

The Regents of the University of California

SPECIAL COMMITTEE ON REGENTS' PROCEDURES

May 25, 2005

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

Members present: Regents Dynes, Kozberg, Marcus, Parsky, and Preuss; Advisory member Blumenthal

In attendance: Regent Anderson, Secretary Trivette, General Counsel Holst, Senior Vice President Mullinix, Chancellor Tomlinson-Keasey, and Recording Secretary Bryan

The meeting convened at 3:58 p.m. with Committee Chair Marcus presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of March 16, 2005 were approved.

2. **AMENDMENT OF GUIDELINE FOR SERVICE ON THE COMMITTEE ON AUDIT**

From its meeting of April 15, 2005, the Nominating Committee recommended that the Special Committee on Regents' Procedures recommend to The Regents that the Guideline for Service on the Committee on Audit adopted on March 17, 2005, be amended as follows:

addition shown by underscoring

C. The spouse of a Committee member may not be employed by the University of California.

It was recalled that the following guideline had been approved by The Regents on March 17, 2005:

Guideline for Determination of Board Member Independence

Members of the Board of Regents nominated for service on the Committee on Audit must be independent. Independence shall be determined by the Nominating Committee, after consideration of the standards set forth below.

In order to be considered independent:

- A. Regents may not be partners, members, executive officers or hold similar positions with law firms, accounting firms, consulting firms, investment banks, or financial advisory firms doing business with the University.
- B. Regents may not be employees or affiliates of any outside entity doing substantial business with the University.
 - (1) An affiliate is one who is in a position to control the direction of the management and policies of the entity through ownership of voting securities, by contract, or otherwise.
 - (2) The definition of "substantial business with the University" will be determined by the Nominating Committee after receiving a recommendation from the Senior Vice President–Business and Finance and the General Counsel at the time appointments are made.

Following adoption of the Guideline, it was forwarded to the Nominating Committee for its use in determining Committee assignments for 2005-06. In its deliberations, the Nominating Committee reached a unanimous consensus to include the requirement that the spouse of a Regent nominated for the Committee on Audit may not be employed by the University of California.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board.

3. **PROPOSED AMENDMENT TO BYLAW 12.3, COMMITTEE ON FINANCE AND BYLAW 12.4, COMMITTEE ON GROUNDS AND BUILDINGS PERTAINING TO NON-STATE-FUNDED MAJOR CAPITAL PROJECTS**

The President recommended that, following service of appropriate notice, the Special Committee on Regents' Procedures recommend to The Regents that Bylaw 12.3, Committee on Finance, be amended as follows:

deletions shown by strikeout

- e. Except as otherwise provided in the Bylaws and Standing Orders, consider matters relating to the external financing of projects as defined in Bylaw 21.4(e)¹ and Standing Order 100.4(nn),² ~~and recommend for~~

¹ Bylaw 21.4(e) delineates the Treasurer's responsibilities and delegation of authority for the collection of moneys owed to the University from bonds, stock dividends, and notes secured by real investment property held and any recent or incidental payments owed arising from investment ownership.

² Standing Order 100.4(nn) outlines the President's management of the external financing of the corporation.

~~confirmation by the Board the external borrowing of funds by the Corporation.~~

and that Bylaw 12.4, Committee on Grounds and Buildings, be amended as follows:

- c. Consider capital improvement requests as defined in Standing Order 100.4(q)³ and, ~~with the concurrence of the Committee on Finance,~~ make recommendations in connection therewith to the Board.

It was recalled that for major capital projects, initial approval of the budget, budget augmentations, certification of the Environmental Impact Report, and the design and scope reside with The Regents' Committee on Grounds and Buildings. If external financing for the project is required, the Committee on Finance considers the request. Final project approval is by the full Board.

In general, the Committee on Grounds and Buildings is focused on the project's budget as it relates to resource allocation, with approval authority for all fund sources with the exception of external financing. The Committee on Finance approves a project's external financing and, therefore, reviews its financial feasibility as it relates to debt. Increasingly, projects are supported by multiple fund sources, including external financing. Those projects whose funding sources include external financing must be approved by both Committees. Each Committee conducts an in-depth review of different aspects of the project, and neither Committee is charged to review, as a single item, the project's budget, financial feasibility, scope, and design.

Proposed Change

In accord with the practice of discontinuing joint meetings of the Committee on Grounds and Buildings and the Committee on Finance, and in recognition of the Regents' need to have complete information and best to use their time, it is proposed that the Bylaws be amended to transfer the consideration and review of the external financing of projects from the Committee on Finance to the Committee on Grounds and Buildings. This will allow a project to be presented fully, in all aspects, to a single Committee and then to the Board for its consideration. The rigor of the financial feasibility analysis would remain the same.

It is further proposed that the Committee on Grounds and Buildings and the Committee on Finance would receive at the November meeting a fiscal-year report summarizing the previous year's approved external financing. This report would be provided in conjunction with the annual submission to The Regents of the *Budget for Capital Improvements* and the *Non-State Capital Program*. The Committee on Finance, by

³ Standing Order 100.4(q) states the delegations of financial approval authority to amend the Capital Improvement Program.

retaining the broad oversight responsibility for the University's debt on an aggregate basis, helps to direct the Committee on Grounds and Buildings' external financing approving authority. With this change, the project's financial feasibility, with its budget, scope, and design, would be coordinated and reviewed by one Committee, thereby allowing the Regents a comprehensive presentation and review of each major capital commitment and its impact on the University's mission.

Next Step

Once notice has been served, the amendment will return to The Regents for action at its next meeting.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

4. **ACCESSIBILITY OF REGENTS MEETING PRESENTATION MATERIALS**

Regent Anderson recommended adoption of the following policy:

Material that is presented in Open Sessions of Regents meetings in the form of a written report or visual presentation will be mailed with pre-meeting agenda materials or, if that is not possible, will be distributed to Regents and made available on the Internet as soon as possible after the meeting.

It was recalled that since 2003, at the direction of then-Chairman Moores, those who submit items and presentations for Regents meetings have been notified that presentations should be delivered for inclusion in the agenda books that are mailed in advance of the meetings and for posting on the Internet as early as possible. It is the goal of Office of the President staff and presenters to ensure that this becomes standard practice.

There may be occasions when posting material in advance of the meetings would not be possible. For example, presentations on developing legislative or budgetary matters may reach final form shortly before the pertinent Regents' Committee session convenes. Nonetheless, making it a matter of regular practice to have all reports made during Open Sessions of Board meetings publicly accessible directly after the meetings, if they were not already accessible before, would benefit both the Board and the public.

Regent Anderson believed that adopting the process as policy would ensure that the standard of the Office of the President is met. She believed that information could be made available to the Board and the general public in a more timely manner. Although it may not be possible to have early access to presentations and reports consistently, timing to allow for information to be posted on the Internet and included in the agenda mailings should be built into the process. In those instances when this is not possible, the information should be readily accessible on the Internet. All of the reports that are made

during open sessions of the Board should be made publicly accessible promptly after meetings.

Regent Preuss supported the idea of having all Regents' materials on the Internet. He suggested that not only all reports which are public be placed on the Internet, private ones should be there also, password protected, to enable Regents to prepare for meetings using only the Internet. He believed that minutes should receive the same treatment.

Committee Chair Marcus reported that the Committee is working on ways to simplify how business is done so that the Regents have more time to concentrate on major issues. While he agreed that the material should be readily available, he was uncertain as to the wisdom of creating policies to govern the process. Cost, time, appropriateness, and subject matter must be considered.

President Dynes agreed that Regent Anderson's request for easily available information was appropriate, but he noted that coordinating the preparation before Regents meetings is challenging for the Office of the President; trying to establish policies to enforce specific practices would make the task of preparation impossible.

Senior Vice President Mullinix emphasized that for the past three years the administration has been trying to effect the changes that Regent Anderson supports. He believed that important advances had been made during that time: powerpoint presentations are included in the agenda mailing, items include executive summaries, and pertinent materials are mailed between mailings. He noted also that the Regents' materials are mailed further in advance of the meetings, some of the material is on CDs, and the packets have been condensed and paginated. Further consideration will be given to putting certain materials on the Web instead of mailing them.

President Dynes suggested finding a way to measure the progress of this initiative. Mr. Mullinix suggested that after meetings he and Secretary Trivette analyze why specific materials did not meet Office of the President deadlines for submission and guidelines for formatting.

Chancellor Tomlinson-Keasey provided a campus perspective. She reported that, in order for the Regents to consider information at this month's meeting, the campus had to have submitted it to the Office of the President in early April. It has been the practice to meet this challenge by putting general information in the items and then updating it at the meetings. If presentations had to reach the Office of the President at the same time as items, it would not be possible for the information to be current.

Faculty Representative Blumenthal agreed that items discussed in public session should be available immediately on the web. He noted that the Academic Senate had adopted a rule for the Academic Council whereby any agenda of more of than 100 pages must be distributed electronically only. It is the responsibility of the recipient to print it if they so wish.

Regent Kozberg supported all the suggestions but believed they should remain as procedures rather than policies.

Regent Preuss commented that he was a member of the group that was examining the Regents' general policies and procedures. He agreed that the Regents' meeting preparation process should be responsive to stated goals and not to policies. He emphasized that making all materials available on the Internet after the meetings would benefit Regents who had not been able to attend.

Committee Chair Marcus requested Senior Vice President Mullinix to analyze the issues under discussion and prepare a simple paper, for discussion at the next meeting, summarizing what is feasible. It may turn out that reaching some of the goals would be too costly and disruptive. He believed that President Dynes should be allowed to retain some flexibility in determining priorities and overseeing the meeting preparation process.

Regent Anderson believed that it would be valuable at least to have some written guidelines concerning meeting material preparation and dissemination.

5. **CHAIRMAN'S REMARKS CONCERNING REORGANIZATION OF REGENTS' ACTIVITIES**

Committee Chair Marcus recalled that the Committee was conducting an evaluation that will culminate in a white paper that suggests what is possible, probable, and desirable for making the Regents' interaction and organization more effective. He was hopeful that the results could be stated relatively simply. He reported that he had received feedback from many sources. The Committee's goal is to give more decision-making power to those who are in the position to make those decisions and to establish clearer policies upon which they can rely when making them. He believed that changes could be instituted that would free individuals to focus their energies in creative and productive ways rather than be bogged down on issues of limited importance. A summary of the Committee's efforts will be presented in advance to Chairman Parsky, President Dynes, and Senior Vice Presidents Darling and Mullinix for response.

Committee Chair Marcus noted that discussion and deliberation are part of the culture of higher education, often at the expense of activities and results. Although the University is not a corporation, he believed it would be advantageous to find a balance between the two cultures. Among possible procedural changes are a reduction in the number of meetings and further delegation of authority to the Office of the President. Another consideration is to have more off-cycle Committee meetings. Since the Committee on Grounds and Buildings has done this, it has become better run, is more effective, and makes better decisions, and it is no longer necessary to burden all Regents with voluminous environmental reports. The Committee members must attend all-day meetings, but encumbering the entire Board is avoided.

Chairman Parsky believed that it would be useful to try to identify what the Regents should be deciding as a general frame of reference and, following that, determine how to

organize the meetings to get those decisions made. If it is decided, for instance, that compensation and other items that are now addressed by the Committee on Finance should be addressed by The Regents, it may not be appropriate to have all financial matters remain under one committee; budget and compensation matters could be divided.

Committee Chair Marcus believed that it was key for the Regents to trust each other's judgment to a greater degree. President Dynes observed that other Regents now had more confidence in the decisions of the Committee on Grounds and Buildings, knowing that its members had tightened their focus on the issues.

Regent Marcus also suggested the formation of an executive committee that would be permitted to carry out the business of the University between meetings. There are many matters which, if delayed, can be very costly. He was not confident, however, that the Regents would ever feel comfortable enough to delegate authority to such a committee.

Chairman Parsky noted that all of the previous discussion was pertinent to the Committee's analysis. He believed that Regents should take in-depth responsibility for the Committees to which they belong and that if Committees could meet off schedule, they and the Board would be more efficient.

Regent Preuss commented that it would be an interesting exercise to consider what level of decision the Regents should be involved in generally. Regent Marcus noted that, as an appointed board, the members had varying opinions concerning the optimal level of their individual involvement in specific issues.

The meeting adjourned at 4:35 p.m.

Attest:

Secretary