REPORT OF INTERIM and CONCURRENCE ACTIONS
Office of the Secretary and Chief of Staff
September 18, 2014

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

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

(1) The President of the University be authorized to approve the terms of a wireline crossing agreement with Union Pacific Railroad (UPRR) that would allow the Davis campus to install a 30-inch diameter steel sleeve under the railroad tracks between the campus Solar Power Plant and the Davis Campus Substation, including a provision to indemnify, defend, and hold harmless UPRR, its officers, agents, and employees, and any other railroad company using the area, for any injury, damage or loss arising out of, resulting from, or related to the work contemplated by the wireline crossing agreement.

(2) The President, or her designee, after consultation with the General Counsel, be authorized to approve and execute any documents necessary in connection with the above.

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

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

That the President of the University be authorized to:

(1) Amend the 2014-15 Budget for Capital Improvements and the Capital Program as follows:

From: Lawrence Berkeley National Laboratory and Berkeley Campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – $124,944,000 to be funded from external
financing supported by Lawrence Berkeley National Laboratory funds ($119,944,000) and external financing to be supported by Berkeley campus funds ($5 million).

To: Lawrence Berkeley National Laboratory and Berkeley Campus: Computational Research and Theory Facility – preliminary plans, working drawings, and construction – $142,944,000 to be funded from external financing supported by Lawrence Berkeley National Laboratory funds ($137,944,000) and external financing supported by Berkeley campus funds ($5 million).

(2) Obtain additional external financing in an amount not to exceed $18 million. The President shall require that:

a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.

b. As long as the debt is outstanding, the available funds of the Lawrence Berkeley National Laboratory (LBNL) shall be maintained in amounts sufficient to pay the debt service and to meet the requirements of the authorized financing.

c. The general credit of the Regents shall not be pledged.

(3) For the additional $3.8 million in contingency funding, require that the approval of the Vice President of Budget and Capital Resources be obtained for all expenditures exceeding $1.9 million. The LBNL shall submit a formal letter requesting expenditure of the additional funds and identifying the work attributed to these additional funds.

(4) Execute all documents necessary in connection with the above.

C. The Chairman of the Board, and the Chair of the Committee on Compensation and the President of the University approved the following recommendations:

(1) Appointment of and Compensation for Charles H. Podesta, Chief Information Officer, UC Irvine Medical Center

Background to Recommendation

Action under interim authority was requested for approval of the appointment of and compensation for Charles H. Podesta as Chief Information Officer (CIO), UC Irvine Medical Center, effective on or about August 18, 2014. Mr. Podesta is an external hire.
This request was in response to the resignation of Jim Murry, the previous CIO, announced in 2013 and effective March 2014. After a thorough national search, Mr. Podesta emerged as the top candidate for this position.

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

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

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

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

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

Recommendation

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

a. Appointment of Charles H. Podesta as Chief Information Officer, UC Irvine Medical Center, at 100 percent time.

b. Per policy, an annual base salary of $375,000, funded by non-State funds.

c. Per policy, eligible to participate in the Clinical Enterprise Management
Recognition Plan, with a target award of 15 percent of base salary ($56,250) and a maximum potential award of 25 percent of base salary ($93,750). The actual award will be determined based on performance against pre-established objectives.

d. Per policy, a monthly contribution to the Senior Management Supplemental Benefit Program equivalent to five percent of base salary.

e. Per policy, a hiring bonus of approximately 13.3 percent of base salary ($50,000), which is intended to make the hiring offer market-competitive and to assist in securing Mr. Podesta’s acceptance of the offer. The hiring bonus will be paid in a lump sum, and Mr. Podesta must pay back a prorated portion of the hiring bonus if he separates from the University within two years of his appointment, subject to the limitations under policy.

f. Per policy, a relocation allowance of approximately 10.7 percent of base salary ($40,000), which is intended to offset additional unreimbursed expenses associated with accepting the University’s offer and relocating at the request of the University. The relocation allowance will be paid in installments over two years: $20,000 to be paid within 30 days of hire, $10,000 to be paid after one year of service, and $10,000 to be paid after two years of service, subject to the limitations under policy. Any unpaid relocation allowance amounts will be forfeited at the time of separation.

g. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior manager life insurance and executive salary continuation for disability after five years of Senior Management Group service).

h. Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.

i. This action will be effective on or about August 18, 2014.

**Recommended Compensation**

**Effective Date:** on or about August 18, 2014  
**Base Salary:** $375,000  
**Clinical Enterprise Management Recognition Plan (CEMRP):** $56,250 (at 15 percent target)  
**Target Cash Compensation*:** $431,250  
**Funding:** non-State-funds

**Prior Incumbent Data**

**Title:** Chief Information Officer  
**Base Salary:** $310,400
Clinical Enterprise Management Recognition Plan (CEMRP): $46,560
(at 15 percent target)
**Target Cash Compensation**: $356,960
**Funding**: non-State-funds

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

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: UC Irvine Chancellor Drake
Reviewed by: President Napolitano
Committee on Compensation Chair Kieffer
Office of the President, Human Resources

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

**Background to Recommendation**

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

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

Accordingly, the campus sought approval of the compensation terms for Coach Turner that are reflected in the contract addendum, all of which are within the September 2008 Parameters and therefore could have been approved under local
authority but for the retroactive effective date. The compensation terms include annual guaranteed compensation of $260,000, which consists of base salary only. The proposed annual guaranteed compensation reflects an increase of 26.8 percent over the annual guaranteed compensation of $205,000 in Coach Turner’s original contract. The September 2008 Parameters permit an increase in annual guaranteed compensation of up to 30 percent. In addition, the campus requests approval of an annual maximum incentive potential of $63,000 for contract year 2013-14. The proposed maximum incentive potential is $30,000 (90.9 percent) more than the maximum incentive potential of $33,000 in the original contract. In each of the subsequent years governed by the contract, as amended by the addendum, the maximum incentive potential will increase by $3,000 until it reaches $75,000. The September 2008 Parameters permit an increase in incentive potential of up to 15 percent or $30,000, whichever is higher, as well as increases of up to five percent in each subsequent contract year. The campus also seeks approval of total deferred compensation of $240,000 to be paid in the form of annual contingent retention bonuses of $60,000, provided that Coach Turner remains continuously employed as the Head Coach through each contract year and achieves the applicable game fee minimum for that year. The September 2008 Parameters permit total deferred compensation of no more than the first year’s guaranteed compensation. Lastly, the campus seeks approval of a one-time signing bonus in the amount of $30,000. The signing bonus amount of $30,000 is approximately 11.5 percent of the first year’s guaranteed compensation.

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

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

Russell Turner has led Irvine to 44 wins over the past two seasons. He was named the 2014 Big West Conference Coach of the Year and NABC District 9 Coach of the Year after leading Irvine to their first league regular season title in 12 years and a second consecutive 20-win season.
Action under interim authority was requested because Coach Turner is currently being actively pursued by other institutions. In an effort to retain Coach Turner, the campus is negotiating new contract terms that are to be effective July 1, 2014. However, the addendum to his current contract must be approved before the new terms can be finalized with Coach Turner. The Irvine campus is ambitiously working to continue the success of its men’s basketball team, which has led to growth in both the program and its reputation. The donor community has connected with Coach Turner and has a strong desire to see the team’s continued success under his leadership.

Recommendation

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

a. Annual guaranteed compensation of $260,000, which is comprised of base salary only. The annual guaranteed compensation will remain constant throughout the contract duration, as amended by the contract addendum.

b. An annual maximum incentive potential of $63,000 for contract year 2013-14. The maximum incentive potential will increase by $3,000 in each subsequent year of the contract, as amended by the contract addendum. In contract year 2014-15, the maximum incentive potential will be $66,000. In contract year 2015-16, the maximum incentive potential will be $69,000. In contract year 2016-17, the maximum incentive potential will be $72,000. In contract year 2017-18, the maximum incentive potential will be $75,000.

c. A one-time signing bonus of $30,000. The signing bonus is approximately 11.5 percent of the first year’s annual guaranteed compensation under the addendum.

d. Total deferred compensation in the amount of $240,000 in the form of contingent retention bonuses, which will be paid in annual installments of $60,000 over a four-year period, provided that Coach Turner remains continuously employed as the Head Coach through each contract year, as amended by the addendum, and achieves the applicable game fee minimum for that year.

e. Eligibility to receive compensation from camp income of $35,000 per year.

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

g. As an exception to the Amendment of Regents’ Delegation of Authority for
Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide (September 2008 Parameters), the source of funding for this position from May 1, 2013 through April 30, 2014 came from student fees and program-generated revenue. The September 2008 Parameters require Regental approval when coach compensation subject to the Parameters is funded by sources other than athletic department revenues (including athletic equipment supplier agreements) or private fundraising. Effective May 1, 2014, the position has been exclusively funded by athletic revenues.

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

**Recommended Compensation**

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

**Base Salary:** $260,000

**Guaranteed Compensation:** $260,000

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

**Camps:** $35,000

**Deferred Compensation:** $60,000

**Signing Bonus:** $30,000

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

**Funding:** non-State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Head Basketball Coach

**Base Salary:** $205,000

**Guaranteed Compensation:** $205,000

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

**Camps:** $35,000

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

**Funding:** non-State-funded

The compensation described above shall constitute the University’s total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**Submitted by:** UC Irvine Chancellor Drake

**Reviewed by:** President Napolitano

Committee on Compensation Chair Kieffer

Office of the President, Human Resources
Appointment of and Compensation for Ramamoorthy Ramesh as Associate Laboratory Director – Energy Technologies, Lawrence Berkeley National Laboratory

Background to Recommendation

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

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

In November 2013, in response to a change in Laboratory strategies and building on its historic strength in energy-efficiency technologies and policy analysis, LBNL created the Energy Technologies Area to increase the impact of basic research by translating fundamental discoveries into transformational solutions for energy and the environment. A nationwide search was launched for an ALD – Energy Technologies who would be charged with leading this effort and building innovative new applied energy sciences programs that will leverage LBNL’s existing strengths in advanced materials, computation, engineering, physics, and biology, as well as stewarding, strengthening and diversifying LBNL’s existing world-renowned portfolio of programs in energy-efficiency technologies and
systems analysis. Mr. Ramesh was selected from an outstanding pool of candidates based on his exceptional research record and his established senior-level leadership experience.

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

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

This position is funded by Department of Energy funds.

Recommendation

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

a. Appointment of Ramamoorthy Ramesh as Associate Laboratory Director – Energy Technologies, Lawrence Berkeley National Laboratory, at 100 percent time.

b. Per policy, an annual base salary of $350,000.

c. Per policy, reimbursement for relocation expenses actually incurred, not to exceed 17.1 percent of Mr. Ramesh’s proposed salary ($60,000), subject to the limitations under policy.

d. Per policy, reimbursement of the actual cost of shipping household goods,
subject to the limitations under policy.

e. Per policy, reimbursement for temporary housing expenses actually incurred, not to exceed $3,360 per month up to a period of 60 days for a total not to exceed $6,720, subject to the limitations under policy.

f. Per policy, one house-hunting trip for Mr. Ramesh and his spouse or domestic partner to secure housing in the San Francisco Bay Area, subject to the limitations under policy.

g. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability after five years of Senior Management Group service).

h. Per policy, eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

i. Per policy, accrual of sabbatical credits as a member of tenured faculty.

j. This action will be effective on or after August 15, 2014.

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

**Effective Date:** on or after August 15, 2014  
**Base Salary:** $350,000  
**Target Cash Compensation:** $350,000  
**Funding:** non-State-funded

**Budget &/or Prior Incumbent Data**

**Title:** N/A – new position  
**Base Salary:** N/A  
**Target Cash Compensation:** N/A  
**Funding:** N/A

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

The compensation described above shall constitute the University’s total commitment until modified by the Regents, President, or Laboratory Director, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.
Amendment of the Market Reference Zone for the Chief Procurement Officer, Office of the President

Background to Recommendation

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

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

The Associate Vice President – Chief Procurement Officer role was first launched in 2012 as part of the Working Smarter Initiative. UC Procurement’s P200 Program is a systemwide procurement services program which aims to deliver $200 million in benefit1 annually by end of FY16-17 in support of the University’s core missions of teaching, research and public service. This will be accomplished through development and implementation of strategic procurement processes and state-of-the-art technology that will optimize the value of funds expended on the acquisition of goods and services. The initial P200 Strategic Plan set a FY13-14 savings target of $120 million. However, the program has exceeded that goal by reaching $128 million in annual benefit.

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

Healthcare reform and increasing market competition have created an emergent need to better manage operational costs for the University of California’s health enterprise, UC Health. Supply chain management at UC Health, a large portion of

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1 Benefit is defined as financial value of Cost Reduction, Cost Avoidance, Incentives and Revenue generated through procurement actions.
enterprise expense, must evolve into a rapidly adaptive, metric driven, and system integrated competency accountable to senior leadership for executing change and driving operational success.

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

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

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

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

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

Recommendation

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

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

c. This action will be effective upon approval.

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