

The Regents of the University of California

COMMITTEE ON COMPENSATION

May 21, 2015

The Committee on Compensation met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents Elliott, Gould, Kieffer, Lozano, Ortiz Oakley, Reiss, and Saifuddin; Ex officio members Napolitano and Varner; Advisory members Davis and Gilly

In attendance: Regents De La Peña, Engelhorn, Lansing, Leong Clancy, Makarechian, Ruiz, Sherman, and Zettel, Regents-designate Gorman and Oved, Faculty Representative 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, Vice Presidents Duckett and Sakaki, and Recording Secretary Johns

The meeting convened at 3:55 p.m. with Committee Chair Kieffer presiding.

1. PUBLIC COMMENT

There were no speakers wishing to address items on the Committee’s agenda.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 22, 2015 were approved.

3. APPROVAL OF CONTRACT COMPENSATION FOR JAMES LES AS HEAD MEN’S BASKETBALL COACH, INTERCOLLEGIATE ATHLETICS, DAVIS CAMPUS AS DISCUSSED IN CLOSED SESSION

Background to Recommendation

The President of the University recommended approval of contract compensation for James Les as Head Men’s Basketball Coach, Intercollegiate Athletics, Davis campus, effective July 1, 2015 and continuing through June 30, 2021. The term of Coach Les’ previous contract, with addenda, is July 1, 2011 through June 30, 2016.

For the first time in campus history, the men’s basketball team capped an historic 25-win year by winning the Big West regular season championship in March before advancing to the National Invitation Tournament. Also, UC Davis celebrated the highest National Collegiate Athletic Association (NCAA) Graduate Success Rates (GSR) in the Big West in 2013 and 2014, and the men’s basketball team was at the top in the Big West with

91 percent in 2013. The campus wishes to retain Coach Les and therefore must respond with a retention offer.

Coach Les' total potential cash compensation exceeds \$301,000 and therefore 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 proposal contains exceptions to the September 2008 Parameters.

The campus sought approval of annual guaranteed compensation of \$300,000 in year one, which consists of the sum of Coach Les' annual head coach base salary and his annual lecturer salary (calculated by applying appointment percentages to annual salary rates). Most of the coach's salary is funded with non-State funds (athletic department revenues); a portion associated with his lecturer position is funded with State funds. The annual guaranteed compensation will increase to \$310,000 in year two, \$320,000 in year three, \$330,000 in year four, \$340,000 in year five, and \$350,000 in year six. The proposed first-year annual guaranteed compensation of \$300,000 in the proposed contract reflects an increase of 7.5 percent over Coach Les' annual guaranteed compensation in the current year of the earlier contract of \$279,165. The total cumulative guaranteed compensation of \$1.95 million over six years in the proposed contract reflects an increase of 60.4 percent over the total cumulative guaranteed compensation of \$1,215,334 in the previous contract. The previous cumulative total annual guaranteed compensation was readjusted from five years to six years to complete the analysis. This constitutes an exception to the September 2008 Parameters because the increase in the proposed total cumulative guaranteed compensation over the previous cumulative total guaranteed compensation exceeds 30 percent. The campus' retention offer is modest in comparison to the outside offers that the campus Athletic Director believes Coach Les may receive.

The lecturer appointment is on a year-by-year basis. The contract provides that if the lecturer appointment is terminated, the head coach appointment base salary will be increased (using non-State funds) so that Coach Les' annual guaranteed compensation (whether from coaching compensation or from a combination of coaching compensation and lecturer appointment compensation), is as outlined in the paragraph above (\$300,000 in year one, \$310,000 in year two, \$320,000 in year three, \$330,000 in year four, \$340,000 in year five, and \$350,000 in year six).

In addition, the campus sought approval of maximum potential performance incentives of \$267,500. Coach Les' previous contract does not include such performance incentives. This constitutes an exception to the September 2008 Parameters because the increase in the total amount of incentives for which he will be eligible under the proposed contract exceeds 15 percent and \$30,000.

All other proposed compensation terms are consistent with the September 2008 Parameters.

The source of funding for the coaching position is non-State funds; the position will be funded with athletic department revenues.

Recommendation

The Committee recommended approval of the following items in connection with the contract compensation for James Les as Head Men's Basketball Coach, Intercollegiate Athletics, Davis campus:

- A. Contract Duration. The proposed contract will be effective July 1, 2015 through June 30, 2021.
- B. Appointments. Coach Les will continue to have a dual appointment as the Head Men's Basketball Coach and as an academic lecturer. If the University terminates or fails to reappoint Coach Les as a lecturer, the University will adjust his annual head coach base salary (using non-State funds) to ensure no reduction in total annual guaranteed compensation for the term of the contract.
- C. Annual Guaranteed Compensation. 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), annual guaranteed compensation of \$300,000 in year one, which consists of the sum of Coach Les' annual head coach base salary and his annual lecturer salary (calculated by applying appointment percentages to annual salary rates). The annual guaranteed compensation will increase to \$310,000 in year two, \$320,000 in year three, \$330,000 in year four, \$340,000 in year five, and \$350,000 in year six. The proposed annual guaranteed compensation in the first year reflects an increase of 7.5 percent over Coach Les' annual guaranteed compensation of \$279,165 in the current year of the earlier contract. The total cumulative guaranteed compensation of \$1.95 million over six years in the proposed contract reflects an increase of 60.4 percent over the total cumulative guaranteed compensation of \$1,215,334 in the previous contract. The previous cumulative total annual guaranteed compensation was readjusted from five years to six years to complete the analysis. This constitutes an exception to the September 2008 Parameters because the proposed increase in the total cumulative guaranteed compensation exceeds 30 percent.
- D. Maximum Potential Incentives. As an exception to the September 2008 Parameters, Coach Les may be paid non-base-building performance incentives each year if specific milestones as outlined in his contract are achieved. The maximum potential performance incentive amount that Coach Les can earn is \$267,500. The proposed maximum potential performance incentive amount reflects an increase over Coach Les' previous contract, which does not include such performance incentives. This constitutes an exception to the September 2008 Parameters because the increase in the total amount of incentives for which he will be eligible under the proposed contract exceeds 15 percent and \$30,000.

For the appointee to be entitled to any incentive payment, the Men's Basketball team's Academic Progress Rate (APR) must be greater than or equal to 930 or the current minimum APR established by the National Collegiate Athletic Association (NCAA) for participation in the NCAA Tournament. The University will apply the rolling four-year average APR score reported in the normal course prior to each season. The incentives will be paid to the appointee as soon as practicable after the close of the applicable contract year. All incentive payments shall be subject to applicable federal and State taxes and appropriate withholding.

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.

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

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Kieffer briefly introduced the item. Executive Director Dennis Larsen summarized the terms of compensation being proposed for Coach James Les, including salary, salary increases, incentive payments, and the Academic Progress Rate (APR) requirement.

Committee Chair Kieffer underscored the strength of this action, which required that student athlete academic performance standards be met in connection with a coach's contract.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 4:00 p.m.

Attest:

Secretary and Chief of Staff