

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 17, 2013

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

Present: Regents Blum, Brown, De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Pérez, Reiss, Rubenstein, Ruiz, Schilling, Stein, Torlakson, Varner, Wachter, Yudof, and Zettel

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, Provost Dorr, Chief Financial Officer Taylor, Senior Vice President Stobo, Vice Presidents Duckett, Lenz, Mara, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Katehi, Leland, and Yang, and Recording Secretary Johns

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

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

Upon motion duly made and seconded, the minutes of the meetings of November 15 and 27 and the meetings of the Committee of the Whole of November 14, 15, and 27, 2012 were approved.

2. **REPORT OF THE PRESIDENT**

The President presented his report concerning University activities and individuals. Daniel Price, a UC Berkeley student majoring in bioengineering and computer science, was one of 32 individuals named as a 2013 Rhodes Scholar. Recipients are selected for high academic achievement and outstanding personal qualities. Mr. Price will study at Oxford University and hopes to pursue work in medical robotics. Seventy-eight UC-affiliated scientists were elected fellows of the American Association for the Advancement of Science. Fellows are elected by their peers and recognized for their contributions to science and technology. The previous month, one of the University's newest Nobel Laureates, UCLA Professor Emeritus of economics Lloyd Shapley, received his Nobel diploma and medal at a ceremony in Stockholm. Professor Shapley, along with his co-recipient Alvin Roth, was recognized for his contributions to game theory. This work began as basic research, motivated by sheer curiosity, and can now be put to practical use for the benefit of mankind. President Yudof expressed the Regents' heartfelt congratulations to and pride in Professor Shapley. President Barack Obama selected UC Santa Cruz Professor Sandra Faber to receive the National Medal of Science and Arthur Rosenfeld of the Lawrence Berkeley National Laboratory to receive the National Medal of Technology and Innovation. These awards are the highest honors bestowed by U.S. government on scientists, engineers, and inventors. President Yudof

described these faculty scholars, along with Professor Shinya Yamanaka of UCSF, the University's other 2012 Nobel Laureate, as the very embodiment of the intellectual excellence for which the University is known the world over. The University takes great pride in its stellar faculty.

3. **RESOLUTION IN APPRECIATION – MONICA C. LOZANO**

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

WHEREAS, the members of the Board of Regents of the University of California wish to express their abiding gratitude to Monica C. Lozano, a treasured friend and esteemed colleague, for her 12 years of loyal and committed service to the University of California, for her profound concern over the critical issues facing higher education, and for her invaluable support of the University's endeavors; and

WHEREAS, as Publisher and Chief Executive Officer of *La Opinión*, the largest Spanish-language newspaper in the nation, she has brought to this Board the benefits of a distinguished career in publishing, contributing to the Regents' discussions a broad humanistic vision, sound judgment, constructive thought, and remarkable sensitivity to the opinions of others, seeking always a reconciliation of opposing views; and

WHEREAS, since her appointment in 2001, she has immersed herself in the business of the University, providing valuable insight and wise counsel to various Regental Committees and providing leadership of the highest order as Chair of the Committee on Governance, as Chair and Vice Chair of the Committee on Finance, Chair of the Committee on Compensation, and as a member of the 2005 Task Force on UC Compensation, Accountability and Transparency, where her contributions added immeasurably to the success of the University's efforts to increase transparency and accountability; and

WHEREAS, she has dedicated herself to the welfare of the whole University, exhibiting a deep interest in issues of student access, diversity, and outreach; faculty concerns; and in the importance of maintaining a strong system of shared governance, at all times acting in the highest tradition of public service and in all matters ever supportive of the need to sustain the University as an institution of high quality and noble purpose; and

WHEREAS, in recognition of her devoted service as a member of the Board of Regents of the University of California, and in the hope that she will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon Monica C. Lozano the title Regent Emerita;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their appreciation to Monica Lozano for the excellence of her service to the University and to higher education in this state, as well as their gratitude for her tireless efforts to further the goals of the University;

AND BE IT FURTHER RESOLVED that the Regents extend to Monica and David their affectionate good wishes for a full and happy life, and direct that a suitably inscribed copy of this resolution be presented to her as an expression of the Board's warm affection and lasting friendship.

Regent Gould praised Regent Lozano for the counsel and direction she provided to the Board, her understanding of complex issues, sound judgment, integrity, and commitment to sustaining the University.

4. **RESOLUTION IN APPRECIATION – LESLIE TANG SCHILLING**

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

WHEREAS, the Regents of the University of California wish to express their abiding gratitude and heartfelt appreciation to Leslie Tang Schilling, an esteemed colleague, on the occasion of her retirement from the Board following a term in which she exemplified the highest precepts of duty and public trust in the oversight of her beloved alma mater; and

WHEREAS, following her graduation from UC Berkeley with bachelor's degrees in both economics and political science and from the American Graduate School of International Management with a master's degree, she entered the real estate investment world with great enthusiasm and keen analytical mind, forging a successful and thriving career in investment management; and

WHEREAS, she has consistently demonstrated a steadfast commitment to and concern for all of higher education through her previous service as a member of the Massachusetts Institute of Technology Corporation's Board of Trustees, and through her thoughtful contributions to this Board, where she has endeavored assiduously to strengthen UC's ability to meet the needs of California, at all times providing superior judgment and perceptive and incisive contributions on a broad range of Regental deliberations as the first Chair of the Committee on Long Range Planning, and as a member of the Committees on Investments, Governance, Health Services, Compliance and Audit, Finance, and Compensation; and

WHEREAS, during a critical period of fiscal instability for the University, she called upon her background in real estate investment, which she used to great effect, to assist the Board, devoting countless hours to her role as Chair and Vice Chair of the Committee on Grounds and Buildings, working diligently to streamline burdensome bureaucratic processes while focusing on key information needed for the evaluation of proposals, thereby enabling the Regents to fulfill their fiduciary responsibility in an exemplary manner; and

WHEREAS, taking her stewardship of the University to heart, she has been an energetic goodwill ambassador for UC, giving generously of her time and resources to the campuses, meeting privately with students, alumni and donors, eager to listen, learn, and

forge strong bonds of friendship, as well as to enhance the appreciation of the University's historic tripartite mission of teaching, research, and public service; and

WHEREAS, in recognition of her devoted service as a member of the Board of Regents of the University of California, and in the hope that she will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon Leslie Tang Schilling the title Regent Emerita;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their sincere appreciation to Leslie Tang Schilling for her generous spirit, their gratitude for the benefits of her wise counsel and energetic involvement in the affairs of the University, their admiration for her devotion to the goals of higher education, and, not least, their pleasure in her company;

AND BE IT FURTHER RESOLVED that the Regents extend to Leslie and Andy Schilling their warmest good wishes, along with the hope that they will continue to be a close part of the University community in the years ahead, and direct that a suitably inscribed copy of this resolution be presented to them as an expression of the Board's friendship and high regard.

Regent Reiss stressed the significant leadership roles taken on by Regent Schilling during very difficult fiscal times and her contributions to accountability and transparency. Like Regent Lozano, Regent Schilling exemplifies love for the University and the desire to do what is best for UC.

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

The Committee presented the following from its meeting of January 17, 2013:

Authority to Indemnify Pacific Gas and Electric Company, Pacific Forest and Watershed Lands Stewardship Council, Bear Yuba Land Trust, and/or the Pacific Forest Trust in Certain Limited Agreements to Benefit the Division of Agriculture and Natural Resources and the Berkeley Campus

The Committee recommended that:

- A. The Regents authorize the President to approve the execution of agreements with the Pacific Gas & Electric Company, a California corporation (PG&E), Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (SC), Bear Yuba Land Trust, a California public benefit corporation (BYLT), and/or The Pacific Forest Trust, Inc., a California nonprofit public benefit corporation (PFT), their designees and/or successors in interest pertaining to the transfer of certain properties known as Narrows Unit, Pit River Unit, and Lake Spaulding Unit (Properties) to defend, indemnify and hold harmless PG&E, SC, BYLT, and/or PFT, their designees and/or successors in interest and their members, directors, officers, agents, employees, volunteers,

contractors, and heirs from and against certain costs, liabilities, penalties, damages, claims, causes of action, demands, liability, and expenses, including any award of attorneys' fees and/or costs, including from the Regents' obligation for remediation required to address hazardous substances on the Properties.

- B. The President, or his designee, after consultation with General Counsel, be authorized to approve and execute any documents necessary in connection with the above.

Upon motion of Regent Varner, duly seconded, the recommendation of the Committee on Finance was approved.

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

The Committee presented the following from its meeting of January 17, 2013:

A. ***Dates of Regents Meetings for 2014***

The Committee recommended that the following dates of Regents meetings for 2014 be approved.

2014
January 21-23
March 18-20
May 13-15
July 15-17
September 16-18
November 18-20

B. ***Repeal of Standing Order 103.6, Retirement and Reappointment Following Retirement***

The Committee recommended that following service of appropriate notice, Standing Order 103.6, Retirement and Reappointment Following Retirement, be repealed, as shown in Attachment 1.

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

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

The Committee presented the following from its meeting of January 16, 2013:

A. ***Approval of Sewer System Management Plan, Merced Campus***

The Committee reported its approval of the Merced Sewer System Management

Plan.

B. *Approval of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External and Standby Financing, 2013-14 Statewide Energy Partnership Program, Systemwide*

The Committee recommended that:

- (1) The 2012-13 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Systemwide: 2013-14 Statewide Energy Partnership Program – preliminary plans, working drawings, construction, equipment – \$102,312,000 to be funded from external financing (\$73,766,000), energy efficiency incentive payments from investor-owned utilities (\$20,813,000), and campus and auxiliary sources (\$7,733,000).

- (2) The President be authorized to obtain external financing not to exceed \$73,766,000 to finance the 2013-14 Statewide Energy Partnership Program. 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, general revenues from the Berkeley, Davis, Irvine, San Diego, San Francisco, Santa Barbara, and Santa Cruz campuses shall be maintained in amounts sufficient to pay the debt service for each campus' respective energy projects and to meet the related requirements of the authorized financing.

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

- (3) The President be authorized to obtain standby financing not to exceed \$19,948,000 for the program. 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. Repayment of the standby financing shall be from energy efficiency incentive payments from investor-owned utilities under the terms of the Second Amendment to the UC/CSU/IOU Energy Efficiency Partnership Program Agreement; in the event that the incentive payments are insufficient, and as long as the debt is outstanding, the general revenues of the Berkeley, Davis, Irvine, San Diego, San Francisco, Santa Barbara, and Santa Cruz campuses shall be maintained in amounts sufficient to pay the debt

service for the portion of the standby financing that relates to each campus' respective energy projects and to meet the related requirements of the authorized financing.

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

C. ***Approval of the Budget and Approval of Interim Financing, Teaching and Learning Center for Health Sciences, Los Angeles Campus***

The Committee recommended that:

- (1) The 2012-13 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: Teaching and Learning Center for Health Sciences – preliminary plans, working drawings, and construction – \$104.7 million to be funded from hospital reserves (\$55.7 million) and gift funds (interim financing) (\$49 million).

- (2) The scope of the Teaching and Learning Center for Health Sciences project (the “Project”) is to construct a 120,000 gross-square-foot (gsf) facility to accommodate academic, teaching and learning programs of the David Geffen School of Medicine, including a 110,000 gsf medical education building for classrooms, teaching laboratories, a clinical skills center, student study and amenities space, administrative offices, and common and support space; and a 10,000 gsf enclosed access drive to existing parking in the Center for the Health Sciences.
- (3) The President be authorized to obtain interim financing not to exceed \$49 million for the 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. To the extent additional gifts are received as documented legally binding pledges, the interim financing will be converted to standby financing.
 - c. As long as the debt is outstanding, general revenues from the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - d. The general credit of the Regents shall not be pledged.

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

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

8. **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 Chair of the Committee on Finance and the President of the University approved the following recommendations:

- (1) ***Approval of Indemnification Terms in a Gift Agreement with Discovery Eye Foundation, Irvine Campus***

That the Chancellor of the Irvine campus be authorized to execute a gift agreement that contains an indemnification provision by which the University would assume third-party liability with Discovery Eye Foundation.

- (2) ***Amendment of Authorization to Make Additional Contributions Toward University of California Retirement Plan's Annual Required Contribution from One or More Multiple Sources***

That the recommendation in *Authorization to Make Additional Contributions toward University of California Retirement Plan's Annual Required Contribution from One or More Multiple Sources* approved by the Board of Regents on March 17, 2011 be amended as follows:

Additions shown by underscoring; deletions shown by strikethrough

The President be delegated authority and discretion to fully fund the Annual Required Contribution (ARC) for the University of California Retirement Plan (UCRP) in the following two phases. From fiscal year (FY) 2010-11 through FY 2018-19, the University would contribute to UCRP, to the extent practical, the "modified" ARC, which would include the normal cost plus interest only on the Unfunded Actuarial Accrued Liability (UAAL). Beyond FY 2018-19, the University would contribute the full ARC payment, which would include the normal cost on the pension, interest on the UAAL, and an amount that represents the annual principal contribution of the 30-year amortization of the UAAL. The President may utilize borrowing from the Short Term Investment Pool (STIP), restructuring of University debt, and other internal or external

sources to fund the gap between scheduled pension contributions from the University and employees, and the required funding amount, described above, as follows:

- a. Transfer funds from STIP to UCRP in FY 2010-11 and FY 2011-12 for an amount equal to the difference between the approved total UCRP contribution and modified ARC (Normal Cost plus interest only on the UAAL). The STIP transfer shall satisfy the requirements below, and not exceed a total of \$2.1 billion, except as contemplated by the last sentence of Paragraph b. below:
 - i. The creation of an internal note receivable (“STIP Note”) for the amount above, owned by STIP participants.
 - ii. The ability to set the repayment terms on the STIP Note, not to exceed a maximum of a 30-year amortization period.
 - iii. Adoption of a waiver to the STIP investment guidelines’ maximum of five and a half years on investments to accommodate the terms of this STIP Note.
 - iv. Assessment of all University fund sources making UCRP payments to include an additional amount for principal and interest payments on the STIP Note, divided proportionally based on covered compensation.
 - v. For funding sources, such as federal contracts and grants, where interest payments for the STIP Note are not billable as direct program costs, campuses will be required to pay these charges using unrestricted general revenues. These fund sources may also be excluded from the STIP loan repayment if they pre-pay their portion of the modified ARC assessment in FY 2010-11 and FY 2011-12.
- b. Obtain external financing (not to exceed \$1 billion, except as contemplated by the last sentence of this Paragraph b.) in lieu of the STIP Note if it is expected this option could be accomplished at a lower cost or is more practical for the University. The repayment of this debt shall be from the same University fund sources responsible for making payments as outlined in recommendation ii. above. The President shall structure such external financing in the best interests of the University, including, without limitation, issuing shorter maturity bonds that may be refunded on a rolling basis through July 1, 2041, by bonds with maturities to be determined by the President at the time of such refunding. The President shall also have the authority to issue bonds to refund

and/or reissue associated borrowings up to six months in advance of the maturing of such associated borrowings in order to ensure capital markets access notwithstanding the \$1 billion limitation set forth in this Paragraph b.

- c. Partially restructure the Regents' long-term debt portfolio starting in fiscal year 2010-11, in an amount not to exceed \$1 billion, of such long-term debt plus additional related refinancing costs.
- d. The combination of the STIP transfer, debt restructuring and the portion of external financing intended to make contributions to UCRP shall not exceed \$2.1 billion, except as contemplated by the last sentence of Paragraph b. above.
- e. To take all necessary actions related to the STIP transfer, external financing, and debt restructuring, including, but not limited to, implementing any of the aforementioned options in any combination thereof and in any principal amounts thereof as the President determines is appropriate at the time of implementing such options, subject to the limitations set forth above, and to execute and deliver related financing documents.

(3) ***Amendment of Authorization for the External Financing for an Office Building in Riverside, and the Financing of the Tenant Improvements for UCPATH, University of California, Office of the President***

That the Action under Interim Authority entitled *Authorization for the External Financing for an Office Building in Riverside, and the Financing of the Tenant Improvements for UCPATH, University of California – Office of the President* be amended as follows:

Additions shown by underscoring; deletions shown by strikethrough

- a. The President be authorized to obtain external financing for the acquisition of the Intellicenter Building at 14350 Meridian Parkway, Riverside, California (Property), plus the due diligence costs, closing costs, and working capital in an amount not to exceed \$17.7 million (Acquisition Costs). The President shall require that:
 - i. As long as the debt is outstanding, the portion of the Systemwide Assessment (UC General Fund portion excluding tuition and State operating appropriations) attributed to UCPATH 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.
 - b. Pursuant to Standing Order 100.4(nn)(1), the President approve external financing in an amount not to exceed \$10 million for the associated tenant improvements for UCPath. The President shall require that:
 - i. Before such external financing is disbursed, the Budget for Capital Improvements and the Capital Improvement Program be amended to include the tenant improvements to the Property.
 - ii. As long as the debt is outstanding, the portion of the Systemwide Assessment (UC General Fund portion excluding tuition and State operating appropriations) attributed to UCPath shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - iii. The general credit of the Regents shall not be pledged.
 - c. The President or his designee be authorized to execute all documents necessary in connection with these transactions.
 - ~~d. Authorize the occupancy of 25,000 gross square feet.~~
 - de. Based upon an independent review and consideration of the Master Environmental Impact Report, Final Focused Environmental Impact Report, Addendum and the proposed California Environmental Quality Act (CEQA) Findings, adopt the CEQA Findings in support of a. ~~and d.~~ above.
- B. The Chair of the Committee on Compensation and the President of the University approved the following recommendations:

(1) ***Approval of Contract Compensation for David Esquer as Head Coach – Baseball, Berkeley Campus***

Background to Recommendation

Action under interim authority was requested to approve the contract compensation for David Esquer, Head Coach – Baseball at UC Berkeley, retroactive to July 1, 2011.

The exclusive source of funding for Coach Esquer's contract will be athletic department revenues and private fundraising. No State or general funds will be used.

The term of Coach Esquer's last contract was July 1, 2011 to December 31, 2011, which was an interim, six-month contract to retain Coach Esquer while his new contract was being negotiated. The interim contract only included basic terms.

In order to retain Coach Esquer, the campus renegotiated new contract terms with him, to be effective July 1, 2011 through July 31, 2016. The campus did not initially realize that one of the elements of compensation required Regental approval because it is not addressed in the parameters contained in the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide*, approved by the Regents in September 2008 (September 2008 Delegation Parameters). Therefore, Regental approval was sought in November.

Coach Esquer negotiated a contract with Easton Sports Inc., a major supplier of baseball equipment and apparel effective January 1, 2010 through December 31, 2016. This contract gives the campus an annual rights fee payment of \$40,000 (which grows by \$5,000 per year) and \$67,265 in free equipment at collegiate/wholesale rates each contract year (\$92,265 value at retail rates).

The campus sought approval for an \$80,000 annual equipment/apparel fee payable to Coach Esquer, retroactive to July 1, 2011. The annual equipment/apparel fee will increase by \$5,000 per contract year and will be entirely funded by the annual rights fee the campus will be receiving from Easton Sports, Inc. This element of compensation required the Regents' approval because it is not addressed in the September 2008 Delegation Parameters. The retroactive effective date constitutes an exception to policy and therefore required the Regents' approval as well.

All other terms of Coach Esquer's contract compensation are within the September 2008 Delegation Parameters and therefore did not require the Regents' approval.

Coach Esquer played a vital role in advocating for the baseball program when the campus announced in 2010 that this sport was going to be eliminated. The responsibilities associated with Coach Esquer's position have since changed significantly; fundraising and marketing have been added to his job duties. Coach Esquer is responsible for ensuring that his program is fully funded.

Action under interim authority was required to ensure that every element of compensation in Coach Esquer's contract received the necessary approval in a timely manner.

Recommendation

The following items were approved in connection with the contract compensation for David Esquer, Head Coach – Baseball, Berkeley campus:

- a. 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 Delegation Parameters), an equipment/apparel fee in the amount of \$80,000 in the first year of the contract, growing by \$5,000 each year of Coach Esquer's contract was approved. This constitutes an exception to the September 2008 Delegation Parameters because this type of compensation is not addressed in the Parameters.
- b. As an exception to policy, the equipment/apparel fee was approved with a retroactive date of July 1, 2011, and will continue through July 31, 2016.

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

- (2) *Approval of Contract Compensation for David Durden as Head Men's Swimming and Diving Coach, Berkeley Campus*

Background to Recommendation

Action under interim authority was requested to approve the contract compensation for David Durden, Head Men's Swimming and Diving Coach at UC Berkeley, retroactive to July 1, 2011.

The exclusive source of funding for Coach Durden's contract will be athletic department revenues and private fundraising. No State or general funds will be used.

The term of Coach Durden's last contract was from August 30, 2007 to June 30, 2011. In order to retain Coach Durden, the campus renewed his contract and negotiated new terms with him, to be effective July 1, 2011 through April 30, 2015. The campus did not initially realize that one of the elements of compensation requires Regental approval because it is not addressed in the parameters contained in the *Amendment of Regents'*

Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide, approved by the Regents in September 2008 (September 2008 Delegation Parameters). Therefore, Regental approval was sought in November.

Coach Durden negotiated a contract with Arena Sport Benelux B.V., a major supplier of swimming equipment and apparel effective November 1, 2011 through June 30, 2015. This contract gives the campus an annual rights fee payment of \$50,000 and \$50,000 in free equipment and apparel at wholesale rates (\$100,000 value at retail rates) each contract year.

The campus sought approval for a \$20,000 annual equipment/apparel fee payable to Coach Durden for each year of the current contract, retroactive to July 1, 2011. This equipment/apparel fee will be entirely funded by the annual rights fee the campus will be receiving from Arena Sport Benelux B.V. This element of compensation requires the Regents' approval because it is not addressed in the September 2008 Delegation Parameters. The retroactive effective date also constitutes an exception to policy and therefore requires the Regents' approval as well.

All other terms of Coach Durden's contract compensation are within the September 2008 Delegation Parameters and therefore did not require the Regents' approval.

Action under interim authority was required to ensure that every element of compensation in Coach Durden's contract has received the necessary approval in a timely manner.

Recommendation

The following items were approved in connection with the contract compensation for David Durden, Head Men's Swimming and Diving Coach, Berkeley campus:

- a. 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 Delegation Parameters), an equipment/apparel fee in the amount of \$20,000 for each of the four years of Coach Durden's contract was approved. This constitutes an exception to the September 2008 Delegation Parameters because this type of compensation element is not addressed in the Parameters.
- b. As an exception to policy, the equipment/apparel fee was approved with a retroactive date of July 1, 2011 and will continue through April 30, 2015.

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

- (3) *Appointment of and Compensation for Tu M. Tran as Assistant Vice President – Business Operations, Agriculture and Natural Resources, Office of the President*

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Tu M. Tran as Assistant Vice President – Business Operations, Agriculture and Natural Resources (ANR), Office of the President, with an annual salary of \$203,700, effective November 26, 2012.

This request was in response to the retirement of the previous incumbent, Kay Harrison Taber, effective June 2012. Since Ms. Taber's retirement, her duties have been assumed by other ANR employees on an interim basis.

A national recruitment search was launched in July 2012 to fill the position of Assistant Vice President – Business Operations, ANR. Over 20 applications were received and six applicants were interviewed for this key leadership role. Mr. Tran was identified as the top candidate.

This Management and Senior Professional (MSP) Grade IX position serves a pivotal role in the organizational structure of the ANR Division and provides leadership and advocacy for a unified resource management and administration function and support for six statewide programs throughout California. This position performs critical functions to achieve the mission of ANR by promoting effective and efficient use of organizational resources; service orientation with an emphasis on responsiveness to users; and teamwork and collaboration among Division members. This position serves as the ANR representative to University-wide committees including campus vice chancellors for budget and planning and the vice chancellors for administration. The Assistant Vice President – Business Operations, ANR will report directly to the Vice President, ANR and is an integral part of the ANR senior leadership team.

This position will be paid partially or fully with State funds.

Recommendation

The following items were approved in connection with the appointment of and compensation for Tu M. Tran as Assistant Vice President – Business Operations, Agriculture and Natural Resources, Office of the President:

- a. Per policy, appointment of Tu M. Tran as Assistant Vice President – Business Operations, Agriculture and Natural Resources, Office of the President, MSP Grade IX (Minimum \$128,500, Midpoint \$220,400, Maximum \$312,300) at an annual salary of \$203,700 at 100 percent time, effective November 26, 2012.
- b. Per policy, standard pension and health and welfare benefits.

COMPARATIVE ANALYSIS**Recommended Compensation**

Effective Date: November 26, 2012

Title: Assistant Vice President – Business Operations, Agriculture and Natural Resources

Annual Base Salary: \$203,700

Target Cash Compensation:* \$203,700

Grade Level: MSP Grade IX

(Minimum \$128,500, Midpoint \$220,400, Maximum \$312,300)

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Associate Vice President – Business Operations, Agriculture and Natural Resources

Annual Base Salary: \$180,000

Target Cash Compensation:* \$180,000

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

MRZ Percentiles for	BASE SALARY MARKET PERCENTILES				
	25 th	50 th	60 th	75 th	90 th
Market Data	\$174	\$222	\$246	\$281	\$327
% Difference from Market	17.1%	-8.2%	-17.2%	-27.5%	-37.7%

The data are rounded to the nearest thousand.

The compensation described above shall constitute the University's total commitment until modified by the President and 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: Provost and Executive Vice President Dorr
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

9. **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 December 3, 2012 and January 4, 2013.

10. **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, Annual Report on the Adjustment of the Indexed Compensation Level. (October 31, 2012)
- B. From the President, Biannual Compensation Monitoring Reports: Actions for Certain Athletic Positions and Coaches Systemwide – May 2012. (November 1, 2012)
- C. From the President, Biannual Compensation Monitoring Reports: Actions for Certain Athletic Positions and Coaches Systemwide – November 2012. (December 7, 2012)

To Members of the Committee on Finance

- D. From the President, Annual Report on the Net Fee Income Received as Owner of a Limited Liability Company Managing a Department of Energy Laboratory and Expenditures Made Therefrom for 2011-12. (November 29, 2012)

To Members of the Committee on Grounds and Buildings

- E. From the President, Annual Report on Major Capital Projects Implementation, Fiscal Year 2011-12. (November 6, 2012)

To Members of the Committee on Investments

- F. From the Chief Investment Officer, Vice President, and Acting Treasurer, the Annual Report of the Treasurer for the fiscal year ended June 30, 2012. (November 20, 2012)
- G. From the Chief Investment Officer, Vice President, and Acting Treasurer, the Annual Endowment Report for the fiscal year ended June 30, 2012. (December 3, 2012)

To the Regents of the University of California

- H. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of October. (November 2, 2012)
- I. From the President, recommendation of the appointment of Nicholas B. Dirks as the tenth chancellor of the Berkeley campus. (November 8, 2012)
- J. From the Secretary and Chief of Staff, appointments to the Committee to Advise the President on the Selection of a Chancellor for the Riverside campus. (November 13, 2012)
- K. From the President, recommendation of the appointment of Jane Close Conoley as Acting Chancellor of the Riverside campus. (November 20, 2012)
- L. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of November. (December 3, 2012)

The meeting adjourned at 12:20 p.m.

Attest:

Secretary and Chief of Staff

Deletions shown by strikethrough

~~STANDING ORDER 103.6~~

~~SPECIAL PROVISIONS CONCERNING OFFICERS, FACULTY MEMBERS, AND
EMPLOYEES OF THE UNIVERSITY~~

~~RETIREMENT AND REAPPOINTMENT FOLLOWING RETIREMENT~~

~~103.6 Retirement and Reappointment Following Retirement.~~

~~No date of retirement is prescribed for faculty members and other employees of the University. The date of retirement for Officers and members of the University's Executive Program shall be as follows:~~

- ~~(a) — For bona fide executives who participate in the University of California Retirement Plan and are Officers of The Regents, Officers of the University, or members of the University's Executive Program, the date of retirement shall be the July 1 coinciding with or next following the person's 67th birthday, except as provided in federal or state law.~~
- ~~(b) — For bona fide executives who participate in the Public Employees' Retirement System and are Officers of The Regents, Officers of the University, or members of the University's Executive Program, the date of retirement shall be the July 1 coinciding with or next following the person's 70th birthday, except as provided in federal or state law.~~

~~The President may appoint on a year to year basis employees who have attained their applicable retirement age or retired. In special circumstances, the President may also approve multiple year reappointments of retired faculty for up to five years at a time. No such appointment shall be in conflict with law, including federal laws relating to distribution of retirement benefits.~~