year 2015-16, the maximum incentive potential will be \$69,000. In contract year 2016-17, the maximum incentive potential will be \$72,000. In contract year 2017-18, the maximum incentive potential will be \$75,000.
- c. A one-time signing bonus of \$30,000. The signing bonus is approximately 11.5 percent of the first year's annual guaranteed compensation under the addendum.
- d. Total deferred compensation in the amount of \$240,000 in the form of contingent retention bonuses, which will be paid in annual installments of \$60,000 over a four-year period, provided that Coach Turner remains continuously employed as the Head Coach through each contract year, as amended by the addendum, and achieves the applicable game fee minimum for that year.
- e. Eligibility to receive compensation from camp income of \$35,000 per year.
- f. Per policy, standard pension and health and welfare benefits.
- g. As an exception to the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Parameters), the source of funding for this position from May 1,

2013 through April 30, 2014 came from student fees and program-generated revenue. The September 2008 Parameters require Regental approval when coach compensation subject to the Parameters is funded by sources other than athletic department revenues (including athletic equipment supplier agreements) or private fundraising. Effective May 1, 2014, the position has been exclusively funded by athletic revenues.

- h. As an exception to the September 2008 Parameters, this contract compensation will be retroactive to May 1, 2013 and continue through April 30, 2018.

**Recommended Compensation**

**Effective Date:** May 1, 2013 and continuing through April 30, 2018.

**Base Salary:** \$260,000

**Guaranteed Compensation:** \$260,000

**Maximum Potential Bonus/Incentives:** \$63,000

**Camps:** \$35,000

**Deferred Compensation:** \$60,000

**Signing Bonus:** \$30,000

**Total Potential Cash Compensation in the first year of the contract:**  
\$448,000

**Funding:** non-State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Head Basketball Coach

**Base Salary:** \$205,000

**Guaranteed Compensation:** \$205,000

**Maximum Potential Bonus/Incentives:** \$33,000

**Camps:** \$35,000

**Total Potential Cash Compensation:** \$273,000

**Funding:** non-State-funded

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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:** UC Irvine Chancellor Drake  
**Reviewed by:** President Napolitano  
Committee on Compensation Chair Kieffer  
Office of the President, Human Resources

(3) ***Appointment of and Compensation for Ramamoorthy Ramesh as Associate Laboratory Director – Energy Technologies, Lawrence Berkeley National Laboratory***

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Ramamoorthy Ramesh as Associate Laboratory Director – Energy Technologies, Lawrence Berkeley National Laboratory (LBNL), effective on or after August 15, 2014. This action required Regental approval because the proposed salary of \$350,000 is above the 75th percentile of the applicable Market Reference Zone (MRZ). The approval under interim authority was requested in order to: 1) meet the Department of Energy's expectations for management of the Laboratory; 2) allow LBNL to pursue funding opportunities; and 3) allow LBNL to acquire an excellent candidate who will not be available unless action is taken immediately.

The position of Associate Laboratory Director (ALD) – Energy Technologies is currently filled in an acting capacity by the Deputy Laboratory Director. This situation is not sustainable for an extended duration given the significant management and strategic responsibilities of the Deputy Director, nor is this type of arrangement generally favorable in the eyes of the major funding agency for the Laboratory, the Department of Energy. In addition, having an ALD – Energy Technologies will allow LBNL to more aggressively develop a new strategy for energy technologies research and better engagement with UC campuses and California industry, building new programs and cultivating new and expanded sources of funding. Finally, and perhaps most significantly for urgent action, Mr. Ramesh is an outstanding candidate who is the Deputy Laboratory Director of a rival institution, Oak Ridge National Laboratory, and is willing to incur a significant decrease in compensation and seniority to assume this position. If this action were approved under interim authority, he would be able to relocate to Berkeley before the school year starts for his children, as he does not wish to relocate mid-school year. Delayed approval would seriously complicate and could jeopardize LBNL's ability to recruit this outstanding candidate.

In November 2013, in response to a change in Laboratory strategies and building on its historic strength in energy-efficiency technologies and policy analysis, LBNL created the Energy Technologies Area to increase the impact of basic research by translating fundamental discoveries into transformational solutions for energy and the environment. A nationwide search was launched for an ALD – Energy Technologies who would be charged with leading this effort and building innovative new applied energy sciences programs that will leverage LBNL's existing strengths in



advanced materials, computation, engineering, physics, and biology, as well as stewarding, strengthening and diversifying LBNL's existing world-renowned portfolio of programs in energy-efficiency technologies and systems analysis. Mr. Ramesh was selected from an outstanding pool of candidates based on his exceptional research record and his established senior-level leadership experience.

Mr. Ramesh is a highly respected scientist, and his research is highlighted by his extensive publication record and international reputation in his field. He is uniquely qualified for this role at LBNL, and his in-depth technical expertise combined with his established leadership experience will provide immediate benefit to the Laboratory. For these reasons, Mr. Ramesh is the selected candidate for the ALD – Energy Technologies at LBNL.

The assigned Market Reference Zone (MRZ) for the ALD position has the following range: 25th percentile – \$243,000, 50th percentile – \$272,000, 60th percentile – \$289,000, 75th percentile – \$334,000, 90th percentile – \$352,000. Based on the scope and complexity of duties, the critical nature of the ALD role, the current market competition, and the exceptional qualifications of the candidate, LBNL proposes an annual base salary of \$350,000 for Mr. Ramesh, which is 4.8 percent above the 75th percentile and 0.6 percent below the 90th percentile of the position's MRZ. The proposed total cash compensation for Mr. Ramesh, which is base salary only, at LBNL, represents a 12.9 percent reduction from his current total compensation of \$401,700 (comprised of \$309,000 base pay and an incentive of \$92,700). The proposed base salary for the ALD – Energy Technologies is 6.5 percent higher than the average base salary (\$328,512) of the four other ALD positions at LBNL.

This position is funded by Department of Energy funds.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Ramamoorthy Ramesh as Associate Laboratory Director – Energy Technologies, Lawrence Berkeley National Laboratory:

- a. Appointment of Ramamoorthy Ramesh as Associate Laboratory Director – Energy Technologies, Lawrence Berkeley National Laboratory, at 100 percent time.
- b. Per policy, an annual base salary of \$350,000.
- c. Per policy, reimbursement for relocation expenses actually incurred, not to exceed 17.1 percent of Mr. Ramesh's proposed salary (\$60,000), subject to the limitations under policy.

- d. Per policy, reimbursement of the actual cost of shipping household goods, subject to the limitations under policy.
- e. Per policy, reimbursement for temporary housing expenses actually incurred, not to exceed \$3,360 per month up to a period of 60 days for a total not to exceed \$6,720, subject to the limitations under policy.
- f. Per policy, one house-hunting trip for Mr. Ramesh and his spouse or domestic partner to secure housing in the San Francisco Bay Area, subject to the limitations under policy.
- g. 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).
- h. Per policy, eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- i. Per policy, accrual of sabbatical credits as a member of tenured faculty.
- j. This action will be effective on or after August 15, 2014.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** on or after August 15, 2014

**Base Salary:** \$350,000

**Target Cash Compensation:\*** \$350,000

**Funding:** non-State-funded

#### **Budget &/or Prior Incumbent Data**

**Title:** not applicable – new position

**Base Salary:** not applicable

**Target Cash Compensation:\*** not applicable

**Funding:** not applicable

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

The compensation described above shall constitute the University's total commitment until modified by the Regents, President, or Laboratory Director, as applicable under Regents policy, 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: Laboratory Director Alivisatos**  
**Reviewed by: President Napolitano**  
**Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

(4) ***Amendment of the Market Reference Zone for the Chief Procurement Officer, Office of the President***

Background to Recommendation

Action under interim authority was requested for approval to amend the Market Reference Zone (MRZ) for the title of Chief Procurement Officer (CPO), effective upon approval. This was prompted by the creation of a new Chief Procurement Officer position that is to focus exclusively on UC Health, under Senior Vice President Stobo, in order to impact/lower costs within the health enterprise via more efficient purchasing practices, leveraging the medical centers' total spend of about \$2 billion.

This position will continue to be in Level Two of the Senior Management Group, and pursuant to Regents policy, the President has authority for appointment and compensation decisions for such positions within certain parameters. However, the MRZs are approved by the Regents for all SMGs.

The Associate Vice President – Chief Procurement Officer role was first launched in 2012 as part of the Working Smarter Initiative. UC Procurement's P200 Program is a systemwide procurement services program which aims to deliver \$200 million in benefit<sup>1</sup> annually by the end of fiscal year 2016-17 in support of the University's core missions of teaching, research, and public service. This will be accomplished through development and implementation of strategic procurement processes and state-of-the-art technology that will optimize the value of funds expended on the acquisition of goods and services. The initial P200 Strategic Plan set a fiscal year 2013-14 savings target of \$120 million. However, the program has exceeded that goal by reaching \$128 million in annual benefit.

The Chief Procurement Officer position for the Health System is being created in the interest of achieving similar results, with a specific focus on the University's five medical centers' purchasing practices.

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<sup>1</sup> *Benefit* is defined as financial value of cost reduction, cost avoidance, incentives and revenue generated through procurement actions.

Healthcare reform and increasing market competition have created an emergent need to better manage operational costs for the University of California's health enterprise, UC Health. Supply chain management at UC Health, a large portion of enterprise expense, must evolve into a rapidly adaptive, metric driven, and system integrated competency accountable to senior leadership for executing change and driving operational success.

This new focus primarily will drive volume purchasing power to reduce UC Health supply and service expenses by applying world-class strategic sourcing practices and implementing advanced analytics that result in significant systemwide economies of scale, guaranteeing UC Health the right products and services at the best possible price. The health enterprise anticipates expenditures of approximately \$2.4 billion in total. UC academic campuses spend slightly over \$7 billion annually for goods and services. Consistent with the methodology underlying the creation and maintenance of the MRZs and executive compensation, one MRZ will be used to administer compensation for both roles since they are substantially similar in function but differ in focus and scope.

The CPOs will work in collaboration with the chancellors, campus leadership, faculty, staff, and students, and the UC Health executive leadership of CEOs and deans through the UC Health Shared Services Management Council and its chair, the Senior Vice President for Health Sciences and Services.

The percentiles for the proposed Market Reference Zone (MRZ) for the position of CPO are as follows: 25th percentile – \$253,000, 50th percentile – \$311,000, 60th percentile – \$326,000, 75th percentile – \$357,000, and 90th percentile – \$414,000. The survey sources used to benchmark the proposed MRZ are the Mercer Benchmark Database, the Radford Global Technology Executive Benchmark Survey, the Towers Watson CDB General Industry Executive Survey, the Integrated Healthcare Strategies National Healthcare Leadership Compensation Survey, and the Sullivan Cotter Survey of Managers and Executive Compensation.

This action was requested via interim authority to begin recruitment for the Health System CPO position.

Funding for this position will come partially or fully from State funds.

#### Recommendation

The following items were approved in connection with the amendment of the Senior Management Group position of Chief Procurement Officer:

- a. The amendment of the Senior Management Group Market Reference Zone for the Chief Procurement Officer. This position will continue to be in Level Two of the Senior Management Group.
- b. The amended Market Reference Zone for the position of CPO will be as follows: 25th percentile - \$253,000, 50th percentile - \$311,000, 60th percentile - \$326,000, 75th percentile - \$357,000, and 90th percentile - \$414,000.
- c. This action will be effective upon approval.

**Submitted by: President Napolitano**  
**Reviewed by: Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

## 12. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Shaw reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated August 5, 2014 and September 9, 2014.

## 13. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Shaw reported that, on the dates indicated, the following were sent to the Regents or to Committees:

### **To Members of the Committee on Compensation**

- A. From the President, 2013 Annual Report on Executive Compensation for Deans and Certain Full-Time Faculty Administrators. (August 25, 2014)

### **To Members of the Committee on Finance**

- B. From the Office of General Counsel, a bi-monthly report of New Litigation for the reporting period of 06/02/14 to 08/04/14. (August 29, 2014)

### **To the Regents of the University of California**

- C. From the Secretary and Chief of Staff, news release regarding the President's selection of Sam Hawgood as the next Chancellor of UCSF. (July 9, 2014)
- D. From the Secretary and Chief of Staff, letter from the UC Student Association requesting to delay the appointment of the Student Regent nominee Avi Oved and the response from Chairman Varner and Regent Kieffer. (July, 9, 2014)

- E. From the Secretary and Chief of Staff, news release regarding the appointment of Monica Lozano to the Committee on Awards for Innovation in Higher Education. (July 25, 2014)
- F. From the President, information on California resident and nonresident undergraduate enrollment. (August 1, 2014)
- G. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of July 2014. (August 5, 2014)
- H. From the President, Biannual Compensation Monitoring Report for Certain Senior Management Positions – May 2014. (August 11, 2014)
- I. From the President, actuarial valuation of the University's Retiree Health Benefit Program. (August 11, 2014)
- J. From the Secretary and Chief of Staff, *Sacramento Bee* article regarding the confirmation of Regents Blum, Lozano, Pattiz and Sherman. (August 25, 2014)
- K. From the President, letter forwarding the President's essay on the importance of public universities published on the *Washington Monthly* website. (August 25, 2014)
- L. From the President, Annual Reports on Executive Compensation and Compensated Outside Professional Activities for Incumbents in Certain Senior Management Positions. (August 25, 2014)
- M. From the President, a report on the fee levels for Self-Supporting Graduate Professional Degree Programs approved for 2014-15. (August 26, 2014)
- N. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of August 2014. (September 9, 2014)

The meeting adjourned at 12:15 p.m.

Attest:

Secretary and Chief of Staff

**2015-16 BUDGET FOR STATE CAPITAL IMPROVEMENTS (\$000s)**  
**CCCI 6284**

CRITERIA	CAMPUS	PROJECT	PHASE	REQUEST	SOURCE	TOTAL
						BUDGET
<b>Continuing Projects</b>						
Modernization	ANR	Intermountain Research Extension Center	C	\$1,786	*	\$2,086
			E	\$100 CF		
Seismic/Life Safety	DV	Chemistry Seismic and Life Safety Corrections	C	31,076	*	34,558
Previous Growth	M	Classroom and Academic Office Building	E	4,951	*	54,845
Modernization	R	Batchelor Hall Building Systems Renewal	WC	17,777	*	18,179
Seismic/Life Safety	R	Environmental Health and Safety Expansion	E	369	*	21,051
Seismic/Life Safety	SF	Clinical Sciences Building Seismic Retrofit	C	21,735	*	91,468
			C	52,001 EF	*	
Previous Growth	SC	Coastal Biology Building	E	2,000	*	73,642
<b>New Projects</b>						
Seismic/Life Safety	SB	Campbell Hall Replacement Building	PWCE	15,787	*	31,574
			PWCE	15,787 CF		
Modernization	B	Wheeler Hall	WC	19,400	*	20,500
			PW	1,100 CF		
Previous Growth	SD	Biological and Physical Sciences Building	C	55,800	*	111,600
			C	46,700 EF	*	
			E	4,600 CF		
Infrastructure	SC	Telecommunications Infrastructure Phase B	C	12,623	*	14,600
				413 CF		
Seismic/Life Safety	IR	Fire and Life Safety Improvements Phase 1	DC	35,486	*	35,486
Modernization	R	Pierce Hall Improvements	PWC	34,680	*	34,680
Seismic/Life Safety	SC	Environmental Health and Safety Facility	PWC	19,437	*	19,437
Seismic/Life Safety	LA	CHS - SOM West Seismic Renovation	C	25,000	*	40,000
			PWC	15,000 CF		
<b>TOTAL 2015-16 STATE PROGRAM</b>				<b>\$297,907</b>		<b>\$603,706</b>
* Financing associated with this fund source is subject to a future action.						

**RESOLUTION**

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of The University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable her to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

<b>NAME</b>	<b>TITLE</b>
Toni Atkins	Ex officio Regent