

REPORT OF INTERIM ACTIONS
Revised

Office of the Secretary and Chief of Staff
March 17, 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:

Appointment of Regent to Standing Committee

Effective immediately, Regent Gavin Newsom be appointed to the Committee on Grounds and Buildings through June 30, 2011.

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

- (1) ***Appointment of and Total Compensation for Jack Powazek as Administrative Vice Chancellor, Los Angeles Campus***

Background to Recommendation

Action under interim authority was requested for approval of the appointment of Jack Powazek to the position of Administrative Vice Chancellor, Los Angeles campus, at an annual salary of \$265,000, SLCG Grade 108, effective July 1, 2011. The position reports jointly to the Chancellor and the Executive Vice Chancellor and Provost.

UCLA's current Administrative Vice Chancellor, Sam Morabito, who has held this position since January 2007 and became Vice Chancellor for Business and Administrative Services in December 2004, has announced his plan to retire at the end of June 2011 following 39 years of exemplary service to the University. In view of the breadth and scope of his role, the need to support a smooth transition in advance of his retirement, as well as the need for additional time to assess future organizational plans, a waiver of recruitment has been endorsed by Chancellor Block in order to promote Mr. Powazek to this critical role following Mr. Morabito's retirement as a component of UCLA's succession planning

process. The campus planned to announce this action immediately following approval as part of the transition planning that had already begun and continued in January 2011.

Mr. Powazek is an outstanding candidate to succeed Mr. Morabito and has agreed to serve in this capacity for at least three years. With 36 years of service at UCLA, Mr. Powazek has provided outstanding leadership in his current role as Associate Vice Chancellor for General Services, with responsibilities encompassing facilities management; environment, health and safety; transportation services; emergency management; the police department; and sustainability coordination.

The campus proposed an annual base salary of \$265,000 to reflect the extremely competitive market for this level of talent in higher education. According to Mercer Human Resource Consulting, data from the 2009/2010 College and University Professional Association (CUPA) Administrative Compensation Survey, the proposed base salary is 14.8 percent below the market median of \$310,976 for the Vice Chancellor of Administration position. The scope and complexity of the Administrative Vice Chancellor position at UCLA far exceeds that of many academic institutions. The source of funds for this position will be Auxiliary Enterprises funding.

Recommendation

The following items were approved in connection with the appointment of and compensation for Jack Powazek as Administrative Vice Chancellor, Los Angeles campus:

- a. Appointment of Jack Powazek as Administrative Vice Chancellor, Los Angeles campus.
- b. Per policy, an appointment 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 would be effective July 1, 2011.

Recommended Compensation

Effective Date: July 1, 2011

Base Salary: \$265,000

Total Cash Compensation: \$265,000

Grade Level: SLCG Grade 108

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

Median Market Data: \$310,976

Funding Source: Auxiliary Enterprises

Percentage Difference from Market: 14.8 percent below market

Prior Incumbent Data**Title:** Administrative Vice Chancellor**Base Salary:** \$265,500**Total Cash Compensation:** \$265,500**Grade Level:** SLCG Grade 108

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

Funding Sources: Auxiliary Enterprise

Additional items of compensation include:

- 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).
- Per policy, five percent monthly contribution to the Senior Management Supplemental Benefit Program.

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: UCLA Chancellor Block**Reviewed By:** President Yudof

Committee on Compensation Chair Varner

Office of the President, Human Resources

- (2) *Appointment of and Compensation for Tim Maurice as Chief Financial Officer, UC Davis Health System, Davis Campus*

Background to Recommendation

Action under interim authority was requested for the approval of the appointment of and compensation for Tim Maurice as Chief Financial Officer of the UC Davis Health System, effective immediately. Mr. Maurice was identified as the most qualified candidate following a national search, facilitated by the executive search firm SpencerStuart. This urgent request was necessary to provide Mr. Maurice sufficient time to notify his current employer and to relocate from his current residence to the Sacramento area. In addition, the current Chief Financial Officer, William H. McGowan, is planning to retire on or before May 31, 2011, and the campus desired overlap between Mr. Maurice's start date and Mr. McGowan's retirement date to ensure a smooth transition. A prolonged approval process could have resulted in the loss of this outstanding candidate. The campus requested an appointment salary of \$400,000 at SLCG Grade 113 (Minimum \$333,900; Midpoint \$431,500; Maximum \$529,100). The requested appointment

salary is 4.69 percent lower than Mr. McGowan's current salary of \$419,700. This position is funded 100 percent by Medical Center revenue.

Mr. Maurice is currently the Vice President and Chief Financial Officer at St. John's Regional Medical Center and St. John's Pleasant Valley Hospital in Ventura County, California. In his current role, Mr. Maurice is responsible for finance, managed care, patient and financial services, health information management, case management, pharmacy and information technology. Mr. Maurice also has served in the role of Chief Financial Officer for Good Samaritan Community Healthcare; Sutter Gould Medical Foundation and Sutter Tracy Community Hospital; Doctors Medical Center, Doctors Hospital – Manteca; and at Saint Joseph Mercy – Oakland. Mr. Maurice's past work experience also includes working for two academic teaching hospitals: Virginia Mason Medical Center in Seattle and the University of Washington Hospital and Medical Center.

As Chief Financial Officer for the UC Davis Health System, Mr. Maurice will report directly to the Vice Chancellor for Human Health Sciences/Dean of the School of Medicine and be responsible for managing the \$1.6 billion health system enterprise. The Chief Financial Officer is responsible for the overall financial operation of the UC Davis Health System, which includes the School of Medicine, the Betty Irene Moore School of Nursing, UC Davis Medical Center and its clinics, and the Practice Management Group. Mr. Maurice will be responsible for overseeing strategic financial planning and reporting, budgeting, general accounting, operational and capital financial planning, payroll, and accounts payable. Additionally, all School of Medicine, Betty Irene Moore School of Nursing, Medical Center and Practice Management Group staff having line responsibilities for these activities report directly to the Chief Financial Officer. The Chief Financial Officer, in consultation with the Vice Chancellor for Human Health Sciences/Dean of the School of Medicine, the School of Medicine Executive Associate Dean, the Betty Irene Moore School of Nursing Dean, the Medical Center Chief Executive Officer and Practice Management Group Executive Director, has the responsibility for communicating to all staff and faculty the status of the financial condition of the Health System and its units and for proposing various fiscal strategies to ensure continued financial viability. The Chief Financial Officer participates in the long-range planning process for the School of Medicine, Betty Irene Moore School of Nursing, Medical Center and Practice Management Group, and represents financial operations of the Health System on appropriate Health System leadership and Office of the President committees.

Despite the lack of county funding for acute and ambulatory patients and the decline in funding for mental health in Sacramento County, operating income for the UC Davis Health System exceeded the approved budget by approximately \$23 million with actual expenses being approximately \$51.8 million below budget. Mr. Maurice's 30-plus years of strong financial, strategic, and capital

planning experience will be of tremendous value to the UC Davis Health System as the University navigates this period of tremendous change and the uncertainty associated with health-care reform.

This position is funded 100 percent from Medical Center revenue. The weighted market median base salary for chief financial officers with total net revenue at \$1 billion or more is \$408,720 as provided by Mercer (US), Inc. survey data. The recommended base salary of \$400,000 is 2.13 percent below the market median.

Recommendation

The following items were approved in connection with the appointment of and compensation for Tim Maurice as Chief Financial Officer, UC Davis Health System:

- a. Per policy, an annual base salary of \$400,000 at SLCG Grade 113 (Minimum \$333,900; Midpoint \$431,500; Maximum \$529,100).
- b. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with an annual target award of 15 percent of base salary (\$60,000) and a maximum award of 25 percent of base salary (\$100,000). Actual award will depend upon performance. Eligibility to participate in CEMRP to start on July 1, 2011, for fiscal year 2011-2012.
- c. Per policy, a relocation allowance of 25 percent of base salary (\$100,000), paid within 30 days of employment and subject to a repayment schedule if he resigns in the first four years of his appointment. The repayment schedule would be as follows: 100 percent if resignation occurs within the first year of employment, 75 percent within the second year of employment, 50 percent within the third year of employment, and 25 percent within the fourth year of employment.
- d. Per policy, a temporary housing allowance not to exceed \$12,000 for a period of 90 days to offset limited housing-related expenses. If Mr. Maurice voluntarily separates from the University prior to the completion of one year of service, or accepts an appointment at another University location with 12 months from his initial date of appointment, he will be required to repay 100 percent of the temporary housing allowance.
- e. Per policy, two house-hunting trips for the candidate and his spouse, subject to the limitations under policy.
- f. Per policy, 100 percent reimbursement of actual and reasonable expenses associated with moving household goods and personal effects from the primary residence.

- g. Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies.
- h. This appointment is at 100 percent time, effective immediately upon approval, but no later than April 1, 2011.

Recommended Compensation**Effective Date:** Immediately upon approval**Base Salary:** \$400,000**Clinical Enterprise Management Recognition Program:** \$60,000

(at 15 percent target rate)

Total Cash Compensation: \$460,000**Grade Level:** Grade 113

(Minimum \$333,900; Midpoint \$431,500; Maximum \$529,100)

Median Market Data: \$408,720**Funding Source:** Medical Center revenue**Percentage Difference from Market:** 2.13 percent below market**Prior Incumbent Data****Title:** Chief Financial Officer**Base Salary:** \$419,700**Incentive/Bonuses:** \$62,955 (at 15 percent target rate)**Total Cash Compensation:** \$482,655**Grade Level:** Grade 113

(Minimum \$333,900; Midpoint \$431,500; Maximum \$529,100)

Funding Source: Medical Center revenue

Additional items of compensation include:

- 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).
- Per policy, five percent monthly contribution to the Senior Management Supplemental Benefit Program.

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:**UC Davis Chancellor Katehi****Reviewed by:****President Yudof****Committee on Compensation Chair Varner****Office of the President, Human Resources**

(3) ***Amendment to Contract Compensation for Jeff Tedford as Head Football Coach, Berkeley Campus***

Background to Recommendation

Action under interim authority was requested to approve an amendment to the current Contract Addendum of Coach Tedford (Current Addendum) to be effective retroactive to January 1, 2011, and extend through the 2015 season, as previously approved.

Consistent with the Current Addendum, which defines the terms of the Employment Contract for Coach Tedford entered into on December 15, 2001, the terms, as revised, may be extended one year for each season (including the bowl season) that the University of California, Berkeley, football team wins nine games. Upon such extension all terms and conditions of the contract will remain in place through the 2015 contract year.

The revisions do not change the total guaranteed compensation payable under the Current Addendum. Instead they eliminated the provision directing payment of a \$500,000 retention bonus to Coach Tedford on January 8, 2011 and provided that payment of such amount, adjusted for applicable withholdings, will be made as a contribution on Coach Tedford's behalf to the Deferred Compensation Plan and related excess benefit arrangement. A similar contribution was made on behalf of Coach Tedford in the two prior contract years under the terms of the Current Addendum.

In addition, the pool for football coaching staff available for non-base building compensation recommended by the Coach will be increased from \$216,000 to \$316,000 in the years 2011 and 2012. Lastly, the bonuses that are payable to Coach Tedford if he is head football coach when the team fully occupies the new stadium and at the first home game in the new stadium are reduced from \$250,000 to \$150,000.

Coach Tedford confirmed in an Acknowledgment dated December 30, 2010 that he has relied on counsel from his legal, tax and financial advisors in connection with the negotiation of the proposed changes as well as the assessment of risks to him associated with the Deferred Compensation Plan and related excess benefit arrangement as described to him by the University in the cover letter to the Acknowledgement and a separate letter dated December 23, 2008. Both letters indicate Coach Tedford will be responsible to pay any taxes, interest and penalties, if applicable, attributable to the contribution and earnings maintained on his behalf under the excess benefit arrangement and distributed in accordance with the terms of the Deferred Compensation Plan.

Recommendation

The following terms and conditions were approved and reflected in the amendment to the Current Addendum:

- 1) The retention payment of \$500,000 due to Coach Tedford on January 8, 2011 will be eliminated. Instead, the \$500,000 will be paid to a Defined Contribution Plan and excess benefit arrangement on behalf of Coach Tedford, subject to appropriate tax withholdings. The previously approved Current Addendum called for a payment to a Defined Contribution Plan in both 2009 and 2010. The amendment to the Current Addendum extends the Defined Contribution Plan payment for one additional year. The amendment also expands the period of time that the Coach can re-open the non-financial terms and conditions of the Retention Bonus/Plan Contribution paragraph from 31 days to 90 calendar days.
- 2) An increase from \$216,000 to \$316,000 in the pool available for contract years 2011 and 2012 for Coach Tedford's use to recommend non-base building compensation for football coaching staff, subject to approval by the Director of Intercollegiate Athletics and in compliance with the University policies and regulations pertaining to compensation. Coach Tedford's criteria for distributing the discretionary account to his staff are based on performances on the field as well as recruiting and academic performances.
- 3) A decrease from \$250,000 to \$150,000 each in the bonuses to be paid to Coach Tedford if he is head football coach when the team fully occupies the new stadium and at the first home game in their new stadium.
- 4) The Current Addendum, as amended, is effective January 1, 2011.
- 5) All other terms and conditions previously approved by the Regents remain unchanged.

Recommended Compensation

Effective Date: January 1, 2011

Base Salary: \$225,000

Talent Fee: \$1,575,000

Total Guaranteed Compensation: \$1,800,000

Grade Level: Not applicable

Median Market Data: Not applicable

Percentage Difference from Market: N/A

Funding Source: athletic revenues and private fundraising

Prior Data

Base Salary: \$225,000

Talent Fee: \$1,575,000

Total Guaranteed Compensation: \$1,800,000

Funding Source: athletic revenues and private fundraising

Below are sections from the Current Addendum that were amended.

Deletions shown by strike out, additions by underscore

OPENING PARAGRAPH

This Contract Addendum, effective January 1, ~~2009~~ 2011, hereby defines the terms of the Employment Contract entered into on December 15, 2001 between the Regents of the University of California (hereinafter "University" or "management") and Jeff Tedford (hereinafter "Coach"). This Contract Addendum supersedes and replaces all previous contract addenda. All of the terms of the Employment Contract remain as first written unless modified in this Contract Addendum.

PARAGRAPH 9: RETENTION BONUS/PLAN CONTRIBUTION

If Coach is employed by the University of California, Berkeley as Head Football Coach continuously for the period from January 1, 2007 through the completion of the 2008 University of California, Berkeley football season, including post-season play, Coach will receive a retention bonus payment of \$500,000. The bonus shall be payable on January 8, 2009.

If Coach is employed by the University of California, Berkeley as Head Football Coach continuously for the period from January 1, 2007 through the completion of the 2008 University of California, Berkeley football season, including post-season play, the University will contribute \$500,000, adjusted for withholdings, on behalf of Coach to a defined contribution plan and excess benefit arrangement designed to satisfy certain requirements of the Internal Revenue Code (collectively, "Deferred Compensation Plan"). The University will make a similar contribution, adjusted for withholdings, to the Deferred Compensation Plan on behalf of Coach on January 8, 2010 and as soon as practicable after January 8, 2011 provided Coach continues as Head Football Coach through the end of the applicable University of California, Berkeley football season, including post-season play, for the prior year.

Beginning on January 8, 2014~~2~~ and for each subsequent year of this Employment Contract, if Coach is continuously employed by the University of California, Berkeley as Head Football Coach through the end of the University of California, Berkeley football season, including post season play, for the prior year, University will pay a retention bonus in the amount of \$500,000 to Coach. Normal taxes and withholdings will apply to all payments of retention bonuses.

In the event Coach becomes unable to provide the services described herein and this contract is terminated pursuant to Paragraph 9 (as modified by Paragraph 21 in this Contract Addendum), Coach or his assigns shall receive a pro-rata portion of the retention bonus due in that year. The amount of the payment shall be determined by applying a fractional multiplier (number of regular season games played in the relevant time period prior to disability or death of Coach divided by 12) to the relevant contribution or retention bonus payment.

The University and Coach agree ~~to~~ that, if requested by Coach on or before September 1, 2011, the parties will reopen the terms and conditions of this Paragraph 9 on July 1, 2010 for a period of 31 90 calendar days, provided always that no amendment to this Paragraph shall result in the University's annual financial commitment under this Paragraph exceeding, or being reduced below, the amount of \$500,000. If Coach does not initiate such request by September 1, 2011, or if the parties cannot come to agreement within the 90-day period, no amendment will be made to the terms and conditions of this Paragraph 9.

PARAGRAPH 12: SUPPORT FOR COACHING STAFF

- A. A pool of \$250,000 will be available for coach's use to recommend compensation enhancements for football coaching staff, subject to approval by the Director of Intercollegiate Athletics and in compliance with the University policies and regulations pertaining to compensation.
- B. A pool of ~~\$216,000~~ \$316,000 will be available for contract years 2011 and 2012 for coach's use to recommend non-base building compensation (talent fees) for football coaching staff, subject to approval by the Director of Intercollegiate Athletics and in compliance with the University policies and regulations pertaining to compensation. In the event the University is able to secure other sources of support for football coaching staff, Director of Intercollegiate Athletics may at her sole discretion, reduce or eliminate this fund.

PARAGRAPH 17: RENOVATED STADIUM BONUS

- A. Coach shall receive a bonus of ~~\$250,000~~ \$150,000 if he is the Head Football Coach on the date the University of California Football team fully occupies the Simpson High Performance Center. This amount shall be paid to Coach within thirty calendar days following the date on which the team fully occupies the Simpson High Performance Center.
- B. Coach shall receive a bonus of ~~\$250,000~~ \$150,000 if he is the Head Football Coach on the date that the University of California Football team plays its first home football game subsequent to the completion of Phase II (West Side Improvements). This amount shall be paid to Coach within thirty calendar days following the game.

The compensation set forth in the amended Contract Addendum described above and in the underlying contract with Coach Tedford, except as expressly modified by the amended Contract Addendum, shall constitute the University's total commitment until modified by the Regents and shall supersede all other 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 Berkeley Chancellor Birgeneau
Reviewed by: President Yudof
Committee on Compensation Chair Varner
Office of the President, Human Resources