

REPORT OF INTERIM and CONCURRENCE ACTIONS
Office of the Secretary and Chief of Staff
March 29, 2012

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 or concurrence action was taken on routine or emergency matters as follows:

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

Authorization for External Financing for Two Properties Acquired for the UCLA Health System in 2011, Initially Purchased with Medical Center Reserves, Los Angeles Campus

- (1) The President be authorized to obtain external financing not to exceed \$18,925,000 to refinance two properties acquired in 2011 with UCLA Medical Center reserves – a land assemblage in Santa Monica, California (\$13,325,000) and a clinical laboratory and office building in Los Angeles (Van Nuys), California (\$5,600,000). The Los Angeles campus shall satisfy the following requirements:
 - a. As long as the debt is outstanding, the gross revenues of the UCLA Health System shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - b. The general credit of the Regents shall not be pledged.
- (2) The President be authorized to execute all documents necessary in connection with the above.

- B. The Chairman of the Board of Regents, the Chair of the Committee on Grounds and Buildings and the President of the University approved the following concurrence recommendations:

- (1) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, School of Medicine Education Building, Riverside Campus***

That the 2011-12 Budget for Capital Improvements and Capital Improvement Program be amended as follows:

Additions shown by underscoring; deletions shown by strikethrough

Riverside: ~~Health Science Teaching Center~~ School of Medicine Education Building – preliminary plans, working drawings, construction and equipment –~~\$12,965,000~~ \$13,752,000.

(2) ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program, East Campus Infrastructure Improvements Phase 2, Riverside Campus***

That the 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Additions shown by underscoring; deletions shown by strikethrough

Riverside: *East Campus Infrastructure Improvements Phase 2* – preliminary plans, working drawings, and construction – ~~\$11,702,000~~ \$15,202,000, funded from State funds (\$8,893,000) and campus funds (~~\$2,809,000~~ \$6,309,000).

C. The Chairman of the Board of Regents and the President of the University approved the following recommendations:

(1) ***Authorization of One Hundred Year Taxable Borrowing***

That the President be authorized to:

- a. Issue a taxable one hundred year borrowing in one or more series in an aggregate principal amount not to exceed \$860 million plus financing costs (the “Bonds”) with an interest rate not to exceed 5.5 percent, to be issued under the University’s general revenue bond indenture. As long as the Bonds are outstanding, the campuses receiving such proceeds and the Office of the President shall satisfy the following requirements:
 - i. Campuses receiving proceeds shall maintain general revenues in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing;
 - ii. The Office of the President will maintain its budget to pay debt service and to meet the related requirements of the authorized financing on any amount initially borrowed by the Office of the President until such time as that amount is allocated to a campus project and thereafter the requirement of paragraph a.i., shall apply.
 - iii. Uses of bond proceeds shall comply with all applicable University

policies with respect to capital projects, including without limitation environmental review, provided, however, that any specific authorization of the Regents to use proceeds of a borrowing for a specific project shall not be affected by this requirement.

- b. Take all necessary actions related to the action approved above, including but not limited to approval, execution and delivery of all necessary or appropriate financing documents.

(2) ***Approval of the Affiliation Between The Regents of the University of California on Behalf of the University of California, Davis and BGI Americas Corporation, Davis Campus***

- a. Authorization of an affiliation (Affiliation) between the Regents, on behalf of the University of California, Davis, and BGI Americas Corporation (BGI), which anticipates the following pursuant to a Master Agreement between the Regents and BGI: (1) BGI will perform genomics, bioinformatics and similar services for the University and third parties on Regents property located at 2921 Stockton Boulevard, Suite 1800, Sacramento, California (Premises); (2) BGI and the University will jointly conduct research and may pursue educational opportunities; (3) BGI may provide the University with equipment for the performance of sequencing and bioinformatics services for medical and human research applications in a laboratory certified under the Clinical Laboratory Improvement Amendments; and (4) the University will pay BGI specific rates and provide guarantees related to the volume of sequencing services.
- b. Determination that, in accordance with the California Environmental Quality Act (CEQA), the Affiliation is exempt pursuant to CEQA Guideline Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Affiliation may have a significant effect on the environment.
- c. Following consultation with the General Counsel, he be authorized (a) to approve and execute the Master Agreement and any other documents reasonably necessary to effectuate the Affiliation (other than (i) a lease of the Premises to BGI (Lease), which is subject to approval of and execution by the Chancellor pursuant to existing delegations of authority, and (ii) such other documents that would otherwise require the approval of the Regents); provided, however, that the President shall have been satisfied with the financial capability of BGI and its affiliates; and provided, further, that prior to the President's execution of the Master Agreement, the Lease shall have been executed; and (b) to approve and execute documents reasonably necessary to amend the terms of the Affiliation, provided that

such amendments do not materially increase the obligations of the University.

- D. The Chair of the Committee on Finance and the President of the University approved the following recommendation:

Authorization for Working Capital Borrowing and Investment of Proceeds in the State Agency Investment Fund (SAIF) Pursuant to Government Code Section 16330

The President is authorized to:

- (1) Issue a taxable commercial paper borrowing in an aggregate principal amount not to exceed \$200 million plus financing costs (the Commercial Paper) under the University's commercial paper indenture.
 - a. The anticipated repayment of the principal and financing costs (including interest expense) of the borrowing shall be from receipts of income and principal from deposits in the State Agency Investment Fund.
 - b. If the amount deposited in the State Agency Investment Fund is not received from the State by April 16, 2012 the President shall extend the deadline for repayment to a date no later than June 30, 2012. If the amount deposited is not received from the State by June 30, 2012, the President shall develop and present for approval a financing plan to repay the principal of the borrowing from legally permissible sources.
 - (2) Deposit the proceeds of the Commercial Paper borrowing in an aggregate principal amount not to exceed \$200 million in the State Agency Investment Fund on investment terms acceptable to the President in his judgment, provided that the deposit shall yield no less than two percent (2%) per annum through the duration of the deposit.
 - (3) Take all necessary actions related to the actions approved above, including but not limited to approval, execution and delivery of all necessary or appropriate financing documents and deposit agreements.
- E. The Chair of the Committee on Grounds and Buildings and the President of the University approved the following recommendation:

Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Authorization for External Financing of Legal Settlement, Westwood Replacement Hospital, Los Angeles Campus

Additions shown by underscoring; deletions shown by strikethrough

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Los Angeles: Westwood Replacement Hospital – preliminary plans, working drawings, construction and equipment – ~~\$914,300,000~~ \$953,711,000 to be funded from federal funds (~~\$439,700,000~~ \$439,699,000), State matching funds (~~\$44,100,000~~ \$43,886,000), State lease revenue bond funds (~~\$125,000,000~~ \$126,370,000), State children’s hospital grant funds (\$29,827,000), gift funds (~~\$89,285,000~~ \$88,181,000), hospital reserves (\$6,000,000), campus funds (~~\$3,088,000~~ \$820,000), external financing (~~\$170,300,000~~ \$217,814,000), and earnings from previous bond issue (~~\$7,000,000~~ \$1,114,000).

* * *

- (2) The President be authorized to obtain additional external financing not to exceed \$48,000,000 related to the Westwood Replacement Hospital project, subject to the following conditions:
- a. As long as the debt is outstanding, the gross revenues of the UCLA Medical Center shall be maintained in amounts sufficient to pay the debt service and to meet related requirements of the authorized financing.
 - b. The general credit of the Regents shall not be pledged.
- (3) The President be authorized to execute all documents necessary in connection with the above.

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

- (1) ***Extension of Term Appointment, Reduction in Appointment Percentage, and Total Compensation for David H. Hosley as Interim Vice Chancellor – University Relations, Merced Campus***

Background to Recommendation

- Action under interim authority was requested to approve: (1) an extension of the term appointment for David H. Hosley as Interim Vice Chancellor – University Relations, Merced campus, effective January 1, 2012 through June 30, 2012, or until the appointment of a new Vice Chancellor – University Relations, whichever occurs first; and (2) a reduction in

Mr. Hosley's appointment percentage from 100 percent time to 50 percent time. This action maintained the annualized salary of \$201,000 but reduced his actual salary to \$100,500.

- The exclusive source of funding for this position will be State funds.
- Mr. Hosley assumed the position of Interim Vice Chancellor on February 1, 2010 with a term expiring January 31, 2012. He recently accepted a 50 percent time appointment as the Executive Director of the Sierra Nevada Research Institute (SNRI) effective January 1, 2012.
- To ensure a smooth transition and continued oversight of a number of critical and time-sensitive projects, Mr. Hosley has agreed to maintain a 50 percent time appointment as Interim Vice Chancellor until the appointment of a new Vice Chancellor can be completed. The SNRI appointment will become a full-time position when Mr. Hosley is able to vacate the position of Interim Vice Chancellor – University Relations. A search is under way to fill the Vice Chancellor position.
- Mr. Hosley's new position as Executive Director of the SNRI does not require Regental approval because it is not in the Senior Management Group (SMG) and therefore not subject to SMG policy.
- Interim authority is requested due to the fact that Mr. Hosley's new position as Executive Director of the SNRI started January 1, 2012.

Recommendation

The following items were approved in connection with the term appointment extension, reduction in appointment percentage, and total compensation for David H. Hosley as Interim Vice Chancellor – University Relations, Merced campus:

- Extension of the interim term appointment of David H. Hosley as Interim Vice Chancellor – University Relations through June 30, 2012, or until the appointment of a new Vice Chancellor – University Relations, whichever occurs first.
- Reduction in appointment percentage from 100 percent time to 50 percent time effective January 1, 2012, through June 30, 2012, or until the Vice Chancellor – University Relations position is filled, whichever occurs first.
- Per policy, continued annualized base salary of \$201,000 at SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000). Actual salary at 50 percent time is \$100,500.

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

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: January 1, 2012

Annualized Base Salary: \$201,000

(actual base salary at 50 percent time is \$100,500)

Target Cash Compensation: \$201,000

Grade Level: SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

Funding Source: Fully State-funded position

Budget &/or Prior Incumbent Data

Title: Interim Vice Chancellor – University Relations

Annual Base Salary: \$201,000

Target Cash Compensation: \$201,000

Grade Level: SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

Funding Source: Fully State-funded position

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>	<u>90th</u>
Market Data	\$248.8	\$316.9	\$321.8	\$412.3	\$472.4
% Difference from Market	-19.2%	-36.6%	-37.5%	-51.2%	-57.4%

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.

Submitted by: UC Merced Chancellor Leland
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

(2) *Contract Compensation Parameters for Eric Yarber as Assistant Football Coach, Intercollegiate Athletics, Los Angeles Campus*

Background to Recommendation

- Approval under interim authority was requested for the contract compensation of Eric Yarber as assistant football coach, Intercollegiate Athletics, Los Angeles campus.
- On December 22, 2011, under interim authority, compensation parameters were approved for the recruitment of three assistant football coaches at the Los Angeles campus. The approved parameters allowed the campus to act during the fast-moving negotiations at the end of the college football season.
- The campus identified an additional highly desirable candidate, Eric Yarber, to serve as assistant football coach. Two components of Mr. Yarber's contract require approval by the Regents.
- Approval was requested for a 76.3 percent increase between the first and second year of the contract, thereby exceeding the 30 percent threshold established by the Regents in September 2008. Because Mr. Yarber will be paid by his former employer, a National Football League (NFL) team, through year one of his contract with the University, the campus was able to reduce his guaranteed compensation for that year to a level that will result in a significant savings to the University, while preventing him from incurring a financial penalty from his previous employer's contract. Specifically, Mr. Yarber will be paid \$156,000 in guaranteed compensation during his first year and \$275,000 in his second year. But for the savings afforded by the NFL buyout, the contract increase between the first and second year would have been within the approved parameters.
- Approval also was requested for annual maximum incentive pay up to a total of \$100,000 consistent with the maximum incentive pay previously authorized for the other three assistant football coaches.
- All other terms negotiated for Mr. Yarber are within the parameters of campus authority previously established by the Regents.
- The exclusive source of funding for Mr. Yarber's contract will be athletic department revenues and private fundraising. No UC general funds provided by the State will be used.
- Action was requested under interim authority as approval needed to be secured before the next regularly scheduled meeting of the Regents in

March.

Recommendation

The following items were approved in connection with the contract compensation parameters for Eric Yarber as assistant football coach, Intercollegiate Athletics, Los Angeles campus:

- Guaranteed compensation. The annualized base salary and talent fee will be as follows:

	<u>Year 1</u>	<u>Year 2</u>
Base Salary:	\$156,000	\$250,000
<u>Talent Fee:</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
Guaranteed Compensation:	\$156,000	\$275,000

The payment of talent fees will be predicated on professional activities, including various appearances and speaking engagements on television and radio broadcasts of UCLA football games and sports shows dedicated to UCLA sports, promotional endorsements, and consultation contracts with athletic shoe, athletic apparel, athletic equipment, and other sport manufacturers.

- Approval of an annual maximum performance-based incentive of up to a total of \$100,000 which may be earned for such accomplishments as the following, subject to contract negotiation:
 - a. Pac-12 finish, final national ranking, number of regular season wins, Bowl appearances.
 - b. Achieving the national championship, participation in national championship game, participation in the Bowl Championship Series, or participation in the Pac-12 championship game.

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

(3) *Contract Compensation Parameters for Six Assistant Football Coaches, Intercollegiate Athletics, Los Angeles Campus*

Background to Recommendation

- Approval under interim authority was requested to negotiate a maximum performance-based incentive of up to a total of \$100,000 for six assistant football coaches, Intercollegiate Athletics, Los Angeles campus.
- The Regents established compensation parameters applicable to certain coaches and other athletic personnel in the Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide, which the Regents approved in September 2008. Those parameters apply to these six assistant football coaches because their total cash compensation could exceed the Indexed Compensation Level, which is currently set at \$291,000.
- On December 22, 2011, alternative compensation parameters for recruitment of three other assistant football coaches at the Los Angeles campus were approved under interim authority. The approved parameters included authority to negotiate an annual maximum performance-based incentive of up to a total of \$100,000.
- The campus requested similar authority to negotiate an annual maximum performance-based incentive of up to a total of \$100,000 for the six assistant coaches in the football program at UCLA who are not covered by the December 22, 2011 Regents' interim action.
- All other terms being negotiated for these six positions are within the parameters previously established by the Regents.
- The compensation provided under the contracts for these six assistant coaches will be funded exclusively from athletic department revenues and private fundraising. No UC general funds provided by the State will be used.
- Action was requested under interim authority as contract negotiations are currently under way and approval must be secured before the Regents' next regularly scheduled meeting in March.

Recommendation

The following item was approved in connection with the delegation of authority to the Chancellor, Los Angeles campus, to negotiate and agree on the following contract compensation parameters for six assistant football coaches, Intercollegiate

Athletics, Los Angeles campus:

An annual maximum performance-based incentive of up to a total of \$100,000 may be earned by each assistant coach for such accomplishments as:

- Pac-12 finish, final national ranking, number of regular season wins, Bowl appearances.
- Achieving the national championship, participation in the national championship game, participation in the Bowl Championship Series, or participation in the Pac-12 championship game.

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