







on the board of a textbook publishing company; this service had been approved by former President Yudof. Given this context, the Regents added the criteria of reputational risk and the appearance of conflict of interest to the Policy. Because these criteria can be subjective, additional levels of review were provided. The number of permitted outside compensated activities was reduced from three to two. Only four SMG members currently have three such activities, and they would be allowed to continue these activities, for reasons of fairness and based on legal considerations; at the time of hiring, they were given to understand that three outside compensated activities were permitted.

In response to a question by Regent Elliott, Committee Chair Reiss explained that permission for the four SMG members to continue with three outside compensated activities was based on advice from General Counsel. General Counsel Robinson stated that there are certain legal risks in this situation. Committee Chair Reiss emphasized that the Policy criteria of conflict of time and commitment would apply to these individuals.

President Napolitano referred to the situation of SMG members hired with the understanding that they could serve on three compensated outside boards and stated her view that it would be unwise for the University to make a retroactive change to that condition. This might create difficulties in future SMG hiring. The other additional criteria for review of outside professional activities were appropriate.

Committee Chair Reiss observed that almost no universities or colleges in the U.S. impose a limit on the number of outside professional activities for their senior managers; instead, these institutions focus on the criteria of conflict of time and conflict of interest.

Regent Elliott, President Napolitano, and Committee Chair Reiss concurred that further review and clarification of how the revised Policy and the limit on the number of compensated outside activities would apply to current and future SMG members would be helpful. Chair Lozano requested such a review and clarification. Regent Pattiz noted that contracts in the corporate world can be altered when there are changes in circumstances.

Executive Director Dennis Larsen explained that the report on 2015 Compensated Outside Professional Activities covered a period when the Policy limited these activities to three for-profit boards for which an SMG member had governance responsibilities. The 2016 activities, both compensated and uncompensated, were being reviewed under new processes and standards, including assessment of real or perceived conflicts of interest and commitment, as well as reputational risk.

The meeting adjourned at 5:00 p.m.

Attest:

Secretary and Chief of Staff