

## Office of the President

### TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

#### ACTION ITEM

*For Meeting of March 15, 2007*

### REPORT FROM SPECIAL MEETING CLOSED SESSION ON INDIVIDUAL SALARY ITEMS

The Committee forwarded the following from its March 13, 2007 Closed Session meeting.

The Committee recommends:

N. ***Contract Compensation for Jeff Tedford as Head Football Coach, Berkeley Campus***

The President recommends approval of the following revised compensation terms for Head Coach of Football, Jeff Tedford, Berkeley campus, 100 percent time. Pending approval by The Regents of these compensation terms, Mr. Tedford's revised contract will be effective January 1, 2007 and terminate on December 31, 2013 unless extended one year for each season (including the bowl season) that the University of California, Berkeley Football team wins nine games. Upon such extension all terms and conditions of the contract will remain in place and unless otherwise agreed to in writing the compensation will remain as approved for the 2013 contract year.

The campus undertook negotiations with Mr. Tedford, to enhance and extend his current contract when he was contacted by an NFL team to fill their head coach position.

The following terms and conditions are reflected in the new proposed contract:

- (1) Base Salary: This contract increases his annual base salary from \$167,500 to no less than:

|                     |           |   |
|---------------------|-----------|---|
| 01/01/07 - 12/31/07 | \$225,000 | (this represents an increase of 34.3 percent) |
| 01/01/08 - 12/31/08 | \$225,000 | no increase                                   |
| 01/01/09 - 12/31/09 | \$225,000 | no increase                                   |
| 01/01/10 - 12/31/10 | \$225,000 | no increase                                   |
| 01/01/11 - 12/31/11 | \$225,000 | no increase                                   |

|                     |           |             |
|---------------------|-----------|-------------|
| 01/01/12 - 12/31/12 | \$225,000 | no increase |
| 01/01/13 - 12/31/13 | \$225,000 | no increase |

- (2) Talent Fee: This contract increases his annual talent fee from \$1,332,500 to a guaranteed talent fee of:

|                     |             |   |
|---------------------|-------------|---|
| 01/01/07 - 12/31/07 | \$1,575,000 | (this represents an increase of 18.2 percent) |
| 01/01/08 - 12/31/08 | \$1,575,000 | no increase                                   |
| 01/01/09 - 12/31/09 | \$1,575,000 | no increase                                   |
| 01/01/10 - 12/31/10 | \$1,575,000 | no increase                                   |
| 01/01/11 - 12/31/11 | \$1,575,000 | no increase                                   |
| 01/01/12 - 12/31/12 | \$1,575,000 | no increase                                   |
| 01/01/13 - 12/31/13 | \$1,575,000 | no increase                                   |

In addition, in the event the team, during the term of this employment contract, plays in a BCS Bowl Game, the base annual talent fee shall increase by \$50,000 for the contract year and all subsequent contract years in the term of this contract.

- (3) Retention Bonus: The revised contract discontinues his deferred compensation at \$500,000 per year and implements a Retention Bonus.

If Coach is employed continuously as Cal Head Football Coach from 01/01/07 through the completion of the 2008 football season, including post season play, on January 8, 2009 Coach will receive: \$1,000,000

If Coach is employed continuously as Cal Head Football Coach from 01/01/07 through the completion of the 2011 football season, including post season play, on January 8, 2012 Coach will receive: \$1,500,000

If Coach is employed continuously as Cal Head Football Coach from 01/01/07 through the completion of the 2013 football season, including post season play, on January 8, 2014 Coach will receive: \$1,000,000

In addition, in the event the team, during the term of this employment contract, plays in a BCS Bowl Game, the retention bonus shall increase by \$50,000 for the season/year in which the game(s) is played and all subsequent years remaining in the contract.

In the event Coach becomes unable to provide services described in contract and contract is terminated, Coach or his assigns shall receive pro-rata portion of the retention bonus per contract language.

- (4) Signing Bonus: A signing bonus will be paid upon full execution of the contract addendum. \$1,000,000

This bonus must be repaid within 60 days by Mr. Tedford if he does not complete the 2007 football season.

- (5) Additionally, this contract provides opportunity to earn supplemental compensation for accomplishments of up to \$375,000 per annum, as detailed below.

In the event the team, during the term of this Employment Contract, accomplishes the following, Mr. Tedford shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

| Accomplishment   | Amount               |
|--|----------------------|
| National Championship<br>Team earns National Championship (AP or Coaches' Poll)  | \$150,000            |
| Post Season Play (The highest of the following:)<br>Team earns or ties for the Pac-10 Championship; or<br>Team participates in a BCS Bowl, but does not win the Pac-10; or   | \$7,500<br>\$ 50,000 |
| Team participates in a non BCS Bowl game   | \$ 25,000            |
| Regular Season Achievements<br>Team wins nine games during the regular season  | \$ 25,000            |
| Coaching Achievements (The highest of the following:)<br>Coach is named National Coach of the Year; or   | \$100,000            |
| Coach is named Pac-10 Coach of the Year  | \$ 50,000            |
| Support of Educational Objectives<br>At the discretion of the Athletic Director, for maintenance and/or improvement in current team cumulative GPA and NCAA APR statistics<br>(2.80 team GPA/950 APR) Coach may receive up to: | \$ 25,000            |
| (6) Other Incentive Pay has additional annual income potential of \$520,000.   |                      |

Based on performance of Coach, annual non-base building bonus as determined by the Athletic Director during Contract Year 1 (01/01/07-12/31/07) and Contract Years 4-5 (01/01/10-12/31/11) \$ 4,000 - \$10,000

Based on performance of Coach, annual non-base building bonus as determined by the Athletic Director during Contract Year 2 and 3 (01/01/08-12/31/08 and 01/01/09-12/31/09) \$14,000 - \$20,000

The Stadium Renovation Bonus has been modified from the original contract as follows:

- Coach remains as Head Cal Football Coach until team fully occupies the Simpson High Performance Center (amount due within 30 calendar days following game). \$250,000
- Coach remains as Head Cal Football Coach on the date team plays its first home football game subsequent to the completion of the West Side Improvements (amount due within 30 calendar days following game). \$250,000

Termination Clause:

This contract contains a penalty clause for early termination. If Mr. Tedford terminates before the expiration of the agreement and before the football program fully occupies the Student-Athlete High Performance Center, he shall pay, within 30 days of leaving employment, \$150,000 for each contract year remaining in the agreement, inclusive of the year he leaves. If Mr. Tedford terminates before the expiration of the agreement and after the football program fully occupies the SAHPC, he shall pay, within 30 days of leaving employment, \$300,000 for each contract year remaining in the agreement, inclusive of the year he leaves.

Furthermore, once the team fully occupies the Simpson High Performance Center, Mr. Tedford agrees that he will not be employed by any Pac-10 school during the term of this contract.

If the University terminates the contract early without cause, the campus will owe the base salary, retention bonus, and talent fee in amounts noted above, paid out in monthly installments, and any additional earned bonus income as set out by the contract. The University will not be responsible for paying unearned bonus/stipend income in this circumstance. If Mr. Tedford secures employment during this time, these payments will be reduced by such amounts.

The maximum total potential payout under this contract occurs in year five in the amount of \$4,285,000. Payment of this amount is dependent upon Mr. Tedford achieving all goals, including all those in the "Accomplishments" section, above.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fundraising and no State or general campus funds are used in this arrangement.

Additional elements of compensation currently provided and will continue to be provided include:

- Per contract, 20 working days of vacation at the beginning of each contract year. Coach may not have more than 40 working days of accrued vacation leave at any time during the employment contract. When 40 days of accrued vacation is reached, Coach will cease to earn additional vacation leave until accrued vacation balance is reduced to 20 working days.
- Per contract and policy, 12 days of sick leave during each twelve-month period of the contract
- Per policy, eligible for standard Health & Welfare benefits
- Consistent with practice, two courtesy vehicles will be provided. These courtesy vehicles may be withdrawn at any time at the sole discretion of the Director-Intercollegiate Athletics.
- Country Club Membership with a value of approximately \$7,080
- Football Tickets - 30 season and 5 parking passes with a potential value of approximately \$10,000
- In accordance with University policies and regulations governing travel and subject to approval by the Athletics Director, University will pay spouse travel for required events outside the San Francisco Bay Area

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.

- O. *Appointment Salary for Timothy J. Recker as Director—Private Equity Investments, Office of the Treasurer*

The President recommends approval of the following items in connection with the appointment of Timothy J. Recker as Director-Private Equity Investments, Office of the Treasurer:

- (1) Appointment of Director-Private Equity Investments (SLCG grade 107 Minimum \$167,600 Midpoint \$212,700 Maximum \$257,800)
- (2) Annual base salary of \$207,000, 100 percent time
- (3) Per policy, eligibility to participate in the University of California Office of the Treasurer's Annual Incentive Plan with an incentive target of 45 percent with a maximum of up to 90 percent of base salary
- (4) Per policy, \$51,750 (25 percent) lump sum relocation allowance, subject to a repayment requirement in the event that Mr. Recker resigns within the first four years of employment.
- (5) Per policy, reimbursement of 50 percent of the actual moving expenses up to \$7,500
- (6) Exception to policy, one house-hunting trip, not to exceed four days for Mr. Recker and his spouse. Coach air fare, meals and lodging will be reimbursed up to \$2,500. This is an exception as travel to seek housing applies only to members of the Senior Management Group and this position is not a member of that group.
- (7) Exception to policy, participation in the Mortgage Originating Program Loan (MOP). This is an exception as this loan program applies to members of the Academic Senate or those who hold an equivalent title and members of the Senior Management Group. This is an exception since the position is classified as Management and Senior Professional.
- (8) Effective April 9, 2007 upon approval of The Regents

Additional items of compensation include:

- Per policy, Standard Pension and Health and Welfare benefits.

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.

P. ***Retention Increase for Rebecca Stafford as Investment Officer–Alternative Investments, Office of the Treasurer***

The President recommends approval of the following items in connection with the retention increase for Rebecca Stafford as Investment Officer, Office of the Treasurer:

- (1) Retention increase of \$22,853 (17.8 percent) to bring her base salary from \$128,547 to \$151,400 (SLCG Grade 104 minimum \$120,400, midpoint \$151,400, maximum \$182,400)
- (2) Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan with an incentive target of 35% with a maximum of up to 70% of base salary
- (3) Effective upon approval of The Regents

Additional items of compensation include:

- Per policy, Standard Pension and Health and Welfare benefits.

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.

Q. ***Retention Increase for David Hughes as Investment Officer–Externally Managed Investments, Office of the Treasurer***

The President recommends approval of the following items in connection with the retention increase for David Hughes as Investment Officer, Office of the Treasurer:

- (1) Retention increase of \$22,800 (17.7 percent) to bring his base salary from \$128,600 to \$151,400 (SLCG Grade 104 minimum \$120,400, midpoint \$151,400, maximum \$182,400)
- (2) Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan with an incentive target of 35% with a maximum of up to 70% of base salary
- (3) Effective upon approval of The Regents

Additional items of compensation include:

- Per policy, Standard Pension and Health and Welfare benefits.

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.

R. ***Retention Increase for Thomas Lurquin as Investment Officer–Private Equity, Office of the Treasurer***

The President recommends approval of the following items in connection with the retention increase for Thomas Lurquin as Investment Officer, Office of the Treasurer:

- (1) Retention increase of \$19,360 (14.2 percent) to bring his base salary from \$136,240 to \$155,600 (SLCG Grade 105 minimum \$134,400, midpoint \$169,600, maximum \$204,700)
- (2) Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan with an incentive target of 35% with a maximum of up to 70% of base salary
- (3) Effective March 1, 2007 upon approval of The Regents

Additional items of compensation include:

- Per policy, Standard Pension and Health and Welfare benefits.

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.