

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

September 13, 2012

The Regents of the University of California met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Present: Regents Blum, De La Peña, Gould, Island, Lansing, Lozano, Makarechian, Mendelson, Newsom, Rubenstein, Ruiz, Schilling, Stein, Wachter, and Yudof

In attendance: Regents-designate Feingold, Flores, and Schultz, Faculty Representatives Jacob and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Blumenthal, Desmond-Hellmann, Drake, Katehi, Khosla, and Yang, and Recording Secretary Johns

The meeting convened at 12:50 p.m. with Chairman Lansing presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of July 18 and the meeting of the Committee of the Whole of July 18, 2012 were approved.

2. REPORT OF THE PRESIDENT

The President presented his report concerning University activities and individuals. Nearly 100 UC-affiliated student and alumni athletes, coaches, trainers, doctors, and staff took part in the Summer Olympic Games in London. UC-affiliated athletes brought home 27 medals: 17 gold, four silver, and six bronze. If the University were a nation, it would have ranked tenth in the world in number of medals won. Nine researchers from UC Davis, UC Santa Barbara, UC San Diego, UCLA, Lawrence Livermore National Laboratory, and Los Alamos National Laboratory were among the recipients of the 2012 Presidential Early Career Awards for Scientists and Engineers, the highest honor bestowed by the U.S. government on science and engineering professionals in early stages of their independent research careers. Awardees are selected for their pursuit of innovative research and commitment to community service. Finally, President Yudof noted that it had been his privilege the previous month to bestow the UC Presidential Medal on President Emeritus Richard Atkinson. The Medal recognizes extraordinary contributions to the University and the community of learning. President Emeritus Atkinson's contributions to the University have advanced the relationship between academia and industry, the University's administrative processes, and scholarly disciplines ranging from experimental psychology to applied mathematics.

3. **REPORT OF THE COMMITTEE ON COMPENSATION**

The Committee presented the following from its meeting of September 13, 2012:

A. ***Incentive Compensation for Fiscal Year 2011-12 for John Stobo as Senior Vice President – Health Sciences and Services, Office of the President***

The Committee recommended approval of the fiscal year 2011-12 Clinical Enterprise Management Recognition Plan (CEMRP) award for Dr. John Stobo as Senior Vice President – Health Sciences and Services, Office of the President. The recommended incentive award of \$130,500 is 22.5 percent of his base salary.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$580,000

CEMRP Award: \$130,500

Base Salary Plus Recommended CEMRP Award: \$710,500

Funding Source: non-State-funded

Prior Year Data (2010-11 Plan Year)

Base Salary: \$580,000

CEMRP Award: \$130,500

Base Salary Plus CEMRP Award: \$710,500

Funding Source: non-State-funded

The compensation described above shall constitute the University's total commitment regarding incentive compensation 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.

B. ***Incentive Compensation for Fiscal Year 2011-12 for Marie Berggren as Chief Investment Officer, Vice President for Investments, and Acting Treasurer of The Regents, Office of the President***

The Committee recommended approval of the Plan Year 2011-12 Office of the Treasurer Annual Incentive Plan (AIP) award for Marie Berggren as Chief Investment Officer, Vice President for Investments, and Acting Treasurer of The Regents. The recommended incentive award of \$744,950 is 159 percent of her base salary.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$470,000

AIP Award: \$744,950

Base Salary Plus Recommended AIP Award: \$1,214,950

Funding: combination of State and non-State funds

Prior Year Data (2010-11 Plan Year)**Base Salary:** \$470,000**AIP Award:** \$744,950 (159 percent of base salary)**Base Salary Plus AIP Award:** \$1,214,950**Funding:** combination of State and non-State funds

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation 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.

C. ***Incentive Compensation for Fiscal Years 2011-12 and 2010-11 for Melvin Stanton as Associate Chief Investment Officer and Assistant Treasurer of The Regents, Office of the President***

The Committee recommended:

- A. Approval of Plan Year 2011-12 Office of the Treasurer Annual Incentive Plan (AIP) award for Melvin Stanton as Associate Chief Investment Officer and Assistant Treasurer of The Regents. The recommended incentive award of \$331,348 is 108 percent of his base salary.
- B. Retroactive approval of Plan Year 2010-11 Office of the Treasurer AIP award for Mr. Stanton of \$331,348. The retroactive approval is an exception to policy.

Recommended Compensation**Effective Date:** Upon approval**Base Salary:** \$306,800**AIP Award:** \$331,348 (108 percent of base salary)**Base Salary Plus Recommended AIP Award:** \$638,148**Funding:** combination of State and non-State funds**Prior Year Data (2010-11 Plan Year)****Base Salary:** \$306,800**AIP Award:** \$331,348 (108 percent of base salary)**Base Salary Plus AIP Award:** \$638,148**Funding:** combination of State and non-State funds

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation 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.

D. *Individual Compensation Actions***(1) *Extension of the Term Appointment of and Compensation for Sharon A. Duffy as Dean – University Extension, Riverside Campus***

The Committee recommended approval of the following items in connection with the extension of the term appointment of and compensation for Sharon A. Duffy as Dean – University Extension, Riverside campus:

- a. Extension of the term appointment of Sharon A. Duffy as Dean – University Extension at 100 percent time.
- b. Per policy, continuation of the base salary of \$184,000 and continued slotting at SLCG Grade 105 (Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400).
- c. Per policy, continuation of standard pension and health and welfare benefits.
- d. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- e. This appointment will be effective from October 1, 2012, through June 30, 2013, or until the appointment of a new Dean – University Extension, whichever occurs first.

COMPARATIVE ANALYSIS**Recommended Compensation****Effective Date:** October 1, 2012**Base Salary:** \$184,000**Target Cash Compensation:*** \$184,000**Grade Level:** SLCG Grade 105

(Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400)

Funding: non-State-funded**Budget &/or Prior Incumbent Data****Title:** Dean – University Extension**Base Salary:** \$184,000**Target Cash Compensation:*** \$184,000**Grade Level:** SLCG Grade 105

(Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400)

Funding: non-State-funded

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

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	25 th	50 th	Mean	75 th	90 th
Market Data	\$163.9	\$201.2	\$200.0	\$237.0	\$266.7
% Difference from Market (based on \$184,000 base salary)	12.3%	-8.6%	-8.0%	-22.4%	-31.0%

Survey Source: 2011-12 College and University Professional (CUPA) Administrative Compensation Survey

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

Submitted by: UC Riverside Chancellor White
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (2) *Retroactive Extension of Appointment of and Compensation for Lorelei A. Tanji as Interim University Librarian, Irvine Campus, and Appointment of and Compensation for Lorelei A. Tanji as University Librarian, Irvine Campus*

The Committee recommended approval of the following items in connection with the retroactive extension of the appointment of and compensation for Lorelei A. Tanji as Interim University Librarian, Irvine campus, and the appointment of and compensation for Lorelei A. Tanji as University Librarian, Irvine campus:

- a. As an exception to policy, retroactive extension of the appointment of and compensation for Lorelei A. Tanji as Interim University Librarian at 100 percent time, from April 1, 2012 until the effective date of her career appointment.
 - i. Per policy, continuation of annual base salary of \$170,000. The position is slotted in SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).

- ii. Per policy, standard pension and health and welfare benefits.
- b. Appointment of Lorelei A. Tanji as University Librarian at 100 percent time.
 - i. Per policy, an annual base salary of \$200,000. The position is slotted in SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
 - ii. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
 - iii. 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).

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$200,000

Target Cash Compensation:* \$200,000

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Interim University Librarian

Base Salary: \$170,000

Target Cash Compensation:* \$170,000

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Funding: partially or fully State-funded

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

COMPETITIVE ANALYSIS

TARGET BASE SALARY MARKET PERCENTILES					
Percentiles	25th	50th	Mean	75th	90th
Market Data	\$213.0	\$232.0	\$244.4	\$295.3	\$333.0
% Difference from Market	-6.1%	-13.8%	-18.2%	-32.3%	-40.0%

Survey Source: 2011-12 College and University Professional Association (CUPA) Administrative Compensation Survey

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

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

- (3) *Appointment of and Compensation for Catherine Constable as Acting Vice Chancellor for Marine Sciences, Director of the Scripps Institution of Oceanography, and Dean of the Graduate School of Marine Sciences, San Diego Campus*

The Committee recommended approval of the following items in connection with the appointment of and compensation for Catherine Constable as Acting Vice Chancellor for Marine Sciences, Director of the Scripps Institution of Oceanography, and Dean of the Graduate School of Marine Sciences, San Diego campus:

- a. Appointment of Catherine Constable as Acting Vice Chancellor for Marine Sciences, Director of the Scripps Institution of Oceanography, and Dean of the Graduate School of Marine Sciences, San Diego campus, at 100 percent time.
- b. Per policy, an administrative stipend of 36.8 percent (\$60,000) of base salary for the duration of the appointment. If a change to the academic base salary is made prior to the termination of this acting role, the administrative compensation will not be recalculated against the academic base salary. The position is slotted in SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).

- c. Per policy, continuation of standard pension and health and welfare benefits.
- d. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- e. This appointment is effective from October 1, 2012, through June 30, 2013.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: October 1, 2012

Annual Base Salary: \$163,200 (11 months)

Administrative Stipend: \$60,000

Target Cash Compensation:* \$223,200

Grade Level: SLCG Grade 109

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

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Vice Chancellor for Marine Sciences, Director of SIO, and Dean of the Graduate School of Marine Sciences

Annual Base Salary: \$295,000

Target Cash Compensation:* \$295,000

Grade Level: SLCG Grade 109

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

Funding: partially or fully State-funded

*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 and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: UC San Diego Chancellor Fox
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

(4) ***Establishment of a New Senior Management Group Position, Appointment of and Compensation for Linda S. Greene as Vice Chancellor – Equity, Diversity and Inclusion, San Diego Campus***

The Committee recommended approval of the following items in connection with the establishment of a new Senior Management Group position, Vice Chancellor – Equity, Diversity and Inclusion, at the San Diego campus and for the appointment of and compensation for Linda S. Greene as Vice Chancellor – Equity, Diversity and Inclusion, San Diego campus:

- a. Establishment of a new position within the Senior Management Group, Vice Chancellor – Equity, Diversity and Inclusion, San Diego campus.
- b. Appointment of Linda S. Greene as Vice Chancellor – Equity, Diversity and Inclusion, San Diego campus, at 100 percent time.
- c. Per policy, an annual base salary of \$250,000 at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- d. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program. This benefit is only applicable if a faculty appointment for Ms. Greene is not approved. If a faculty appointment is approved, Ms. Greene will be ineligible for this benefit.
- e. Per policy, a relocation allowance of 24 percent of base salary (\$60,000) to be paid either as a lump sum or in installment payments. If paid in a lump sum, the relocation allowance will be subject to a repayment schedule if Ms. Greene separates from the University within the first four years of her employment. The following repayment schedule will apply: 100 percent if separation occurs within the first year of employment, 60 percent if separation occurs within the second year of employment, 30 percent if separation occurs within the third year of employment and ten percent if separation occurs within the fourth year of employment. If the relocation allowance is paid in installments and Ms. Greene separates from University employment, any unpaid installments will be forfeited at the time of separation.
- f. Per policy, a temporary housing allowance not to exceed \$13,500 for a period of 90 days to offset limited housing-related expenses, subject to the limitations under policy.

- g. Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving household goods and personal effects from the former primary residence to the new primary residence, subject to the limitations under policy.
- h. Per policy, two house-hunting trips each for the candidate and her spouse or partner, subject to the limitations under policy.
- i. Reasonable travel expenses for all business-related visits to the campus during the transition period prior to her start date, which is anticipated to be no later than January 2, 2013.
- j. Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies.
- k. 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).
- l. Per policy, accrual of sabbatical credits as a member of tenured faculty. This benefit is only applicable if a tenured faculty appointment is approved for Ms. Greene.
- m. This appointment is effective upon approval, with an anticipated start date no later than January 2, 2013.

Recommended Compensation

Effective Date: Upon approval, but no later than January 2, 2013

Annual Base Salary: \$250,000

Target Cash Compensation:* \$250,000

Grade Level: SLCG Grade 108

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

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Not applicable – this is a new position

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

COMPETITIVE ANALYSIS

	Base Salary Market Percentiles					Target Cash Market Percentiles				
	25th	50th	Mean	75th	90th	25th	50th	Mean	75th	90th
Market Data	\$174.0	\$200.0	\$219.0	\$266.0	\$320.0	\$191.0	\$236.0	\$268.0	\$314.0	\$485.0
% Difference from Market	44.0%	24.9%	14.4%	-5.9%	-21.8%	31.0%	6.0%	-6.7%	-20.4%	-48.5%

Survey Source: Towers Watson General Industry Executive Compensation Survey, Towers Watson Top Management Survey, and Mercer Benchmark Database Survey

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

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

(5) *Appointment of and Compensation for Rachel Nosowsky as Interim Deputy General Counsel – Health Law and Medical Center Services, Office of the General Counsel, Office of the President*

The Committee recommended approval of the following items in connection with the appointment of and compensation for Rachel Nosowsky as Interim Deputy General Counsel – Health Law and Medical Center Services, Office of the General Counsel, Office of the President:

- a. Appointment of Rachel Nosowsky as Interim Deputy General Counsel – Health Law and Medical Center Services, Office of the General Counsel, Office of the President, at 100 percent time.
- b. Per policy, an administrative stipend of 15 percent of base salary (\$32,250), increasing Ms. Nosowsky's current annual salary from \$215,000 to \$247,250. The position of Deputy General Counsel is slotted at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). The stipend will be recalculated if the base salary is increased so that the stipend will continue to equal the approved percentage (15 percent) of the annual base salary.
- c. Per policy, standard pension and health and welfare benefits.

- d. As an exception to policy, this appointment is retroactively effective July 20, 2012 and will continue for a period not to exceed 12 months or until the appointment of a new Deputy General Counsel – Health Law and Medical Center Services, whichever occurs first.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: July 20, 2012

Base Salary: \$215,000

Administrative Stipend: \$32,250

Target Cash Compensation:* \$247,250

Grade Level: SLCG Grade 108

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

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data:

Title: Deputy General Counsel – Health Law and Medical Center Services

Base salary: \$250,000

Target Cash Compensation:* \$250,000

Grade Level: SLCG Grade 108

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

Funding: partially or fully State-funded

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

COMPETITIVE ANALYSIS

Percentiles	*BASE SALARY MARKET PERCENTILES					**TARGET CASH COMPENSATION MARKET PERCENTILES				
	25th	50th	Mean	75th	90th	25th	50th	Mean	75th	90th
Market Data	\$209.5K	\$238.0K	\$246.8K	\$273.00	\$303.6K	\$248.1K	318.4K	\$336.7K	\$386.0K	\$449.2K
% Difference from Market	-15.3%	-3.6%	-0.2%	10.4%	22.8%	0.4%	28.8%	36.2%	56.1%	81.7%

Survey Source: 2011 Mercer Benchmark Database Survey and 2011 Radford Executive Survey

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: Vice President and General Counsel for Legal Affairs Robinson
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

Upon motion of Regent Ruiz, duly seconded, the recommendations of the Committee on Compensation were approved.

4. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS**

The Committee presented the following from its meeting of September 11, 2012:

A. ***Approval of Interim Financing, Davidson Library Addition and Renewal, Santa Barbara Campus***

The Committee recommended that:

- (1) The President be authorized to obtain interim financing for construction funding not to exceed \$71,402,000, plus related interest expense and financing costs, for the Davidson Library Addition and Renewal project in advance of expected State lease revenue bond funds. The President shall require that:
 - a. The primary source of repayment of requested interim financing that includes the \$71,402,000 plus related interest expense and financing costs shall be from State lease revenue bond proceeds and the alternate source of repayment shall be from the Santa Barbara campus that will support either interim financing or external financing issued by the Regents.
 - b. The interim financing is authorized only for a maximum period of up to eighteen (18) months after beneficial occupancy, after which no further interest expense or financing costs shall be capitalized.
 - c. The general credit of the Regents shall not be pledged.
- (2) The President be authorized to execute all documents necessary in connection with the above.

B. *Amendment of the Budget, Approval of External Financing and Standby Financing, Mission Bay Block 25A Academic Building (Faculty Office Building), San Francisco Campus*

The Committee recommended that:

- (1) The 2012-13 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: Mission Bay Block 25A Academic Building (Faculty Office Building) – preliminary plans – \$3 million funded from campus funds.

To: San Francisco: Mission Bay Block 25A Academic Building (Faculty Office Building) – preliminary plans, working drawings, construction, and equipment – \$118.6 million, to be funded from external financing (\$84.4 million), gift funds (\$20 million), and campus funds (\$14.2 million).

- (2) The scope of the Mission Bay Block 25A Academic Building (Faculty Office Building) shall provide a 263,478 gross square feet (213,618 assignable square feet) Project (Project). The Project would include office/desktop research and related support space, educational space/educational support space, site improvements, including landscaping, sidewalks, site utilities, and utility connections.

- (3) The President be authorized to obtain external financing in an amount not to exceed \$84.4 million to finance the Mission Bay Block 25A project. 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 general revenues of the San Francisco campus 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) The President be authorized to obtain standby financing not to exceed \$20 million for the Mission Bay Block 25A Project. 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 pledge balance is outstanding, the general revenues of the San Francisco campus shall be maintained in amounts sufficient to meet the related requirements of the authorized financing.
- (c) The general credit of the Regents shall not be pledged.
- (5) The President be authorized to execute all documents necessary in connection with the above.

C. ***Amendment of the Long Range Development Plan and Approval of Design following Action Pursuant to the California Environmental Quality Act, Luskin Conference and Guest Center, Los Angeles Campus***

Upon review and consideration of the environmental consequences of the proposed project, the Committee reported its:

- (1) Certification of the Final Tiered Environmental Impact Report under the California Environmental Quality Act (CEQA).
- (2) Adoption of the CEQA Findings for the Luskin Conference and Guest Center project.
- (3) Amendment of the Long Range Development Plan to transfer 175,000 gross square footage (gsf) from the Bridge zone to the Central zone and 80,000 gsf from the Southwest zone to the Central zone.
- (4) Approval of the design of the Luskin Conference and Guest Center project, Los Angeles campus.

D. ***Approval of Preliminary Plans Funding, Teaching and Learning Center for Health Sciences, Los Angeles Campus***

The Committee recommended that the 2012-13 Budget for Capital Improvements be amended to include the following project:

Los Angeles: Teaching and Learning Center for Health Sciences – preliminary plans – \$3.96 million to be funded from gift funds.

Upon motion of Regent Makarechian, duly seconded, the recommendations of the Committee on Grounds and Buildings were approved.

5. REPORT OF INTERIM AND CONCURRENCE ACTIONS

Secretary and Chief of Staff Kelman reported that, 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 Vice Chair of the Committee on Grounds and Buildings and the President of the University approved the following concurrence recommendation:

Approval of the Budget for Capital Improvements and the Capital Improvement Program, Santa Monica UCLA Medical Center – Merle Norman Pavilion A-Level Intensive Care Unit Renovation, Los Angeles Campus

That the 2012-13 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Santa Monica UCLA Medical Center – Merle Norman Pavilion A-Level Intensive Care Unit Renovation – preliminary plans, working drawings, construction, and equipment – \$15,942,000, to be funded from hospital reserves (\$8,031,000) and State children's hospital bonds (\$7,911,000).

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

- (1) ***Amendment of Approval of Business Terms for a Build-to-Suit Parking Facility Lease with Option to Purchase, Approval of External Financing upon Exercise of Purchase Option and Related Documents, and Discussion of Litigation Threat, Mount Zion Parking Structure, San Francisco Campus***

That the *Approval of Business Terms for a Build-to-Suit Parking Facility Lease with Option to Purchase, Approval of External Financing upon Exercise of Purchase Option and Related Documents, and Discussion of Litigation Threat, Mount Zion Parking Structure, San Francisco Campus*, approved by the Regents on March 16, 2011, be amended as shown in Attachment 1.

- (2) ***Authorization to Loan Funds to the West Campus Point Homeowners Association and Approval of External Financing to Fund the Loan, Santa Barbara Campus***

- a. That the President be authorized to approve a loan in the amount of \$4,588,000 to the West Campus Point Homeowners Association (WCPHOA) to partially fund remediation of West Campus Point,

which loan shall be fully repaid through a combination of increased homeowners fees, increased individual residential lot lease payments, and incrementally increased proceeds from future sales of faculty housing units.

- b. That the President be authorized to execute all documents necessary in connection with the action in paragraph a.
- c. In conjunction therewith, the President authorizes external financing in a total amount not to exceed \$4,588,000, pursuant to the authority granted to him under Standing Order 100.4(nn), and requires that:
 - i. As long as the debt is outstanding, the general revenues of the Santa Barbara campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - ii. The general credit of the Regents shall not be pledged.

(3) ***Approval of Indemnification Agreement, Irvine Campus***

That the President be authorized to execute an indemnification agreement, by which the University would assume liability for third-party conduct, with SAIL Venture Management, LLC, dba SAIL Capital Partners, LLC (SAIL) in connection with the University's use of certain SAIL facilities for an event to be held on August 8, 2012 for alumni of the Paul Merage School of Business at UC Irvine.

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

(1) ***Appointment of and Compensation for John B. Ford as Vice Chancellor – University Development and Alumni Relations, San Francisco Campus***

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for John B. Ford as Vice Chancellor – University Development and Alumni Relations, San Francisco campus, effective no earlier than September 1, 2012. The proposed annual base salary of \$395,400 is five percent higher than the previous incumbent's annual base salary of \$376,600.

Funding for this position will come 100 percent from non-State funds. No State or UC general funds will be used.

The campus has been without a Vice Chancellor – University Development and Alumni Relations since late April 2011. A national recruitment in 2011 resulted in a failed search. Mr. Ford was identified as the top candidate after a subsequent nationwide search. It is critical that UCSF have a University Development and Alumni Relations leader to spearhead strategic fundraising efforts, a critical element of the campus' ongoing plans for capital expansion projects and program growth.

Action under interim authority was needed because negotiations with Mr. Ford were not completed in time to submit the item for consideration at the July Regents meeting, and his expected start date will be before the September meeting. Thus, approval needed to be secured before the regularly scheduled meeting of the Regents in September.

Mr. Ford, currently Chair of the Board of Directors of Marts & Lundy, Inc., will be relocating from the State of Washington and because of the critical nature of the appointment, it was important that an announcement be coordinated between UCSF and his current employer during the week of August 13, 2012.

Recommendation

The following items were approved in connection with the appointment of and total compensation for John B. Ford as Vice Chancellor – University Development and Alumni Relations, San Francisco campus:

- a. Appointment of John B. Ford as Vice Chancellor – University Development and Alumni Relations at 100 percent time.
- b. Per policy, an annual base salary of \$395,400 at SLCG Grade 111 (Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100).
- c. Per policy, a hiring bonus of five percent of annual base salary (\$19,770) and a relocation allowance of 25 percent of annual base salary (\$98,850). Both the hiring bonus and relocation allowance will be paid within the first 30 days of the date of hire with a graduated payback clause should the candidate separate from the University prior to his third year of employment. The repayment schedule for the hiring bonus and relocation allowance will be as follows: 100 percent if separation occurs within the first year of employment, 75 percent if separation occurs within the second year of employment, and 50 percent if separation occurs within the third year of employment.

- d. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- e. Per policy, annual automobile allowance of \$8,916.
- f. Per policy, two house-hunting trips each for Mr. Ford and his spouse or domestic partner, subject to the limitations under policy.
- g. Per policy, reimbursement of temporary housing expenses for up to 90 days, subject to the limitations under policy.
- h. Per policy, 100 percent reimbursement of actual and reasonable expenses related to moving household goods and personal effects from the former primary residence to the new primary residence, subject to the limitations under policy.
- i. 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).
- j. Per policy, eligible to participate in the UC Home Loan Program in accordance with all applicable policies.
- k. This appointment will be effective no earlier than September 1, 2012.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: No earlier than September 1, 2012

Annual Base Salary: \$395,400

Target Cash Compensation:* \$395,400

Grade Level: SLCG Grade 111

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

Funding: non-State-funded

Budget &/or Prior Incumbent Data

Title: Vice Chancellor – University Development and Alumni Relations

Annual Base Salary: \$376,600

Target Cash Compensation:* \$376,600

Grade Level: SLCG Grade 111

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

Funding: non-State-funded

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

COMPETITIVE ANALYSIS

Percentiles	TARGET BASE SALARY MARKET PERCENTILES				
	25th	50th	Mean	75th	90th
Market Data	\$240.9	\$313.3	\$305.5	\$375.6	\$425.0
% Difference from Market (based on \$395.4 annual salary)	64.1%	26.2%	29.4%	5.3%	-7.0%

Survey Source: 2011-12 College and University Professional Association (CUPA) Administrative Compensation Survey and Towers Watson Top Management Survey

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

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

- (2) *Appointment of and Compensation for Sarah C. Latham as Vice Chancellor – Business and Administrative Services, Santa Cruz Campus*

Background to Recommendation

Action under interim authority was requested for approval of the appointment of and compensation for Sarah C. Latham as Vice Chancellor – Business and Administrative Services, Santa Cruz campus, effective September 10, 2012. In addition, the campus proposed an annual base salary of \$220,000 at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000). The proposed base salary of \$220,000 is 15.1 percent below the market median of \$259,100.

A national recruitment search was launched in June 2012 to fill the position of Vice Chancellor – Business and Administrative Services and Sarah C. Latham was identified as the top candidate. The Vice Chancellor – Business and Administrative Services reports jointly to the Chancellor and Campus Provost/Executive Vice Chancellor and is an integral part of the campus's senior leadership team.

Funding for this position will come exclusively from State funds. This urgent request was in response to the retirement of the previous incumbent, Thomas Vani, who retired effective June 29, 2011. Since Mr. Vani's retirement, this position has been filled by Christina Valentino on an interim basis.

Interim authority was necessary as the timing of the final decision and offer to Ms. Latham was too late for consideration at the July Regents meeting, and the expected start date will be in advance of the September Regents meeting. In addition, Ms. Latham wanted to provide at least a four-week notice to her current institution and transition into the new position prior to the start of the fall 2012 academic quarter. This was in the best interest of the University and the campus in that it will provide for a leadership transition prior to the major events of students returning to the campus and the start of classes.

Recommendation

The following items were approved in connection with the appointment of and total compensation for Sarah C. Latham as Vice Chancellor – Business and Administrative Services, Santa Cruz campus:

- a. Appointment of Sarah C. Latham as Vice Chancellor – Business and Administrative Services, Santa Cruz campus.
- b. Per policy, annual base salary of \$220,000 at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- c. Per policy, a relocation allowance of 20 percent of annual base salary (\$44,000) paid as a lump sum to aid in Sarah C. Latham's relocation, subject to a repayment schedule if separation occurs in the first five years of her appointment. The repayment schedule would be as follows: 100 percent if separation occurs within the first year of employment, 80 percent if separation occurs within the second year of employment, 60 percent if separation occurs within the third year of employment, 40 percent if separation occurs within the fourth year of employment, and 20 percent if separation occurs within the fifth year of employment.
- d. 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).
- e. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

- f. Per policy, eligible to participate in the UC Home Loan Program, in accordance with all applicable policies.
- g. Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving and relocation, subject to the limitations under policy.
- h. Reimbursement of reasonable travel expenses for all business-related visits to the campus during the transition period from the date of approval to the starting date of no later than September 10, 2012, subject to the limitations under policy.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: September 10, 2012

Title: Vice Chancellor – Business and Administrative Services

Base Salary: \$220,000

Target Cash Compensation:* \$220,000

Grade Level: SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Vice Chancellor – Business and Administrative Services

Base Salary: \$226,100

Target Cash Compensations:* \$226,100

Grade Level: SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

Funding: partially or fully State-funded

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

COMPETITIVE ANALYSIS

Survey Source: composite market data from College and University Professional Association (CUPA) Administrative Compensation Survey, Radford Executive Benchmark Survey, and Towers Watson Top Management

Percentiles	Base				
	25 th	50 th	Mean	75 th	90 th
Market Data	\$202.0	\$259.1	\$274.2	\$329.5	\$373.2
% of Difference From Market	8.9%	-15.1%	-19.8%	-32%	-41.1%

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

Submitted by: UC Santa Cruz Chancellor Blumenthal
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (3) *Retroactive Extension of Appointment of and Compensation for J. Shannon O'Kelley as Interim Chief Operating Officer, UCLA Hospital System, Los Angeles Campus and Appointment of and Compensation for J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested for the retroactive extension of the appointment of and compensation for J. Shannon O'Kelley as Interim Chief Operating Officer, UCLA Hospital System, effective May 1, 2012 and continuing until the effective date of the career appointment described below. It was proposed that Mr. O'Kelley's annual base salary continue at the rate of \$478,750 for the duration of the interim appointment.

The Regents previously approved the interim appointment for Mr. O'Kelley for the period from May 1, 2011 through April 30, 2012, or until the appointment of the new Chief Operating Officer, whichever occurred first.

Following a nationwide recruitment conducted by the Spencer Stuart search firm and at the unanimous recommendation of the search committee, the campus identified Mr. O'Kelley as the top candidate to fill the position of Chief Operating Officer in January 2012. However, the campus was asked to delay making a final offer to Mr. O'Kelley until after a salary review could be completed. Those terms were not finalized until the beginning of July 2012. Unfortunately, the amended item reflecting the new terms was not completed in time for submission to the regularly scheduled Regents meeting in July.

Because Mr. O'Kelley continued to serve in the interim appointment beyond April 30, 2012 due to this delay, the campus sought retroactive approval for the extension of the interim appointment effective May 1, 2012 until the effective date of his career appointment. Simultaneously,

the campus sought approval for the appointment of and compensation for Mr. O'Kelley in the career appointment as the Chief Operating Officer, effective upon approval. Action under interim authority was requested because it is extremely important for the Hospital System to have leadership continuity in this critical role.

Mr. O'Kelley has provided excellent leadership in the Interim Chief Operating Officer role, continuing the positive momentum begun by his predecessor. Specifically, Mr. O'Kelley has effectively led the Hospital System management team to unprecedented gains in fiscal year 2010-11 net operating income, with operating margins in excess of 16 percent against an industry standard of four percent.

Mr. O'Kelley has also achieved significant improvements in patient and physician services with patient satisfaction scores exceeding the 95th percentile nationally.

Concurrent with Mr. O'Kelley's career appointment, the campus proposes an increase of eight percent to bring his current annual base salary of \$478,750 to \$517,050, with continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP).

Mr. O'Kelley's annual base salary is \$30,550 (5.6 percent) less than that of the previous incumbent, and this places Mr. O'Kelley at 7.2 percent below the market average.

This position will be paid from non-State funds.

Recommendation

The following items were approved in connection with the retroactive extension of the appointment of and compensation for J. Shannon O'Kelley as Interim Chief Operating Officer, Hospital System, Los Angeles campus and in connection with the appointment of and compensation for J. Shannon O'Kelley as Chief Operating Officer, UCLA Hospital System, Los Angeles campus:

- a. As an exception to policy, retroactive extension of the appointment of J. Shannon O'Kelley as Interim Chief Operating Officer at 100 percent time from May 1, 2012 through the effective date of the career appointment described below.
 - i. Per policy, continuation of annual base salary of \$478,750 at SLCG Grade 115 (Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100) during the interim appointment.

- ii. Per policy, eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent of base salary (\$71,812) and a maximum potential award of 25 percent of base salary (\$119,687). The actual award will be determined based on performance against pre-established objectives.
- iii. Per policy, continued standard pension and health and welfare benefits.
- b. Per policy, appointment of J. Shannon O’Kelley as Chief Operating Officer, UCLA Hospital System, at 100 percent time.
 - i. Per policy, an annual base salary of \$517,050 at SLCG Grade 115 (Minimum \$416,300, Midpoint \$541,200, Maximum \$666,100).
 - ii. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
 - iii. Per policy, eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent of base salary (\$77,558) and a maximum potential award of 25 percent of base salary (\$129,262). The actual award will be determined based on performance against pre-established objectives.
 - iv. 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).
 - v. This appointment is effective upon approval.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$517,050

CEMRP: \$77,558 (at 15 percent target rate)

Target Cash Compensation:* \$594,608

Grade Level: SLCG Grade 115

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

Funding: non-State-funded

Budget &/or Prior Incumbent Data**Title:** Chief Operating officer, UCLA Hospital System**Base Salary:** \$547,600**CEMRP:** \$82,140 (at 15 percent target rate)**Target Cash Compensation:*** \$629,740**Grade Level:** SLCG Grade 115

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

Funding: non-State-funded

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

COMPETITIVE ANALYSIS

Percentiles	*BASE SALARY MARKET PERCENTILES					**TARGET CASH MARKET PERCENTILES				
	25th	50th	Mean	75 th	90th	25th	50th	Mean	75 th	90th
Market Data	\$417.2	\$512.9	\$520.8	\$613.0	\$768.5	\$435.5	\$603.6	\$651.4	\$825.6	\$1,048.7
% Difference from Market	23.9%	0.8%	-7.2%	-15.6%	-32.7%	36.5%	-1.49%	-8.7%	-28.0%	-43.3%

Survey Source: 2011 Mercer Council of Teaching Hospitals and Health Systems (COTH) Custom Analysis

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

Submitted by: UCLA Chancellor Block
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (4) *Appointment of and Compensation for Thomas W. Peterson as Executive Vice Chancellor and Provost, Merced Campus*

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Thomas W. Peterson as Executive Vice Chancellor and Provost, Merced campus, effective on or about December 3, 2012. Mr. Peterson currently serves as Assistant Director of the National Science

Foundation (NSF) Directorate of Engineering. This action was a result of the retirement of the incumbent, Keith Alley, who retired on July 1, 2012 after more than a decade of service at UC Merced.

In recognition of the importance of the position, its market value, internal comparisons and Mr. Peterson's qualifications, the campus proposed an annual base salary of \$261,837 at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,300). The proposed salary is the same as Mr. Peterson's current annual compensation at NSF. Mr. Peterson's annual base salary will be at the low end relative to his peers within the UC system.

This position will be paid from State funds.

Action under interim authority was requested so the faculty and campus community could be informed about the next Executive Vice Chancellor and Provost prior to the start of the fall semester, which begins in August, and to allow Mr. Peterson to participate in key discussions prior to joining the campus on a full-time basis. Mr. Peterson had informed the campus that he was a candidate in two other searches, so it was imperative that his commitment to UCM be secured as soon as possible.

Recommendation

The following items were approved in connection with the appointment of and compensation for Thomas W. Peterson as Executive Vice Chancellor and Provost, Merced campus:

- a. Appointment of Thomas W. Peterson as Executive Vice Chancellor and Provost, Merced campus, at 100 percent time. Mr. Peterson will also hold a tenured faculty appointment, at zero percent time, on the Merced campus.
- b. Per policy, an annual base salary of \$261,837 at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,300).
- c. Per policy, annual automobile allowance of \$8,916.
- d. Per policy, a relocation allowance of 25 percent of annual base salary (\$65,459) to be paid in equal sums of \$16,365 annually over a four-year period. If Mr. Peterson separates from the University, any future installment payments will be forfeited.
- e. Per policy, a temporary housing allowance not to exceed \$11,070 for a period of 90 days to offset limited housing-related expenses, subject to the limitations under policy. If Mr. Peterson leaves the

University prior to the completion of one year of service, or accepts an appointment at another University location within 12 months from his initial date of appointment, he will be required to pay back 100 percent of the temporary housing allowance.

- f. Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving household goods and personal effects from the former primary residence to the new primary residence, subject to the limitations under policy.
- g. Reasonable travel expenses for all business-related visits to the campus during the four-month transition prior to his effective start date of December 3, 2012.
- h. Per policy, two house-hunting trips each for the candidate and his spouse/partner, subject to the limitations under policy.
- i. Per policy, accrual of sabbatical credits as a member of tenured faculty.
- j. Per policy, administrative fund for official entertainment and other purposes permitted by University policy.
- k. Per policy, eligible to participate in the UC Home Loan Program, in accordance with all applicable policies.
- l. 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).
- m. This action is effective with an anticipated start date of no earlier than December 3, 2012.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: December 3, 2012

Title: Executive Vice Chancellor and Provost

Base Salary: \$261,837

Target Cash Compensation:* \$261,837

Grade Level: SLCG Grade 108

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

Funding: partially or fully State-funded position

Budget &/or Prior Incumbent Data**Title:** Executive Vice Chancellor and Provost**Base Salary:** \$240,500**Target Cash Compensation:*** \$240,500**Grade Level:** SLCG Grade 108

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

Funding: partially or fully State-funded

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

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	25 th	50 th	Mean	75 th	90 th
Market Data	\$270,850	\$395,000	\$362,566	\$442,500	\$512,016
% Difference from Market	-3.3%	-33.7%	-27.8%	-40.8%	-48.9%

Survey Source: College and University Professional Association (CUPA) survey 2012

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

Submitted by: UC Merced Chancellor Leland
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (5) *Retention Salary Adjustment and Other Compensation for Graham Fleming as Vice Chancellor – Research, Berkeley Campus*

Background to Recommendation

Action under interim authority was requested for the retention salary adjustment and other compensation for Graham Fleming as Vice Chancellor – Research, Berkeley campus.

This urgent request was made because Mr. Fleming had been approached by an elite peer university with an offer to take on a prestigious role as head of an internationally renowned facility with significantly higher compensation.

The Berkeley campus was anxious to retain Mr. Fleming and is seeking approval to offer him an annual base salary of \$370,000. This represents an increase of 23.3 percent over his current annual base salary of \$300,000.

Mr. Fleming's base salary will be paid using State funds.

Losing Mr. Fleming would be a significant loss for the Berkeley campus and for the University of California as a whole. He is considered a world-class researcher in chemistry with potential to win a Nobel Prize. He has a very active research program that includes 16 people.

As Vice Chancellor – Research, Mr. Fleming is providing an unprecedented level of outstanding intellectual leadership and is significantly advancing UC Berkeley's profile as a world leader in the research enterprise. He has successfully identified and advanced a number of new multi-disciplinary, large-scale research initiatives. These include the Simons Institute for the Theory of Computing, funded by a \$60 million grant from the Simons Foundation; the Berkeley Energy and Climate Institute (BECI), which has brought coherence to many of the campus' energy programs and for which \$9 million in private gifts has been secured; Global Change Biology, which is focused on the integration of climate and biological feedbacks with \$4 million in private support for matching National Science Foundation funding; and the Center for Biomedical, Physical and Engineering Sciences, established with a \$5 million endowment. He is working to expand partnerships in the health sciences, including UCSF, and to develop an Institute for Innovative Health Technologies in conjunction with the Lawrence Berkeley National Laboratory (LBNL).

Mr. Fleming is also critical to a new and significant opportunity, the development of the Richmond Bay campus. The Richmond Field site has been chosen by LBNL as the site for its second campus. The development of the Richmond Bay campus – a multi-partner project with the Berkeley campus, LBNL, and the City of Richmond – has the potential to transform many of the University's research initiatives and to help research innovation flourish by allowing the campus and LBNL to build on their already thriving partnership. The new campus will foster major discoveries to address pressing challenges in the global economy, energy, the environment, and human health. This is a critical effort for the Berkeley campus and LBNL and a major new opportunity.

Concurrent with this retention offer, LBNL will provide Mr. Fleming with an administrative stipend of \$30,000 to reflect his temporary assignment at the Laboratory for the expanded responsibilities of the LBNL/Richmond

Bay campus initiative. The stipend will be funded by LBNL using non-State funds and therefore is governed by LBNL's policy on stipends.

Mr. Fleming has indicated his willingness to withdraw from the search at the competing university and remain at the Berkeley campus if the terms in the item are approved, even though his compensation at the University would continue to be significantly less than the competitive offer he received.

Action was requested under interim authority because of the urgency involved. Absent immediate action, there was a significant risk that the University would be unable to retain Mr. Fleming. Approval needed to be secured before the Regents' next regularly scheduled meeting in September.

Recommendation

The following items were approved in connection with the retention salary adjustment and other compensation for Graham Fleming as Vice Chancellor – Research, Berkeley campus:

- a. Continuation of the appointment of Graham Fleming as Vice Chancellor – Research, Berkeley campus.
- b. Per policy, a salary adjustment of 23.3 percent (\$70,000) to increase his annual base salary from \$300,000 to \$370,000 with continued slotting at SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
- c. Per policy, an administrative stipend of \$30,000 to reflect his temporary expanded responsibilities with the Lawrence Berkeley National Laboratory (LBNL) second campus initiative, effective upon approval for two years consistent with LBNL's policy on stipends. This administrative stipend reflects his role at LBNL and therefore is governed by LBNL's policy on administrative stipends.
- d. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- e. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- f. This appointment is at 100 percent time.

COMPARATIVE ANALYSIS**Recommended Compensation****Effective Date:** Upon approval**Base Salary:** \$370,000**Administrative Stipend:** \$30,000**Target Cash Compensation:*** \$400,000**Grade Level:** SLCG Grade 110

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

Funding: partially or fully State-funded**Budget &/or Prior Incumbent Data****Title:** Vice Chancellor – Research**Base Salary:** \$300,000**Target Cash Compensation:*** \$300,000**Grade Level:** SLCG Grade 110

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

Funding: partially or fully State-funded

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

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>	<u>90th</u>
Market Data	\$259.0	\$287.0	\$298.0	\$350.0	\$370.0
% Difference from Market	43.0%	29.0%	24.2%	5.7%	0%

Survey Source: College and University Professional Association (CUPA) Administrative Compensation Survey

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

Submitted by: UC Berkeley Chancellor Birgeneau and
Laboratory Director Alivisatos

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

(6) ***Preemptive Retention Salary Adjustment for Jim M. Murry as Chief Information Officer – UC Irvine Medical Center, Irvine Campus***

Background to Recommendation

Action under interim authority was requested for a preemptive retention salary adjustment for Jim M. Murry as Chief Information Officer – UC Irvine Medical Center, Irvine campus. This urgent request was in response to the fact that Mr. Murry was a finalist for a Chief Information Officer (CIO) position at the health enterprise of a large public research university. Action under interim authority was requested due to the need to respond to Mr. Murry immediately. The UC Irvine Medical Center expects to lose Mr. Murry if approval is postponed until the next Regents' meeting in September.

Mr. Murry is currently leading the challenging conversion to electronic medical records. This is an enormously complex technology and change management project that requires collaboration with and enlistment of physicians, clinicians and others who access patient data. UC Irvine Medical Center began these conversion efforts in 2009 (QUEST), and it is critical that there be leadership continuity through 2015 to successfully complete the project. Implementation of QUEST is anticipated to result in the following: improved patient safety and care; greater convenience for physicians and patients; increased patient satisfaction; improved communication between physicians, patients, and caregivers; and federal reimbursements. The federal government will reimburse hospitals and eligible providers for the use of electronic medical records. Payments can be earned over four years; eligibility for payments terminates in 2015. If functionality and usage fail to meet requirements, penalties will be assessed.

This position is particularly market-sensitive in view of the nationwide push by the federal government to convert to electronic medical records and the limited labor pool for this emerging and continuously evolving professional expertise. Retaining Mr. Murry is a top priority for the UC Irvine Medical Center.

Mr. Murry's base salary of \$274,300 is the lowest of the UC medical center/health system CIOs. The average base salary of the four CIOs is \$319,350.

Approval was requested for a preemptive retention salary adjustment of 9.9 percent, increasing Mr. Murry's current base salary from \$274,300 to \$301,400, with continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP), effective upon approval.

Funding for this position will come exclusively from Medical Center revenues. No State or UC general funds will be used.

Recommendation

The following items were approved in connection with the preemptive retention salary adjustment for Jim M. Murry as Chief Information Officer – UC Irvine Medical Center, Irvine campus:

- a. Continuation of the appointment of Jim M. Murry as Chief Information Officer – UC Irvine Medical Center.
- b. Per policy, a salary adjustment of 9.9 percent (\$27,100) to increase his base salary from \$274,300 to \$301,400, with continued slotting at SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- c. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary (\$45,210) and a maximum potential award of 25 percent of base salary (\$75,350). The actual award will be determined based on performance against pre-established objectives.
- d. Per policy, continuation of a five percent monthly contribution to the Senior Management Supplemental Benefit program.
- e. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- f. This appointment is at 100 percent time.

COMPARATIVE ANALYSIS**Recommended Compensation****Effective Date:** Upon approval**Base Salary:** \$301,400**Clinical Enterprise Management Recognition Plan (CEMRP):** \$45,210
(at 15 percent target rate)**Target Cash Compensation:*** \$346,610**Grade Level:** SLCG Grade 109

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

Funding: non-State-funded**Budget &/or Prior Current Data****Title:** Chief Information Officer**Base Salary:** \$274,300**Clinical Enterprise Management Recognition Plan (CEMRP):** \$41,145

(at 15 percent target rate)

Target Cash Compensation:* \$315,445

Grade Level: SLCG Grade 109

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

Funding: non-State-funded

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

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				TARGET CASH MARKET PERCENTILES			
	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>
Market Data	\$284.9	\$316.0	\$329.3	\$362.0	\$290.5	\$358.1	\$385.9	\$435.3
% Difference from Market	5.8%	-4.6%	-8.5%	-16.7%	19.3%	-3.2%	-10.2%	-20.4%

Survey Source: Mercer Council of Teaching Hospitals and Health Systems (COTH) Custom Analysis

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

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

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

- (1) *Appointment of and Compensation for Adela de la Torre as Interim Vice Chancellor – Student Affairs, Davis Campus*

Background to Recommendation

The campus requested approval for the appointment of and compensation for Adela de la Torre as Interim Vice Chancellor – Student Affairs, Davis campus, effective no later than August 1, 2012, through July 31, 2013, or until the appointment of a new Vice Chancellor – Student Affairs, whichever occurs first. The position Ms. de la Torre will assume is in the Senior Management Group program and slotted in SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). Approval by interim action was necessary so the faculty and students could be informed about the Interim Vice Chancellor – Student Affairs, and so that Ms. de la Torre could organize efforts to prepare for the start of the fall semester, which began in August.

This urgent request was the result of the previous incumbent, Fred E. Wood, resigning effective July 2, 2012, to become the Chancellor at the University of Minnesota in Crookston. The campus will conduct a nationwide search for Mr. Wood's replacement.

Ms. de la Torre is a professor in the Department of Chicana/o Studies and the Director of the Center for Transnational Health. She has served in academic leadership roles in three academic settings for almost 20 years. At UC Davis, Ms. de la Torre has successfully raised more than \$20 million in external funds to support educational outreach, recruitment, health education and training programs. She is an accomplished administrator with a record of successful fiscal management, human resource management, strategic planning, and media relations.

In connection with this appointment, the campus requested an administrative stipend of \$21,454 (ten percent of base salary) while Ms. de la Torre serves as Interim Vice Chancellor – Student Affairs. This stipend will increase Ms. de la Torre's current cash compensation from \$214,544 to \$235,998. The market median salary for this position according to data obtained from the 2012 College and University Professional Association (CUPA) survey is \$247,299.

This position is paid 100 percent from State General Funds.

Recommendation

The following items were approved in connection with the term appointment of and total compensation for Adela de la Torre as Interim Vice Chancellor – Student Affairs, Davis campus:

- a. Appointment of Adela de la Torre as Interim Vice Chancellor – Student Affairs, Davis campus, effective August 1, 2012 through July 31, 2013, or until the appointment of a Vice Chancellor – Student Affairs, whichever occurs first.
- b. Per policy, an administrative stipend of ten percent (\$21,454) of adjusted faculty base salary for the duration of the appointment, raising her current base salary from \$214,544 to \$235,998. The Vice Chancellor – Student Affairs position is part of the Senior Management Group program and is slotted in SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).

- c. Per policy, continuation of standard pension and health and welfare benefits.
- d. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- e. This appointment will be at 100 percent time.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Upon approval but no later than August 1, 2012

Annualized Faculty Base Salary: \$214,544

Administrative Stipend: \$21,454 (ten percent of base salary)

Target Cash Compensation:* \$235,998

Grade Level: SLCG Grade 108

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

Funding Source: partially or fully State-funded (annual base salary and administrative stipend)

Budget &/or Prior Incumbent Data

Title: Vice Chancellor – Student Affairs

Base Salary: \$210,000

Target Cash Compensation:* \$210,000

Grade Level: SLCG Grade 108

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

Funding Source: partially or fully State-funded

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

COMPETITIVE ANALYSIS

TARGET BASE SALARY MARKET PERCENTILES					
Percentiles	25 th	50 th	Mean	75 th	90 th
Market Data	\$225,541	\$247,299	\$246,623	\$267,732	\$276,927
% Difference from Market (based on \$246,726 annual salary)	4.6%	-4.6%	-4.3%	-11.9%	-14.8%

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

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

(2) *Appointment of and Total Compensation for Kim Williams as Chief Financial Officer, Lawrence Berkeley National Laboratory*

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Kim Williams as Chief Financial Officer, Lawrence Berkeley National Laboratory, effective August 1, 2012, with a proposed annual base salary of \$253,188. The former incumbent's salary was \$287,748.

Since Chief Financial Officer Jeffrey Fernandez announced his plans to retire in June 2012, the Laboratory has conducted a national search for a replacement. The search committee interviewed 11 qualified candidates and found that Kim Williams was the top candidate based on her operations, senior financial management and Laboratory experience.

Ms. Williams joined the Laboratory in 2006 and currently serves as the Deputy Division Director for Operations in the Environmental Energy Technologies Division. In this role, she is responsible for leading and managing operational services for one of the largest scientific divisions at the Laboratory, with more than \$100 million in annual spending, 500 employees, and 150 visiting researchers and affiliates.

The Laboratory requested action under interim authority in order to secure leadership in this key senior management role. Minh Huebner assumed the Acting Chief Financial Officer role on July 1, 2012. However, it was essential that Ms. Williams assume her position as Chief Financial Officer as soon as possible, especially as the Office of the Chief Financial Officer began the numerous Laboratory actions required at the end of the fiscal year 2012 and prepares for fiscal year 2013.

Funding for this position will come from Department of Energy funds. No State or UC general funds will be used.

Recommendation

The following items were approved in connection with the appointment of and compensation for Kim Williams as Chief Financial Officer, Lawrence Berkeley National Laboratory:

- a. Appointment of Kim Williams as Chief Financial Officer, Lawrence Berkeley National Laboratory.
- b. An annual base salary of \$253,188. The position of Chief Financial Officer is slotted at Salary Grade N14 (Minimum \$168,096, Midpoint \$252,132, Maximum \$336,168).
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. 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).
- e. This appointment is at 100 percent time and effective August 1, 2012.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: August 1, 2012

Title: Chief Financial Officer

Base Salary: \$253,188

Target Cash Compensation:* \$253,188

Grade Level: Salary Grade N14

(Minimum \$168,096, Midpoint \$252,132, Maximum \$336,168)

Funding: non-State-funded

Budget &/or Prior Incumbent Data

Title: Chief Financial Officer

Base salary: \$287,748

Target Cash Compensation:* \$287,748

Grade Level: Salary Grade N14

(Minimum \$168,096, Midpoint \$252,132, Maximum \$336,168)

Funding: non-State-funded

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

COMPETITIVE ANALYSIS

Percentiles	TARGET BASE SALARY MARKET PERCENTILES				
	25 th	50 th	Mean	75 th	90 th
Market Data	\$264.3	\$406.9	\$381.6	\$461.6	\$540.7
% Difference From Market	-4.2%	-37.8%	-33.7%	-45.2%	-53.2%

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: Laboratory Director Alivisatos
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (3) ***Preemptive Retention Salary Adjustment for Paul Staton as Chief Financial Officer, Hospital System, Los Angeles Campus***

Background to Recommendation

Action under interim authority was requested for the approval of a preemptive retention salary adjustment of 7.1 percent for Paul Staton, Chief Financial Officer, UCLA Hospital System, increasing his current base salary from \$420,000 to \$450,000, with continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP), effective upon approval.

This urgent request was in response to the fact that Mr. Staton was a finalist for a Chief Financial Officer position at a local competing hospital system. Action under interim authority was requested because of the retention risk presented by delaying approval until the September Regents meeting.

Mr. Staton plays a central role in developing and implementing clinical strategy and business plans while serving as the head of financial operations for the Hospital System, which includes the Westwood-UCLA Medical Center, Mattel Children's Hospital at UCLA, the Stewart and Lynda Resnick Neuropsychiatric Hospital, and Santa Monica-UCLA Medical Center and Orthopedic Hospital. During his UCLA tenure, Mr. Staton has led UCLA Hospital System's leadership team to achieve a significant financial turnaround while also improving the budgeting and strategic endeavors. He has launched numerous initiatives to increase

revenue/collections and streamline staffing, and he has also improved financial reporting. Mr. Staton is highly regarded by staff, management, and physician leadership.

In addition, Mr. Staton effectively manages both labor and non-labor expenses. These combined efforts have resulted in four consecutive years of achieving net operating gains from operations in excess of \$100 million. Last year, the Hospital System achieved a net operating gain of \$289 million or a 15 percent operating margin compared against an industry standard of six percent. Presently, Mr. Staton is leading an initiative in tandem with the Hospital System Chief Operating Officer to reduce labor and non-labor expenses by an additional \$60 million. As the UCLA Hospital System continues to develop its comprehensive health care network, and with a number of operational and financial challenges ahead, it is of utmost importance to retain Mr. Staton as one of the System's key senior administrative leaders to maintain the trajectory of growth and stability.

The source of funding for this position will come exclusively from UCLA Hospital System funds. No State or UC general funds will be used.

Recommendation

The following items were approved in connection with the preemptive retention salary adjustment for Paul Staton as Chief Financial Officer, Hospital System, Los Angeles campus:

- a. Continued appointment of Paul Staton as Chief Financial Officer, Hospital System, Los Angeles campus, at 100 percent time, effective upon approval.
- b. Per policy, a salary adjustment of 7.1 percent (\$42,000) to increase his base salary from \$420,000 to \$450,000, SLCG Grade 112 (Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500).
- c. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent (\$67,500) of base salary and a maximum potential award of 25 percent (\$112,500) of base salary. The actual award will be determined based on performance against pre-established objectives.
- d. Per policy, continuation of a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

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

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$450,000

CEMRP: \$67,500 (at 15 percent target rate)

Target Cash Compensation:* \$517,500

Grade Level: SLCG Grade 112

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

Funding: non-State-funded

Budget &/or Prior Incumbent Data

Base Salary: \$420,000

CEMRP: \$63,000 (at 15 percent target rate)

Target Cash Compensation:* \$629,740

Grade Level: SLCG Grade 112

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

Funding: non-State-funded

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

COMPETITIVE ANALYSIS

Percentiles	*BASE SALARY MARKET PERCENTILES				**TARGET CASH MARKET PERCENTILES			
	25th	50th	Mean	75th	25th	50th	Mean	75th
Market Data	\$450.3	\$500.0	\$534.0	\$600.0	\$525.0	\$631.1	\$677.0	\$765.4
% Difference from Market	0.0%	-11.1%	-18.7%	-33.3%	-1.4%	-22.0%	-30.8%	-48.0%

Survey Source: 2011 Mercer Council of Teaching Hospitals and Health Systems (COTH) Custom Analysis Module 4A

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

Submitted by: UCLA Chancellor Block

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

6. REPORT OF COMMUNICATIONS RECEIVED

Secretary and Chief of Staff Kelman reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated August 2 and September 4, 2012.

7. REPORT OF MATERIALS MAILED BETWEEN MEETINGS

Secretary and Chief of Staff Kelman reported that, on the dates indicated, the following were sent to the Regents or to Committees:

To Members of the Committee on Compensation

- A. From the President, May 2012 Bi-Annual Transaction Monitoring Reports for Deans and Faculty Administrators who have transferred from the Senior Management Group Program to Academic Titles. (July 26, 2012)
- B. From the President, Annual Report on Executive Compensation for Calendar Year 2011: Incumbents in Certain Senior Management Positions; and Annual Report on Compensated Outside Professional Activities for Calendar Year 2011: Incumbents in Senior Management Positions. (August 13, 2012)
- C. From the President, Bi-Annual Transaction Monitoring Report for Non-Senior Management Group Administrators Whose Total Potential Cash Compensation Exceeds the Reporting Threshold – May 2012. (August 23, 2012)

To Members of the Committee on Long Range Planning

- D. From the President, University of California Accountability Report. (July 25, 2012)

To the Regents of the University of California

- E. From the President, informational summary of External Relations activities. (July 3, 2012)
- F. From the Secretary and Chief of Staff, summaries of correspondence sent to Regents in July 2012. (August 2, 2012)
- G. From the Vice President and General Counsel, notification of the University's filing of an amicus brief with the United States Supreme Court in the case of *Fisher v. Texas*. (August 13, 2012)

The meeting adjourned at 1:00 p.m.

Attest:

Secretary and Chief of Staff

Additions by underscoring; deletions shown by strikethrough**APPROVAL OF BUSINESS TERMS FOR A BUILD-TO-SUIT PARKING FACILITY LEASE WITH OPTION TO PURCHASE, APPROVAL OF EXTERNAL FINANCING UPON EXERCISE OF PURCHASE OPTION AND RELATED DOCUMENTS, AND DISCUSSION OF LITIGATION THREAT, MOUNT ZION PARKING STRUCTURE, SAN FRANCISCO CAMPUS**

- A. After consultation with the General Counsel, the President be authorized to (i) review, consider, and, if he determines it to be adequate pursuant to the California Environmental Quality Act (CEQA), certify the Environmental Impact Report for the Project and (ii) if he determines to approve the Project, adopt findings pursuant to CEQA with respect to the development of the approximately 89,000-square-foot, 228-space parking structure (“Improvements”) on 14,609 square feet of land at 2420 Sutter Street (“Property”) in San Francisco prior to the execution of the Parking Facility Lease and Improvement Agreement (“Lease”).
- B. The President, after consultation with the General Counsel and compliance with CEQA as described above, be authorized to approve and to execute the Parking Facility Lease and Improvement Agreement (“Lease”) between The Regents (“University”), as Lessee, and 2420 Sutter Garage, LLC, as Lessor. Lessor is to build a seven-level, approximately 89,000-square-foot, 228-space parking structure (“Improvements”) on 14,609 square feet of land at 2420 Sutter Street (“Property”) in San Francisco subject to the following terms and conditions:
- (1) The term of the lease shall commence 30 days prior to start of construction period (projected 12 months duration, not to exceed 24 months) and extend sixty (60) years following completion of the Improvements.
 - (2) The rent shall be one dollar per month payable upon lease commencement (30 days prior to commencement of construction of the parking structure) through completion of the Improvements. Upon completion of the Improvements, the rent shall be approximately \$992,213 per year in the first year and the rent shall increase by one percent (1%) per year, compounded annually.
 - (3) Lessor shall construct the Improvements on the Property at its sole cost pursuant to a Parking Facility Lease and Improvement Agreement and in accordance with construction plans approved by the University.
 - (4) The Lease is triple net with the University responsible for all operating expenses and maintenance of the Improvements during the 60-year lease term following completion of the Improvements.
 - (5) The University shall have an option to purchase the Property (Improvements and Land) for a price not to exceed \$15,750,000.

- C. The President be authorized to obtain external financing in a total amount not to exceed \$16,750,000, composed of: (i) not to exceed \$15,750,000 to purchase the Property and (ii) \$1,000,000 to finance parking fixtures and equipment, other campus expenses and closing costs. The President shall require that:
- (1) ~~Repayment of debt shall be from the general revenues of the UCSF campus and~~ As long as the debt is outstanding, the general revenues of the UCSF campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (2) The general credit of the Regents shall not be pledged.
- D. The President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with these transactions, and to make any modification to the terms that does not materially increase either the cost of the Lease or the University's obligations.