REPORT OF INTERIM ACTIONS

Office of the Secretary and Chief of Staff
September 16, 2010

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, the Chair of the Committee on Grounds and Buildings, and the President of the University approved the following recommendation:

Approval of the Budget for Capital Improvements and the Capital Improvement Program, Approval of External Financing, UCSF Medical Center at Mission Bay Phase 1 Parking Structure, San Francisco Campus

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

San Francisco: UCSF Medical Center at Mission Bay Phase 1 Parking Structure – preliminary plans, working drawings/design, and construction - $22,877,000, to be funded from external financing.

(2) That the scope of the UCSF Medical Center at Mission Bay Phase 1 Parking Structure project is anticipated to include a 10-level parking garage, of approximately 223,300 gross square feet, to accommodate up to 621 parking spaces.

(3) That the President be authorized to obtain external financing not to exceed $22,877,000 to finance the UCSF Medical Center at Mission Bay Phase 1 Parking Structure project. The San Francisco 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 debt shall be from UCSF Parking System revenues and as long as the debt is outstanding, the UCSF Parking System 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.

(4) That the President be authorized to execute all documents necessary in connection with the above.

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

(1) ***Interim Re-slotting of the Position of Chief Financial Officer – UC Irvine Medical Center and Promotion of Morris J. Frieling as Chief Financial Officer – UC Irvine Medical Center, Irvine Campus***

Background to Recommendation

Ronald King, former Chief Financial Officer – UC Irvine Health Affairs, retired in June of 2009. Mr. King had responsibilities for the UC Irvine Health Affairs enterprise, including both the Medical Center and the School of Medicine. The School of Medicine financial responsibilities have been moved to the Assistant Dean – Fiscal Affairs (MSP) position in the School of Medicine, under the direction of the Dean – School of Medicine. The new Chief Financial Officer (CFO) position at the Medical Center has responsibilities for the Medical Center only and reports to the Chief Executive Officer. The CFO at the Medical Center is responsible for planning, directing, and controlling the Medical Center's overall financial plans, policies, operations, and performance.

As a result of changes to the responsibilities of the position, the campus requested an interim re-slotting of the position from Senior Leadership Compensation Group (SLCG) Grade 113 (Minimum $333,900, Midpoint $431,500, Maximum $529,100) to SLCG Grade 111 (Minimum $267,700, Midpoint $344,000, Maximum $420,100).

Because the CFO responsibilities at the Medical Center had not been assigned to an acting incumbent, there was an urgent need to appoint a permanent CFO. Thus, action under interim authority was requested for the approval of the appointment and compensation for Morris J. Frieling as Chief Financial Officer – UC Irvine Medical Center effective immediately upon approval.

During a comprehensive national search, Mr. Frieling emerged as the top candidate after several interviews with various campus and medical center leaders and other key stakeholders. He has multiple years of experience in leading operations and finance functions of large and complex academic health centers. He was the Associate Director, Finance, Budget and Decision Support Services at the UC Irvine Medical Center. Mr. Frieling has dedicated more than 20 years to UC Irvine, with five years in operations and more than 15 years in finance. He has extensive experience in financial planning, analysis, and modeling. He holds unique and valuable market and institutional knowledge of UC Irvine.

Mr. Frieling's experience and talents in healthcare administration have prepared him well for the CFO position.

This position is funded 100 percent by UC Irvine Medical Center operating revenue. The proposed base salary of $267,700 is 23.4 percent below the current market median of $349,600. Market data is provided by Mercer Human Resource Consulting, which includes data from the Clark 2006 Healthcare Executive Compensation Survey. The market data has been aged to October 1, 2008 by a factor of 4.1 percent. The proposed base salary is 31.4 percent below the average base salary of $390,500 for the chief financial officers with responsibility for medical centers only at other UC locations.

Additionally, the proposed base salary is 22.2 percent below the midpoint for SLCG Grade 111 (Minimum $267,700, Midpoint $344,000, Maximum $420,100). The proposed salary will be reduced by ten percent to $240,930 during the participation in the salary reduction and furlough plan.

Recommendation

The following items were approved in connection with the appointment of and compensation for Morris J. Frieling as Chief Financial Officer – UC Irvine Medical Center (CFO), Irvine campus:

a. Approval of interim re-slotting of the position from SLCG Grade 113 (Minimum $333,900, Midpoint $431,500, Maximum $529,100) to SLCG Grade 111 (Minimum $267,700, Midpoint $344,000, Maximum $420,100), as supported by Mercer Human Resource Consulting.

b. A promotional salary of $267,700. Additionally, Mr. Frieling's annual salary will be reduced by ten percent to $240,930, effective upon his appointment through August 31, 2010, corresponding to his participation in the salary reduction/furlough plan.

c. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan, with an annual target payout of 15 percent of base salary ($40,155).

d. This appointment is 100 percent time and effective immediately upon approval.

Recommended Compensation
Effective Date: Immediately upon approval
Base Salary: $267,700

Clinical Incentive Plan: $40,155 (at 15percent target rate[1])
Total Cash Compensation: $307,855
Grade Level: SLCG Grade 111:
Minimum $267,700, Midpoint $344,000, Maximum $420,100
Median Market Data: $349,600
Funding Source: Medical Center Operating Revenue
Percentage Difference from Market: -23.4 percent

Budget &/or Prior Incumbent Data
Base Salary: $431,500
Clinical Incentive Plan: $64,725 (at 15percent target[2])
Grade Level: SLCG Grade 113
Funding Source: Medical Center Operating 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, a five percent monthly contributions 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: **UCI Chancellor Michael V. Drake, M.D.**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(2) ***Term Appointment for Gerald R. Lowell as Interim University Librarian, Irvine Campus***

Background to Recommendation

There was an immediate need to fill the position of University Librarian at the Irvine campus because Gerald Munoff, the current incumbent, retired April 30,

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[1] CEMRP incentive opportunities are at risk with actual payouts ranging from 0% up to 25% for this level and dependent upon actual achievement of goals.

[2] CEMRP incentive opportunities are at risk with actual payouts ranging from 0% up to 25% for this level and dependent upon actual achievement of goals.

2010. Thus, interim authority was requested to appoint Gerald R. Lowell as Interim University Librarian, effective immediately upon approval.

Mr. Lowell was serving in the role of Assistant Dean at the UC Irvine Claire Trevor School of the Arts. He has senior library leadership experience within the UC system, directing libraries at San Diego and at Berkeley. He has also worked at the Yale University Library and the Library of Congress. Mr. Lowell is a strong, dynamic, and effective leader who will be able to lead the UC Irvine University Libraries through this transitional phase.

The campus requested a two-year appointment due to the need to establish long-term leadership while the campus completes two other strategic recruitments before beginning efforts on recruitment for a new University Librarian. Additionally, the campus will benefit from salary cost savings as Mr. Lowell was appointed at a lower salary than the current incumbent.

The proposed annual compensation of $180,000 is nine percent below the average base salary of $197,738 for other UC university librarians. The proposed base salary is 7.8 percent below the midpoint for Senior Leadership Compensation Group (SLCG) Grade 106 (Minimum $154,200, Midpoint $195,200, Maximum $236,100). Additionally, the proposed salary will be reduced by eight percent to $165,600 during the participation in the salary reduction and furlough plan. This position is funded 100 percent by UC general funds provided by the State.

<u>Recommendation</u>

The following items were approved in connection with the appointment of Gerald R. Lowell as Interim University Librarian, Irvine campus:

a. A term appointment effective immediately upon approval for a period of up to two years through May 31, 2012.

b. Per policy, annual compensation of $180,000.

<u>**Recommended Compensation**</u>
Effective Date: Immediately upon approval
Base Salary: $180,000
Total Cash Compensation: $180,000
Grade Level: SLCG Grade 106:
Minimum $154,200, Midpoint $195,200, Maximum $236,100
Funding Source: UC general funds

<u>**Budget &/or Prior Incumbent Data**</u>
Base Salary: $188,000
Grade Level: SLCG Grade 106
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**
Compensation Committee Chair Varner
Office of the President, Human Resources

(3) ***Promotional Appointment of and Compensation for Lori Donaldson as Chief Financial Officer, UC San Diego Health System, San Diego Campus***

Background to Recommendation

Lori Donaldson, who had been serving as interim Chief Financial Officer for the UC San Diego Health System since July of 2009, was identified as the top candidate to fill the position following a national search. The position was vacated when Robert Hogan retired on June 26, 2009. Ms. Donaldson has proven to be a talented and successful executive leader acting as the key advisor to the Chief Executive Officer on matters of health-care reimbursement, industry trends and business risks.

The appointment and compensation of Ms. Donaldson was requested as an action under interim authority for purposes of business continuity. She has 25 years of relevant experience, 20 of which have been with the University.

This position reports to Thomas Jackiewicz, Associate Vice Chancellor and Chief Executive Officer of UC San Diego Health System. The Chief Financial Officer (CFO) is responsible for administration of all financial and accounting functions for the Health System, including two hospitals, ambulatory care sites, subsidiary businesses, and affiliated joint ventures. These functions include, but are not limited to, Accounts Payable, Budgeting (Operating and Capital), Cashiering, Cost Accounting, Financial Planning, General Accounting and Reporting, Patient Accounting, Payroll/Timekeeping, Pricing, Third-Party Reimbursement, Revenue Cycle, and Supply Chain functions. The Chief Financial Officer oversees 275 FTE and $820 million in operating revenues.

The position is funded from medical center operating revenue, rather than UC general funds provided by the State. The proposed base salary of $320,000 is

14.2 percent below the current market median of $365,332. Market data is provided by Mercer Human Resource Consulting, which includes data from the Clark 2006 Healthcare Executive Compensation Survey. The proposed base salary is 1.2 percent below the average base salary of $323,850 for the chief financial officers with responsibility for medical centers only at other UC locations.

The proposed base salary is seven percent below the Senior Leadership Compensation Group (SLCG) Grade 111 salary range midpoint of $344,000. The proposed salary will be reduced by ten percent to $288,000 during participation in the salary reduction and furlough plan.

The Regents approved a 20 percent ($36,000) stipend for Ms. Donaldson as compensation for her assignment as Acting Chief Financial Officer for the period July 1, 2009 through June 30, 2010. It was recommended that her permanent appointment be retroactive to July 1, 2010 to provide continuous compensation for her ongoing service in the Chief Financial Officer role.

Recommendation

The following items were approved in connection with the promotional appointment and compensation of Lori Donaldson as Chief Financial Officer for UC San Diego Health System:

a. Promotional appointment of Lori Donaldson as Chief Financial Officer, UC San Diego Health System at 100 percent time.

b. Per policy, an annual base salary of $320,000 at SLCG Grade 111 (Minimum $267,700, Midpoint $344,000, Maximum $420,100).

c. Per policy, this position is subject to the Regents' approved furlough/salary reduction plan effective September 1, 2009 through August 31, 2010, with a ten percent base salary reduction.

d. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan with an annual target payout of 15 percent of base salary ($48,000).

e. As an exception to policy, effective retroactive to July 1, 2010.

Recommended Compensation
Effective Date: July 1, 2010
Base Salary: $320,000
Clinical Incentive Plan: $48,000 (at 15 percent target rate)
Total Cash Compensation: $368,000
Grade Level: SLCG Grade 111:

Minimum $267,700, Midpoint $344,000, Maximum $420,100
Median Market Data: $365,332
Funding Source: UCSD Health System Operating Revenue
Percentage Difference from Market: 14.2 percent below market

Budget &/or Prior Incumbent Data
Base Salary: $258,500
Clinical Incentive Plan: $38,775 (at 15 percent target)
Grade Level: SLCG Grade 110
Funding Source: UCSD Health System Operating 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: **Chancellor Fox**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(4) ***Appointment of and Compensation for James S. Economou as Vice Chancellor for Research, Los Angeles Campus***

Background to Recommendation

A member of the UCLA faculty since 1986, James S. Economou, was proposed for appointment as Vice Chancellor for Research, Los Angeles campus. He holds the Louis D. Beaumont Chair in Surgery and serves as professor in the departments of surgery; microbiology, immunology and molecular genetics; and molecular and medical pharmacology. A highly respected surgeon and distinguished investigator, Dr. Economou's clinical interests include melanoma, primary and metastatic liver cancer, and soft tissue sarcomas and his research interests include molecular immunology and human gene therapy.

After an extensive systemwide search, Dr. Economou was identified as the top candidate for this position. In addition to his distinguished academic background, he will bring to his new role broad experience in academic leadership, including service as chief of the division of surgical oncology, deputy director of the UCLA Jonsson Comprehensive Cancer Center, and director of the UCLA Human Gene Medicine Program.

The appointment of and compensation for Dr. Economou as Vice Chancellor for Research was requested as an action under interim authority for business continuity reasons, following the conclusion of the former Vice Chancellor for Research's service in this position. Compliance with federal regulations governing research was also a strong consideration in the decision to request interim authority. The Vice Chancellor for Research serves as the Institutional Official responsible for oversight of all human and animal subject research at the Los Angeles campus. Establishment of this role was required by government regulation in order for the campus to accept and participate in federal contract and grant funding for research of this type.

A 70 percent appointment to the Senior Management Group personnel program was proposed for Dr. Economou as Vice Chancellor for Research. He will continue his active tenured faculty appointment (reduced to 30 percent) and maintain his clinical practice. The Senior Management Group position is slotted at Senior Leadership Compensation Group (SLCG) Grade 110. The 70 percent appointment salary of $210,000 (100 percent equivalent of $300,000) is state-funded as is his tenured faculty appointment, with a 30 percent salary of $45,600. The remainder of his compensation will continue to be paid through clinical income.

Recommendation

The following items were approved in connection with the appointment and compensation for James S. Economou as Vice Chancellor for Research, Los Angeles campus:

a. Per policy, a 70 percent appointment to the Senior Management Group (SMG) personnel program.

b. Per policy, an annual base salary of $300,000 ($210,000 at 70 percent time) at SLCG Grade 110 (Minimum $239,700, Midpoint $307,200, Maximum $374,500).

c. Per policy, this position is subject to the Regents' approved furlough/salary reduction plan effective September 1, 2009 through August 31, 2010, with a 10 percent base salary reduction.

d. As an exception to policy, effective retroactive to July 1, 2010.

Note: Appointment as a member of active tenured faculty will continue, and the approval of a reduction to a 30 percent appointment and continued clinical practice income was approved by the Dean of the School of Medicine concurrent with the approval of this item. The sum of Mr. Economou's University of California appointments will not exceed 100 percent.

Recommended Compensation
Effective Date: July 1, 2010
SMG Base Salary: $300,000 (full-time rate): $210,000 at 70 percent appointment
Total Cash Compensation: $210,000 SMG base salary (plus continuation of faculty salary ($152,000) reduced to a 30 percent appointment ($45,600) and clinical income ($300,000-$500,000 subject to the approval by the Dean School of Medicine concurrent with the approval of this item)
Grade Level: SLGC Grade 110:
Minimum $239,700, Midpoint $307,200, Maximum $374,500
Median Market Data: $ 329,220
Average Internal Comparators: $ 242,000
Funding Source: State funding for SMG and faculty base salary only; additional income provided through clinical sources

Budget &/or Prior Incumbent Data
Base Salary: $248,400
Clinical Incentive Plan: N/A
Total Cash Compensation: $248,400
Grade Level: SLCG Grade 110
Funding Source: State funded

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, continuation of accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in 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**
Compensation Committee Chair Varner
Office of the President, Human Resources

(5) ***Appointment of and Compensation for Anita Gursahani as Deputy to the Associate Vice President – Laboratory Operations, Laboratory Management Office, Office of the President***

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Anita Gursahani as Deputy to the Associate Vice President – Laboratory Operations, Laboratory Management Office, Office of the President. This request was in response to an immediate need to fill this position, as the incumbent, James (Buck) Koonce, retired effective June 29, 2010. Ms. Gursahani was the Deputy Chief Operating Officer at Lawrence Berkeley National Laboratory (LBNL). In her 20 years of progressive experience at Lawrence Livermore National Laboratory (LLNL) and Lawrence Berkeley National Laboratory, Ms. Gursahani served in a variety of operations and management positions and has strong expertise and knowledge of laboratory missions and operations, contract assurance, environment, health, and safety; site infrastructure, safeguards and security, finance, procurement, property management, human resource functions, and DOE requirements. Ms. Gursahani was also a member of the LLNL Contract Transition Team leading the effort for Facilities and Infrastructure to ensure a smooth and orderly transition from University of California to the new management and operations contractor Lawrence Livermore National Security, LLC (LLNS) in 2007.

As Deputy to the Associate Vice President, Ms. Gursahani reports directly to Associate Vice President for Laboratory Operations Bob Van Ness. She will work closely with Laboratory Senior Managers, Department of Energy/National Nuclear Security Administration (DOE/NNSA) Directors and Deputy Managers, as well as appropriate University of California Senior Managers. She will be the UCOP point of contact for Laboratory-related crisis management and the UCOP DOE/NNSA interface on Lab operations. These are essential duties for the Laboratory Management Office. Ms. Gursahani will represent Laboratory interests on relevant UC-wide policy committees and will provide input to committees from a DOE/NNSA/Laboratory perspective. She will also provide UC's Lab operations expertise in the areas of Security, Environment, Safety and Health, and Facilities Management.

Anita Gursahani joined the Lawrence Livermore National Laboratory in 1989 as a Systems Electrical Engineer and by 2001 was promoted to Division Leader for Facilities and Maintenance Management. Ms. Gursahani progressed through increasingly more responsible assignments at LLNL, including Deputy Department Head and Acting Department Head of the Plant Engineering Department, and was responsible for leadership, technical, and administrative management of 700 personnel, an annual operating budget of $50 million, and work-in-place in excess of $120 million. Ms. Gursahani's Plant Engineering responsibilities included leadership and management for planning, project management, design, construction, maintenance, utilities, energy management, and operations services for LLNL facilities and infrastructure.

Ms. Gursahani has the breadth of experience necessary to work closely with Laboratory Senior Managers, Department of Energy Directors and Deputy Managers and appropriate University of California Associate and Assistant Vice Presidents, as well as provide laboratory operations expertise in the areas of environmental, safety, and health, environmental restoration, project management and engineering design, construction, site infrastructure maintenance and operations, budget management, procurement, property management, safeguards and security, emergency management, and contractor assurance. Ms. Gursahani holds a Bachelor of Science degree in Electrical Engineering from California Polytechnic State University, San Luis Obispo and a Master of Business Administration degree from Saint Mary's College of California.

This position is funded from non-State funds, specifically DOE contract fee earned as UC's partner share at Los Alamos National Laboratory and LLNL, and reimbursed costs for Laboratory Management expenses approved by the DOE Contracting Officer at LBNL. The proposed annual compensation of $256,000 is a 5.18 percent increase over her current annualized base salary of $243,396. The proposed base salary of $256,000 is 12.6 percent below the $293,000 average salary for 11 positions that the Deputy to the Associate Vice President – Laboratory Operations, Laboratory Management Office would be dealing with on a regular basis.

Recommendation

The following items were approved in connection with the promotional appointment and compensation for Anita Gursahani as Deputy to the Associate Vice President – Laboratory Operations, Laboratory Management Office, Office of the President:

a. Appointment of Anita Gursahani as Deputy to the Associate Vice President – Laboratory Operations, Laboratory Management Office, Office of the President, at 100 percent time.

b. Per policy, appointment salary of $256,000.

c. Per policy, eligibility to participate in the University Home Loan Program. Participation will comply with all University/campus normal program parameters.

d. Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009 through August 31, 2010, with a ten percent salary reduction.

e. This appointment was effective upon the approval.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $256,000
Total Cash Compensation: $256,000
Grade Level: SLCG Grade 108/B:
Minimum $192,300, Midpoint $244,900, Maximum $297,400
Funding Source: Non-State funds

Budget &/or Prior Incumbent Data
Base Salary: $254,500
Total Cash Compensation: $254,500
Funding Source: Non-State funds

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, eligible for participation in the Senior Management Supplemental Benefit Program.
- Per policy, eligible for participation in the University Home Loan Program. Participation will comply with all University/Campus standard program parameters.

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

Reviewed By: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(6) ***Continuation of Reemployment of University of California Retired Employee and Compensation for Glenn L. Mara as Acting Associate Vice President – Laboratory Programs, Office of the President***

Background to Recommendation

Action under interim authority was requested for the continuation of the reemployment of University of California retired employee and compensation for Glenn L. Mara as Acting Associate Vice President – Laboratory Programs, Office of the President. Glenn L. Mara was appointed as a rehired retiree effective

August 1, 2009 through July 31, 2010. This request was to continue Mr. Mara's appointment for the period August 1, 2010 through July 31, 2011.

Mr. Mara's performance in this position has been exceptional and is highly valued by the Laboratories and the UC Governors of Los Alamos National Security, LLC (LANS) and Lawrence Livermore National Security, LLC (LLNS). His position is critical to the University's continuing oversight of the science and technology/research program at Lawrence Berkeley National Laboratory (LBNL) and appropriate oversight and interface with Los Alamos National Security and LLNS private sector partners in matters impacting science and technology and mission performance at Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL). Mr. Mara's limited appointment will allow the continuation of the important and sensitive oversight of Department of Energy (DOE) contractual agreements, high-profile Laboratory programs, and representation of the University with key stakeholders including the Department of Defense (DOD), National Nuclear Security Agency (NNSA) and DOE, as well as State and federal elected officials. These responsibilities have been identified as having serious impact upon the University and are complex and public in nature.

This position is funded from non-State funds, specifically DOE contract fee earned as UC's partner share at LANL and LLNL, and reimbursed costs for Laboratory Management expenses approved by the DOE Contracting Officer at Lawrence Berkeley National Laboratory.

Prior to his 43 percent appointment as Acting Vice Associate Vice President – Laboratory Programs effective August 1, 2009, Mr. Mara had retired from LANS in June 2009 where he had held the position of Principal Associate Director for Weapons Programs at LANL. Mr. Mara had previously served as LLNL's Deputy Director for Operations, and played major roles in the transition of the Nevada Test Site (NTS) under the test moratorium, U.S. nuclear stockpile life extension projects, and project management at the National Ignition Facility (NIF).

Mr. Mara first retired from LANS in January 2005, but suspended his retirement in April 2005 to assume a career position as Senior Associate to the Vice President for Laboratory Management at UCOP. In that position Mr. Mara was responsible for developing improvements in all aspects of LANL and LLNL operations; participating in their strategic planning processes; and facilitating Laboratory performance to meet NNSA's operational requirements. Mr. Mara was also part of the successful team (LANS) that bid for the management of LANL. Mr. Mara re-retired from LANS in June 2009.

Mr. Mara is uniquely qualified to continue in the role of Acting Associate Vice President – Laboratory Programs. He is intimately familiar with LLNL and LANL and has interacted extensively with LBNL over his 35-year career. He has an in-depth understanding of the entire nuclear weapons complex and knows and interacts well with DOE/NNSA and Department of Defense communities and Washington, D.C. stakeholders, as well as State and federal elected officials.

The duties of the Associate Vice President – Laboratory Programs have been evaluated over the past year and the 43 percent position held by Mr. Mara has been supplemented with a personal services agreement that provides additional staff to assume other Laboratory Management duties and activities. This approach continues to cost less than the previous employment of a full-time position; provides greater ability to participate in external reviews of science and mission programs at the three Laboratories due to unavoidable scheduling conflicts for external reviews at Berkeley, Livermore and Los Alamos; and provides broader scientific and mission expertise for fulfillment of UC's oversight of science and mission performance at the three Laboratories.

Recommendation

The following items were approved in connection with the continuation of the reemployment of Glenn L. Mara as Acting Associate Vice President – Laboratory Programs, Laboratory Management Office, Office of the President:

a. Appointment of Glenn L. Mara as Acting Associate Vice President – Laboratory Programs, Laboratory Management Office, Office of the President, at 43 percent time.

b. Per policy, continuation of appointment salary of $136,826.

c. Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009 through August 31, 2010, with a ten percent salary reduction.

d. This appointment was effective upon the approval. Per policy, any extension beyond the 12-month appointment is subject to approval by the Regents.

Recommended Compensation
Effective Date: August 1, 2010, upon approval
Base Salary: $136,826 (43 percent time)
Total Cash Compensation: $136,826
Grade Level: SLCG Grade 110:
Minimum $239,700, Midpoint $307,200, Maximum $374,500
Funding Source: Non-State funds

Budget &/or Prior Incumbent Data
Base Salary: $136,826 (43 percent time)
Total Cash Compensation: $136,826

Funding Source: Non-State funds

Additional items of compensation include:

- Mr. Mara has previously signed and accepted the Rehired Retiree Waiver Form that serves to decline participation in the UC Retirement System (UCRS) and allows Mr. Mara to continue receiving his retirement annuity while receiving compensation related to this appointment.

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.

Reviewed By: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(7) ***Contract Amendment for Anne "Sandy" Barbour as Executive Director – Intercollegiate Athletics, Berkeley Campus***

<u>Background to Recommendation</u>

Action under interim authority was requested for the approval of the contract amendment for Anne "Sandy" Barbour as Executive Director, Intercollegiate Athletics for a six year period, effective July 1, 2009 through June 30, 2015. This urgent request was in response to external interest on the part of competitive institutions, and was retroactive to the date that initial contract negotiations were concluded between Ms. Barbour's attorneys and her former supervisor. Further negotiation was conducted by Ms. Barbour's new manager to amend the frameworks for the contract's agreed-upon discretionary bonuses. The agreement on these frameworks was met in May 2010.

This position is funded 100 percent by athletic department revenues and private fundraising, and no State or general campus funds are used in this arrangement. The campus proposed to combine two elements of Ms. Barbour's guaranteed compensation, her current base salary of $284,400 and the talent fee of $85,750, bringing the new base salary to $370,150. This action did not represent an increase in guaranteed compensation, and is below the 2010 PAC-10 Athletic Director market median of $402,000. In addition, the proposed base salary was 39 percent below the salary of $512,665 for the Director of Athletics at the Los Angeles campus, which is a comparable position to Ms. Barbour's position. Other elements of Ms. Barbour's compensation are in line with competitive practice and internal comparators.

Regental approval was required for this contract amendment because it is outside the Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide.

Recommendation

The following terms and conditions were approved and reflected in connection with the contract amendment for Anne "Sandy" Barbour as Executive Director, Intercollegiate Athletics, Berkeley campus:

a. **DURATION**: The term of this Employment Contract is effective on July 1, 2009 and will terminate on June 30, 2015.

b. **COMPENSATION**: The annual base salary prorated monthly for this position shall be as follows:

Contract Year	Effective Date	Base Salary
1	07/1/09 – 06/30/10	$370,150
2	07/1/10 – 06/30/11	$381,550
3	07/1/11 – 06/30/12	$392,997
4	07/1/12 – 06/30/13	$404,787
5	07/1/13 – 06/30/14	$416,931
6	07/1/14 – 06/30/15	$429,439

c. **RETENTION BONUS PLAN:** The University will make contributions to a retention bonus plan for Ms. Barbour "Executive Director" in accordance with the following provisions.

i. Period A - Completion of Contract Years 2009-10 and 2010-11: Provided Executive Director remains employed as Executive Director of Athletics for the University of California, Berkeley for Contract years 2009-10 and 2010-11, the University will contribute $120,000 to a retention bonus plan for Executive Director. The $120,000 amount for Period A will be paid on June 30, 2011. If the Executive Director does not complete the contract periods identified as Period A due to termination for cause pursuant to Paragraph 9, of the Employment Contract, or due to the Executive Director's decision to resign her position, the Executive Director will be ineligible to receive the retention bonus. If the University terminates the Executive Director's contract without cause pursuant to Paragraph 11, or if the University terminates the Executive Director's contract due to inability to serve pursuant to Paragraph 10, Executive Director will receive a pro-rata portion of the deferred compensation for each complete contract year served during the Period A which the termination occurs.

ii. Period B - Completion of Contract Years 2011-2012, 2012-13, 2013-14, and 2014-15: Provided Executive Director remains employed as Executive Director of Athletics for the University of California, Berkeley for Contract years 2011-2012, 2012-13, 2013-14, and 2014-15, the University will contribute $160,000 to a retention bonus plan for Executive Director. The $160,000 will be paid on June 30, 2015. If the Executive Director does not complete the contract periods identified as Period B above, due to termination for cause pursuant to Paragraph 9, of the Employment Contract, or due to the Executive Director's decision to resign her position, the Executive Director will be ineligible to receive the retention bonus. If the University terminates the Executive Director's contract without cause pursuant to Paragraph 11, or if the University terminates the Executive Director's contract due to inability to serve pursuant to Paragraph 10, Executive Director will receive a pro-rata portion of the deferred compensation for each complete contract year served during Period B which the termination occurs.

d. **SUPPLEMENTAL PERFORMANCE – BASED COMPENSATION:** Beginning June 30, 2009, Executive Director will have the opportunity to earn Supplemental Compensation on an annual basis, to be paid as non-base building bonus amounts within ninety (90) calendar days of completion, for satisfying certain performance standards as specified in subparagraphs i through iii below.

i. **Academic Achievement**. Executive Director will be awarded up to ten percent of annual base pay for achieving progress in the area of student-athlete academic performance. Five percent of base pay will be awarded in each year that all teams achieve the Academic Progress Rate (APR) threshold. At the sole discretion of the Vice Chancellor – Administration, up to an additional five percent of based pay will be awarded based upon progress in the areas of graduation rates and progress of the Athletic Study Center.

ii. **Adherence to Financial Plan Progress Requirements**. At the sole discretion of the Vice Chancellor, Administration, up to 20 percent of annual base pay will be awarded to Executive Director for adherence and progress toward established financial objectives.

iii. **Athletic Success Incentive Payments.** During each contract year, Executive Director will be eligible to earn up to one incentive payment per contract year in each identified sport which will be determined by the highest level of success achieved by the team during the contract year. Following is a list of the sports and incentive payments the Executive Director is eligible to receive.

(a) **Men's Basketball** (highest achievement of the following):

Achievement	Incentive % of Base Salary
Tournament Participation	5%
Final Four Participation	6%
National Championship	7.5%

(b) **Women's Basketball** (highest achievement of the following):

Achievement	Incentive% of Base Salary
Tournament Participation	5%
Final Four Participation	6%
National Championship	7.5%

(c) **Football** (highest achievement of the following):

Achievement	Incentive % of Base Salary
Bowl Participation	5%
BCS Bowl	6%
National Championship	7.5%

(d) **Sears Cup**

Achievement	Incentive % of Base Salary
Sears Cup Top 20	2.5%
Sears Cup Top 10	5%
Sears Cup Top 5	6%
Sears Cup #1	7.5%

(e) **Intercollegiate Athletic Sport Team National Championship (Excluding Football and Basketball)**
If an Intercollegiate Athletic sport team wins a national championship, the Executive Director will be provided a 2.5percent of base salary bonus payment. The Executive Director will be eligible for up to two such bonus payments per contract year. The bonus payments provided for in this section exclude football and basketball.

e. **INTERNATIONAL SPORTS PROPERTIES (ISP) PAYMENTS.** The University will provide to Executive Director $25,000 per annum non-base building payment for services related to ISP, provided the funds are received from the ISP network for Executive Director's participation in the program.

Recommended Compensation
Effective Date: July 1, 2009

Base Salary: $370,150
Range of Total Incentive/Bonus Awards: $64,776.25 - $240,598
Total Cash Compensation: $434,926.25 - $610,748
Grade Level: N/A
Median Market Data: $402,000
Funding Source: Athletic Revenues and Private Fundraising
Percentage Difference from Market: -8.6 percent

Budget &/or Prior Incumbent Data
Base Salary: $284,400
Talent Fee: $85,750
Range of Total Incentive Bonus Awards: $41,328 - $142,200
Total Cash Compensation: $411,478 - $512,350
Funding Source: Athletic Revenues and Private Fundraising

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, leased University vehicle.
- Claremont Country Club membership with an estimated annual fee of $10,000.

The compensation set forth in the Contract Addendum described above and in the underlying contract with Ms. Barbour, except as expressly modified by the 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: **UCB Chancellor Birgeneau**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(8) ***Term Appointment of and Compensation for Margaret L. Delaney as Vice Chancellor – Planning and Budget, Santa Cruz Campus***

Background to Recommendation

Action under interim authority was requested for the approval of Margaret L. Delaney's extension of her continuous term appointment as Vice Chancellor – Planning and Budget effective September 1, 2010 through February 28, 2011 or until the appointment of a permanent Vice Chancellor, whichever occurs first. The campus also requested approval to continue Ms. Delaney's appointment salary of $204,150 (SLCG Grade 106: Minimum $154,200, Midpoint $195,200, Maximum $236,100) at 100 percent time. Ms. Delaney has been serving as Vice Chancellor – Planning and Budget since August 17, 2009 following the departure of the former Vice Chancellor for a similar position at UC Irvine. The initial appointment was approved to allow for a one year term appointment pending the outcome of a national search. A national search for a permanent Vice Chancellor has been recently launched. The campus is also in the process of recruiting for the permanent Campus Provost and Executive Vice Chancellor, and would like to appoint the Campus Provost and Executive Vice Chancellor before the Vice Chancellor – Planning and Budget. This would allow the permanent Campus Provost and Executive Vice Chancellor to participate in the Vice Chancellor selection. This position is funded 100 percent by UC general funds provided by the State.

Recommendation

The following items were approved in connection with the term appointment of Margaret L. Delaney as Vice Chancellor – Planning and Budget, Santa Cruz campus:

a. Continued extension of term appointment effective September 1, 2010 through February 28, 2011, or until the effective date of the appointment of a permanent Vice Chancellor – Planning and Budget, whichever occurs first.

b. Continuation of the current appointment salary of $204,150 (SLCG Grade 106: Minimum $154,200, Midpoint $195,200, Maximum $236,100) at 100 percent time.

Recommended Compensation
Effective Date: September 1, 2010
Base Salary: $204,150
Bonus/Incentive: $0
Total Cash Compensation: $204,150
Grade Level: SLCG Grade 106:
Minimum $154,200, Midpoint $195,200, Maximum $236,100
Median Market Data: $223,300
Percentage Difference from Market: -9.4 percent
Funding Source: UC general funds provided by the State

Budget &/or Prior Incumbent Data
Base Salary: $204,150
Bonus/Incentive: $0
Total Cash Compensation: $204,150
Grade Level: SLCG Grade 106:
Minimum $154,200, Midpoint $195,200, Maximum $236,100
Funding Source: UC general funds provided by the State

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

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 Blumenthal**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

(9) ***Reemployment of Retiree Manuel N. Gómez as Vice Chancellor – Student Affairs, Irvine Campus***

Background to Recommendation

Approval was requested for the reemployment of retiree Manuel N. Gómez as Vice Chancellor – Student Affairs, Irvine campus. Mr. Gómez retired on July 1, 2010. Mr. Gómez possesses unique skills, institutional knowledge and leadership capabilities that cannot be replaced in a short amount of time. In addition, Mr. Gómez has unique abilities and expertise that are required to address urgent and pressing issues the campus is currently facing from the student body.

The Irvine campus was in the process of identifying an interim staffing structure to meet the needs of the campus until a new permanent Vice Chancellor – Student Affairs is appointed. Mr. Gómez provided notice of his retirement in spring 2010 with an August 31, 2010 effective date. However, upon learning new information impacting his retirement benefit, Mr. Gómez changed his retirement effective date to July 1, 2010. As a result, the Irvine administration has not had adequate time to find a replacement or develop an interim structure.

Recruitment efforts to the fill this position will commence in the coming months. The administration expects a prolonged process for hiring a replacement since it will be imperative to find a candidate that will have all of the skills required by the position and be a good fit for the campus. In addition, given the nature of this leadership position, the administration will need to gain consensus among all constituencies.

The campus requested that Mr. Gómez return to the Irvine campus upon approval. The appointment will be at 43 percent ($92,579), effective until December 31, 2010. Mr. Gómez has reached normal retirement age, and, thus, per policy, may engage in discussions concerning his reemployment. The proposed salary rate of $215,300 was equal to Mr. Gómez' salary at the time of retirement and is within the salary range for Senior Leadership Compensation Group (SLCG) Grade 108. This position is funded by State funds.

The Vice Chancellor – Student Affairs is an integral position in Irvine's executive management. 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. Gómez is a dedicated leader with 37 years of service at UC Irvine. He has a track record of exceptional performance. He is a strong advocate of deep and lasting educational change. Mr. Gómez began his career at UC Irvine in 1973 as a counselor. He went on to several other positions, each with increasing responsibility, to finally become the Vice Chancellor – Student Affairs. He has also consulted for the U.S. Department of Education, worked as a program officer with the Fund for the Improvement of Postsecondary Education, advised the California Postsecondary Education Commission, and served as Interim Vice President for Educational Outreach for the UC Office of the President.
Mr. Gómez received a Ph.D. in Higher Education Policy and Organization from the University of Southern California, an M.A. in History from California State University, Hayward, and a B.A. in Social Ecology from UC Irvine.

Recommendation

The following items were approved in connection with the reemployment of retiree Manuel N. Gómez as Vice Chancellor – Student Affairs, Irvine campus:

a. Recall from retirement with an appointment percentage of 43 percent time to the title of Vice Chancellor – Student Affairs.

b. Annualized appointment salary of $215,300 ($92,579 at 43 percent) – (SLCG Grade 108: Minimum $192,300, Midpoint $244,900, Maximum $297,400).

c. This appointment was effective upon approval.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $215,300 - ($92,579 at 43 percent)
Total Cash Compensation: $215,300 - ($92,579 at 43 percent)

Grade Level: SLCG Grade 108:
Minimum $192,300, Midpoint $244,900, Maximum $297,400
Funding Source: UC general funds

Additional items of compensation include:

- Mr. Gómez plans to sign and accept the Rehired Retiree Waiver Form that will serve to decline participation in the UC Retirement System (UCRS) and allow Mr. Gómez to continue receiving his retirement annuity while receiving compensation related to this appointment.
- Per policy, health and welfare benefits are based upon a 43 percent limited-time appointment.

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

(10) ***Term Appointment and Compensation for Dallas L. Rabenstein as Acting Executive Vice Chancellor and Provost, Riverside Campus***

Background to Recommendation

Approval was requested for the term appointment for Dallas L. Rabenstein as Acting Executive Vice Chancellor and Provost effective August 1, 2010 through June 30, 2011 or until the appointment of a permanent Executive Vice Chancellor and Provost, whichever occurs first. This request was in response to the decision to extend the national search for the permanent Executive Vice Chancellor and Provost due to the top candidate's recent withdrawal as well as the pivotal role Dallas Rabenstein serves in leading the campus strategic planning process, referred to as UCR 2020: The Path to Preeminence. The significance of the campus strategic planning process is immense, and much is at stake, given that it has been well over a decade since the campus operated from a strategic plan. UCR 2020 will create the legacy and strategic framework to guide and direct the campus for the decade ahead in becoming a preeminent research university. Mr. Rabenstein is building an implementation strategy that lays the groundwork to meet nationally and internationally accepted standards of widely accepted entities, including the Association of American Universities, or AAU. The AAU serves as a guidepost for academic excellence and is a central measure of excellence in the strategic framework for UCR 2020.

During the coming year, Mr. Rabenstein will lead the strategic planning implementation efforts including the establishment of goals, metrics, and benchmarks, as well as a business plan for the campus. These decisions will create linkages to the budget process, resource allocation priorities, and will guide academic units as they work to align their strategic plans within the framework of UCR 2020. The credibility and stature that Mr. Rabenstein brings to the campus strategic planning process, and his commitment to the campus to utilize all available mechanisms to assure transparency, cannot be overstated. His leadership and expertise in shepherding the planning and implementation through the end of the next fiscal year is of strategic importance to the future of the campus.

As Chancellor White becomes increasingly focused outward on external relations with the local, national, and international community, Mr. Rabenstein is actively and visibly moving the campus forward. He is fully vested with the authority, responsibility and accountability expected of the Executive Vice Chancellor and Provost. The delegation of full authority was absolutely essential to empower him to carry out the responsibilities with accountability, specifically in his leadership of the multi-year campus strategic planning process. Mr. Rabenstein is a highly respected, seasoned administrator, who has capably navigated the campus through difficult challenges and transitions with praiseworthy results during his acting appointment.

Despite a carefully crafted compensation proposal for the top candidate for the permanent Executive Vice Chancellor and Provost position, the candidate withdrew, citing the compensation package as the reason. The proposed salary offer was $320,000, just slightly below the Chancellor’s base salary, but even so, the salary offer was not sufficiently competitive. Upon the withdrawal of the candidate, Mr. Rabenstein was asked to continue to serve while the search resumed, but it was apparent that his compensation was inadequate, given the recent salary offer to the external candidate, the current market conditions, and, moreover, the need to recognize the strategic importance of Mr. Rabenstein’s continued leadership. The proposed increase to the administrative stipend did not remotely approach the competitive market data reflected for this role, but it reflected an increased awareness of the value of his leadership during this pivotal period that will establish UCR’s path to preeminence over the next decade. Although Mr. Rabenstein has agreed to further delay his return to his active research program as a distinguished professor of chemistry, this request attempted to place Mr. Rabenstein’s total annual salary in a more competitive position against his UC counterparts while recognizing that he is performing under equally demanding challenges and delivering visible results.

The campus requested approval to increase Mr. Rabenstein’s stipend from 19.8 percent ($41,339) to 25.8 percent ($53,839), increasing his total annual salary from $250,000 to $262,500. The proposed total annual salary of $262,500 is about 4.5 percent below the midpoint for Senior Leadership Compensation Group (SLCG) Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700) and 11.8 percent below the average base salary of $293,500 for the Executive Vice Chancellor and Provost at the other UC locations. In addition, the proposed total annual salary is 42 percent below the market median of $371,630. This position is funded 100 percent from UC General State funds.

Recommendation

The following items were approved in connection with the term appointment for Dallas L. Rabenstein as Acting Executive Vice Chancellor and Provost, Riverside Campus:

a. An administrative stipend of 25.8 percent ($53,839) to increase his adjusted faculty salary of $208,661 to a total annual salary of $262,500 (SLCG Grade 109: Minimum $214,700, Midpoint $274,300, Maximum $333,700).

b. As an exception to policy, this 100 percent appointment will be effective August 1, 2010 through June 30, 2011, or until the appointment of a permanent Executive Vice Chancellor and Provost, whichever occurs first. This constitutes an exception to policy as it extends the acting appointment beyond the one year allowed by policy for a total duration of 28.5 months.

c. If a change to the academic base salary is made prior to the termination of this acting role, the 25.8 percent stipend will be recalculated against the new adjusted academic base salary.

d. Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009 through August 31, 2010, with a nine percent base salary reduction.

Recommended Compensation
Effective Date: August 1, 2010
Base Salary: $208,661
Stipend: $53,839
Total Cash Compensation: $262,500
Grade Level: SLCG Grade 109:
Minimum $214,700, Midpoint $274,300, Maximum $333,700
Median Market Data: $371,630
Percentage Difference from Market: -42.0 percent
Funding Source: UC general funds provided by the State

Budget &/orPrior Data:
Base Salary: $208,661

Stipend: $41,339
Total Cash Compensation: $250,000
Grade Level: SLCG Grade 109:
Minimum $214,700, Midpoint $274,300, Maximum $333,700
Funding Source: UC general funds provided by the State

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental benefit due to tenured faculty appointment.

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

(11) ***Stipend Extension for Susan B. Moore as Acting Chief Financial Officer, Medical Center, San Francisco Campus***

Background to Recommendation

UCSF requested approval for a retroactive stipend extension, in the amount of $58,625 annually (25 percent of $234,500 base salary), for Medical Center Acting Chief Financial Officer (CFO) Susan Moore, effective July 1, 2010, through December 31, 2010, to provide no more than a 60-day transition period for what was proposed to be the appointment of the permanent CFO, Barrie Strickland. The prior Regentally approved stipend ended on June 30, 2010.

The CFO recruitment process was on track to be completed with a new CFO hired and in place by July 1, 2010, but the process has been more challenging than expected, requiring an extension to this acting appointment. Due to the expectation that a permanent replacement would be hired and in place by July 1, 2010, a request for approval to extend the existing stipend was not submitted, resulting in a retroactive request.

A separate item was submitted for the appointment of a new CFO, Barrie Strickland, who is expected to begin in September. Ms. Moore will continue, during this interim appointment, to report to Medical Center Chief Executive Officer Mark Laret.

This retroactive stipend extension request was an exception to policy, as the stipend had exceeded the one-year maximum per policy for Senior Management Group (SMG) appointments, including those temporarily serving in an SMG appointment, as is the case for Interim CFO Moore. Her original appointment was maintained in the Management and Senior Professional program (MSP 7). Per the "Approval Authority Matrix," this request was subject to Regental approval as the individual is serving in an acting SMG capacity.

Upon the resignation of Chief Operating Officer Tomi Ryba effective January 23, 2009, Chief Executive Officer Laret consulted with senior, campus, faculty and staff leadership regarding an effective organizational structure going forward. The goals were to maintain organizational momentum, increase capacity to execute the strategic plan, streamline the efficiency of Medical Center operations and provide developmental opportunities in relation to succession management. An interim reorganized structure was approved and implemented effective February 1, 2009, including appointing Ms. Moore as the Interim CFO with an accompanying stipend.

Subsequently, CEO Laret evaluated the interim structure, obtained input from key stakeholders and reviewed plans with Chancellor Susan Desmond-Hellmann to make the interim organizational structure permanent. The compensation actions related to this permanent organizational structure were approved by the Regents on November 19, 2009, including a stipend extension for Interim CFO Moore of $58,625 annually (25 percent of $234,500 base salary) through June 30, 2010.

This position continues to be funded 100 percent by Medical Center operating revenue. No State General Funds are used for this position.

<u>Recommendation</u>

The following items were approved in connection with the retroactive stipend extension of Susan B. Moore as Acting Chief Financial Officer, Medical Center, San Francisco campus:

a. As an exception to policy a continued term appointment at 100 percent time, retroactive from July 1, 2010, through December 31, 2010 inclusive of a 60 day transition period with the permanent appointee to the position.

    i. This term appointment (which began February 1, 2009) constitutes an exception to policy as the extended appointment exceeds the one-year period permitted under SMG policy.

b. As an exception to policy, effective retroactive to July 1, 2010, upon approval.

i. The retroactive effective date constitutes an exception to policy.

c. Per policy, a continued annual stipend of $58,625 (25 percent of her $234,500 base salary) retroactive from July 1, 2010, through December 31, 2010.

i. The stipend amount will be increased as the base salary is increased, so the stipend will equal 25 percent of the base salary.

Recommended Compensation
Effective Date: July 1, 2010
Base Salary: $234,500
Clinical Enterprise Management Recognition Program (CEMRP): $35,175 (at 15 percent target rate) 25 percent potential maximum amount dependent upon performance)
Stipend: $58,625 (25 percent of annual base salary)
Total Cash Compensation: $328,300
Grade Level: SLCG Grade 114:
Minimum $372,900, Midpoint $483,400, Maximum $593,800
Funding Source: Medical Center revenue
Percentage Difference from Market: -24.6 percent (base salary + stipend)

Budget &/or Prior Incumbent Data
Base Salary: $470,200
Clinical Enterprise Management Recognition Program (CEMRP): $70,530 (at 15 percent target) 25percent potential maximum amount dependent upon performance)
Total Cash Compensation: $540,730
Grade Level: SLCG Grade 114
Funding Source: Medical Center operating revenue

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, continued annual base salary of $234,500.
- Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the increased Tier II level with a target potential incentive of up to 15 percent ($35,175) of base salary.
- Continued primary classification as SLCG Grade 107 (Minimum $172,300, Midpoint $218,700, Maximum $265,000) as well as MSP Grade 7.
- This position is not subject to the salary reduction/furlough plan.

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

(12) ***Appointment and Compensation for Barrie Strickland as Chief Financial Officer, Medical Center, San Francisco Campus***

<u>Background to Recommendation</u>

Action under interim authority was requested for the approval of the appointment and compensation for Barrie Strickland as Chief Financial Officer, Medical Center, San Francisco campus. The campus requested a base salary of $450,000 and Senior Leadership Compensation Group (SLCG Grade) 114, effective subsequent to interim approval, in advance of the September Regents meeting, to facilitate her participation in the $700 million bond issuance for the medical center. This proposed appointment filled a critical gap in UCSF’s Medical Center leadership team created by the appointment of former Chief Financial Officer Kenneth Jones as the Medical Center Chief Operating Officer on an interim basis effective February 2009 and, as of November 2009, on a permanent basis. This position is funded 100 percent by Medical Center operating revenue.

After having conducted a national search, the campus stated that Ms. Strickland was extremely well-suited for the CFO position. She brings 25 years of solid financial management experience, including ten years as CFO for Memorial Hermann Healthcare System (Houston, Texas) as well as ten years in lead finance positions for Columbia/HCA (Houston, Texas) with additional experience as an Adjunct Professor/Masters of Healthcare Administration for Texas Women’s University (Houston, Texas), Controller/Entercorp for Sisters of Charity Healthcare System (Houston, Texas), and Audit Manager at Ernst & Young (Houston, Texas). Ms. Strickland has a proven track record in strategic financial leadership and will bring the required skills, knowledge and abilities to this critical role.

The CFO position at the UCSF Medical Center is a critical senior leadership role for managing the finances of a $1.7 billion clinical enterprise. Strategic financial leadership is essential to managing the enterprise, given the current internal and external dynamics facing the organization. These dynamics include borrowing $700 million to finance a new hospital, as well as the uncertainties healthcare reform poses to the healthcare reimbursement system.

Reporting directly to Chief Executive Officer Mark Laret, Ms. Strickland will be responsible for the following: Financial planning, capital planning, budgeting, accounting, financial reporting, reimbursement, admitting, billing, collections, financing and design and operation of internal control systems. As a member of the senior management team, the CFO participates in the formation, communication and implementation of strategic plans and intuitional policy, and will also assume the leadership role for key initiatives that cross departmental lines. The CFO serves as one of the executives who negotiate with outside third parties on the Medical Center's behalf and is the designated reviewer of significant finance transactions. Attached is the Medical Center organizational chart for your reference.

The proposed annual base salary of $450,000 is $20,200 less, or a 4.5 percent lag, compared to the annual base salary of $470,200 for the former UCSF Medical Center CFO incumbent.

A 25 percent relocation allowance of $112,500 was offered to address a significant cost of living difference between Houston and San Francisco. Sperlings Best Places estimates San Francisco to be 126 percent more expensive than Houston and housing to be 333 percent more expensive in San Francisco, which is the basis for the requested 25 percent relocation allowance.

A five percent signing bonus of $22,500 was offered because the candidate will forfeit her FY2010 short-term (annual) incentive of approximately 42 percent ($133,000) because she will not be employed by her current employer at the time of payment this fall as a result of accepting this position.

The proposed base salary of $450,000 is eight percent above the current market median of $416,827. Market data is from 2009 Mercer Integrated Health Networks Survey and 2009 Mercer Benchmark Survey for institutions with total net revenue of 1.5 billion +. The average pay for Chief Financial Officers at other local similar institutions in the bay area is $492,000. The average pay includes current Chief Financial Officer salaries at Alta Bates Summit, California Pacific Medical Center, Catholic Healthcare West and Stanford Hospital/Lucile Packard. The proposed base salary is 29.73 percent above the average base salary of $346,854 for the chief financial officers with responsibility for medical centers at other UC locations.

The proposed base salary is 7.4 percent below the SLCG Grade 114 salary range midpoint of $483,400. The proposed salary will be reduced by ten percent to $405,000 during participation in the salary reduction/furlough plan.

Candidate's Current vs. Future Cash Compensation						
Cash Compensation Element	**Current**	**Max %**	**% Paid**	**UCSF Proposed**	**Max %**	**Target %**
Base Salary	$316,000	n/a	n/a	$450,000	n/a	n/a
Short Term Incentive	$132,720	50%	42%	$ 67,500	25%	15%
Long Term Incentive (Annual Portion Paid)	$ 32,556	15%	10%	n/a	n/a	n/a
TOTAL	**$481,276**			**$517,500**		
Percent increase in total cash compensation	**7.5%**					
Income tax factor*	7-9.0%					
Net Total Cash Impact	neutral					

*Candidate currently resides in Texas where there is no state income tax.

Recommendation

The following items were approved in connection with the appointment of and compensation for Barrie Strickland as Chief Financial Officer, Medical Center, San Francisco campus:

a. Appointment of Barrie Strickland as Chief Financial Officer, UCSF Medical Center at 100 percent time.

b. Per policy, an annual base salary of $450,000, at SLCG Grade 114 (Minimum $372,900, Midpoint $483,400, Maximum $593,800).

c. Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009 through August 31, 2010, with a ten percent base salary reduction.

d. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan with an annual target payout of 15 percent of base salary ($67,500) up to a maximum of 25 percent dependent upon performance.

e. Effective immediately upon approval.

Recommended Compensation
Effective Date: Immediately upon approval
Base Salary: $450,000
Clinical Incentive Plan: $67,500 (15 percent of target)
Total Cash Compensation: $517,500
Grade Level: SLCG Grade 114:
Minimum $372,900, Midpoint $483,400, Maximum $593,800)
Median Market Data: $416,827
Funding Source: Medical Center operating revenue
Percentage Difference from Market: 8 percent

<u>Budget &/or Prior Incumbent Data</u>
Base Salary: $470,200
Clinical Incentive Plan: $70,530 (15 percent of target)
Total Cash Compensation: $540,730
Grade Level: SLCG Grade 114:
Minimum $372,900, Midpoint $483,400, Maximum $593,800)

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 contributions to the Senior Management Supplemental Benefit Program.
- Per policy, a relocation allowance of 25 percent of annual base salary ($112,500), combined with a sign-on bonus of five percent ($22,500), combined total of which is within policy and does not exceed 30 percent of annual base salary ($135,000).
- Per policy, reimbursement for 100 percent of all reasonable moving expenses, as defined by policy.
- Per policy, two University-paid house-hunting trips each, subject to the limitations under policy for the candidate and her spouse/partner.
- Per policy, 90-day temporary living assistance, including cost of furnished temporary lodging and reasonable residential parking fees, reimbursed within normal policy limits, not to exceed $4,000 per month. Additionally, meals for the first 30 days of residence in temporary quarters that do not have cooking facilities, reimbursed within normal policy limits.
- Per policy, eligibility to participate in the University of California Home Loan Program, available to be exercised within a period not to exceed 24 months from date of employment. Participation will comply with all University/Campus normal Program parameters.

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

C. The Chair of the Committee on Compensation, the Chair of the Committee on Finance, and the Executive Vice President – Business Operations approved the following recommendations:

(1) ***Authorization for Extension of the Lease, President's Residence, Office of the President***

That extension of the lease of the President's residence and furnishings be authorized through June 30, 2010[3] and the lease term be allowed to continue thereafter, as may be negotiated, on either a month-to-month basis and/or for a period not to exceed six (6) months, on substantially the same terms and conditions that have been previously approved by the Regents.

(2) ***Approval of Lease Terms for President's Residence and Authorization to Pay Expenses Incurred for the Move to the New Residence, Office of the President***

<u>Background to Recommendation</u>

By policy, University of California presidents and chancellors live in residences that are provided by the University. This is in keeping with the practice traditionally followed by most institutions of higher learning. These official residences not only provide living quarters, but also function as venues for important meetings, ceremonial events, entertainment of key University supporters and similar activities. As a condition of employment, the President would ordinarily be required to reside at Blake House, a 13,000-square-foot facility near the Berkeley campus that was donated to the University in 1957. However, based on an in-depth review and analysis by architects and engineers, Blake House would require $7 million to $9 million to address deferred maintenance, repairs, seismic retrofitting and remodeling. Because of the significant work required, a leased residence was secured to serve as both a residence for the President and to accommodate the need to host University events and other University functions.

The lease on the property in Oakland that served as the official Presidential residence expired, and attempts to negotiate an extension on terms acceptable to the University were not successful. As a result, the University was forced to vacate the premises on relatively short notice and before a suitable replacement could be secured. This created a need to temporarily house the President and his family in the interim period before a replacement residence could be located. After some searching, a replacement property was identified which, according to preliminary estimates, potentially will save the University as much as 25 percent of what was required to maintain the previous residence. This property is located in Lafayette, in close proximity to the Oakland offices. Though smaller than the Oakland residence, it will provide an

[3] The Property lease was fully executed on June 20, 2008 with a term of two years as authorized by the Regents by interim action in May 2008.

appropriate venue for hosting University events. This property will rent for $11,500 a month for the facility and furnishings for the first twelve months, increasing by up to $345 a month for the second twelve-month period. The rent for the Lafayette property includes certain maintenance and operating expenses that were additional University expenses under the Oakland lease.

Recommendation

a. That the Secretary and Chief of Staff to the Regents be authorized, after consultation with General Counsel, to enter into a lease agreement for the President's residence, to include substantially the following provisions:

   i. Two-year lease commencing July 21, 2010 and continuing through July 31, 2012 with the Regents' right to terminate the lease with 60-day notice any time after the first 12 months;

   ii. Rent at $11,500 a month for the first 12 months and an amount not to exceed $11,845 per month during the second 12-month period;

   iii. A refundable security deposit of two month's rent ($23,000).

b. That the Executive Vice President – Business Operations be authorized to pay reasonable and actual costs associated with the following:

   i. Per policy, temporary living expenses not to exceed $15,000, plus reimbursement of meals, commencing June 30, 2010 for a period not to exceed 90 days. Reimbursements will be limited to actual and reasonable expenses associated with accommodations, parking, telephone, meals, and incidentals, and other expenses as appropriate. Any taxable expense reimbursements will be included in the President's W-2;

   ii. Moving and storage expenses associated with vacating the Oakland property and moving into the Lafayette property, not to exceed $75,000 total, comprised of the following estimates:

      (a) Per policy, packing and movement of personal and household effects from the Oakland residence of approximately $40,000. Because of the failed attempt to negotiate a lease extension on terms acceptable to the University and the landlord not so notifying the University until two days before the lease expired, along with the difficult access to the house, the University incurred additional expense in removing the household effects.

(b) Per policy, temporary storage of personal and household effects not to exceed 90 days, estimated at approximately $4,500.

(c) Per policy, movement and unpacking of personal and household effects from storage, not to exceed $30,000;

iii. As an exception to policy, ongoing storage of limited personal effects, beyond the 90 days allowed under policy, with monthly costs not to exceed $2,000 until the President steps down. This longer-term temporary storage is necessary since the Lafayette property is approximately one-half the size of the Oakland property.

iv. Per policy, one-time and ongoing operating expenses.

v. Security enhancements and other legitimate and necessary property modifications, in consultation with and the approval of Chair of the Committee on Compensation.