

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 21, 2016

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

Members present: Regents Davis, De La Peña, Elliott, Gorman, Gould, Island, Lansing, Lozano, Napolitano, Ortiz Oakley, Oved, Pattiz, Reiss, Ruiz, Sherman, and Zettel

In attendance: Regents-designate Brody, Ramirez, and Schroeder, Faculty Representatives Chalfant and Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Senior Vice Presidents Henderson and Peacock, Vice President Duckett, Chancellors Block, Blumenthal, Gillman, Hawgood, Wilcox, and Yang, and Recording Secretary Johns

The meeting convened at 12:05 p.m. with Chairman Lozano presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of November 2-3, November 19, and the meeting of the Committee of the Whole of November 19, 2015 were approved.

2. **REPORT OF THE PRESIDENT**

The President presented her report concerning University activities and individuals. The Heavy Element Group at Lawrence Livermore National Laboratory (LLNL) had been credited with the discovery of elements 115, 117, and 118 by the International Union of Pure and Applied Chemistry. This discovery brought the total to six new elements reported by the LLNL team and its colleagues at the Joint Institute for Nuclear Research in Dubna, Russia. These discoveries will help scientists understand the physics of how nuclei in elements are held together.

Thirteen UC innovators had been elected fellows of the National Academy of Inventors for work in semiconductor manufacturing, biofuel efficiency, and biomedical technology. Since the Academy's founding in 2010, 43 UC researchers had been elected as fellows. Twenty-four UC scholars were recently elected fellows of the American Association for the Advancement of Science. The Association would soon premiere a new documentary film about 89-year-old UC Berkeley Professor of Anatomy Marian Diamond, a celebrated researcher, teacher, and outstanding role model for women in science. Professor Diamond's undergraduate anatomy course has been taken by more than

60,000 students. Her lectures, posted on the internet, have reached more than 2 million people.

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

The Committee presented the following from its meeting of January 21, 2016:

A. ***Contract Compensation Using Non-State Funds for Cori Close as Head Women's Basketball Coach, Intercollegiate Athletics, Los Angeles Campus***

The Committee recommended approval of the following item in connection with the contract compensation for Cori Close as Head Women's Basketball Coach, Intercollegiate Athletics, Los Angeles campus:

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), retroactive approval of the funding source for this position as the UCLA Student Services Fee, effective April 21, 2011. The September 2008 Parameters require Regental approval when the funding for a coach's contract comes from sources other than athletic department revenues (including athletic equipment supplier agreements) or private fundraising.

The compensation described above shall constitute the University's total commitment for the element of compensation addressed above 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.

B. ***Contract Compensation Using Non-State Funds for David Esquer as Head Baseball Coach, Intercollegiate Athletics, Berkeley Campus***

The Committee recommended approval of the following items in connection with the contract compensation for David Esquer as Head Baseball Coach, Intercollegiate Athletics, Berkeley campus:

- (1) Annual guaranteed compensation of \$220,000, comprised of a base salary of \$165,000 and a talent fee of \$55,000. The annual base salary will increase by \$5,000 in each year of the contract, and the talent fee will remain constant throughout the contract's duration.
- (2) Annual maximum incentive potential of \$78,000. All incentives would be subject to an academic gatekeeper threshold where no incentive would be paid out unless a minimum Academic Progress Rate of 930 is achieved.

- (3) Total deferred compensation of \$80,000, payable in four increments of \$20,000 in years two through five.
- (4) A one-time signing bonus not to exceed \$20,000. This will be paid as a one-time, non-base-building bonus in accordance with University policies and procedures and shall be subject to applicable federal and State taxes and appropriate withholding.
- (5) 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), an equipment/apparel fee in the amount of \$100,000 in each year of Coach Esquer's contract, payable at the discretion of the Director of Intercollegiate Athletics and subject to receipt of sufficient funds from University contracts with athletic equipment suppliers for such purposes. This constitutes an exception to the September 2008 Parameters because this type of compensation is not addressed in the Parameters.
- (6) As an exception to the September 2008 Parameters, this contract will be effective retroactive to August 1, 2015, and will continue through July 31, 2020.

The compensation described above shall constitute the University's total commitment for the elements of compensation addressed above 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.

C. *Appointment of and Compensation Using Non-State Funds for Howard Federoff as Vice Chancellor for Health Affairs and System Chief Executive Officer, UCI Health, Irvine Campus*

The Committee recommended approval of the following items in connection with the appointment of and compensation for Howard Federoff as Vice Chancellor for Health Affairs and System Chief Executive Officer, UCI Health, Irvine campus:

- (1) Appointment of Howard Federoff as Vice Chancellor for Health Affairs and System Chief Executive Officer, UCI Health, Irvine campus at 100 percent time. This is a Level One Senior Management Group position.
- (2) Per policy, an annual base salary of \$800,000.
- (3) Per policy, eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 20 percent of base salary (\$160,000) and a maximum potential award of 30 percent of base

salary (\$240,000). The actual award will be determined based on performance against pre-established objectives.

- (4) Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- (5) 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).
- (6) Per policy, annual automobile allowance of \$8,916.
- (7) Per policy, continued eligibility for accrual of sabbatical credits as a member of tenured faculty, consistent with academic personnel policy.
- (8) Per policy, continuation of eligibility to receive research allowance and set-up funding for a laboratory (in connection with Dr. Federoff's tenured faculty appointment at zero percent time in the Department of Neurology).
- (9) This action will be effective upon approval.

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.

D. *Appointment of and Compensation Using Non-State Funds for Patricia Maysent as Chief Executive Officer, UC San Diego Health System, San Diego Campus*

The Committee recommended approval of the following items in connection with the appointment of and compensation for Patricia Maysent as Chief Executive Officer, UC San Diego Health System, San Diego campus:

- (1) Appointment of Patricia Maysent as Chief Executive Officer of the UC San Diego Health System, San Diego campus, at 100 percent time. This is a Level One Senior Management Group position.
- (2) Per policy, an annual base salary of \$785,000.
- (3) Per policy, eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 20 percent of base salary (\$157,000) and a maximum potential award of 30 percent of base

salary (\$235,500). The actual award will be determined based on performance against pre-established objectives.

- (4) Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.
- (5) 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 consecutive years of Senior Management Group service).
- (6) Per policy, annual automobile allowance of \$8,916.
- (7) Per policy, a monthly contribution to the Senior Management Supplemental Benefit Program.
- (8) This action will be effective upon approval.

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.

E. ***Appointment of and Compensation Using Non-State Funds for Michael Witherell as Laboratory Director, Lawrence Berkeley National Laboratory***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Michael Witherell as Laboratory Director, Lawrence Berkeley National Laboratory:

- (1) Appointment of Michael Witherell as Laboratory Director, Lawrence Berkeley National Laboratory at 100 percent time.
- (2) Per policy, an annual base salary of \$440,000. As provided under the University's contract with the U.S. Department of Energy (DOE), any compensation amount approved by the Regents that is over the compensation amount approved by DOE on an annual basis as an allowable cost under the contract will be paid from the fee earned by the University under the contract. Compensation paid to the Laboratory Director is paid with non-State funds.
- (3) Per policy, annual automobile allowance of \$8,916.

- (4) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- (5) Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.
- (6) 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 consecutive years of Senior Management Group service).
- (7) Per policy, house-hunting trip reimbursement for Mr. Witherell and his spouse or domestic partner, subject to the limitations under policy.
- (8) Per policy, reimbursement of temporary housing-related expenses actually and reasonably incurred, subject to the limitations under policy.
- (9) Per policy, reimbursement of actual and reasonable expenses associated with moving Mr. Witherell's household goods and personal effects from his former primary residence to his new primary residence, subject to the limitations under policy.
- (10) Per policy, accrual of sabbatical credits as a member of tenured faculty.
- (11) This action will be effective March 1, 2016.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, 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.

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

4. **REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY**

The Committee presented the following from its meeting of January 20, 2016:

Establishment of a School of Music, Los Angeles Campus

The Committee recommended that Section 15 (a) of the Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, as provided for in Standing Order 110.1, be amended as follows:

Additions shown by underscoring

15. Professional Schools

- (a) There are established the following schools, with curricula based on two or more years of undergraduate work as well as graduate curricula as listed:

The UCLA Herb Alpert School of Music, at Los Angeles, with curricula leading to the degrees of Bachelor of Arts, Master of Arts, Master of Music, Doctor of Musical Arts, and Doctor of Philosophy.

Upon motion of Regent Island, duly seconded, the recommendation of the Committee on Educational Policy was approved.

5. **REPORT OF THE COMMITTEE ON GOVERNANCE**

The Committee presented the following from its meetings of January 20 and 21, 2016:

A. ***Appointment of Members to the Committee on Health Services***

The Committee recommended that the November 2015 amendments to the Bylaws reconstituting the Committee on Health Services be implemented by appointing the following members:

- (1) Regents Blum, Makarechian, and Reiss, representing the Committees on Finance, Grounds and Buildings, and Compensation respectively, effective immediately, through June 30, 2016.
- (2) Chancellors Hawgood and Khosla, representing the UC campuses with academic health systems, effective immediately, through June 30, 2016.
- (3) Regent Lansing be appointed as Chair of the Committee on Health Services, effective immediately, through June 30, 2019.
- (4) Regent Sherman be appointed as Vice Chair of the Committee on Health Services, effective immediately, through June 30, 2016.

B. ***Reappointment of Member to the Investment Advisory Group***

The Committee recommended that David Crane be reappointed to a second four-year term to the Investment Advisory Group, effective immediately.

C. ***Proposal to Establish a Student Advisor Position to the Board of Regents***

The Committee recommended that a two-year pilot program be implemented to create the non-voting position of Student Advisor to the Board of Regents beginning in July 2017. The Student Advisor would be appointed for a term of one year, commencing July 1. The Student Advisor would be selected from a segment of the student population not represented by the student Regent during the same term of service. That is, if the incoming student Regent was an undergraduate, the Student Advisor would be chosen from the ranks of graduate or professional students and vice versa. The Student Advisor shall not be a member of the Board.

D. ***Dates of Regents Meetings for 2017***

The Committee recommended that the following dates of Regents meetings for 2017 be approved.

2017

January 25-26

March 15-16

May 17-18

July 12-13

September 13-14

November 15-16

Upon motion of Regent Gould, duly seconded, the recommendations of the Committee on Governance were approved.

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

The Committee presented the following from its meeting of January 21, 2016:

Approval of the Budget for Capital Improvements and the Capital Improvement Program, and Approval of External and Standby Financing, 2016-25 Statewide Energy Partnership Program

The Committee recommended that:

- A. The 2015-16 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Systemwide: 2016-2025 Statewide Energy Partnership Program Phase 1 – preliminary plans, working drawings, construction, equipment – \$67,405,000 to be funded from external financing (\$50,138,000),

energy efficiency incentive payments from California utilities (\$15,849,000), and auxiliary sources (\$1,418,000).

- B. The President of the University be authorized to obtain external financing not to exceed \$50,138,000 to finance the 2016-2025 Statewide Energy Partnership Program Phase 1. The President shall require that:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, general revenues from the Irvine, Los Angeles, San Diego, and Santa Cruz campuses shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.
- C. The President be authorized to obtain standby financing not to exceed \$14,444,000 for the 2016-2025 Statewide Energy Partnership Program Phase 1. The President shall require that:
- (1) Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - (2) Repayment of the standby financing shall be from energy efficiency incentive payments from California utilities. In the event that the incentive payments are insufficient and some or all of the standby financing remains outstanding, unrestricted campus funds of the Irvine, Los Angeles, and San Diego campuses shall be used to repay the portion of the standby financing that relates to each campus' respective energy projects and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.

Upon motion of Regent Sherman, duly seconded, the recommendation of the Committee on Grounds and Buildings was approved.

7. **REPORT OF INTERIM AND CONCURRENCE ACTIONS**

Secretary and Chief of Staff Shaw 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 Chair of the Committee on Compensation, and the President of the University approved the following recommendations:

(1) ***Contract Compensation Negotiation Parameters for Sonny Dykes, Head Football Coach, Intercollegiate Athletics, Berkeley Campus***

Background

Action under interim authority was requested to delegate authority to the President or her designee to negotiate and approve compensation, within certain parameters not to be exceeded, for Sonny Dykes, Head Football Coach, Intercollegiate Athletics, Berkeley campus.

Action under interim authority was requested because the end of the football season is the key period for recruitment and retention for coaches, and Coach Dykes is highly marketable due to his successful leadership of UC Berkeley's football program during the last three years. Coach Dykes is being actively pursued by at least one other institution. The departure of Coach Dykes would leave UC Berkeley in the challenging position of recruiting a new head coach to replace him. In addition, the replacement of a head coach almost always results in turnover of the coaching staff, generating significant operating costs. UC Berkeley would anticipate one-time costs of several million dollars associated with a turnover in the head coaching position. In an effort to retain Coach Dykes, the campus will negotiate new contract terms that are to take effect January 1, 2016, but hoping to secure a commitment from the coach in November 2015. This item is an effort to proactively define negotiating parameters and address the fast moving, real-time negotiations and agreements that are expected to occur in the coming weeks. Therefore, this action could not wait until the regularly scheduled meeting in January 2016.

Coach Sonny Dykes has returned the UC Berkeley (California or Cal) football program to national prominence in his third campaign as the Golden Bears' head coach and his 21st as a collegiate football coach. The Golden Bears started the 2015 season with five straight victories to mark the program's best start since 2007. The strong start has also propelled the Golden Bears into the national rankings for the first time since 2010 (coaches' poll) and 2009 (AP Top 25). There was already a tremendous amount of optimism at Cal heading into the 2015 season after the Golden Bears' four-win improvement in 2014 – the best turnaround for the program since 2002 – which left Cal one victory shy of playing in its first bowl game since 2011.

Cal ranked in the top 25 nationally in a total of ten categories and set or equaled 12 single-season school or modern-era records in 2014. The Bears established single-season records for passing yards (4,152), passing touchdowns (37), total yards per game (495.2 ypg), first downs passing (188), kick return touchdowns (two), fewest punt returns allowed (seven) and opponent penalty yards (973). Cal set modern-era school records for

points (459), scoring average (38.2 ppg) and touchdowns (61) that were second all-time behind the 1920 team (510 points, 56.7 ppg, 72 touchdowns), while tying modern-era records for points after touchdown (56) and points after touchdown attempts (57). Cal's total offense of 5,942 yards in 2014 was also second in school history. In addition, the Bears became the first Cal team in the modern era to score 55 or more points in a game three times including 40 or more five times and 30 or more on ten occasions.

There are also positive signs off the field for a program that improved its single-season Academic Progress Rate (APR) score by 46 points in the first report date under Coach Dykes and saw its four-year APR move up three points in its second season with greatly improved data expected the next time the numbers are reported in 2016. In addition, Coach Dykes' program has become one of Cal's most active in the community.

The improvement academically and athletically in addition to increased involvement in the community have been instrumental in the overall shift in the football culture at UC Berkeley, largely due to the efforts of Coach Dykes and his staff. As a result, the Athletic Department anticipates that during this football season other schools will be recruiting Coach Dykes as their head football coach. He was approached by one institution in 2014. In October 2015, at least one school approached his representative. As such, the department needs to be prepared to act quickly and possibly proactively, to offer Coach Dykes a new football contract as early as November 2015. The department does not intend to offer the maximum amounts requested but would like to be prepared for this possibility, depending on the success of the football program in the next weeks as well as any potential offers that might be presented to Coach Dykes. The department requests that these maximums be kept strictly confidential while it finalizes the negotiations with Coach Dykes so as to not "show our cards."

Coach Dykes' guaranteed compensation for 2015 in his current contract is \$2 million, which places him last among Pacific-12 Conference institutions and near the bottom across the Power Five Conferences. The average guaranteed compensation of the Pacific-12 Conference Head Football Coaches ranges from \$2.75 million to \$3.8 million. In addition, Coach Dykes' current annual maximum incentive potential of \$304,000 is significantly below market and at the very bottom of the Pacific-12 Conference. Excluding Stanford and USC, for which data are not available, the other head football coaches have incentive maximums ranging from \$525,000 (Oregon State: plus an additional five percent of season ticket revenue over \$23,000) to \$3.74 million at Arizona State. Excluding Stanford and USC, five of the Pacific-12 institutions' coaches have maximum incentives exceeding \$1 million.

The source of funding for this position is non-State funds; the position will be exclusively funded by athletic department revenues (philanthropy and ticket sales). Cal ticket sales have reached a low in the past two years and much of that is a result of the previous lack of success for the football program. History has shown that the improved performance of the team will lead to increased ticket sales and increased philanthropy that can fund these costs. Cal will also target specific philanthropy requests toward this retention need. There has already been an improvement in ticket sales with the team's strong start.

Because Coach Dykes' total potential cash compensation exceeds \$301,000, his contract compensation is subject to the parameters under the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (the September 2008 Parameters). Regents' approval is required because the proposed contract compensation parameters exceed the September 2008 Parameters.

In an effort to retain Coach Dykes, the campus sought approval for a delegation to the President to approve the results of the negotiations with Coach Dykes. Although it is highly unlikely that the following maximums will be reached, the following ceilings are proposed:

- the current annual base salary of \$250,000 could increase to as much as \$350,000;
- the current annual talent fee of \$1.75 million could increase to as much as \$2.65 million (with a \$100,000 increase each year of the contract);
- the current maximum incentive potential of \$304,000 could increase to as much as \$800,000.

As a result, guaranteed compensation (comprised of annual base salary and talent fee) could increase from the current \$2 million up to \$3 million. These comparisons reflect increases from the current year of the current contract to the first year of the proposed contract. Approval of the maximum compensation amounts is intended to facilitate successful contract negotiations with Coach Dykes. The President would also approve other terms that are within her authority, consistent with the September 2008 Parameters, including the addition of a one-time signing bonus of up to \$500,000.

All incentives would be subject to an academic gatekeeper threshold where no bonus would be paid out unless a minimum Academic Progress Rate (APR) of 930 is achieved. Directly linking academic performance to field performance is a new concept that is atypical at this level of competition, yet Coach Dykes is willing to become a leader on the

importance of academic success in the high-pressured environment of Division I football.

The maximum potential increase in guaranteed compensation from the current year of the current contract to the first year of the proposed contract is 50 percent. This is outside the September 2008 Parameters that allow an increase of up to 30 percent. In addition, the cumulative guaranteed compensation from the current contract to the proposed contract would change from \$9,820,968 up to \$16 million, which is a maximum possible increase of 62.9 percent (adjustments were made to the amounts in the current contract to equalize the contract duration to the proposed contract). This is also outside the September 2008 Parameters that allow an increase of up to 30 percent. The maximum possible increase in maximum incentives from the current contract to the new contract is 163.2 percent, which is outside the September 2008 Parameters which allow an increase of up to 15 percent or \$30,000, whichever is higher. The proposed one-time signing bonus is within the September 2008 Parameters.

All other compensation terms in Coach Dykes' contract, as amended by the proposed addendum, will be within the September 2008 Parameters and under the President's authority to approve.

Approval of this delegation of authority for contract compensation parameters will serve as approval of the final compensation for Coach Dykes, provided that the final compensation is within the parameters outlined in this item. If the final terms exceed any of the delegated maximums noted above, Regents' approval will be required. It is understood that Regental authorization for this delegation of authority will expire upon the signing of the contract by both parties.

Recommendation

The following items were approved in connection with the delegation of authority to the President of the University to approve compensation terms for Sonny Dykes, Head Football Coach, Intercollegiate Athletics, Berkeley campus, that are within the contract compensation parameters set forth below, with the understanding that the final terms will be set forth in an appropriate written contract, which will be reviewed by the Office of the General Counsel:

The maximum parameters for Coach Dykes are as follows:

- a. Annual guaranteed compensation not to exceed \$3 million (first year of proposed contract). This is comprised of a base salary not to exceed \$350,000 (effective for all five years of the proposed

contract) and a talent fee not to exceed \$2.65 million (to increase by \$100,000 in each of the following years of the proposed contract). This exceeds the September 2008 *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Parameters) because the proposed maximum increase in annual guaranteed compensation is more than 30 percent over the current contract year's annual guaranteed compensation of \$2 million. In addition, the proposed maximum total cumulative guaranteed compensation of \$16 million is more than 30 percent over the current contract's total cumulative guaranteed compensation of \$9,820,968.

- b. Annual maximum incentive potential not to exceed \$800,000, which would be subject to an academic gatekeeper threshold according to which no incentive would be paid out unless a minimum Academic Progress Rate (APR) of 930 is achieved. This exceeds the September 2008 Parameters because the maximum increase is more than 15 percent.
- c. All other contract terms must be within the September 2008 Parameters.
- d. This contract compensation will be effective January 1, 2016 and will continue through December 31, 2020.

Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(2) ***Appointment of and Compensation for Using Non-State Funds for Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles Campus***

Background

Approval under interim authority was requested for the appointment of and compensation for Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus, effective February 1, 2016. Following a national search, Ms. Spisso emerged as the top candidate for the President, UCLA Health System and Chief Executive Officer, UCLA Hospital System position, which became vacant following the retirement of the former incumbent, Dr. David Feinberg, in April 2015. This action required Regental approval because the President, UCLA Health System and Chief Executive Officer,

UCLA Hospital System position is classified as a Level One position in the Senior Management Group (SMG).

Approval under interim authority was requested because Ms. Spisso's employer, the University of Washington (UW), announced her departure prior to the January Regents meeting and UC wanted to follow closely with an announcement of Ms. Spisso's appointment as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System.

Ms. Spisso is currently the Chief Health System Officer and Vice President, Medical Affairs at the University of Washington (UW), which includes Harborview Medical Center, University of Washington Medical Center, Northwest Hospital and Medical Center, Valley Medical Center, UW Physicians, UW School of Medicine, and Airlift Northwest. UW Medicine is a \$4.7 billion health system with four hospitals, a system of primary care clinics, a physician practice plan, an air-medical transport program and the School of Medicine. There are 24,000 employees, 1,500 inpatient hospital beds, 95,000 annual inpatient admissions, and over 1.5 million outpatient visits per year.

Ms. Spisso has worked at UW Medicine for the past 19 years, where she was steadily promoted from Associate Administrator, Patient Care Services to Chief Nursing Officer, to Chief Operating Officer and Executive Director at Harborview Medical Center prior to being promoted to her current position in 2007.

The position of President, UCLA Health System and Chief Executive Officer, UCLA Hospital System is responsible for providing leadership to establish fully and functionally integrated vision and strategy in an ever-changing healthcare environment. UCLA Health is a \$3 billion health system with four hospitals, a network of more than 150 primary and specialty care offices, and a physician practice plan and is affiliated with the David Geffen School of Medicine at UCLA. There are 24,000 employees, 805 inpatient hospital beds, over 100,000 annual inpatient admissions, and over 2.5 million outpatient visits per year. Once at UCLA, Ms. Spisso is expected to drive excellence in the delivery of high quality, patient-centered care as well as to build key alliances and partnerships in the community. She is also expected to implement an aggressive plan for philanthropy and for community engagement with the leadership of Los Angeles and the surrounding area.

The campus proposed a base salary of \$876,000, which is 5.5 percent less than the former incumbent's salary. The proposed base salary is consistent with Regents Policy 7701, Senior Management Group Appointment and Compensation, and reflects an appropriate salary, taking into account the scope and responsibilities of the position relative to the external market

and internally, to other UC peers, as well as Ms. Spisso's depth and breadth of experience. The proposed salary is 1.7 percent below the 50th percentile of the Market Reference Zone (MRZ) for this position (Chief Executive Officer). The former incumbent's salary was slightly below the 60th percentile.

Funding for this position will come entirely from non-State funds, specifically from UCLA Health revenues.

Recommendation

The following items were approved in connection with the appointment of and compensation for Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus:

- a. Appointment of Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus, at 100 percent time. This is a Level One Senior Management Group position.
- b. Per policy, an annual base salary of \$876,000.
- c. Per policy, eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 20 percent of base salary (\$175,200) and a maximum potential award of 30 percent of base salary (\$262,800). The actual award will be determined based on performance against pre-established objectives.
- d. Per policy, annual automobile allowance of \$8,916.
- e. Per policy, reimbursement for up to two house-hunting trips each for Ms. Spisso and her spouse or domestic partner, subject to the limitations under policy.
- f. Per policy, reimbursement of temporary housing-related expenses actually and reasonably incurred, not to exceed \$12,000 for a period of up to 90 days, subject to the limitations under policy.
- g. Per policy, a monthly contribution to the Senior Management Supplemental Benefit Program.
- h. 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 consecutive years of Senior Management Group service).

- i. Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable requirements.
- j. Per policy, reimbursement of actual and reasonable expenses associated with moving Ms. Spisso's household goods and personal effects from her former primary residence to her new primary residence, subject to the limitations under policy.
- k. This action will be effective February 1, 2016.

The compensation described above shall constitute the University's total commitment until modified by the Regents, President, or Chancellor, as applicable under Regents policy, and shall supersede all 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. 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 Scope and Approval of External Financing, Jacobs Medical Center, San Diego Campus

- (1) The 2015-16 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
 - From: San Diego: Jacobs Medical Center – preliminary plans, working drawings, construction and equipment – \$859.36 million to be funded from external financing (\$500 million), gifts (\$131 million), hospital reserves (\$124.36 million), Children's Hospital bonds (\$69 million), and capitalized leases (\$35 million).
 - To: San Diego: Jacobs Medical Center – preliminary plans, working drawings, construction and equipment – \$942.79 million to be funded from external financing (\$570.35 million), gift funds (\$144.08 million), hospital reserves (\$124.36 million), Children's Hospital bonds (\$69 million), and capitalized leases (\$35 million).
- (2) The change in scope of the Jacobs Medical Center project shall include: adding approximately 2,800 assignable square feet (ASF) of built-out space in the new bed tower for the Cardiac Rehabilitation Program; shelling approximately 1,500 ASF of program space in the Neonatal

Intensive Care Unit, also in the new bed tower; and reducing the amount of renovation space in the existing Thornton Hospital from approximately 67,100 ASF of space to 30,500 ASF.

- (3) The President be authorized to utilize additional external financing in an amount not to exceed \$70.35 million to finance the completion of the Jacobs Medical Center project. The President shall require that:
 - a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, gross revenues of UC San Diego Health System 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, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above and to make changes in terms that do not materially increase the cost of the project or the obligations of the Regents.

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

Approval of Indemnification Term in Data Request and Release Process Non-Disclosure Agreement with California Investor-owned Energy Utilities, Davis Campus

That the President of the University or her designee be authorized to execute the Non-Disclosure Agreements with Southern California Gas Company, Pacific Gas & Electric, and Southern California Edison which contain an indemnification provision by which the University would assume third-party liability for any damages or claims related to UC Davis' use, maintenance or disclosure of the utilities' customer data.

- D. The Chairman of the Board, the Chair of the Committee on Governance, and the President of the University approved the following recommendation:

Amendment of Regents Policy 1600 – Policy on Security Clearance for Access to Federal Classified Information

That Regents Policy 1600: Policy on Security Clearance for Access to Federal Classified Information be amended to modify the list of Key Management Personnel requiring a clearance or exclusion as shown below:

*** Deletions shown by strikethrough***

REGENTS POLICY 1600: POLICY ON SECURITY CLEARANCE FOR ACCESS TO FEDERAL CLASSIFIED INFORMATION

For the purposes of security clearance for matters involving federal classified information, the positions listed below shall be known as a Key Management Personnel (KMP). These positions have authority and responsibility with respect to the entirety of the University and, included therein, for the negotiating, execution, and administration of United States Government contracts as described in the National Industrial Security Program Operating Manual (NISPOM). In such positions, a KMP ordinarily has access, absent exclusion, to all information in possession of the University, including classified information ~~and/or special nuclear material~~. Pending issuance of the required access authorization, a KMP shall be excluded from all access to classified information ~~and/or special nuclear material~~ and shall not participate in any decision of other matter pertaining to the protection of classified information ~~and/or special nuclear material~~.

- Ex-Officio Regents – the Governor, Lieutenant Governor, ~~Speaker of the Assembly, Superintendent of Public Instruction, President and Vice President of the Alumni Associations of UC~~ and the UC President of the University of California;
- Chairman of the Board of Regents ~~appointed by the Governor~~;
- ~~Student Regent appointed by the Regents~~;
- ~~Faculty representatives – the Chair and Vice Chair of the Academic Council~~;
- The ~~Principal Officers of The Regents – the Secretary and Chief of Staff, the Chief Investment Officer and Vice President for Investments, the General Counsel and Vice President for Legal Affairs, and the Senior Vice President - Chief Compliance and Audit Officer, including such deputies, associates and assistants of the Principal Officers as are designated Officers of the Corporation by the Principal Officers in their respective areas of responsibility pursuant to Bylaw 20.2; and~~
- ~~Certain other Officers of the University – the The Provost and Executive Vice President for Academic Affairs, and the Executive Vice President for Business Operations.~~

Any individual appointed or assuming a KMP position shall be immediately excluded by resolution of the Board from access to classified information and shall not participate in any decision or other matter pertaining to the protection of classified information ~~and/or special nuclear material~~ until receipt of the required

access authorization, unless such individual currently possesses a personnel security clearance at the level of the University's facility clearance.

- E. The Chairman of the Board and the Chair of the Committee on Governance approved the following recommendation:

Appointment of Regent to Standing Committee

- (1) Regent Blum be appointed to the Committee on Finance, effective immediately and through June 30, 2016.
- (2) Regent Wachter be removed from the Committee on Finance for the remainder of the 2015-16 year.

8. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Shaw reported that, in accordance with Bylaw 16.9, Regents received a summary of communications for the months of November and December 2015 in reports dated December 18, 2015 and January 8, 2016.

9. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

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

To the Members of the Committee on Compensation

- A. From the President of the University, the Annual Report on Executive Compensation for Calendar Year 2014: Deans and Certain Full-Time Faculty Administrators. December 10, 2015.
- B. From the President, the Annual Report on Executive Compensation for Calendar Year 2014: Incumbents in Certain Senior Management Positions. December 23, 2015.
- C. From the President, the Annual Report on Compensated Outside Professional Activities for Calendar Year 2014: Incumbents in Senior Management Positions. December 23, 2015.
- D. From the President, the Annual Compensation Monitoring Report: Actions for Certain Athletic Positions and Coaches – July 2015. December 23, 2015.

To the Members of the Committee on Finance

- E. From the Office of the General Counsel, the Bi-Monthly Report of New Litigation for Reporting Period of August 3, 2015 to October 5, 2015. December 8, 2015.
- F. From the President, the annual Report on New Indirect Cost Rates for year ending June 30, 2015. December 18, 2015.

To the Members of the Committee on Grounds and Buildings

- G. From the President, the 2014-15 Annual Report on Major Capital Projects Implementation. November 20, 2015.

To the Members of the Committee on Health Services

- H. From the President, the Medical Center Activity and Financial Status Report for the 12 months ended June 30, 2015. December 10, 2015.

To the Regents of the University of California

- I. From the President, an amicus brief to the United States Supreme Court in support of the University of Texas in *Fisher v. University of Texas at Austin*. November 6, 2015.
- J. From the Secretary and Chief of Staff, Summary of Communications for October 2015. November 12, 2015.
- K. From the President, the 2015 Annual Sustainability Report for the UC Davis campus. November 24, 2015.
- L. From the President, a press release announcing that the transfer application deadline for fall 2016 has been extended. December 2, 2015.
- M. From the Chief Investment Officer, a press release announcing a fund to be led by Silicon Valley entrepreneur Vivek Ranadivé to invest in innovation opportunities emerging from the University of California. December 15, 2015.
- N. From the Secretary and Chief of Staff, the Summary of Communications for November 2015. December 18, 2015.
- O. From the Secretary and Chief of Staff, the Summary of Communications for December 2015. January 8, 2016.

10. RESOLUTION IN APPRECIATION – TONI G. ATKINS

Upon motion of Regent Reiss, duly seconded, the following resolution was adopted:

WHEREAS, in her role as the 69th Speaker of the Assembly of the State of California, Toni G. Atkins has served with distinction as an ex officio member of this Board, bringing to its discussions the skills of a long-time political activist and a builder of coalitions; and

WHEREAS, during her tenure as a Regent, she has consistently demonstrated a strong commitment to the values of higher education, serving as an advocate for educational excellence and opportunity at the University of California; and

WHEREAS, as a member of the Regents' Committees on Health Services, Long Range Planning, Compliance and Audit, and Oversight of the Department of Energy Laboratories, she has vigorously articulated deeply held views, encouraging lively debate, with the well-being of the University, its students, faculty, and staff always at the fore of her thinking; and

WHEREAS, over the course of her career, she has exhibited the highest ideals of public service, proudly representing the interests of the citizens of coastal San Diego and of this state, always firm in her belief that government policies can improve people's lives as reflected in her efforts to make college and housing affordable, and in her advocacy of the rights of women, veterans, and homeless individuals; and

WHEREAS, she has brought the knowledge and experience she has gained from her various roles as the Director of a San Diego woman's health center, a San Diego City Council member, a board member of regional transportation, a member of housing and river conservancy groups in the greater San Diego area, and as an elected member of the California State Legislature to bear as an ex officio member of University of California's Board of Regents;

NOW, THEREFORE BE IT RESOLVED that the Regents commend Toni G. Atkins for her contribution to the stewardship and well-being of the University of California and for her dedicated service to the citizens of the great state of California;

AND BE IT FURTHER RESOLVED the Regents extend to Toni G. Atkins and Jennifer LeSar their warmest good wishes for the future and direct that a suitably inscribed copy of this resolution be presented to Speaker Atkins as a token of the Board's lasting appreciation and gratitude for her committed service to the people of California.

Regent Reiss stated that the Board was grateful for Speaker Atkins' service and grateful to have a member of the State government leadership team so supportive of the University.

11. RESOLUTION IN APPRECIATION – FREDERICK RUIZ

Upon motion of Regent Island, duly seconded, the following resolution was adopted:

WHEREAS, the Regents of the University of California wish to pay well-deserved and heartfelt tribute to their cherished friend and esteemed colleague, Fred Ruiz, for his 11 years of meritorious service to higher education as a member of this Board; one who has, over the course of his long service, also served with great distinction as Vice Chair of the Board and as Chair of the Regents' Committees on Compliance and Audit, Finance, and Compensation; and

WHEREAS, from the start of his tenure, he has dedicated himself to ensuring the well-being of the University, traveling the length and breadth of the Golden State as a goodwill ambassador, always willing to confer with faculty, students, staff, and alumni on issues of importance, ever cognizant of the importance of their views; endeavoring with passion and commitment to maintain the University's excellence and its stature as a world-class institution of teaching and research; and

WHEREAS, he has staunchly championed access to the University for underserved student populations, with particular emphasis on providing higher education opportunities for residents of the Central Valley, as exemplified by his funding of the Ruiz Family Chair in Entrepreneurship and the Rose R. Ruiz Endowed Scholarship and Fellowship Fund at UC Merced, as well as through his enthusiastic participation in numerous educational outreach organizations; and

WHEREAS, a distinguished leader and co-founder of a family food business ranked among the top Hispanic-owned businesses in the United States, he has been an effective and forthright advocate for the research and public service of the University's Division of Agriculture and Natural Resources; and

WHEREAS, in recognition of his devoted service as a member of the Board of Regents of the University of California, and in the hope that he will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon Fred Ruiz the title, Regent Emeritus;

NOW THEREFORE BE IT RESOLVED that the Regents of the University of California wish to express their heartfelt appreciation to Fred Ruiz for the luster he has added to this great institution, for his bearing with effect and grace the weighty responsibility of the role of Regent, and for his having tirelessly devoted precious time and energy to the betterment of all three segments of public higher education in California, noting the Regents' sincere regret that they will not share in the pleasure of his company to the same degree in the future;

AND BE IT FURTHER RESOLVED that the Regents extend to Fred and Mitzie Ruiz their warmest and affectionate good wishes, and direct that a suitably inscribed copy of

this resolution be presented to Fred as a token of the Board's enduring friendship and esteem.

Regent Island praised Regent Ruiz for his focus on access and affordability for UC students. Regent Ruiz's quiet, steady, and energetic demeanor had contributed tremendously to the work of the Board.

Regent Ruiz expressed the feeling of honor he derived from having served on the Board of Regents. He thanked the Regents.

The meeting adjourned at 12:15 p.m.

Attest:

Secretary and Chief of Staff