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December 21, 2012

DA 2573

EXECUTIVE VICE CHANCELLOR AND PROVOST

RE: Delegation of Authority 2573 – Approval and Execution of Certain Documents Relating to the University's Participation In, and Transfer of the Center for Executive Education to, a Separate 501(C)(3) Entity and Extension of Loan to Entity

On December 3, 2012 President Yudof authorized me to approve and execute certain documents in connection with the University's participation in a separate non-profit entity that shall own and operate the Haas School of Business Center for Executive Education. This authorization is subject to terms and conditions laid out in DA2573 (Yudof's letter) that is attached and incorporated into this redelegation. President Yudof's letter also authorized me to redelegate my authority to you as the Executive Vice Chancellor and Provost, which I am so doing in this letter. This redelegation is effective immediately.

This authority may not be redelegated further.

Please contact Campus Delegations Coordinator Janice Hing, Office of Ethics, Risk and Compliance Services, at 3-9318 or [jhing@berkeley.edu](mailto:jhing@berkeley.edu) with any concerns you may have regarding this delegation of authority.

Yours sincerely,

A large black rectangular box redacting the signature of Robert J. Birgeneau.

Robert J. Birgeneau

Attachments: Yudof's letter of December 3, 2012 (DA2573)

cc: Chief Campus Counsel C. Patti  
Chief – Audit and Advisory Services W. Riley  
Dean Lyons  
CCRC Coordinator C. Major  
Office of Ethics, Risk and Compliance Services J. Hing



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December 3, 2012

## CHANCELLOR – BERKELEY CAMPUS

### Delegation of Authority – Approval and Execution of Certain Documents Relating to the University's Participation In, and Transfer of the Center for Executive Education to, a Separate 501(C)(3) Entity and Extension of Loan to Entity

Standing Order of The Regents 100.4 (oo) provides that:

The President is authorized to administer University participation in corporations, companies, and partnerships, provided that such participations have been approved by the Board for University-related purposes, and to execute all documents in connection therewith on behalf of the University. The President shall be the custodian of all documents related to such participations.

On November 15, 2012, The Regents approved the University's participation in a separate non-profit entity ("Entity") that shall own and operate the Haas School of Business ("Haas") Center for Executive Education ("CEE"), subject to the following terms and conditions:

- A. The Entity shall be organized exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Tax Code"), or corresponding section of any future federal tax code, and shall apply for, and maintain, tax exempt status under Section 501(c)(3) of the Tax Code. Should the Entity be dissolved, all assets shall revert back to the University.
- B. The Entity shall be governed by a seven-person Board of Directors ("Board") including the Dean of Haas, the University of California Berkeley ("Berkeley") Vice Chancellor of Administration and Finance (or a designee), and a member of the Haas or Berkeley Ladder Faculty as well as four independent Directors. The Chairman of the Board will be the Dean of Haas. The Directors shall receive no payments from the Entity other than reimbursement for travel expenses.
- C. The Entity's organizational documents shall require a supermajority (at least five out of seven) of the Board to approve any of the following actions by the Entity: (1) any change in the affiliation agreement between the Entity and the University; (2) any change in the distribution of the net earnings of

the Entity; (3) any change in the composition of the Board; (4) any amendment to the bylaws or articles of incorporation of the Entity; and (5) dissolution of the Entity.

The Regents also approved the transfer of the CEE program to the Entity, including assets (and corresponding liabilities) such as client contracts, accounts receivable, revenue accounts, client relationships, know-how, and good-will, subject to the following conditions:

- A. The Entity shall enter into an affiliation agreement with the University, detailing the respective rights, duties, obligations, and economic terms of the parties in connection with the affiliation, including the Entity's use of the University's name and intellectual property. The affiliation agreement shall require the Entity to pay, on an annual basis, (i) the prevailing administrative full costing fee, which is currently set at seven percent of gross revenue, to Berkeley, and (ii) all of the Entity's net earnings to Haas. The affiliation agreement shall also provide that, in continuation of CEE's current practice, educational content will be reviewed and approved by a member of the Haas Ladder Faculty to ensure that the University and Berkeley's brand and reputation are protected. The University and the Board of the Entity shall receive an overview report on educational content at least annually. Amendments to the affiliation agreement shall require the consent of the University and the Entity.
- B. The termination of the affiliation agreement shall result in the automatic dissolution of the Entity.
- C. The University shall have the right to conduct a periodic review of the Entity's programs to ensure that the Entity is operating at a level consistent with the University's standards of excellence.
- D. The Entity may act as a service organization to other University campuses, schools, and units interested in leveraging the Entity's executive education infrastructure and capabilities on a fee-for-service basis or through the application of a sharing model when conducting joint programs.

The Regents also approved an interest-free loan from Haas to the Entity for up to \$500,000, with repayment required within six months after the transfer of the CEE program to the Entity.

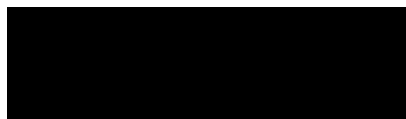
Further, The Regents authorized me to approve and execute certain documents in connection with the foregoing, as follows:

[The Regents] [a]uthorize the President, after consultation with the General Counsel, to approve and to execute (a) any documents reasonably required to accomplish the above; and (b) any modifications, addenda, or amendments (collectively, "amendments") thereto, provided that such amendments do not materially increase the obligations of

Chancellor – Berkeley Campus  
December 3, 2012  
Page 3

the University or materially decrease the payments to the University from the Entity; provided, however, that the authority to approve and to execute the affiliation agreement and any amendments thereto may not be delegated by the President.

With the exception of the authority to approve or execute the affiliation agreement and any amendments thereto, I hereby delegate to you the other authorities granted to me by the above action of The Regents and by Standing Order 100.4(oo) in connection with the foregoing. You may redelegate this authority to the Berkeley Executive Vice Chancellor and Provost.



Mark G. Yudof  
President

cc: Members, President's Cabinet  
University Policy Office