

**REPORT OF INTERIM and CONCURRENCE ACTIONS**  
**Office of the Secretary and Chief of Staff**  
**March 14, 2013**

**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 or concurrence action was taken on routine or emergency matters as follows:

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

- (1) ***Change in Personnel Program for Thomas McAfee, Dean – Clinical Affairs and President of the Medical Group, San Diego Campus***

**Background to Recommendation**

Approval was requested to transfer the position of Dean – Clinical Affairs and President of the Medical Group, San Diego campus, held by Thomas McAfee, from the Senior Management Group (SMG) to the Academic Personnel Program, effective January 1, 2013.

Administrative oversight of the faculty practice continues to be a part of Mr. McAfee's position, but he has also assumed academic responsibilities. Mr. McAfee's position now has a much greater emphasis on the campus educational and research missions, with a clinical and teaching component involving clinical rounds, presentation at conferences, clinical teaching at the School of Medicine and other scholarly activities including publications. Mr. McAfee's position also has an academic administrative component which includes participation in the Health Science Academic Compliance Group and a faculty mentorship program. His position and current responsibilities are more closely aligned with that of clinical faculty than the SMG.

Mr. McAfee's position is comparable to the positions held by the UCLA CEO for the Faculty Practice Group and Executive Vice President of the Health System, and the UC Davis Director of the Practice Management Board. Both these individuals hold salaried faculty appointments with respect to their faculty practice leadership roles rather than SMG positions.

This action is intended to achieve consistency with Mr. McAfee's peers who are classified within the Academic Personnel Program and governed by the academic personnel policies and to recognize the primarily academic nature of his role.

Funding for this position will come exclusively from Practice Plan and Clinical funds. No State or UC general funds will be used.

Recommendation

The following items were approved in connection with the change in personnel program for Thomas McAfee, Dean – Clinical Affairs and President of the Medical Group, San Diego campus:

- a. Change in personnel program of Thomas McAfee as Dean – Clinical Affairs and President of the Medical Group from the Senior Management Group to the Academic Personnel Program. This action includes moving Mr. McAfee out of the current Market Reference Zone structure to an appropriate salary grade in the academic structure in effect at the San Diego campus.
- b. Beginning with the 2012-13 plan year, Mr. McAfee will no longer be a participant in the Clinical Enterprise Management Recognition Program (CEMRP). To be consistent with his peers, he will be eligible to participate in the Health Sciences Compensation Plan (HSCP). Mr. McAfee's "Z" component of HSCP is negotiated as a true incentive with objectives that will be completely aligned with the objectives of the CEMRP.
- c. Concurrent with this action, all Senior Management Group benefits, including senior management life insurance, executive salary continuation for disability, and participation in the Senior Management Supplemental Benefit Program will be terminated.
- d. All other employment, compensation, benefits and other human resources-related actions for Mr. McAfee will be governed by Academic Personnel Policies.
- e. This action is effective January 1, 2013.

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 San Diego Chancellor Khosla  
**Reviewed by:** President Yudof  
Committee on Compensation Chair Ruiz  
Office of the President, Human Resources

**(2) *Establishment of a New Position in the Senior Management Group: Associate Vice President – Chief Procurement Officer, Office of the President***

Background to Recommendation

Action under interim authority was requested to approve the establishment of a new position within the Senior Management Group: Associate Vice President – Chief Procurement Officer. This position will be in Level Two of the Senior Management Group; authority for appointment and compensation is delegated to the President within certain parameters.

The benchmark percentiles for the proposed Market Reference Zone (MRZ) for the position of Associate Vice President – Chief Procurement Officer are as follows: 25th percentile – \$234,000, 50th percentile – \$274,000, 60th percentile – \$298,000, 75th percentile – \$333,000, and 90th percentile – \$378,000. The sources used to establish the proposed MRZ are the Radford Executive Benchmark Survey, Towers Watson Top Management Survey, and Mercer Benchmark Database Survey.

The Associate Vice President – Chief Procurement Officer will report directly to the Executive Vice President – Chief Financial Officer. The Associate Vice President – Chief Procurement Officer will have primary responsibility for functional leadership of UC systemwide procurement activity including procurement strategy and planning, strategic sourcing, category management, technology, and change initiatives. The Associate Vice President – Chief Procurement Officer will provide executive leadership and guidance to the campus procurement leaders and teams to effectively develop and manage procurement across the UC system, driving value and efficiency. One of the primary responsibilities of the position will be to oversee the finalization of the strategic vision and drive the execution of the P200 program. P200, part of UC's Working Smarter Initiative, is a systemwide procurement services program whose goal is to deliver \$200 million in annual cost savings within five years.

Action under interim authority was necessary as the final decision and offer to the finalist was made too late for inclusion in the January Regents meeting and the expected start date will be in advance of the March meeting.

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

Recommendation

The following items were approved in connection with the establishment of a new position in the Senior Management Group: Associate Vice President – Chief Procurement Officer, Office of the President:

- a. Establishment of a new Senior Management Group position: Associate Vice President – Chief Procurement Officer, Office of the President. This position will be in Level Two of the Senior Management Group.
- b. The establishment of a Market Reference Zone for the position of Associate Vice President – Chief Procurement Officer with the following benchmark percentiles: 25th percentile – \$234,000, 50th percentile – \$274,000, 60th percentile – \$298,000, 75th percentile – \$333,000, and 90th percentile – \$378,000.

**Submitted by: Executive Vice President – Chief Financial Officer Taylor**  
**Reviewed by: President Yudof**  
**Committee on Compensation Chair Ruiz**  
**Office of the President, Human Resources**

**(3) *Retention Salary Adjustment for Horst Simon, Deputy Laboratory Director,  
Lawrence Berkeley National Laboratory***

**Background to Recommendation**

Action under interim authority was requested for a retention salary adjustment for Horst Simon as Deputy Laboratory Director, Lawrence Berkeley National Laboratory (LBNL), effective upon approval.

This request for action under interim authority was in response to the immediate need to retain Mr. Simon after he received an offer with significantly higher compensation from a competing institution.

In an effort to retain Mr. Simon, the Laboratory proposed an annual base salary of \$373,152 for Mr. Simon. This represents a 9.2 percent increase over his current base salary of \$341,712. According to the market reference zone (MRZ) for the Associate Laboratory Director position, the 60<sup>th</sup> percentile base salary for a comparable position is \$321,000, and the 75<sup>th</sup> percentile base salary for a comparable position is \$372,000. The proposed base salary of \$373,152 is 16.2 percent above the 60<sup>th</sup> percentile base salary, and 0.3 percent above the 75<sup>th</sup> percentile base salary.

The Deputy Laboratory Director reports to the Laboratory Director and is responsible for the overall integration of scientific goals and objectives consistent with the Director's vision and the Laboratory's mission.

Since assuming the role in September 2010, Mr. Simon has established himself as an effective and trusted Deputy Director. He has provided key support to the Laboratory Director, as well as valuable regular consultation and advice on all

laboratory management issues. He has been active in the Department of Energy-wide group of Chief Research Officers of the National Laboratories, and he is well-regarded by the Associate Laboratory Directors and the Division Directors.

Retaining Mr. Simon is especially important given his leadership role in the planning for the Berkeley Laboratory Richmond Bay Campus, one of the most important initiatives for the future of the Laboratory. His involvement is crucial to the success of this initiative.

This position will be funded by Department of Energy (DOE) funds.

**Recommendation**

The following items were approved in connection with the retention salary adjustment for Horst Simon, Deputy Laboratory Director, Lawrence Berkeley National Laboratory:

- a. Continuation of the appointment of Horst Simon as Deputy Laboratory Director, Lawrence Berkeley National Laboratory at 100 percent time.
- b. An annual base salary of \$373,152, which represents a 9.2 percent increase over his current base salary of \$341,712.
- c. Per policy, continuation of a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. 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).

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

**Effective Date:** upon approval

**Title:** Deputy Laboratory Director

**Base Salary:** \$373,152

**Target Cash Compensation:\*** \$373,152

**MRZ:** 25%: \$268,000; 50%: \$286,000; 60%: \$321,000; 75%: \$372,000; 90%: \$617,000

**Funding:** non-State-funded

**Budget &/Prior Incumbent Data:**

**Title:** Deputy Laboratory Director

**Base salary:** \$341,712

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**Target Cash Compensation:**\* \$341,712

**MRZ:** 25%: \$268,000; 50%: \$286,000; 60%: \$321,000; 75%: \$372,000; 90%: \$617,000

**Funding:** non-State-funded

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

**COMPETITIVE ANALYSIS FOR ASSOCIATE LABORATORY DIRECTOR**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$268K	\$286K	\$321K	\$372K	\$617K
% Difference From Market	39.2%	30.5%	16.2%	0.3%	-39.5%

Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$273K	\$286K	\$320K	\$372K	\$1,049K
% Difference From Market	36.7%	30.5%	16.6%	0.3%	-64.4%

**Survey Source:** 2012 Pearl Meyer Partners Executive Senior Management Total Compensation Survey

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

**(4)     *Retention Salary Adjustment for Terry A. Belmont as Chief Executive Officer –  
UC Irvine Medical Center***

Background to Recommendation

Action under interim authority was requested for a retention salary adjustment of 9.5 percent for Terry A. Belmont as Chief Executive Officer (CEO) – UC Irvine (UCI) Medical Center, effective upon approval. The proposed adjustment will increase Mr. Belmont's annual base salary from \$630,000 to \$690,000, with continued participation in the Clinical Enterprise Management Recognition Plan (CEMRP).

This request for action under interim authority was in response to the immediate need to retain Mr. Belmont as he has received an offer from a health enterprise at a large public research university.

Mr. Belmont was the lowest paid of the UC Medical Center/Health System CEOs. His base salary was 12.5 percent lower than the next highest paid CEO's base salary and 24.9 percent lower than the average base salary of the four other CEOs. According to the Market Reference Zone (MRZ) for the CEO position, the market median for a comparable position is \$718,000. Mr. Belmont's base salary of \$630,000 was 12.3 percent below the market median. The proposed base salary of \$690,000 is 3.9 percent above the market median.

With Mr. Belmont's leadership and strategic vision, the UCI Medical Center continues to flourish as a world-class academic medical center in the areas of patient quality, safety and satisfaction, all while meeting financial objectives. Mr. Belmont has played an integral leadership role in helping the UCI Medical Center move toward its goal of becoming one of the best (top 20) academic health centers in the nation for research, medical education, and excellence in patient care.

Should UCI Medical Center be unable to retain Mr. Belmont, the entire UCI health enterprise would be in jeopardy of not accomplishing its strategic goals. A vacancy in the CEO position would result in severe disruption to the UCI Medical Center's operation and service to the community.

Funding for this position will continue to come exclusively from medical center revenues. No State or UC general funds will be used.

Recommendation

The following items were approved in connection with the retention salary adjustment for Terry A. Belmont as Chief Executive Officer – UC Irvine Medical Center:

- a. Per policy, continued appointment of Terry A. Belmont as Chief Executive Officer – UC Irvine Medical Center at 100 percent time.
- b. Per policy, an annual base salary of \$690,000 which represents a 9.5 percent increase over his current base salary of \$630,000.
- c. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a target award of 20 percent of base salary (\$138,000) and a maximum potential award of 30 percent of base salary (\$207,000). Actual award will be determined based on performance against pre-established objectives.
- d. Per policy, continuation of a five percent monthly contribution to the Senior Management Supplemental Benefit program.
- e. Per policy, continued annual automobile allowance of \$8,916.
- f. 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).

### **COMPARATIVE ANALYSIS**

#### **Recommended Compensation**

**Effective Date:** upon approval

**Title:** Chief Executive Officer

**Base Salary:** \$690,000

**Clinical Enterprise Management Recognition Plan (CEMRP):**

\$138,000 (at 20 percent target rate)

**Target Cash Compensation:\*** \$828,000

**MRZ:** 25%: \$590,000; 50%: \$718,000; 60%: \$775,000; 75%: \$861,000; 90%: \$1,011,000

**Funding:** non-State-Funded

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

**Title:** Chief Executive Officer

**Base Salary:** \$630,000

**Clinical Enterprise Management Recognition Plan (CEMRP):**

\$126,000 (at 20 percent target rate)

**Target Cash Compensation:\*** \$756,000

**MRZ:** 25%: \$590,000; 50%: \$718,000; 60%: \$775,000; 75%: \$861,000; 90%: \$1,011,000

**Funding:** non-State-Funded

\*Target Cash Compensation consists of base salary, and, if applicable, incentive



and/or stipend.

**COMPETITIVE ANALYSIS FOR CHIEF EXECUTIVE OFFICER**

MRZ Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25th	50th	60th	75th	90th
Market Data	\$590K	\$718K	\$775K	\$861K	\$1,011K
% Difference of Proposed Annual Base Salary from Market	16.9%	-3.9%	-11.0%	-19.9%	-31.8%

Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
	25th	50th	60th	75th	90th
Market Data	\$684K	\$839K	\$924K	\$1,052K	\$1,272K
% Difference of Proposed Target Cash Compensation from Market	21.1%	-1.3%	-10.4%	-21.3%	-34.9%

**Survey Source:** Mercer Council of Teaching Hospital and Health Systems (COTH) Custom Analysis 4a and 4b Module.

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 Irvine Chancellor Drake  
**Reviewed by:** President Yudof  
Committee on Compensation Chair Ruiz  
Office of the President, Human Resources