

The Regents of the University of California

GOVERNANCE COMMITTEE

March 17, 2021

The Governance Committee met on the above date by teleconference meeting conducted in accordance with Paragraph 3 of Governor Newsom's Executive Order N-29-20.

Members present: Regents Anguiano, Drake, Elliott, Estolano, Lansing, Leib, Makarechian, Pérez, and Sherman

In attendance: Regent Stegura, Faculty Representatives Gauvain and Horwitz, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Brown, Executive Vice President Byington, and Recording Secretary Johns

The meeting convened at 3:25 p.m. with Committee Chair Pérez presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 19, 2021 were approved, Regents Anguiano, Elliott, Estolano, Lansing, Leib, Makarechian, Pérez, and Sherman voting "aye."¹

2. AMENDMENT OF THE SCHEDULE OF REPORTS TO THE REGENTS

The President of the University recommended that the Schedule of Reports be amended as shown in Attachment 1.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Pérez briefly introduced the item.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Anguiano, Elliott, Estolano, Lansing, Leib, Makarechian, Pérez, and Sherman voting "aye."

3. AMENDMENT OF THE CHARTERS OF THE SPECIAL COMMITTEE ON NOMINATIONS AND HEALTH SERVICES COMMITTEE

The Chair of the Board recommended that:

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code § 11123(b)(1)(D)] for all meetings held by teleconference.

- A. The Special Committee on Nominations Charter be amended as shown in Attachment 2, requiring appointment of members for one-year terms annually in September.
- B. The Health Services Committee Charter be amended as shown in Attachment 3.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Pérez briefly introduced the item.

Upon motion duly made and seconded, the Committee approved the Chair of the Board's recommendation and voted to present it to the Board, Regents Anguiano, Elliott, Estolano, Lansing, Leib, Makarechian, Pérez, and Sherman voting "aye."

The meeting adjourned at 3:30 p.m.

Attest:

Secretary and Chief of Staff

Additions shown by underscoring; deletions shown by strikethrough

SCHEDULE OF REPORTS TO THE REGENTS
[Pursuant to the Policy on Reports to Regents]

Amended July 2020 <u>March 2021</u>	Month(s) Provided to Regents
BOARD	
Annual University of California Accountability Report	July
UC Health Strategic Plan and Budget	May
Health Systems Transactions Approved by Health Services Committee (mbm) ¹	July
GOVERNANCE COMMITTEE	
Annual Reports on Executive Compensation for Calendar Year ____: (a) Incumbents in Senior Management Positions and (b) Deans and Certain Faculty Administrators (mbm)	July
Annual Report on Compensated Outside Professional Activities for Calendar Year ____: Incumbents in Senior Management Positions (mbm)	July
Semi-Annual Report on Outside Professional Activities Approved in the Preceding Six Month Period: Incumbents in Senior Management Positions (mbm)	January July
Annual Report on Compensated Outside Professional Activities for Calendar Year ____: Deans and Faculty Administrators (mbm)	January
Annual Compensation Monitoring Report for Calendar Year ____: Actions for Certain Athletic Positions and Coaches Systemwide (mbm)	July
Annual Report on Diversity in Campus and Systemwide Executive Searches	September
COMPLIANCE AND AUDIT COMMITTEE	
Biennial Report on Risk Management (mbm)	November
Annual Report on Use of Outside Counsel (mbm)	January
Annual Report on Settlements and Separation Agreements (mbm)	January

¹ mbm: Report is sent to all Regents as a mailing between meetings (mbm)

Bi-Monthly Report on New Litigation (mbm)	January March May July September November
Internal Audit Plan	July
Annual Review of External Audit of Hastings College of the Law (mbm)	March
Report on Financial Statements and Expenditures of Federal Awards in Accordance with Uniform Guidance (mbm)	March
Annual Ethics and Compliance Plan	July
Annual Report on Ethics and Compliance	September
<u>Ethics, Compliance and Audit Services Annual Report</u>	<u>November</u>
Annual Report of External Auditors for the Year Ended June 30, ____	November
Annual Report on Internal Audit Activities	November
ACADEMIC AND STUDENT AFFAIRS COMMITTEE	
Annual Report on Student Financial Support (mbm)	March
Annual Report on Undergraduate Admissions Requirements and Comprehensive Review (mbm)	March <u>May</u>
Annual Report on Self-Supporting Professional Degree Programs (mbm)	August
Annual Accountability Sub-Report on Diversity at the University of California	May <u>September</u>
University of California Technology Commercialization Report (mbm)	May
Annual Report on Implementation of Regents Policy on Student-Athletes and the Guiding Principles to Enhance Student-Athlete Welfare (mbm)	September
FINANCE AND CAPITAL STRATEGIES COMMITTEE	
Annual Report on University Housing Assistance Programs (mbm)	January

University of California Financial Reports	November
Annual University of California Retirement Plan-Actuarial Valuation Report	November
Annual Actuarial Valuation of the University of California Retiree Health Benefit Program	November
Annual Report on Debt Capital and External Finance Approvals (mbm)	February
Annual Report on Major Capital Projects Implementation (mbm)	October
Capital Financial Plan	November
Significant Information Technology Projects	March July (mbm) November (mbm)
<u>Annual Report on Sustainable Practices</u>	<u>January</u>

HEALTH SERVICES COMMITTEE

University of California Medical Centers Reports (mbm)	March June November
Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceeds the Reporting Threshold (mbm)	November
Annual Report on Student Health and Counseling Centers and UC Student Health Insurance Plan (mbm)	March

INVESTMENTS COMMITTEE

Annual Endowment Investment Report (mbm)	December
Annual Report of the Chief Investment Officer	September

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

Annual Report on Private Support, Major Donors, and Namings and Endowed Chairs	November
Annual Report on Sustainable Practices	January

Additions shown by underscoring; deletions shown by strikethrough

Appendix J -- Charter of the Special Committee on Nominations¹

- A. Purpose. The Special Committee on Nominations shall make recommendations to the Board regarding the membership and Chairs and Vice Chairs of Standing Committees.
- B. Membership/Appointment/Term. The Chair of the Board will appoint 7 members, including a Committee Chair, to the Special Committee for one-year terms annually ~~every spring~~ in September. All members shall be voting Regents, with no advisory members.
- C. Special Provisions. The Special Committee is established as a recurring committee, with a term of one year. Regents who are not members of the Special Committee shall not attend its meetings.
- D. Board Leadership and Committee Assignments. The Special Committee shall be responsible for presenting to the Board no later than May of each fiscal year a slate of candidates for Chair and Vice Chair of the Board, Chair and Vice Chair of each Standing Committee, and the remaining members of each Standing Committee for the following fiscal year. The Special Committee shall consult with the Chairs and Vice Chairs of the Committees regarding nominations of Committee membership and leadership for the next year. The Special Committee also nominates advisors as members of Standing Committees and Subcommittees, unless otherwise specified in a Committee Charter, and nominates Regents and advisors to Standing Committees and Subcommittees when vacancies occur.

¹ Adopted 1-17-19

Additions shown by underscoring; deletions shown by strikethrough

Appendix E - Charter of the Health Services Committee

- A. Purpose. The Health Services Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the University's health professions schools, academic health centers, health systems, non-hospital clinics and student health and counseling centers ("UC Health").
- B. Membership. The Committee shall consist of ~~sixteen~~ nineteen members, constituted as follows:
- The President of the Board, serving in an ex officio capacity
 - The Chair of the Board, serving in an ex officio capacity
 - The President of the University, serving in an ex officio capacity
 - A member of the Regents Finance and Capital Strategies Committee
 - Six other Regents
 - The senior executive in the Office of the President charged with overseeing UC Health, serving in an ex officio capacity
 - Three Chancellors of University of California campuses with medical schools
 - One member in good standing of the Academic Senate, holding a clinical appointment at one of the University's health sciences schools
 - Four additional advisory members, demonstrating expertise in health care delivery management, academic health services, health care mergers and acquisitions or other relevant expertise
- C. Appointment. Except for ex officio members, all members of the Committee, and those chosen to serve as Chair and Vice Chair, shall be nominated by the Special Committee on Nominations, and approved by the Board. Candidates for the Chancellor, Academic Senate, and Advisory Member positions on the Committee shall be forwarded for consideration to the Special Committee on Nominations by the President of the University.
- D. Term. Unless otherwise specified by action of the Board, voting Regent members of the Committee, other than ex officio members, shall be appointed for a term of three years, subject to reappointment, in order to facilitate the development of expertise needed to provide effective oversight of the health enterprise. Regents who have less than three years remaining in their terms are eligible for appointment. Advisory members may serve for such terms as recommended by the Special Committee on Nominations, and approved by the Board, and shall not be subject to any term limits.

- E. Special Requirements for Chancellors/Advisory Members. Only the Regent members of the Committee shall be permitted to vote on Committee business. A Chancellor member of the Committee shall be permitted to participate on a matter primarily affecting or benefitting their campus only to the extent of presenting or assisting in the presentation of the matter to the Committee, and shall not otherwise participate in the Committee's deliberations. This limitation shall not apply when the matter is expected to affect or benefit all or substantially all UC Health campuses. External advisory members (non-Chancellors) shall meet separately with the senior executive of UC Health periodically to provide advice.

Any advisors not otherwise subject to University policy, shall be subject to the laws and policies applicable to Regents governing compensation and reimbursement of expenses, and shall be subject to conflict of interest disclosure and recusal obligations as specified in the University's Conflict of Interest Code and other applicable policies.

F. Delegated Authority Over Transactions.

1. General Delegation: Subject to the limitations and other requirements specified below, the Committee shall have plenary authority to approve the following UC Health business transactions, which, on approval, shall require no further action or authorization from the Board or any other committee:
 - alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation;
 - acquisitions of physician practices, hospitals and other facilities and clinics and ancillary services providers;
 - participation or membership in joint ventures, partnerships, corporations or other business entities; and
 - other business transactions primarily arising from or serving the programs or services of UC Health.
2. Further Delegation: With review and approval of the Chair or Vice Chair of the Health Services Committee, the President may approve any UC Health transaction that can reasonably be anticipated to commit or generate no more than the lesser of (i) 1.5% of the relevant Medical Center's annual operating revenue for the previous fiscal year, or (ii) \$25 million and when combined with other transactions approved by the President for a particular Health Center in the current fiscal year, would reasonably be anticipated to commit or generate no more than the lesser of (i) 3% of the relevant Health Center's annual operating revenue for the previous fiscal year, or (ii) \$50 million; nor to any transaction involving more than one Medical Center.
3. Exclusions From Delegations:
 - When a transaction is predominantly (by revenue committed or generated) a real estate transaction; or

- when a transaction includes issuance of debt; or
- when a transaction is anticipated to generate or commit more than 3% of the annual operating revenue of the sponsoring health center(s), as reflected in the audited financial statement(s) for the most recent fiscal year; or
- when a transaction, when combined with the value of other transactions approved by the Committee in the current fiscal year, reasonably is anticipated to generate or commit more than 5% of the annual operating revenue of the sponsoring health center(s), as reflected in the audited financial statements for the most recent fiscal year.

G. Delegated Authority Over Appointments and Compensation.

1. When the appointment of or compensation for an employee serving UC Health or any of its components, whose compensation is paid solely from sources other than State general fund support to the University, otherwise requires approval from the Regents or a Committee of the Regents, the Health Services Committee may review and approve such appointment and/or compensation without further Regents action.
2. The Committee shall develop a benchmarking framework for use in evaluating compensation proposals that may be approved under the authority delegated in paragraph G(1). The benchmarking framework shall identify peer institutions against which UC Health competes for high level positions and identify external salary data for positions comparable to those that may be approved by the Committee. The benchmarking framework shall be reviewed and approved by both the Health Services Committee and the Governance Committee at least every two (2) years. The Health Services Committee and the Governance Committee shall also approve any new UC Health positions in the Senior Management Group and their corresponding salary ranges for positions that are not State-funded without further Regents action.

H. Other Oversight Responsibilities. In addition to the authority described above, the Committee may review and make recommendations with regard to the following matters and/or with regard to the following areas of the University's business:

- The general operation of UC Health
- Functions and operations of the governing body of each of the academic health centers
- Systemwide or regional UC Health initiatives
- Patient care and the cost, quality and accessibility of service
- Development of health system performance dashboards
- Strategic plans and budgets for UC Health
- Issuance of debt that may affect UC Health clinical strategy

- Real estate transactions that may affect UC Health clinical strategy
- Capital improvements that may affect UC Health clinical strategy
 - The Health Services Committee shall consider proposals for plans for improvements and capital improvement requests involving UC Health or any of its components prior to or concurrent with consideration, recommendation, or approval by the Finance and Capital Strategies Committee. This requirement applies only to those capital projects that are related to patient care or research, or are otherwise of strategic importance to UC Health.
- Health system acquisitions, affiliations and alliances (for matters not covered by the Committee's delegated authority)
- Health system procurement
- Health system appointments and compensation (for matters not covered by the Committee's delegated authority)
- Health system incentive compensation programs
- Participation in government health care programs and contracts with private health plans
- University health benefits self-insurance programs under UC Health (e.g., UC Care)
- Health information privacy, security and data protection
- Regulatory compliance
- All other matters significantly affecting UC Health

The delegation and assignment of responsibilities to this Standing Committee under Paragraphs ~~G~~ F through ~~I~~ H signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee, to the Board or to any other Committee.

- I. Administrative Committees. Notwithstanding any other University policy, the Regent members of the Committee shall be permitted to serve on committees or work groups established by the President of the University or other University administrators for the conduct of the business of UC Health.
- J. Reporting. In addition to the reports required under Bylaw 24.11, the Committee shall deliver to the Board the following reports, which may be in writing, on at least an annual basis:
 - The UC Health strategic plan and budget, presented to the Board for review
 - A report on the status of the University student health and counseling centers
 - A written report on the status of all health system transactions approved under the Committee's delegated authority during the previous three years