

The Regents of the University of California

**SPECIAL COMMITTEE ON REGENTS' PROCEDURES**

July 15, 1999

The Special Committee on Regents' Procedures met on the above date at UCSF-Laurel Heights, San Francisco.

Members present: Regents Atkinson, Connerly, Davies, Hopkinson, S. Johnson, Kozberg, Parsky, Preuss, and Vining

In attendance: Regent Bagley, O. Johnson, Khachigian, Lansing, Lee, Montoya, Pannor, and Taylor, Regent-designate Kohn, Faculty Representatives Coleman and Dorr, Secretary Trivette, General Counsel Holst, Assistant Treasurer Young, Provost King, Senior Vice President Kennedy, Vice Presidents Broome, Darling, Gomes, and Hershman, Chancellors Berdahl, Carnesale, Cicerone, Dynes, Greenwood, Orbach, Vanderhoef, and Yang, Chancellor-designate Tomlinson-Keasey, and Recording Secretary Nietfeld

The meeting convened at 4:05 p.m. with Committee Chair Preuss presiding.

**AMENDMENT OF BYLAWS AND STANDING ORDERS RELATED TO BOARD MEETINGS, PRACTICES, AND PROCEDURES**

It was recommended that:

1. Service of notice be waived.
2. Amendment of relevant Bylaws and Standing Orders, as indicated in the Attachment, be approved in order to decrease the annual number of Regents meetings, decrease the volume of routine administrative matters presented to The Regents, and further streamline the Board's practices and procedures.

It was recalled that at the July 1993 meeting the Board approved a series of amendments of Bylaws and Standing Orders and Regental policies that were designed to improve the functioning of the Committees and the Board, decrease the volume of routine administrative matters in favor of consideration of major policy and long-range planning issues, and achieve an improved balance between the Board's need for information and the capacity of the administration to provide the information base. These changes were intended to create more time on the Board's agenda to foster the discussion of critical policy issues.

At the June 1995 meeting, Special Committee Chair Davies presented an item for discussion to begin the process of considering ways in which the Board's practices and procedures could be further streamlined. The Regents were asked to rethink the governance of the University in light of the increasing volume of business transactions facing the Board, the increasing demands on Board members' time, and the growing roster of major policy issues requiring the attention of the Board.

At the March 1996 meeting, The Regents approved item SP-19, an amendment of Bylaws, Standing Orders, Regental policy statements, and procedures that effectively reduced the number of routine administrative items and mailings in the following subject areas: personnel (appointments and salary rates, severance agreements, temporary appointments, acting status appointments, and minor title changes), the Capital Improvement Program, rental agreements, acquisitions and sales of real property, endowed chairs, the naming of buildings and programs, academic degree titles and academic units, and the Schedule of Reports. As a direct result of the approval of SP-19, the number of routine business items and materials presented to The Regents declined by approximately 30 percent.

Since March 1996, Regents and administrators have continued to consider additional ways of streamlining the Board's practices. In the three years since SP-19 was approved, however, routine business items continue to dominate Regents' agendas while the need for substantive policy and planning discussions continues to grow. In addition, Board members have voiced understandable concern over the years concerning the amount, length, and frequency of materials that are sent to them, as well as the increasing number of routine business items they are asked to approve during each meeting. Also, there has been concern expressed regarding the frequency and cost of Regents meetings themselves, the length of each meeting, and the time constraints being endured as a result of the current meeting schedule. One of the major proposals for today's meeting, therefore, is that beginning with the January 2000 meeting, the number of Regents meetings be reduced from the current nine meetings per year (seven business meetings and two policy meetings) to six meetings per year, during which both business and critical policy matters can be more thoroughly discussed, with the help of a smaller and more streamlined agenda. The reduction in the number of Regents meetings would provide additional efficiencies as well, including time, travel, and scheduling relief for Regents, administrators, and staff throughout the UC system.

This new scheduling proposal would not, however, affect plans for the scheduling of separate campus visits, during which Regents will have the opportunity to familiarize themselves more thoroughly with the campus community, listen to campus reports, and discuss campus plans and long-range goals for the future. It is intended that campus visits will be planned each year apart from the proposed six regular meetings.

Today's proposal recommends further delegation of authority in the areas that were addressed in item SP-19 in March 1996. Based on a review of Regents' agenda history during the last two years, it is estimated that the adoption of the following proposals would reduce the current number of routine business items on Regents' agendas by approximately 20 percent.

The recommendations are as follows:

**Frequency of Regents' Meetings**

- (1) *It is proposed that effective with the January 2000 meeting, Regents meetings be reduced from 9 per year to 6 per year. The currently scheduled meetings in February, June, and October would be eliminated. The 6 remaining meetings would occur in the following months:*

*January*

*March*

*May*

*July*

*September*

*November*

Note: It is intended that separate campus visits would be scheduled throughout the year.

**Approval of Appointments and Salary Rates**

- (2) *It is proposed that Regental approval be required for all appointments and annual salary rates for the following officers: the President, the Provost and Senior Vice President, Senior Vice Presidents, other Vice Presidents, University Auditor, Chancellors, Laboratory Directors, and Principal Officers of The Regents and their chief deputies. All other appointment and salary authority would be delegated as follows:*

- *Delegate authority to the President to approve annual salary rates of \$200,000 or less.*
- *For annual salary rates in excess of \$200,000, delegate authority to the President to approve, with the concurrence of the Chairman of the Board and the Chairman of the Committee on Finance.*
- *All approved salary rates in excess of \$200,000 would be reported to The Regents by the next regular meeting.*
- *Delegate corresponding salary rate authority to the Secretary, the Treasurer, and the General Counsel of The Regents in their respective areas of responsibility. Similarly, all approved salary rates in excess of \$200,000 would be reported to The Regents by the next regular meeting.*
- *Index the salary approval level annually to the CPI and report the level increase annually to The Regents.*

Currently, the threshold rate requiring Regental action is \$160,000 or more, indexed annually to the Consumer Price Index.

### **Capital Improvement Program**

(3) *It is proposed that The Regents increase the President's authority to approve capital improvement projects and amendments as follows:*

- *Delegate authority to the President to approve projects of \$15 million or less.*
- *For projects in excess of \$15 million, up to (and including) \$20 million, delegate authority to the President, with the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance.*
- *Projects in excess of \$20 million would require Regental approval.*

Currently, the President has authority to approve projects of \$10 million or less.

### **External Financing and Borrowing Authority**

(4) *It is proposed that The Regents establish borrowing authority as follows:*

- *Delegate authority to the President to borrow funds in the amount of \$5 million or less.*
- *For amounts in excess of \$5 million, up to (and including) \$20 million, delegate authority to the President, with the concurrence of the Chairman of the Board and the Chairman of the Committee on Finance.*
- *Amounts in excess of \$20 million would require Regental approval.*

Currently, all borrowing must be approved by The Regents.

### **Real Property/Rental Agreements**

(5) *It is proposed that The Regents increase the President's authority to approve and execute leases as follows:*

- *Delegate authority to the President for leases which have an initial base annual rent not to exceed \$1 million (currently \$500,000) and an aggregated base rent over the lease term not to exceed \$20 million (currently \$10 million), and that corresponding increases be made to the Treasurer's authority with respect to investment property.*

**Acquisitions and Sales of Real Property**

- (6) *It is proposed that The Regents increase the President's authority to approve acquisitions and sales of real property as follows:*
- *Delegate authority to the President for acquisitions and sales of real property not to exceed \$20 million (currently \$5 million), and that corresponding increases be made to the Treasurer's authority with respect to investment property.*

Upon motion duly made and seconded, the Committee approved the recommendation that service of notice be waived and voted to so recommend to the Board.

Committee Chair Preuss observed that the recommendations being presented for the Committee's consideration represent a major change in the way in which the Regents conduct their business.

Chairman Davies noted that the recommendations consist of three parts: changing the meeting schedule, raising the threshold for salaries which require Regental approval, and matters relating to financing. The intention of the recommendation is to remove routine items from the agenda in order to eliminate the staff time that is involved in the preparation of these agenda items, as they are without exception approved by the Board.

Regent Davies reported that the Governor had indicated some concern about the proposal to raise the salary threshold to \$200,000 and that, as a result, the Committee would not be asked to discuss or vote on the proposal at today's meeting. A recommendation will be presented at the September meeting, following discussion of the matter with the Governor to determine what action, if any, he would support.

With respect to external financing, Chairman Davies pointed out that currently all borrowing must be approved by The Regents. He believed that it would be an important step to delegate some borrowing authority to the President.

Turning to the proposed meeting schedule, Regent Davies recalled that the last time a change was made to the schedule was in 1971. He reported that many Regents feel that the Board's Friday morning meetings are perfunctory. As a result, he has proposed that the number of meetings be reduced to six meetings per year and that the meetings take place for two full days on Wednesday and Thursday. The Board of Regents would meet at the conclusion of Committee meetings on Thursday. An important reason for the proposed change would be to free chancellors and other high-level staff from the obligation of attending nine meetings per year. The number of days that the Board members spend in meetings, however, will remain constant at approximately 12 per year. Chairman Davies pointed out that the new schedule will permit the three visits that the Regents make to the campuses each year to occur in those months when the Board does not meet. These visits afford the Regents an opportunity to interact with students, alumni, and

the community. Regent Davies also reported that Vice President Hershman believes that it will be possible for the new schedule to mesh well with the budget process.

Regent Connerly stated that, while he supported the proposed meeting schedule, he had concerns about the increased delegations of authority, which suggest that the Regents are reducing their level of oversight. He stated that he would prefer to establish a different means of oversight by retaining the current delegation to the President for capital projects at \$10 million and requiring that projects up to \$20 million have the concurrence of the Chairman of the Committee on Finance and the Chairman of the Board. He suggested that the same should apply to salaries approved by the Secretary, the Treasurer, and the General Counsel. In response to a question from Regent Parsky, he stated that his remarks were intended to cover the proposals contained in items (3) through (6). Chairman Davies stated that he would support Regent Connerly's proposal.

Regent Hopkinson expressed concern about the proposal to increase the President's authority for capital projects as she believed there should be more oversight with respect to campus buildings. A \$20 million building will consist of 30,000 to 40,000 square feet, which is not insignificant. Senior Vice President Kennedy noted that the recommendation would not preclude the Regents from reviewing the design of campus buildings. Regent Hopkinson suggested that all recommendations pertaining to a project be presented to the Regents concurrently, including the Environmental Impact Report, the design, and the financing. With respect to salaries, she felt that Regental oversight should be based on positions rather than dollar amounts. Faculty salary levels, for example, should be set by the campus, with approval of the President, while deans, vice chancellors, and chancellors should have their salaries set by the Board. Regent Preuss agreed that the Regents should be aware of the types of salaries that are being paid to campus administrators.

With respect to item (6) pertaining to acquisitions and sales of real property, Regent Kozberg believed that the authority of the President and the Treasurer should remain at \$5 million and that authority up to \$20 million should require the concurrence of the Chair of the Committee on Finance, the Chair of the Committee on Grounds and Buildings, and the Chairman of the Board.

General Counsel Holst pointed out that the real property under consideration would be non-campus property and thus would not fall under the purview of the Committee on Grounds and Buildings. All of the matters falling under the recommendations contained in items (3) through (6), if being handled as interim items, would go to the Chairman of the Board and the Chair of the Committee on Finance. However, the Chair of the Committee on Grounds and Buildings should also be consulted on matters pertaining to the Capital Improvement Program.

In response to a question from Regent Hopkinson, Senior Vice President Kennedy explained that there are several steps which must be followed which preclude all of the aspects of a capital project from being considered by the Regents at the same time. Under the Bylaws, a proposed project requires the amendment of the capital budget. In addition, an item is required which seeks funding for the project.

Once that has occurred, the design and the Environmental Impact Report are submitted to the Committee on Grounds and Buildings. When that approval is in place, the campus proceeds with working drawings, and at the appropriate time the Treasurer secures external financing for the project. If the President's authority were increased to up to \$20 million, the project would be put in the capital budget, with the appropriate Regental concurrence. If the project were under \$20 million, borrowing could be authorized under the appropriate delegation so that the University could proceed with the project. When the design was complete, it would come to the Board, through the Committee on Grounds and Buildings, for review and approval of the design and the Environmental Impact Report. At that point the Treasurer would borrow the external funds and the University would proceed to build the project.

Regent Khachigian stated that she would support the new meeting schedule because the two-day meetings would provide the opportunity for the Regents to give their full attention to matters on the agenda. She stressed that it was also important that the Regents commit to attending the campus visits, noting that the campuses put a great deal of effort into presenting the scope of their activities.

Regent Taylor suggested that, with respect to item (6), the concurrence of the Chair of the Committee on Investments be required for matters involving the Treasurer's authority regarding investment property. Chairman Davies concurred with this interpretation.

Regent S. Johnson reported that originally she had had some concerns about the proposal to change the meeting schedule because the Board of Regents represents a public trust for the people of the State of California, and anything that would reduce the Board's oversight should be weighed carefully. She indicated, however, that she would be willing to give the proposal a trial run. Regent Johnson suggested that the Committee adopt the meeting schedule change but defer any decisions on items (3) to (6) to the September meeting. President Atkinson asked that the Committee act at today's meeting, regardless of what decision it may make, rather than carry the matter over to the September meeting. Regent Hopkinson believed that all changes should be effective on January 1, 2000.

Regent Davies informed the Committee that, in consultation with the General Counsel, he had concluded that it would be best to approve items (3) through (6) in principle and direct that the appropriate changes to the Bylaws be brought to the Committee for approval at its September meeting.

Regent Parsky pointed out that the proposals will not change anyone's underlying authority but rather will increase the dollar amounts tied to that authority. General Counsel Holst confirmed that there was no intention to transfer authority from one Officer to another. Regent Parsky noted that the Treasurer presently has the authority to acquire and sell property up to \$5 million; upon approval of the proposal, the Treasurer, with the concurrence of the relevant chairmen, will have the authority to acquire and sell property up to \$20 million.

President Atkinson stressed that the language in items (3) through (6) will be rewritten and brought to the Regents for approval in September.

Upon motion of Regent Davies, duly seconded, the Committee approved the following substitute motion and voted to present it to the Board.

1. Effective with the January 2000 meeting, Regents meetings be reduced from 9 per year to 6 per year. The currently scheduled meetings in February, June, and October would be eliminated. The 6 meetings would be held for a full day on Wednesday and Thursday rather than a full day on Thursday and a half day on Friday.
2. The Regents approve in concept the recommendations contained in items (3) through (6) of RE-20, with the understanding that actions within the increased thresholds be approved by the President or the Treasurer only with the concurrence of the Chairman of the Board and the Chair of the Committee on Finance for areas within the authority of the President and only with the concurrence of the Chairman of the Board and the Chair of the Committee on Investments for areas within the authority of the Treasurer. In addition, matters affecting changes to the Capital Improvement Program would require the concurrence of the Chair of the Committee on Grounds and Buildings.
3. The recommendations pertaining to items (3) to (6) of RE-20 be brought back to The Regents at the September 1999 meeting for final approval.

Regent Kozberg noted that the proposal contained in item (1) of the recommendation did not make specific reference to the meetings being held on Wednesday and Thursday and asked that the administration work with the ex officio Regents to accommodate this schedule change. Regent Montoya shared this concern and asked that these Regents be apprised of the meeting date changes.

Regent Davies informed the Committee that the only request that had been received from ex officio members was that a specific issue be scheduled on Thursday afternoon. There has never been a request that a matter be scheduled for Friday.

The meeting adjourned at 4:50 p.m.

Attest:

Secretary

