

REPORT OF INTERIM ACTIONS

Office of the Secretary and Chief of Staff
July 14, 2011

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

INFORMATION ITEM

Report of Actions Taken Between Meetings

In accordance with authority previously delegated by the Regents, interim action was taken on routine or emergency matters as follows:

- A. The Chairman of the Board and the Chair of the Committee on Governance approved the following recommendation:

Change in Appointment Date of Student Regent and Appointment to Committees

- (1) That the effective date for the appointment of Alfredo Mireles, Jr. as Student Regent, currently set for July 1, 2011, be advanced to May 13, 2011;
- (2) That Alfredo Mireles, Jr. be appointed to the following standing committees of the Board of Regents on which former Student Regent Jesse Cheng served at the time of his resignation: Compliance and Audit; Educational Policy; and Finance;
- (3) That Alfredo Mireles, Jr. be appointed to the Special Committee on Selection of a Student Regent.

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

Authorization of Working Capital Borrowing to Bridge State Cash flow Deferrals

That the Regents authorize the President to obtain an external finance working capital borrowing of either a short-term bond instrument or taxable commercial paper in a principal amount not to exceed \$1 billion plus financing costs for each fiscal year while the deferrals are in effect.

- (1) The anticipated repayment of the principal of the borrowing shall be from receipt of deferred amounts paid to the University by the State of California. Interest on the borrowing will be repaid from interest earnings on the University's Short Term Investment Pool (STIP).
- (2) This authorization is valid for each fiscal year from fiscal year 2011-12 through

fiscal year 2015-16.

- (3) If deferred amounts from the State of California are not received by the University by the end of each fiscal year that the deferral is in effect, the President shall either (i) extend the borrowing until such deferred amounts are received, but no later than July 31st of the following fiscal year or (ii) repay the principal of the borrowing from each campus' share of STIP based on each campus' proportional use of such borrowing.
- (4) The borrowing will be issued under the University's general revenue bond indenture or the University's commercial paper indenture.
- (5) The President is authorized to take all necessary actions related to the external financing including approval, execution and delivery of all necessary or appropriate financing documents.

C. The Chairman of the Board, the Chair of the Committee on Finance, the Chair of the Committee on Grounds and Buildings, and the President of the University approved the following recommendation:

Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, Gross Hall: A California Institute for Regenerative Medicine (CIRM) Institute, Irvine Campus

- (1) The 2010-11 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: Irvine: Stem Cell Research Building – preliminary plans, working drawings, construction, and equipment - \$66,617,000 to be funded from California Institute for Regenerative Medicine (CIRM) grant funds (\$27,156,000), gift funds (\$23,307,000), external financing (\$15,000,000), and equipment grants (\$1,154,000).

To: Irvine: Gross Hall: A CIRM Institute – preliminary plans, working drawings, construction, and equipment - \$57,039,000 to be funded from CIRM grant funds (\$27,156,000), gift funds (\$10,137,000) external financing (\$17,842,000), equipment grants (\$1,154,000), and campus funds (\$750,000).

Additions shown by underscoring; deletions shown by strikethrough

- (2) The Irvine campus be authorized to obtain external financing not to exceed ~~\$15,000,000~~ \$17,842,000 to finance the Gross Hall: A CIRM Institute project. The Irvine campus shall satisfy the following requirements:

- a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period;
 - b. Repayment of any debt shall be from the General Revenues of the Irvine campus and as long as the debt is outstanding, General Revenues shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (3) The President be authorized to execute all documents necessary in connection with the above.
- D. The Chair of the Committee on Finance and the President of the University approved the following recommendations:
- (1) ***Participation in Westwood Village Improvement Association, Los Angeles Campus***
 - a. The Regents authorize participation of the University as a full, voting member of a California non-profit public benefit corporation, named the Westwood Village Improvement Association (“Corporation”);
 - b. The Regents authorize the President, in consultation with the General Counsel, to execute all documents necessary for the University to become a full member of the Corporation, including, without limitation, authority to agree to the Articles of Incorporation of the Corporation and to become a voting member of the board of the Corporation.
 - (2) ***Participation in CIL/Haas Supporting Foundation, Berkeley Campus***
 - a. The Regents authorize participation of the University in the operation of a California nonprofit public benefit corporation effective June 30, 2011, to be named CIL/Haas Supporting Foundation (“Corporation”), which has been formed to support, benefit and carry out the charitable and educational purposes of the Center for Independent Living and UC Berkeley Haas School of Business by providing financial support for activities conducted in or near Berkeley that enhance the independence of people with disabilities.
 - b. The Regents authorize the President or his designee, in consultation with the General Counsel, to execute all documents necessary for such participation.
- E. The Vice Chair of the Committee on Grounds and Buildings and the President approved the following recommendation:

Certification of Environmental Impact Report, Amendment of the Long Range Development Plan and Approval of Design, Mount Zion Parking Garage, San Francisco Campus

- (1) Certification of the Environmental Impact Report (EIR).
- (2) Adoption of the Mitigation Monitoring Program for the Final EIR.
- (3) Adoption of the Findings pursuant to the California Environmental Quality Act (CEQA).
- (4) Amendment of the Long Range Development Plan (LRDP) to include the 2420 Sutter Street property as part of the Mount Zion campus site.
- (5) Approval of the design of the Mount Zion Parking Garage, San Francisco campus

F. The Chair of the Committee on Compensation and the President of the University approved the following recommendations:

- (1) ***Extension of Appointment of and Compensation for Thomas A. Parham as Interim Vice Chancellor – Student Affairs, Irvine Campus***

Background to Recommendation

Action under interim authority was requested for the approval of the extension of the appointment of and compensation for Thomas A. Parham as Interim Vice Chancellor – Student Affairs, effective July 1, 2011 through June 30, 2012, or until the appointment of a permanent Vice Chancellor – Student Affairs.

Mr. Parham has been serving as Interim Vice Chancellor – Student Affairs since September 15, 2010, and his current term appointment was set to expire on June 30, 2011.

This extension was in response to a delay in hiring a permanent Vice Chancellor – Student Affairs. The campus has undergone extensive recruiting efforts, completing a comprehensive national search and interview process. To date, however, recruitment efforts have not been successful. The campus is now reevaluating its approach for filling the position. In the meantime, it is imperative to have stable leadership in place.

The Vice Chancellor – Student Affairs is an integral position in Irvine’s executive management team. The Vice Chancellor is responsible for the development and administration of Student Affairs. Additionally, the Vice Chancellor is accountable for the effective operation of education development, enrollment management, student financial support, undergraduate and graduate housing, counseling and health services, student activities, campus recreation, and auxiliary enterprises.

Mr. Parham possesses the administrative and leadership abilities needed in the Vice Chancellor – Student Affairs position during this transitional period. Mr. Parham has 26 years of service at UC Irvine. Prior to his current position, he served as the Assistant Vice Chancellor for Counseling and Health Services as well as an adjunct faculty member. Mr. Parham is an active member of the UC Irvine and surrounding communities, contributing his talents in the areas of social advocacy, community uplift and youth empowerment. He has served as a member of the City of Irvine's Human Relations Committee, Chair of UC Irvine's Martin Luther King, Jr. symposium for 10 years, charter member and President of the 100 Black Men Orange County Chapter and past President of the National Association of Black Psychologists.

Mr. Parham holds a Bachelor of Arts in Social Ecology from the University of California, Irvine, a Master of Arts in Psychology from Washington University in St. Louis and a Doctor of Philosophy in Psychology from Southern Illinois University at Carbondale.

For more than 30 years, Mr. Parham has focused his research efforts on the psychology of identity development. He has authored numerous books and articles in this area.

This position is funded 100 percent by UC General Funds provided by the State. The proposed annual compensation of \$200,000 is 3.6 percent below the average base salary of \$207,500 for other UC Vice Chancellors of Student Affairs, 18.3 percent below the midpoint for SLCG Grade 108 of \$244,900, and is seven percent below the market average of \$215,036. Market data provided by Mercer Human Resource Consulting includes data from the College and University Professional Association (CUPA) Administrative Compensation Survey.

Recommendation

The following items were approved in connection with the appointment of and compensation of Thomas A. Parham as Interim Vice Chancellor – Student Affairs, Irvine campus:

- a. Term appointment of Mr. Thomas A. Parham as Interim Vice Chancellor – Student Affairs, Irvine campus.
- b. Per policy, an annual base salary of \$200,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). The requested base salary of \$200,000 is a continuation of what Mr. Parham has been receiving since he began serving as Interim Vice Chancellor – Student Affairs in September 2010.

- c. This appointment is at 100 percent time and effective July 1, 2011 through June 30, 2012, or until the appointment of a new Vice Chancellor – Student Affairs, whichever occurs first.

Recommended Compensation**Effective Date:** July 1, 2011**Base Salary:** \$200,000**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Median Market Data: \$215,036**Percentage Difference from Market:** 7 percent below market**Funding Source:** UC General Funds**Prior Incumbent Data****Job Title:** Vice Chancellor – Student Affairs**Base Salary:** \$215,300**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Funding Source: UC General Funds

Additional items of compensation include:

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

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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: UCI Chancellor Michael V. Drake, M.D.**Reviewed by:** President Yudof

Committee on Compensation Chair Varner

Office of the President, Human Resources

- (2) *Extension of Appointment of and Compensation for Daniel G. Aldrich, III as Interim Vice Chancellor – University Advancement, Irvine Campus*

Background to Recommendation

Action under interim authority was requested for the retroactive approval of the extension of the appointment of and compensation for Daniel G. Aldrich, III as Interim Vice Chancellor – University Advancement, effective May 16, 2011 through December 31, 2011, or until the appointment of a new Vice Chancellor – University Advancement, whichever occurs first. Mr. Aldrich has been serving as Interim Vice Chancellor – University Advancement since April 29, 2010 and his

current term appointment expired on May 15, 2011. This extension was needed because of a delay in hiring a new Vice Chancellor – University Advancement due to unexpected difficulties in the recruitment process.

Mr. Aldrich is an experienced fundraiser, seasoned administrator, and a qualified Interim Vice Chancellor – University Advancement. Mr. Aldrich serves as the chief advancement officer and manages all activities related to financial, political, community, governmental, alumni, and public support for UC Irvine. Mr. Aldrich has been an administrator in the UC system since 1980, with most of this time spent in the development area. He was the Council for the Advancement and Support of Education (CASE) District VII Tribute Award Winner in 1998.

This position is funded 100 percent by UC General Funds provided by the State. This action was an extension of the current terms of Mr. Aldrich's interim appointment. No changes were proposed to his compensation package. The base salary of \$265,000 is 13.7 percent below the 50th percentile market data of \$307,004, and 33.6 percent below the 75th percentile market data of \$399,297. The proposed base salary is 3.6 percent below the prior incumbent's base salary of \$275,000. The proposed base salary is 3.5 percent below the average base salary of \$274,525 for the Vice Chancellor – University Relations/Advancement positions at other UC locations. Additionally, the proposed base salary is 8.2 percent above the midpoint for SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).

Recommendation

The following items were approved in connection with the extension of the appointment of and compensation for Mr. Daniel G. Aldrich, III as Interim Vice Chancellor – University Advancement, Irvine campus:

- a. Extension of term appointment of Mr. Daniel G. Aldrich, III as Interim Vice Chancellor – University Advancement, Irvine campus.
- b. Per policy, an annual base salary of \$265,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- c. This appointment is at 100 percent time and effective May 16, 2011 through December 31, 2011, or until the appointment of a new Vice Chancellor – University Advancement, whichever occurs first.

Recommended Compensation

Effective Date: May 16, 2011

Base Salary: \$265,000

Total Cash Compensation: \$265,000

Grade Level: SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

50th Percentile Market Data: \$307,004

Percentage Difference from 50th Percentile Market Data: 13.7 percent below

75th Percentile Market Data: \$399,297

Percentage Difference from 75th Percentile Market Data: 33.6 percent below

Funding Source: UC General Funds

Prior Incumbent Data

Job Title: Vice Chancellor – University Advancement

Base Salary: \$275,000 (plus \$8,916 auto allowance)

Total Cash Compensation: \$283,916

Grade Level: SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Funding Source: UC General Funds

Additional items of compensation include:

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

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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: UCI Chancellor Michael V. Drake, M.D.

Reviewed by: President Yudof

Committee on Compensation Chair Varner

Office of the President, Human Resources

- (3) *Administrative Stipend for Janice Eisele as Acting Vice Chancellor – University Development and Alumni Relations, San Francisco Campus*

Background to Recommendation

Action under interim authority was requested for the retroactive approval of an administrative stipend for Janice Eisele as Acting Vice Chancellor – University Development and Alumni Relations (UDAR), effective April 25, 2011 through June 30, 2012, or until the appointment of a new Vice Chancellor, whichever occurs first. Ms. Eisele's base appointment will continue in the Management and Senior Professional (MSP) program, Grade 8, while serving in this Senior Management Group (SMG) role. The urgency of this request followed the sudden resignation by Carol Moss from the position of Vice Chancellor – University Development and Alumni Relations on April 22, 2011, to accept another position at Carnegie Mellon University.

The UDAR function is critically important to UCSF. A nationwide search will be initiated for a replacement that will be informed by an internal assessment of the

UDAR function. In the interim, Chancellor Desmond-Hellmann will be directly involved in UCSF's overall philanthropic and alumni efforts, and Ms. Eisele will serve as the interim head of UDAR. Ms. Eisele assumed this role effective April 25, 2011, immediately following Ms. Moss' separation from the University. In this interim role, Ms. Eisele will lead the day-to-day operations of UDAR.

Ms. Eisele brings to this interim role over 20 years of professional development experience in higher education and academic medicine, including ten years at the University of California, San Francisco (UCSF). She earned her B.S. degree from Michigan State University. Currently serving as the UCSF Assistant Vice Chancellor – Medical Development, Ms. Eisele manages a staff of 50.

Ms. Eisele has an in-depth knowledge of UCSF's organizational structure and donor community and has worked extensively and successfully with UCSF leadership. With her demonstrated track record of collaborating effectively with both faculty and the donor community, a strong personal commitment to UCSF's mission, and her approachable and solutions-focused leadership style, Ms. Eisele is well-positioned to lead the group during this interim period.

Ms. Eisele, in partnership with a talented UDAR leadership team, will make strong progress towards achieving philanthropic priorities, including those related to the UCSF Medical Center at Mission Bay, the Smith Cardiovascular Research Institute, and the Neurosciences Institute. UCSF is uniquely positioned at the intersection of health sciences and innovation. While there are challenges, there are also tremendous opportunities to continue, with the support of an outstanding donor community, to realize the vision of advancing health worldwide. Ms. Eisele's leadership role related to the UCSF Foundation is critical during this interim phase.

In recognition of the increased scope of additional temporary responsibilities, the campus requested approval of an annual stipend of \$67,500 (30 percent) which, when combined with Ms. Eisele's current annual base salary of \$225,000, provides a total cash compensation of \$292,500. This amount is to be paid during the term appointment as well as during a transition period of up to two months thereafter. The requested total cash compensation of \$292,500 is 22.2 percent below the \$376,000 annual base salary for the former Vice Chancellor – University Development and Alumni Relations and is 4.7 percent below the 50th percentile market data of \$307,004, and 26.7 percent below the 75th percentile market data of \$399,297. The requested total cash compensation is 15 percent below the midpoint of the SLCG Grade 111 (\$344,000), which is the grade level held by the former incumbent. This stipend will be funded by non-State funds.

Recommendation

The following items were approved in connection with the appointment of and compensation for Janice Eisele as Acting Vice Chancellor – University

Development and Alumni Relations, San Francisco campus:

- a. Per policy, appointment of Janice Eisele as the Acting Vice Chancellor – University Development and Alumni Relations at 100 percent time.
- b. Per policy, an administrative stipend of \$67,500 in addition to base salary of \$225,000 at SLCG Grade 111 (Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100).
- c. As an exception to policy, this stipend is effective April 25, 2011 through June 30, 2012, or until the appointment of a new Vice Chancellor, whichever occurs first, including a transition period of up to two months. This constitutes an exception to policy because the duration of the stipend exceeds the 12 months allowed under policy.

Recommended Compensation

Effective Date: April 25, 2011

Base Salary: \$225,000

Administrative Stipend: \$67,500

Total Cash Compensation: \$292,500

Grade Level: MSP 8 (SLCG, unslotted) acting in an SMG role (SLCG Grade 111)
(Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100)

50th Percentile Market Data: \$307,004

Percentage Difference from 50th Percentile Market: 4.7 percent below market

75th Percentile Market Data: \$399,297

Percentage Difference from 75th Percentile Market: 26.7 percent below market

Funding Source: Non-State funds

Prior Incumbent Data

Job Title: Vice Chancellor – University Development and Alumni Relations

Base Salary: \$376,600

Total Cash Compensation: \$376,600

Grade Level: SLCG Grade 111

(Minimum \$267,700 Midpoint \$344,000 Maximum \$420,100)

Funding Source: Non-State funds

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, ineligible for Senior Management Group benefits.

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: UCSF Chancellor Desmond-Hellmann
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources

- (4) *Interim Re-Slotting, Title Change and Retention Increase for Thomas V. McAfee as Dean for Clinical Affairs and President of the Medical Group, Health Sciences, San Diego Campus*

Background to Recommendation

Action under interim authority was requested for approval of the retention offer for Thomas V. McAfee, M.D., who currently holds the title of Dean for Clinical Affairs, Health Sciences at the San Diego campus. Funding would come exclusively from clinical funds. The request includes an annual base salary increase of \$102,800.

This urgent request was in response to Dr. McAfee's need to respond to the offer received from UCLA. Dr. McAfee was recruited by UCLA to fill the position of Chief Executive Officer and Associate Vice Chancellor for UCLA Faculty Practice Group, a role very similar to his current position at the San Diego campus. The Los Angeles campus offered Dr. McAfee a base salary of \$550,000, contingent upon approval by the Regents. In discussions with Vice Chancellor – Health Sciences David Brenner, Dr. McAfee indicated his willingness to withdraw from the UCLA search and remain on the San Diego campus if the proposed terms of the offer were matched, including a 23 percent increase from his current annual base salary of \$447,200 to a new base salary of \$550,000. The retention offer also included a title change to Dean for Clinical Affairs and President of the Medical Group to better reflect the increased scope of responsibilities, as well as an interim re-slotting of the position from SLCG Grade 112 to SLCG Grade 115.

As Dean for Clinical Affairs and President of the Medical Group, Dr. McAfee has primary responsibility for advancing the clinical delivery vision in line with the organization's strategic plan to both internal and external constituents as well as overall responsibility for the physician practice in both the inpatient and outpatient arenas. Reporting directly to the Vice Chancellor – Health Sciences and, in conjunction with the UCSD Medical Center Chief Executive Officer and the clinical chairs, he has direct oversight for determining physician staffing needs across the Health Sciences; negotiating contracts and relationships for physician services with other institutions and third-party payors; setting standards for physician access and service, as well as quality of care; and ensuring that clinical programs are integrated with and support the clinical, community outreach, educational and research goals of the School of Medicine. In addition to providing overarching leadership and ensuring appropriate oversight, the clinical responsibilities include the establishment, implementation and maintenance of

best-practice industry care standards for safety and excellence. This position holds full responsibility for ensuring the successful business and clinical operation of the UCSD Medical Group. Further, the position is responsible for clinical compliance, clinical resource and infrastructure management, and management of all medical group and clinical service agreements.

While similar to the Chief Executive Officer and Associate Vice Chancellor for UCLA Faculty Practice Group, the Dean for Clinical Affairs and President of the Medical Group at the San Diego campus will have various responsibilities that are not part of the UCLA position. These include responsibility for international outreach and business development, real estate acquisition for the Medical Group, clinical telemedicine and management of the privacy and compliance functions. The San Diego position includes service on building advisory committees for the Jacobs Medical Center and Sulpizio Cardiovascular Center and full control of the Clinical Enterprise Development funds and their uses. Dr. McAfee has had a direct impact on the success of the Medical Center over the past five years. Given the significant growth projections for the faculty practice over the next five years, losing Dr. McAfee at this time would be very detrimental to achievement of the clinical strategic plan.

The Medical Group's growth since 2007, when Dr. McAfee assumed the Dean for Clinical Affairs role, has been significant. The number of clinical faculty involved in the practice, clinical service agreements with affiliates, and the Veterans Administration hospital, has grown 58 percent from 550 to 871. The Medical Group practice has seen revenue grow 31 percent to \$153.5 million annually. This is staggering growth considering the competition in this health care market, which includes Scripps, Sharp and Kaiser. The profitability of the Medical Center since 2007 is equally impressive. This can be seen via the 77 percent increase in transfers to the School from the Medical Center margin from \$24.0 million in 2007 to \$42.5 million in 2011. The Medical Group provides the doctors who contribute to the profitability of the Medical Center. In the next four or five years, the clinical strategic plan projects a 30 percent growth in hospital admissions, with the opening of the Sulpizio Cardiovascular Center and the Jacobs Medical Center. With the normal growth target in Medical Group revenue set at five percent, the potential growth in Medical Group practice revenue is projected to be around 65 percent. To deliver the patient care that such growth will demand, there will need to be comparable growth in the clinical faculty. This growth projection is not unattainable, considering the practice grew 58 percent from 2007 to 2011 and the next few years will include the addition of two primary facilities on UC San Diego's east campus, the acquisition of the San Diego Cancer Center, and potentially other practice purchases.

Some of the functions related to the UC San Diego position that are not included in the functions for the UCLA position also bring considerable resources to UC San Diego. International outreach efforts will generate \$9 million in revenue to the hospital in 2011, and business development efforts, such as the current

proposal to help Khalifa University in Abu Dhabi establish and build a medical school, can bring net revenue potential in excess of \$10 million. Practice and real estate acquisitions, like the recent purchase of the San Diego Cancer Center, which is anticipated to increase clinical revenue exceeding \$20 million annually, not only add to UC San Diego's already robust clinical and research portfolio, but will contribute to the clinical bottom line. In clinical telemedicine, executed agreements with Adventist Health, Kimaw Indian Health, the Desert AIDS Project and a variety of service agreements through a grant with the Center for Connected Health Policy (CCHP) have already resulted in additional revenue without having to deploy providers in person.

Dr. McAfee has a dual appointment at 0 percent as a non-tenured Health Sciences Clinical Professor. Dr. McAfee is a member of the SMG and not subject to the Academic Personnel Manual because he does not have a concurrent University appointment in an Academic Senate faculty title or an equivalent title.

According to the 2010 Sullivan Cotter Physician Compensation Productivity survey for the CEO – Medical Group – M.D. position, the proposed base salary of \$550,000 is 1.9 percent above the 50th percentile (\$539,920) data, 22.8 percent below the 75th percentile (\$712,600) data and 1.6 percent above the midpoint of SLCG 115 (Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100). This position is funded 100 percent from clinical funds.

Recommendation

The following items were approved in connection with the compensation for Thomas V. McAfee as Dean for Clinical Affairs and President of the Medical Group, Health Sciences, San Diego campus:

- a. Title change from Dean for Clinical Affairs to Dean for Clinical Affairs and President of the Medical Group.
- b. Interim re-slotting to SLCG Grade 115 (Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100).
- c. Per policy, an annual base salary of \$550,000.
- d. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a target payout of 20 percent of base salary annually and a maximum payout of 30 percent. Actual payouts are determined based on performance against pre-established goals and objectives.
- e. Per policy, continued five percent contribution to the Senior Management Supplemental Benefit Program. Dr. McAfee continues to be eligible for this benefit since his dual academic appointment as Health Sciences

Associate Clinical Professor (Fiscal Year) is a non-tenured position.

- f. This appointment is at 100 percent time.
- g. Effective immediately upon approval.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$550,000

CEMRP (at 20 percent target rate): \$110,000

Total Cash Compensation: \$660,000

Grade Level: SLCG Grade 115

(Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100)

50th Percentile Market Data: \$539,920

Percentage Difference from 50th Percentile Market: 1.9 percent above market

75th Percentile Market Data: \$712,600

Percentage Difference from 75th Percentile Market: 22.8 percent below

Funding Source: Clinical income

Prior Data

Title: Dean, Clinical Affairs

Base Salary: \$447,200

CEMRP (at 20 percent target rate): \$89,440

Total Cash Compensation: \$536,640

Grade Level: SLCG Grade 112

(Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500)

Funding Source: Clinical income

Additional items of compensation include:

- Per policy, continued standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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: Chancellor Fox

Reviewed by: President Yudof

**Compensation Committee Chair Varner
Office of the President, Human Resources**

- (5) *Contract Appointments of and Compensation for Brian D. Wickstrom as Special Assistant to the Chancellor and, Subsequently, as Director, Intercollegiate Athletics, Riverside Campus*

Background to Recommendation

Action under interim authority was requested for the approval of two successive contract appointments of and compensation for Brian D. Wickstrom. Funding for the appointments comes 100 percent from Student Referendum Division I Fees.

Mr. Wickstrom is to be appointed Special Assistant to the Chancellor, effective July 25, 2011, followed by an appointment as Director, Intercollegiate Athletics, Riverside campus, for a period of five years, renewable in the third year. The campus proposes an annual base salary of \$199,000 at MSP Grade 7 (Minimum \$102,700, Midpoint \$173,900, Maximum \$245,000) for both appointments. The requested base salary is slightly above the Midpoint for MSP Grade 7.

Pursuant to Standing Order 101.2, the rates of compensation for “Other Specified Employees,” including Athletic Directors, require Regental approval.

The appointment of Mr. Wickstrom follows a comprehensive and competitive national search. Mr. Wickstrom brings exceptional qualifications and mission critical skills and experience to the Director position. He received his B.S. and M.B.A. from Kansas State University, a Master of Sports Administration from Ohio University, and an Ed.D. from Eastern Michigan University. Mr. Wickstrom is exceptionally suited to lead UC Riverside’s intercollegiate sports program. With his skills and experience, he will strengthen the program, fundraising, donor and alumni relations, and community relations, among other critical areas of focus. In total, Mr. Wickstrom has 13 years of progressive and successful experience in intercollegiate athletic programs from his leadership roles at University of Texas at El Paso, University of Michigan, Santa Clara University, University of Missouri, and Ohio University. His track record for revenue generation is impressive, demonstrating his highly successful skills in building mutually beneficial relationships with the community and securing significant financial commitments from donors and sponsors. Mr. Wickstrom’s most recent leadership experience includes five years as Senior Associate Athletics Director for the University of Texas at El Paso. Prior to that, he held the positions of Assistant Athletic Director for Development and Business Partnerships for the University of Michigan, Associate Athletics Director for Santa Clara University, Assistant Director of Athletics Development for University of Missouri, and Development Associate at Ohio University. The exceptional qualifications, experience, and community relationships that Mr. Wickstrom has demonstrated are unique, highly valued, and difficult to recruit.

In order to ensure the smooth transition of the new Director, Intercollegiate

Athletics, Mr. Wickstrom will be initially appointed as Special Assistant to the Chancellor for the period of July 25, 2011 through August 15, 2011, to work closely with the Chancellor and the out-going Director. When the out-going Director leaves the position, which is expected to occur with his retirement on or about August 16, 2011, Mr. Wickstrom will assume the position of Director, Intercollegiate Athletics. Eligibility for all cash and non-cash benefits will be effective July 25, 2011.

The campus requested that Mr. Wickstrom be provided with an automobile allowance of \$700 per month (\$8,400 per year). As this would be in excess of the \$5,400 per year allowed under the "Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches," as approved by the Regents at the September 2008 meeting, it would be an exception to policy. The nature of the position's responsibilities and the substantial amount of travel required for the successful performance of the position's duties necessitate an auto allowance. These duties include significant community relations development and a robust donor cultivation and fundraising role. An equivalent position at UC Irvine received approval for an auto allowance upon his appointment in 2008. The use of courtesy vehicles, provided by a local dealership, is also a common practice among athletic programs with robust donor and sponsor relationships; however, this option is not available at UC Riverside. In the meantime, it is essential that the Director be provided with a competitive level of resources to carry out his responsibilities, consistent with the business practices of similar positions across the UC system. The auto allowance will be reported as income to Mr. Wickstrom and will be subject to withholding for tax purposes but will not increase his base salary.

The campus also proposed that Mr. Wickstrom be provided with a membership at Riverside's Victoria Club, a private country club, valued at \$7,120 for the first year, with the understanding that subsequent annual renewals may result in membership fee adjustments. Equivalent positions at UC Berkeley, UC Los Angeles, and UC Irvine have received approval for similar social/golf club memberships. It is important that the Director have the same opportunity to conduct his responsibilities as those in similar positions across the UC system, consistent with standard business practices.

This position is funded 100 percent from Student Referendum Division I Fees.

Recommendation

The following items were approved in connection with the appointment and compensation for Brian Wickstrom, first as Special Assistant to the Chancellor and then as Director, Intercollegiate Athletics, Riverside campus:

- a. An initial base salary of \$199,000.

- b. As an exception to policy, an automobile allowance of \$700 per month (\$8,400 per year). This constitutes an exception to policy as it exceeds the \$5,400 per year allowed under the “Amendment of Regents’ Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches,” as approved by the Regents at the September 2008 meeting.
- c. A social/golf club membership at Riverside’s Victoria Club, a private country club, subject to the limitations under Business and Finance Bulletin G-43, Policy on University Membership in Organizations. This membership is valued at \$7,120 for the first year, with the understanding that subsequent annual renewals may result in membership fee adjustments.
 - i. Annual review of the membership will include an evaluation of Mr. Wickstrom’s contribution to the organization or the benefits derived by the University from the membership, as required by Business and Finance Bulletin G-43.
 - ii. Primary use of the membership will be to conduct official University business.
- d. Relocation allowance of \$48,755 (24.5 percent of base salary) payable over three years, in accordance with Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation. The relocation allowance is intended to offset the difference in the cost of living between Riverside, California, and El Paso, Texas, where Mr. Wickstrom currently resides. Any unpaid relocation allowance amounts will be forfeited at the time of separation. The payment schedule will be as follows:
 - i. Year 1 at \$18,000 (36.92 percent); monthly payment of \$1,500.00
 - ii. Year 2 at \$18,000 (36.92 percent); monthly payment of \$1,500.00
 - iii. Year 3 at \$12,755 (26.16 percent); monthly payment of \$1,062.92
- e. Reimbursement of allowable moving expenses up to 100 percent in accordance with Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation.
- f. Reimbursement for temporary lodging for up to 30 days and meals for up to 30 days of residence in the temporary lodging if it does not have cooking facilities in accordance with Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation.
- g. As an exception to policy, reimbursement of reasonable expenses associated with one house hunting trip of up to five days for

Mr. Wickstrom, his spouse and his two minor children to take place in July 2011, including the cost of transportation, meals, and lodging, with the total not to exceed \$5,000.

- h. The contract is to be for a five-year period, ending June 30, 2016, but renewable in the third year. The proposed hire date is July 25, 2011, in order to provide ample time to obtain Regental approval and to allow Mr. Wickstrom to make arrangements to begin work in Riverside, California. To ensure the smooth transition of the new Director, Intercollegiate Athletics, Mr. Wickstrom will be initially appointed as Special Assistant to the Chancellor as of July 25, 2011 to work closely with the Chancellor and the out-going Director. When the out-going Director leaves the position, which is expected to occur with his retirement on or about August 16, 2011, Mr. Wickstrom will assume the position of Director, Intercollegiate Athletics, with eligibility for all cash and non-cash benefits effective on July 25, 2011.

Recommended Compensation

Effective Date: July 25, 2011

Base Salary: \$199,000

Talent Fee: \$0

Total Guaranteed Compensation: \$199,000

Grade Level: MSP Grade 7

(Minimum \$102,700, Midpoint \$173,900, Maximum \$245,000)

Median Market Data: \$217,271

Percentage Difference from Market: 8.4 below market

Funding Source: Student Referendum Division I Fees

Prior Incumbent Data

Title: Director, Intercollegiate Athletics

Base Salary: \$170,200

Talent Fee: \$0

Total Guaranteed Compensation: \$170,200

Grade Level: MSP Grade 6

(Minimum \$94,100, Midpoint \$136,900, Maximum \$179,600)

Funding Source: Student Referendum Division I Fees

Additional items of compensation include:

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

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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: Chancellor White
Reviewed by: President Yudof
 Compensation Committee Chair Varner
 Office of the President, Human Resources

(6) *Compensation Adjustment for Randolph Wedding as Senior Managing Director – Fixed Income Investments, Office of the Treasurer, Office of the President*

Background to Recommendation

The Office of the Treasurer requested approval of a compensation adjustment for Randolph Wedding as Managing Director – Fixed Income Investments. Funding for this action would come from returns on investments and would not include State General Funds or student fee revenues. The request included an annual base salary increase of \$67,700.

Mr. Wedding has a solid investment banking and portfolio management background. He has managed the fixed income unit for more than a decade and oversees five senior portfolio managers and three others. He is responsible for managing \$24.6 billion across the pension, endowment and defined contribution plans, as well as the University's working capital. Mr. Wedding occupies a position critical to the success of the University's investment function, and the organization would be at high risk should he elect to leave.

Results of the *Mercer Office of the Treasurer Compensation Study* dated May 2011, show the following:

<u>Wedding Current Base Salary</u>	<u>Market 50th Base</u>	<u>Market 75th Base</u>	<u>Percent Lead (Lag)</u>	
			<u>50th</u>	<u>75th</u>
\$306,800	\$289,000	\$340,000	6.2%	(9.8%)
<u>Wedding Current Target Total Cash</u>	<u>Market 50th TTC</u>	<u>Market 75th TTC</u>	<u>Percent Lead (Lag)</u>	
			<u>50th</u>	<u>75th</u>
\$491,000	\$563,000	\$788,000	(12.8%)	(37.7%)

A comparison with CalPERS data, considered a more comparable direct peer comparison, shows the following:

<u>Wedding Current Base Salary</u>	<u>CalPERS Comparable Base Salary</u>	<u>Percent Lead (Lag)</u>
\$306,800	\$358,956	(14.5%)

Considering the value and contribution of Mr. Wedding to the University and the potential for a retention risk, aligning Mr. Wedding Total Compensation between the 50th and 75th percentiles of the market is deemed competitive and appropriate.

This funding for this compensation is derived from the returns on investments.

Recommendation

The following items were approved in connection with the compensation for Randolph Wedding as Senior Managing Director – Fixed Income Investments, Office of the Treasurer, Office of the President.

- a. Per policy, a 22 percent market-based salary adjustment to raise Randolph Wedding's base salary from \$306,800 to \$374,500. Mr. Wedding's position will continue to be slotted at SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
- b. Per policy, continued participation in the Treasurer's Office Annual Incentive Plan (AIP), with a target award at the rate of 60 percent of base salary (\$224,700) and a maximum potential award at the rate of 120 percent of base salary (\$449,400). Actual award will depend on performance against pre-established objectives.
- c. Per policy, five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. This appointment is at 100 percent time.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$374,500

Grade Level: SLCG Grade 110

(Minimum \$239,700; Midpoint \$307,200; Maximum \$374,500)

50th Percentile Market Base Salary: \$289,000

Percent Difference from Market 50th Base: 29.5 percent above

75th Percentile Market Base Salary: \$340,000

Percent Difference from Market 75th Base: 10.2 percent

Participation in the Treasurer's Office Annual Incentive Plan: \$224,700

(at target rate of 60 percent of base salary)

Total Cash Compensation (assuming AIP award at target rate): \$599,200

50th Percentile Market Target Total Cash (TTC): \$563,000

Percent Difference from Market 50th TTC: 6.4% above

75th Percentile Market Target Total Cash (TTC): \$788,000

Percent Difference from Market 75th TTC: 23.9 percent below

Current Data

Title: Senior Managing Director-Fixed Income Investment
Base Salary: \$306,800
Grade Level: SLCG Grade 110
(Minimum-\$239,700; Midpoint-\$307,200; Maximum-\$374,500)
Participation in the Treasurer's Office Annual Incentive Plan: \$184,080
(at target rate of 60 percent of base salary)
Total Cash Compensation (assuming AIP award at target rate): \$490,880

Additional items of compensation include:

- Per policy, continued standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral 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. The Chairman of the Board, the Chairman-Elect of the Board, and the Chair of the Committee on Compensation approved the following recommendation:

Appointment of and Compensation for Marsha Kelman as Secretary and Chief of Staff to The Regents

Background to Recommendation

Action under interim authority was requested for the appointment of and total compensation for Marsha Kelman as the Secretary and Chief of Staff to the Regents. This urgent request was in response to a vacancy created by the departure of the former Secretary and Chief of Staff to the Regents, Ms. Diane Griffiths whose last day of employment was April 25, 2011.

Ms. Kelman brings more than 25 years of significant experience in higher education administration. Ms. Kelman is one of the top Institutional Research professionals in the country, and served as the Associate Vice President – Policy and Analysis at the Office of the President. She was responsible for leading and coordinating the development of proactive policy initiatives on behalf of the University of California. This included overseeing, on behalf of the President, the analysis of proposed initiatives, leading processes for arriving at recommendations for the President, integrating the institutional research and policy management functions, and aligning those functions with ongoing academic strategic planning efforts underway at the University, both system wide and on the campuses. In addition, the position is responsible for integrating policy into the University's budget.

Ms. Kelman was also responsible for overseeing both Institutional Research (IR), which is charged with assembling uniform corporate data from campus and other sources, and then analyzing and presenting that data for decision support, reporting and accountability; and Issues Management and Policy Analysis and Coordination (IMPAC), which is responsible for developing and articulating a policy and legislative agenda for the University of California that spans the full range of the University's academic and business operations and advances the interests of the University and its campuses, as well as supporting the operations of UC's federal and state government relations offices. As the Secretary and Chief of Staff, Ms. Kelman will serve as the primary liaison between the Regents and the University administration, working directly with the Chairman of the Board of Regents and the President of the University in execution of Board related projects, initiatives, and mandates. These responsibilities include Board meetings and substantive research and analysis, planning, preparation and support and review for all projects. In addition, the Secretary and Chief of Staff is the custodian of certain official corporate records of the University; is responsible for planning and staffing all Board meetings and its Committee meetings; executes or attests to certain documents which have been executed on behalf of The Regents; provides direct administrative support to the members of the Board of Regents; prepares minutes of the Regents meetings; and is custodian of Regental and other corporate records.

The proposed promotional increase will result in a base salary of \$295,000 which is 7.5 percent above the midpoint for SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700). The proposed salary for Ms. Kelman is equivalent to the salary of the former incumbent.

This position is funded 50 percent by State General Funds and 50 percent by Common Funds.

Recommendation

The following items were approved in connection with the appointment of and compensation for Marsha Kelman as Secretary and Chief of Staff to The Regents:

- (1) Appointment of Marsha Kelman as Secretary and Chief of Staff to the Regents.
- (2) Per policy, an annual base salary of \$295,000 at SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- (3) Per policy, continued five percent contribution to the Senior Management Supplemental Benefit Program.
- (4) Per policy, an automobile allowance of \$8,916 per annum.
- (5) Per policy, Administrative Fund for official business and other purposes permitted by University policy.

- (6) This appointment is at 100 percent time and effective July 1, 2011 or upon a date mutually agreed upon by the President and the Chairman of the Board of Regents.

Recommended Compensation

Effective Date: July 1, 2011 or upon a date mutually agreed upon by the President and the Chairman of the Board of Regents.

Base Salary: \$295,000

Incentive Compensation: \$0

Total Cash Compensation: \$295,000

Grade Level: SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

Funding Source: 50 percent State General funds and 50 percent Common funds

Prior Incumbent Data

Title: Secretary and Chief of Staff to The Regents

Base Salary: \$295,000

Incentive Compensation: \$0

Total Cash Compensation: \$295,000

Grade Level: SLCG Grade

(109 Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

Funding Source: 50 percent State General Funds and 50 percent Common Funds

Additional items of compensation include:

- Per policy, continued standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).

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