

GOVERNANCE COMMITTEE

May 13, 2021

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. **ACCEPTANCE OF THE REPORT OF THE REGENTS WORKING GROUP ON INNOVATION TRANSFER AND ENTREPRENEURSHIP**

The Committee recommends that the Regents accept the Report of the Regents Working Group on Innovation Transfer and Entrepreneurship.

Committee vote: Regents Anguiano, Elliott, Estolano, Lansing, Leib, Pérez, and Sherman voting “aye.”

Board vote: Regents Anguiano, Butler, Cohen, Drake, Elliott, Estolano, Guber, Kounalakis, Lansing, Leib, Mart, Muwwakkil, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Stegura, and Sures voting “aye.”

2. **ADOPTION OF REGENTS POLICY ON INNOVATION TRANSFER AND ENTREPRENEURSHIP**

The Committee recommends that the Regents adopt the Policy on Innovation Transfer and Entrepreneurship, as shown in Attachment 1.

Committee vote: Regents Anguiano, Elliott, Estolano, Lansing, Leib, Pérez, and Sherman voting “aye.”

Board vote: Regents Anguiano, Butler, Cohen, Drake, Elliott, Estolano, Guber, Kounalakis, Lansing, Leib, Mart, Muwwakkil, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Stegura, and Sures voting “aye.”

3. **ESTABLISHMENT OF REGENTS’ SPECIAL COMMITTEE ON INNOVATION TRANSFER AND ENTREPRENEURSHIP**

The Committee recommends that the Regents:

- A. Establish the Special Committee on Innovation Transfer and Entrepreneurship for a two-year period, effective upon approval, and review the need for an extension no later than May 2023; and
- B. Adopt the Charter of the Special Committee on Innovation Transfer and Entrepreneurship, as shown in Attachment 2.

Committee vote: Regents Anguiano, Elliott, Estolano, Lansing, Leib, Pérez, and Sherman voting “aye.”

Board vote: Regents Anguiano, Butler, Cohen, Drake, Elliott, Estolano, Guber, Kounalakis, Lansing, Leib, Mart, Muwwakkil, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Stegura, and Sures voting “aye.”

4. AMENDMENT OF BYLAW 23.5: AUTHORITY AND DUTIES OF PRINCIPAL OFFICERS

The Committee recommends that:

- A. Following service of appropriate notice, the Regents amend Bylaw 23.5(d) – Authority and Duties of Principal Officers, as shown in Attachment 3, provided such Bylaw amendment will not become effective if the Board does not accept the Report of the Working Group on Innovation Transfer and Entrepreneurship; and
- B. The President of the University or his designee, in consultation with the General Counsel, will take such actions as are appropriate with respect to conflicting University policy/guidelines to effectuate the amendment of Bylaw 23.5(d) as they relate to an Authorized Campus.

Committee vote: Regents Anguiano, Elliott, Estolano, Lansing, Leib, Pérez, and Sherman voting “aye.”

Board vote: Regents Anguiano, Butler, Cohen, Drake, Elliott, Estolano, Guber, Kounalakis, Lansing, Leib, Mart, Muwwakkil, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Stegura, and Sures voting “aye.”

Regents Policy XXXX: Policy on Innovation Transfer & Entrepreneurship

POLICY SUMMARY/BACKGROUND

This policy is in response to the findings and recommendations formed by the Regents Working Group on Innovation Transfer and Entrepreneurship from December 2019 to April 2021.

The purpose of this policy is to ensure that the University's innovation transfer and entrepreneurship programs – at both the campus and systemwide levels – achieve the following objectives:

- Promote the translation of UC's discoveries into useful products, services, and innovations that not only provide value to individuals and society, but also endeavor to uplift the human condition;
- Inspire the passion of our faculty and student inventors, as well as provide the problem-solving and collaborative support necessary to translate those ideas into real-world solutions having societal benefit; and
- Pursue fair value for our intellectual property so UC can continue to grow its excellence in scholarship, research, and global impact.

POLICY TEXT

A. Governance

The responsibility, authority, and accountability for innovation transfer and entrepreneurship shall reside generally with the campuses. Those campuses with defined strategies, as well as adequate programmatic infrastructure and internal controls, will have the authority and flexibility necessary to execute its charge.

The Office of the President shall continue to play an important role in facilitating the success of UC's innovation transfer enterprise by supporting and facilitating the execution of campus-based strategies and solutions. Its highest and best value comes in leveraging the power and potential of its ten campuses and to perform services no one campus can cost-effectively do on its own, as well as coordinating or addressing multi-campus needs.

B. Funding

The University shall endeavor to provide or raise funds to provide seed capital for early stage development and nascent innovations that have market potential to help the University meet its mission, as identified above.

C. Policy

The University shall periodically review, update and modernize those policies which are core to governing its innovation transfer and entrepreneurship enterprise, as necessary, but no less than every five years.

D. Culture / Reputation

With input from both internal and external stakeholders, the University shall take actions to create an environment encouraging and valuing translational research, innovation, and entrepreneurship on par with other UC enterprises and fields of scholarship and research.

E. Innovation Management System

The University shall endeavor to operate and maintain a state-of-the-art Innovation Management System to handle the IT infrastructure needs of its innovation transfer enterprise, including, at a minimum:

- Marketing and business development;
- Patent Prosecution;
- Intellectual property tracking and management;
- Accounting, billing, and revenue distribution; and
- Stakeholder and client relationship management

F. Performance Metrics

The University shall develop goals and measure innovation transfer and entrepreneurship activities with respect to the following: public impact; short and long-term financial returns; customer satisfaction; impact on students; and the participation of women, person with disabilities, and other historically marginalized groups.

REPORTING

The Office of the President shall provide an annual written report detailing progress, successes, failures, and barriers to implementation for each of the areas under Policy Text.

RELATED DOCUMENTS

Report of the Regents Working Group on Innovation Transfer and Entrepreneurship

Charter of the Special Committee on Innovation Transfer and Entrepreneurship

A. Purpose / Oversight Responsibilities

The charge of the Special Committee on Innovation Transfer and Entrepreneurship is as follows:

1. Oversight of the successful implementation of the proposals detailed in the May 2021 report of the Regents Working Group on Innovation Transfer and Entrepreneurship.
2. The exploration and development of additional solutions serving to further optimize the manner in which the University of California promotes innovation transfer and entrepreneurship, and translates its discoveries into practical products, services, and innovations having societal impact. These include, but are not limited to:
 - i. Improving the manner in which UC protects its intellectual property rights, including contract enforcement.
 - ii. Promoting the more inclusive participation of students in translational research, innovation, and entrepreneurship.

B. Duration

The Special Committee on Innovation Transfer and Entrepreneurship shall be established for two years, effective upon approval by the Regents.

C. Membership / Appointment / Term

The Special Committee shall be comprised of no fewer than five Regents and a quorum of the committee shall be a majority of voting members. The Special Committee may include non-voting advisory members, including Chancellors and/or UC-affiliated and external individuals.

Appointments will be made by the Chair of the Board for one-year terms. The initial appointments will be made in consultation with the Chair and Vice Chair of the Regents Working Group on Innovation Transfer and Entrepreneurship established in 2019.

D. Expert Advisors

As necessary to conduct its business, the Special Committee shall have the authority to retain ad-hoc advisors with expertise relevant to the work of the Committee. Appointments will be made by the Chair of the Special Committee.

Any advisors not otherwise subject to University policy, shall be subject to the laws and policies applicable to Regents governing 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.

D. Reporting

The Special Committee shall report at least annually to the Board on progress.

Addition shown by underscoring

Bylaw 23. Officers of the Corporation

23.5 Authority and Duties of Principal Officers.

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(d) Chief Investment Officer

The Chief Investment Officer serves as the chief University official having charge of all investment matters pertaining to the Corporation and University. The Chief Investment Officer provides advice and counsel to the Regents, to Board leadership and to University leadership regarding investment policy and performance and has direct access to the Board. The Chief Investment Officer oversees the acquisition, management and disposition of all assets held for investment purposes, as directed by Regents Policy, the Board and/or the President of the University, and acts as the custodian of all investment assets belonging to University; however, the Chief Investment Officer and the President will each have authority over the acquisition, management and disposition of all equity received by University campuses pursuant to licensing, incubator/accelerator activities and other commercial arrangements. Subject to the administrative oversight of the President of the University, the Chief Investment Officer provides investment services to the University and oversees all investment managers retained by the University to deliver such services. The Chief Investment Officer reports to the Board and to the President of the University. The Chief Investment Officer is expected to report to the Board any significant concerns regarding the Office of the President that could result in substantial financial, reputational or other harm to the University. With regard to audits and investigations of the Office of the President, the Chief Investment Officer reports solely and exclusively to the Board.