

REPORT OF INTERIM ACTIONS

Office of the Secretary and Chief of Staff
January 21, 2010

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

INFORMATION ITEM

Report of Actions Taken Between Meetings

In accordance with authority previously delegated by the Regents, interim action was taken on routine or emergency matters as follows:

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

Approval for Participation in the Mortgage Origination Program for Peter Rossi, Recruit for Professor in the Anderson Graduate School of Management, Los Angeles Campus.

Authorization of a Mortgage Origination Program (MOP) loan in the amount of up to \$2,000,000 to support the recruitment of Peter Rossi to the Anderson Graduate School of Management at the Los Angeles campus. This loan requires additional approval based upon its dollar amount.

The loan will have the following terms:

1. The loan amount may be up to \$2,000,000. If the final loan amount actually used by the applicant is greater than \$1,330,000, the maximum loan-to-value ratio for the MOP loan will be capped at 75 percent.
2. In compliance with policy, the loan may be a Graduated Payment MOP product (GP-MOP) with standard rate reduction terms.

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

- (1) ***Appointment and Total Compensation for Tyrus H. Miller as Vice Provost and Dean – Graduate Studies, Santa Cruz Campus***

Action under interim authority was requested for the appointment of Tyrus H. Miller as Vice Provost and Dean – Graduate Studies, Santa Cruz campus, effective September 23, 2009. This urgent request was in response to the resignation of Lisa Sloan, Vice Provost and Dean – Graduate Studies, who

resigned September 22, 2009, effective immediately. The Santa Cruz campus intends to begin a search for the permanent position in January 2010, and it is imperative that the Graduate Division have strong leadership in place during the transitional period.

This position is funded 100 percent by UC general funds provided by the State. The campus is proposing a total annual compensation of \$156,900. The proposed compensation is 29 percent below the median of \$220,400, as provided by Mercer Human Resource Consulting, using the 2008-2009 College and Universities Professional Association (CUPA) Compensation Survey for All Doctoral Institutions. In addition, the proposed compensation is ten percent below the midpoint of \$174,300 for SLCG grade 105, and 14 percent below \$182,680 for the Vice Provost and Dean – Graduate Studies at the other UC locations.

The following items were approved in connection with the appointment salary of Tyrus H. Miller as Vice Provost and Dean – Graduate Studies, Santa Cruz campus:

- a. Per policy, appointment salary of \$156,900 at 100 percent time (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400).
- b. This appointment is effective September 23, 2009 through December 31, 2010, or until the appointment of a permanent Vice Provost and Dean – Graduate Studies, whichever occurs first.

Additional items of compensation include:

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

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$215,900	\$220,400	\$267,600

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.

(2) ***Extension of Appointment for Nathan Brostrom as Interim Executive Vice President – Business Operations, Office of the President***

Action under interim authority was requested to extend the appointment of Nathan Brostrom as Interim Executive Vice President – Business Operations through February 1, 2010. While it is anticipated that a permanent appointment to the position will be selected within the next 60 days, Mr. Brostrom's interim appointment ends on December 31, 2009. It is extremely important that the Business Operations division has a continuity of leadership during this period in order to ensure the successful completion of a variety of organizational and budgetary initiatives which are currently in process. There will be no change to Mr. Brostrom's areas of responsibility or his reporting relationship to the President.

This position is funded 100 percent by UC general funds provided by the State. Mr. Brostrom, who is currently serving as Vice Chancellor – Administration for UC Berkeley, will continue to provide support to the Berkeley campus at 20 percent time, with the remaining 80 percent time dedicated to the Business Operations function at the Office of the President; the Office of the President will provide proportionate funding of the salary costs. There will be no change in Mr. Brostrom's current compensation, which is \$283,100 per annum. Mr. Brostrom's compensation is below the minimum of the grade assigned for the position being assumed (SLCG Grade 113: Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100) and below the compensation of the last permanent incumbent.

The following were approved in connection with the extension of Mr. Brostrom's appointment as Interim Executive Vice President – Business Operations, Office of the President:

- a. Per policy, extension of 80 percent appointment as Interim Executive Vice President – Business Operations, Office of the President, through February 1, 2010.
- b. Per policy, continuation of existing salary of \$283,100 per annum, prorated for the 80 percent interim appointment at the Office of the President.

Additional items of compensation include:

- Per policy, continuation of standard pension and health and welfare benefits.
- Per policy, a five percent monthly contribution to the Senior Management

Supplemental Benefit Program.

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

(3) ***Interim Slotting for the Director, Absolute Returns Group, Office of the Treasurer***

Action under interim authority was requested for the approval to establish the new position of Director, Absolute Returns Group and to slot that position in the Senior Leadership Compensation Group at grade 108. Coinciding with this request, the Chief Investment Officer also sought approval from the President to promote Jonathan Mandle into this position. Mr. Mandle will be responsible for the full scope of a portfolio which consists of fourteen long/short equity managers with a market value of \$1.3 billion or 47 percent of the overall Absolute Return (AR) portfolio, which is the most volatile asset class under management at the Treasurer's office. Mr. Mandle will also be the backup to the Managing Director of Absolute Returns.

In this position, Mr. Mandle will assist in developing the Absolute Returns investment strategy, constructing the portfolio, making investment decisions and communicating pertinent information to stakeholders. The strategy and portfolio construction decisions include asset allocation within the equity strategy, managing sector exposures, conducting thorough due diligence on potential managers, and monitoring current managers. As a result, Mr. Mandle is accountable for the performance results of his portfolio, and his incentive opportunities are directly tied to the portfolio's performance, managing within the risk parameters established by the Regents. The funding for this position is provided by non-State funds.

The following were approved in connection with the slotting for the Director, Absolute Returns Group:

- a. Interim slotting of the position, Director, Absolute Returns Group to SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). This recommendation is consistent with the overall job structure established for the Investment staff and approved by the Regents at the May 2007 meeting.
- b. Effective August 1, 2009.

The action described above shall constitute the University's total commitment regarding slotting until modified by the Regents and shall supersede all previous

oral and written commitments. Recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

(4) ***Appointment of and Total Compensation for Stephen Yeazell as Dean – School of Law, Los Angeles Campus***

Action under interim authority was requested for the term appointment of Stephen Yeazell as Interim Dean – School of Law, Los Angeles campus, to be effective November 23, 2009 through December 31, 2010, or upon appointment of a permanent incumbent, whichever occurs first. This urgent request was in response to the departure of Dean Michael Schill, effective November 20, 2009, to head the University of Chicago School of Law. The Los Angeles campus intends to begin a search for the permanent position immediately, and it is important that the School of Law have strong leadership in place during this transitional period.

Mr. Yeazell has been a member of the UCLA Law School faculty since 1975 and has written extensively about the history and theory of legal procedure. His publications have received much acclaim. He is a well-regarded teacher, having received the University's Distinguished Teaching Award and becoming the first recipient of the School of Law's Rutter Award of Excellence in Teaching. Mr. Yeazell's administrative experience includes serving as chair of the UCLA Academic Senate during 2000-2001 and as Associate Dean of the School of Law from 1995-1998.

This position is funded 100 percent by UC general funds provided by the State. The campus proposed total annual compensation of \$362,000, which lags by 5.68 percent of the fiftieth percentile of market data as provided by Mercer Human Resource Consulting using the 2008-09 College and University Professional Association (CUPA) Compensation Survey for All Doctoral Institutions. The proposed compensation is 5.23 percent above the midpoint of \$344,000 for SLCG Grade 111. This position is subject to the University's salary reduction/furlough program.

The following items were approved in connection with the appointment salary of Stephen Yeazell as Interim Dean – School of Law, Los Angeles campus:

- a. Per policy, appointment salary of \$362,000 (SLCG Grade 111: Minimum \$267,700, Midpoint \$344,000, Maximum \$420,100).
- b. This term appointment is effective November 23, 2009 through December 31, 2010, or until the appointment of a permanent Dean – School of Law, whichever occurs first.

Additional items of compensation include:

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

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$274,385	\$383,837	\$426,070

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

(5) ***Retention Increase for Anthony D. Haymet as Vice Chancellor for Marine Sciences, Dean of the Graduate School of Marine Sciences, and Director of the Scripps Institution of Oceanography, San Diego Campus***

Action under interim authority was requested for a retention increase for Anthony D. Haymet as Vice Chancellor for Marine Sciences, Dean of the Graduate School of Marine Sciences, and Director of the Scripps Institution of Oceanography, San Diego campus, effective November 1, 2009. Mr. Haymet received a written offer to become the Executive Director of the new Institute for Marine and Antarctic Studies at the University of Tasmania. The campus believed it vital to retain Mr. Haymet and therefore made the urgent request to provide a salary increase approximately equal to the external offer.

This position is funded by UC general funds provided by the State. The campus proposed a 12.8 percent salary increase to \$295,000. Market data is not readily available for this position, and the position is unique within the UC system. The proposed salary is 7.7 percent above the salary range midpoint of \$274,300 for SLCG Grade 109 and 16.4 percent above the average salary (\$253,433) of other incumbents in the same grade at the San Diego campus. This position is subject to the University's salary reduction/furlough program.

The following items were approved in connection with the retention of Anthony D. Haymet as Vice Chancellor for Marine Sciences, Dean of the Graduate School of Marine Sciences, and Director of the Scripps Institution of

Oceanography, San Diego campus:

- a. Per policy, a new appointment salary of \$295,000 before the 2009-10 salary reduction is applied. This represents a 12.8 percent increase over Mr. Haymet's current base salary of \$261,500.
- b. This appointment is 100 percent time and effective November 1, 2009.

Additional items of compensation include:

- Per policy, Mortgage Origination Program (MOP) loan of \$1,000,000, previously approved by the Regents.
- Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior manager life insurance, and executive salary continuation for disability).

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.

(6) ***Retention Increase for Gary C. Matthews as Vice Chancellor – Resource Management and Planning, San Diego Campus***

Action under interim authority was requested for a retention increase for Gary C. Matthews as Vice Chancellor – Resource Management and Planning, San Diego campus, effective November 1, 2009. Mr. Matthews had been interviewed and was among the top candidates under consideration for the Vice Chancellor/Chief Business Officer position at the San Francisco campus. The campus believed it was vital to retain Mr. Matthews and therefore made the urgent request to provide a salary increase as an incentive to remain in his current position.

The case to retain Mr. Matthews is compelling. The Senior Vice Chancellor – Academic Affairs has announced his retirement. While the campus undergoes a search for a new academic leader and second in command, it is critical to maintain stability among the Chancellor's remaining cabinet of advisors. The campus saw the retention of Mr. Matthews as an anchor among the senior leadership, well versed in the campus' fiscal challenges and opportunities. The continuity and stability of resource management leadership from Mr. Matthews is crucial as the campus undertakes significant structural changes triggered by the unprecedented budget reductions. Thus, the loss of Mr. Matthews would have a

long-lasting negative impact on the campus. In addition, the retention of Mr. Matthews would provide the campus with significant cost savings. If Mr. Matthews were to leave, the campus would experience significant recruiting and possible relocation costs in having to replace Mr. Matthews.

This urgent request followed the Regents' action in September 2009 in which a slotting change was approved for Mr. Matthews (from SLCG Grade 107 to Grade 109) in recognition of his promotion as part of a senior-level reorganization at UC San Diego following the elimination of one administrative vice chancellor.

This position is funded by UC general funds provided by the State. The campus proposed a 22.2 percent salary increase to \$275,000, which is approximately equal to the salary range midpoint of \$274,300. The proposed salary rate is approximately 15 percent above the median of market data (\$238,900), as provided by Mercer Human Resource Consulting. The proposed salary is 3.5 percent above the average (\$265,600) of positions within the same grade at the San Diego campus and 11 percent above the average base salary (\$247,750) of the Vice Chancellors of Budget and Resource Planning at the other campuses with medical centers. This position is subject to the University's salary reduction/furlough program.

The following items were approved in connection with the retention of Gary C. Matthews as Vice Chancellor – Resource Management and Planning, San Diego campus.

- a. Per policy, a new appointment salary of \$275,000 before the 2009-10 salary reduction is applied. This represents a 22.2 percent increase over Mr. Matthews' current base salary of \$225,000.
- b. This appointment is 100 percent time and effective November 1, 2009.

Additional items of compensation include:

- Per policy, five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior manager life insurance, and executive salary continuation for disability).

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25th Percentile</u>	<u>50th Percentile</u>	<u>75th Percentile</u>
\$190,400	\$238,900	\$269,700

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.

(7) ***Appointment of and Compensation for Ralph V. Clayman as Dean – School of Medicine, Irvine Campus***

Action under interim authority was requested for the approval for the appointment compensation for Ralph V. Clayman as Dean – School of Medicine, Irvine campus. The appointment was effective November 1, 2009. This request was in response to the immediate need to permanently fill the dean position in order to meet the accreditation requirements of the Liaison Committee on Medical Education (LCME) as well as the critical need to establish permanent stable leadership in the School.

This position will be funded by State funds. The proposed base salary of \$390,000 is below the current market median of \$499,400 by 21.9 percent. Market data provided by Mercer Human Resource Consulting includes data from the College and University Professional Association (CUPA) Administrative Compensation Survey. The proposed base salary is above grade midpoint by 1.2 percent and below the average base salary for internal comparators by 20.8 percent. Additionally, the proposed salary will be reduced by 10 percent to \$351,000 during participation in the salary reduction and furlough plan.

The following items were approved in connection with the appointment compensation for Ralph V. Clayman as Dean – School of Medicine, Irvine campus:

- a. Appointment of Ralph V. Clayman as Dean – School of Medicine, Irvine campus.
- b. Per policy, appointment salary of \$390,000 (SLCG Grade 112: Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500). This reflects a 5.2 percent increase to Mr. Clayman's current base salary of \$250,800 and administrative stipend of \$120,000.
- c. Per policy, Health Sciences Compensation Plan (HSCP) compensation of \$100,000.
- d. This appointment is at 100 percent time and effective November 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard

senior management benefits (including senior manager life insurance, executive business travel insurance, and executive salary continuation for disability).

- Per policy, ineligible for participation in the Senior Management Supplemental Benefit Program due to tenured academic appointment.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

Base salary market data (as provided by Mercer Human Resource Consulting):

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$355,500	\$499,400	\$560,000

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

- (8) ***Senior Management Group Title Change for Stanley E. Nosek as Special Consultant to the Chancellor, and Promotional Salary Adjustment and Interim Re-Slotting Recommendations for John A. Meyer as Vice Chancellor – Administrative and Resource Management, Davis Campus***

Approval was requested for:

- (a) The title change for Mr. Stanley E. Nosek from Vice Chancellor – Administration to Special Consultant to the Chancellor effective November 1, 2009.
- (b) Actions related to a promotion for Mr. John A. Meyer as Vice Chancellor – Administrative and Resource Management effective January 1, 2010.

Mr. Nosek had planned to retire effective December 31, 2009. However, at the request of Chancellor Katehi and Provost and Executive Vice Chancellor Lavernia, Mr. Nosek agreed to assume leadership of a newly formed UC Davis Administrative Process Redesign Initiative, thereby delaying his planned retirement until June 30, 2010. The initiative is aggressive in its goals for improvement, change, and expenditure reduction during this time of fiscal crisis for the University of California. This initiative will require the full engagement of vice chancellors and other cabinet-level officials in planning to significantly restructure delivery of their administrative services. Mr. Nosek will function within the Offices of the Chancellor and Provost and report directly to Chancellor

Katehi. Based on the scope of responsibilities and the impact this initiative will have on the campus at large, it was recommended that Mr. Nosek remain slotted at SLCG Grade 108 and that Mr. Nosek retain his current salary of \$224,000.

The campus, in consultation with campus leadership, had planned to eliminate Mr. Nosek's position when he retired and merge/consolidate the Office of Administration with the Office of Resource Management and Planning, effective on or around January 1, 2010. However, the need for an accelerated and aggressive timeline for this new initiative, combined with the need for both the Office of Administration and the Office of Resource Management and Planning to achieve further budget reductions, made it necessary to accelerate the effective date of the merger to January 1, 2010. Therefore, Mr. Meyer assumed full responsibility for the units formerly under the Office of Administration, effective January 1, 2010. Mr. Meyer will forego any recommended salary increase, and the Chancellor and Mr. Meyer will assess the situation by no later than July 1, 2010 to determine an appropriate effective date for the promotional increase.

Mercer Human Resource Consulting was unable to identify an appropriate market match for the Special Consultant to the Chancellor position. However, Mercer was able to match the Vice Chancellor – Administrative and Resource Management position to the Chief Business Officer benchmark from the 2008-09 College and Universities Professional Association (CUPA) Compensation survey. The market median is approximately \$251,400 (ranging from \$224,800 at the 25th percentile to \$426,500 for the 75th percentile).

No change in salary was recommended for Mr. Nosek, and a 12.3 percent increase from \$244,900 to \$275,000 was recommended for Mr. Meyer.

Mr. Nosek's position is funded from general funds available on the campus from the Short-Term Investment Pool (STIP). Mr. Meyer's position is funded from State funds.

- a. The following items were approved in connection with the Senior Management Group title change for Stanley E. Nosek, Davis campus:
 - i. Title change from Vice Chancellor – Administration to Special Consultant to the Chancellor, with continued slotting at SLCG Grade 108 (Minimum \$192,300; Midpoint \$244,900; Maximum \$297,400) and no increase to current salary of \$224,000.
 - ii. This change is effective November 1, 2009 through June 30, 2010.

Additional items of compensation include:

- Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including

senior manager life insurance, executive business travel insurance and executive salary continuation for disability).

- Per policy, continued five percent monthly contributions to the Senior Management Supplemental Benefit Program.
- b. The following items were approved in connection with the promotion for John A. Meyer, Davis campus:
- i. Interim re-slotting of position from SLCG Grade 108 (\$192,300 minimum; \$244,900 midpoint; \$297,400 maximum) to SLCG Grade 109 (\$214,700 minimum; \$274,300 midpoint; \$333,700 maximum).
 - ii. Per policy, promotional salary increase of 12.3 percent (\$30,100) from \$244,900 to \$275,000. Mr. Meyer, in response to the significant fiscal constraints at the campus and throughout UC, will forego any recommended salary increase, and the Chancellor and Mr. Meyer will assess the situation no later than July 1, 2010 to determine an appropriate effective date for the promotional increase.
 - iii. Effective January 1, 2010.

Additional items of compensation include:

- Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior manager life insurance, executive business travel insurance and executive salary continuation for disability).
- Per policy, five percent monthly contribution to the Senior Management Supplemental Benefit Plan.

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

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

Approval of Minor Capital Expenditure and Authorization of an Amendment to the Lease for the President's Residence

Authorization of:

A minor capital expenditure not to exceed \$50,000 in non-State funds for the acquisition of mobile security equipment capable of being installed in multiple locations, for initial placement at the President's residence.

- (1) The installation of infrastructure necessary to support the security equipment at the President's residence.
- (2) An amendment to the lease for the President's residence to permit such installation.