

March 15, 2006

APPROVAL OF COMPENSATION FOR ATHLETIC DIRECTORS, COACHES, AND ASSISTANT COACHES WHOSE ANNUAL COMPENSATION EXCEEDS \$200,000

Michael Dunbar - Assistant Coach – Football (Offensive Coordinator), UC Berkeley

- Base salary \$168,000
- Supplemental Compensation Opportunities:
 - Team Performance up to \$25,200
 - Team Ranking up to \$10,500
 - Camp Participation up to \$10,000
 - Talent Fee: \$26,000

 - Total \$239,700
- Courtesy automobile
- Standard pension and health and welfare benefits

BACKGROUND

Michael Dunbar was hired February 1, 2006 to replace George Cortez who left the UC system. His contract duration is February 1, 2006 to April 30, 2007. The contract essentially contains the same terms and conditions as used for George Cortez.

Robert Gregory - Assistant Coach-Football (Defensive Coordinator) UC Berkeley

- Base salary \$168,000
- Supplemental Compensation Opportunities:
 - Team Performance up to \$25,200
 - Team Ranking up to \$10,500
 - Camp Participation up to \$10,000
 - Bowl Game Participation up to \$10,000
 - Talent Fee: \$62,000

 - Total \$285,700
- Courtesy automobile
- Standard pension and health and welfare benefits

BACKGROUND

Recently, Mr. Gregory was approached by another University to join their coaching staff. Prior to reaching an agreement on a final contract, UC Berkeley determined that they wished to retain Mr. Gregory and offered to increase his talent fee from \$26,000 to \$62,000 per year and to extend his contract for an additional twelve months. Combined with his salary of \$168,000, this increase represents an 18.6% adjustment to his regular pay

Robert Gregory's employment is currently subject to a Coach Contract that commenced May 1, 2005 and expires April 30, 2006.

Daniel G. Guerrero - Director-Intercollegiate Athletics, UC Los Angeles

- Base salary \$295,000
- Supplemental Compensation Opportunities:
 - Academic Achievement (10% + 5% add'l) up to \$44,250
 - Athletic Success (10% + 5% add'l) up to \$44,250
 - Goal Alignment (5% + 2.5% add'l) up to \$22,125
 - Other discretionary bonus less than \$10,000
 - Subtotal; max. bonus opportunity not to exceed \$120,000

 - Total \$415,000
- University-provided automobile
- Standard pension and health and welfare benefits

BACKGROUND

In July 2002, the President and the Chairman of the Board (John Moores) approved the appointment of Daniel G. Guerrero as Director-Intercollegiate Athletics, UCLA, with a base salary of \$235,000, as an interim Regents item. The interim action was reported to the Regents at the following meeting. The terms of the appointment were set forth in a five-year contract commencing July 1, 2002 and ending June 30, 2007. Mr. Guerrero has a 100% appointment in the Management & Senior Professional (MSP) employment classification. Under the terms of the contract, he receives the opportunity to earn an additional monthly performance stipend of up to a maximum of 20% of his monthly base salary for satisfying established performance standards. He is also eligible to receive an annual performance bonus of up to 10% of his annual base salary for exceptional performance in achieving specified academic graduation rates and achieving a #1 ranking in a Sears Director's Cup for NCAA Division I Institutions. The maximum monthly 20% stipend has been paid out; but, the structure of the annual performance bonus has caused zero payments to date during the contract period.

Regents approved a new five year contract.

The purpose is to meet the campus's retention objectives in this highly competitive marketplace and support an Athletic program aligned with the needs of the UCLA campus.

During the three and one half years of the current contract, Mr. Guerrero has brought to the task the kind of competencies and priorities needed to create one of the most successful athletics programs in the country. Concurrently, he continues to ensure adherence to the high standards of public conduct and academic success expected of UCLA athletes. During his first three years, UCLA teams won 11 NCAA national championships (the most for any institution nationally during this period); finished second eight times, and finished in the top five an additional nine times. Fifty-five times out of 69 possible, UCLA has qualified for NCAA post-season competition.

Additionally, Mr. Guerrero continues to address successfully both the operating and fiscal challenges presented by current difficult times. During his tenure, he has achieved economies and at the same time has generated new revenues to maintain a balanced budget. He has successfully negotiated a \$25 million dollar contract extension with Adidas (approx. \$1 million more annually than predecessor arrangement), and a new multi-million dollar agreement with ISP Sports Marketing. He solidified the relationship between UCLA and the Rose Bowl, with a resulting twenty year agreement including over \$13 million in facility enhancements to benefit the UCLA football program. He has generated additional funds through the creation of a Champions' Fund donor group (\$6 million over five years) and a meaningful overall increase in all athletic annual fund donor group levels. Royalties under a new Sirius Satellite Radio agreement should result in \$1.1 million paid over the next four years. Under Mr. Guerrero's leadership, these initiatives and others have offset the rising cost of operations, including increased tuition costs, and have produced a balanced budget.

UCLA strongly desires to retain the services of Mr. Guerrero, and the campus believes they can retain him if he is compensated fairly relative to the marketplace. He is known to have received calls from competing institutions.