

# **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

November 16, 2017

The Regents of the University of California met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents Anguiano, De La Peña, Guber, Kieffer, Lansing, Lemus, Lozano, Makarechian, Mancina, Monge, Napolitano, Newsom, Ortiz Oakley, Park, Pattiz, Pérez, Sherman, Tauscher, and Torlakson

In attendance: Regents-designate Anderson, Graves, and Morimoto, Faculty Representatives May and White, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Brown, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Vice President Brown, Chancellors Block, Blumenthal, Christ, Hawgood, Khosla, Leland, May, Wilcox, and Yang, and Recording Secretary McCarthy

The meeting convened at 9:00 a.m. with Chair Kieffer presiding.

## **1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meeting of September 14, 2017 were approved.

## **2. PUBLIC COMMENT**

Chair Kieffer explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

- A. Ms. Rebecca Grady, of the UC Irvine Associated Graduate Students and the UC Graduate Professional Council, commented that UC has expressed its commitment to Title IX protection and procedures, but graduate students with allegations against their advisors still struggle because their advisors have sole control over their educational futures. An investigation could remove the one person that allows the graduate student and her laboratory mates to continue their education. Ms. Grady asked the Regents to develop a policy of protection for funding and retention of advising for students working for an advisor accused of misconduct.
- B. Ms. Zoe Broussard, external vice president of Associated Students of the University of California, Irvine and chair of University Affairs for the UC Students Association, stated that the prevalence of hate speech on many UC campuses is harmful to students' mental health and the overall campus climate. She urged investment in research to analyze the impact of hateful rhetoric on students' mental health and ability to complete their schooling. She urged each UC campus to create

a mechanism to address community healing and increase access to racial trauma specialists.

- C. Ms. Sarah Abdeslahian, UC Berkeley student, invited the Regents to visit the Berkeley campus and other UC campuses to familiarize themselves with each campus' unique challenges. She urged Chair Kieffer to sponsor an initiative to encourage the Regents to visit the campuses and interact with UC students.
- D. Mr. Rigel Robinson, UC Berkeley student, spoke about student hunger and homelessness on UC campuses. During this Hunger and Homelessness Awareness Week, students across UC were putting on events to showcase this issue and connect needy students with campus resources. He stated that most efforts to address student hunger and homelessness have been student-initiated, and cited several examples on the Berkeley campus. Best practices should be implemented by the campuses rather than having to be run by students.
- E. Ms. Rubyd Olvera, UC Riverside student representing the UC Undocumented Student Coalition, requested that emergency funds be made available to all undocumented students for housing, food, and medical bills, and that immigration status not be considered in applications to graduate programs. All students should be supported, regardless of their immigration status.
- F. Ms. Jacquelyn Holmes, UC San Diego employee, commented on the increasing expense of post-retirement health benefits, which are not vested. UC's ability to attract and retain talented workers could be affected if proposed changes increase the cost of health benefits to current and future retirees. UC depends on its dedicated staff and faculty.
- G. Ms. Pat Rosenbaum, UCSF administrative assistant for 15 years and member of Teamsters Local 2010, said that to change the previously established 70 percent floor for the University contribution to UC retiree health benefits was disingenuous, as it would be reneging on an agreement.
- H. Mr. Jason Rabinowitz, secretary-treasurer of Teamsters Local 2010, said that UC should keep its promise for retiree health benefits to its workers. UC employees do not work at UC to become rich, but because they believe in UC's mission of public service to UC students and the community, and because of the promise of fair benefits including retiree health benefits after a career of service to UC. The average pension of UC clerical Teamster members was currently about \$22,000 a year. Even with current retiree health benefits, one-quarter of that amount was sometimes needed to cover retiree health benefits. With the proposed changes, the cost of medical insurance could cost most of a retiree's pension. This would be unacceptable. Close to 1,000 UC Teamster members had signed a petition demanding that UC rescind the proposal and meet its promise to provide affordable medical coverage for UC's retirees.

- I. Ms. Ella Smith, UC Berkeley first-year student, expressed her view that there was an insufficient relationship between UC students and the Regents. It is expensive and impractical for students to attend Regents meetings at UCSF. Input from students could be valuable in improving the University.

3. **REMARKS OF UC STUDENT ASSOCIATION PRESIDENT**

President Napolitano introduced UC Student Association (UCSA) President Judith Gutierrez.

Ms. Gutierrez thanked those Regents who attended UCSA meetings. She said that UCSA had been interviewing students to ask what the election of President Donald Trump one year prior had meant for their experience on campus. Student responses were compiled in the UCSA report “The Student Experience during the Trump Era.” Students expressed concerns about hate speech and related violence on campus, and about possible loss of health insurance. Undocumented students expressed concern about their ability to continue their education. The report includes recommendations about ways to support undocumented students, among other things. Ms. Gutierrez said some students from underrepresented groups were facing open attacks from white supremacists. The newly announced UC National Center for Free Speech and Civic Engagement could be used to help define the difference between free speech and hate speech in order to protect UC’s most vulnerable communities.

UCSA was very concerned about the effect of the proposed tax reform on students. Ms. Gutierrez asked the Regents to oppose the tax plan’s proposals to eliminate the deduction for student loan interest and to redefine tuition waivers as taxable income.

UCSA in partnership with student Regent Monge would sponsor Regents’ report cards based on a rubric of issues important to students such as Regents’ accessibility and voting records. Prior to Regents meetings, UCSA would advise Regents of votes that are UCSA priorities. Ms. Gutierrez invited the Regents to inform UCSA of planned campus visits and to schedule meetings with campus student leaders. The report cards would be shared publicly.

Ms. Gutierrez asked the Regents to reconsider the actions of Regent Pattiz who was accused of having engaged in sexual harassment at his company. UCSA has asked for his resignation, that he be banned from UC campuses, and that he be removed from his Subcommittee chairmanship.

Regent Kieffer suggested that UCSA get input from Regents about the framing of questions on the report card.

4. **COMMITTEE REPORTS INCLUDING APPROVAL OF RECOMMENDATIONS FROM COMMITTEES**

Chair Kieffer stated that Chairs of Committees and Subcommittees that met the prior day and off-cycle would deliver reports on recommended actions and items discussed, providing an opportunity for Regents who did not attend a particular meeting to ask questions.

**Report of the Academic and Student Affairs Committee**

Regent Pérez reported that the Committee considered two discussion items.

A. ***Campus Verification Practices and Policies: Recommendations from the Academic Verification Task Force***

The main recommendations of the Task Force were that (1) campuses would not use the academic verification process as a way to manage campus enrollment; (2) the University would standardize procedures for notifying students of deadlines; and (3) campuses would consider alternative practices before withdrawing a student's admission, such as placing a hold on enrollment.

B. ***Report of the Total Cost of Attendance Working Group***

Regent Pérez reported that the Committee had a vigorous discussion on the imperative for the University to look at students' total cost of attendance. The Working Group recommended that the Regents advocate for additional Cal Grant eligibility for summer and promote summer enrollment as a way to reduce time-to-degree; expand multi-year financial aid plans, as UC Santa Barbara has successfully piloted; improve measurement of the total cost of attendance; bring additional affordability information to Regents' conversations and flag decisions that impact affordability; further study strategies to limit increases in University housing and healthcare costs; create modest, progressive self-help models; leverage State support for middle-class students to enhance UC affordability; and improve the financial education of students.

The Committee discussed the desirability of coordinating students' eligibility for supplemental assistance from various sources.

**Report of the Compliance and Audit Committee**

Regent Pérez reported that the Committee considered three items for discussion and two information items.

A. ***Annual Report on Internal Audit Activities, 2016-17***

This information item was not summarized at the Board meeting.

- B. *Update on Six-Month Status Report on Implementation of Recommendations from State Audit of University of California Office of the President Administrative Expenditures*

This discussion item was not summarized at the Board meeting.

- C. *Report on Independent Assessment of Audit Implementation Status*

This discussion item was not summarized at the Board meeting.

- D. *Cyber Risk Program Update*

This information item was not summarized at the Board meeting.

- E. *Annual Report of External Auditors for the Year Ended June 30, 2017*

This discussion item was not summarized at the Board meeting.

**Report of the Finance and Capital Strategies Committee**

Regent Makarechian reported that the Committee considered 13 action items, five items for discussion, and one information item.

- A. *Consent Agenda*

- (1) *Approval of Preliminary Plans Funding, Emerson Hall Housing Replacement, Davis Campus*

The Committee recommended that the 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Emerson Hall Housing Replacement – preliminary plans – \$3,396,000 to be funded from housing reserves.

- (2) *Approval of Preliminary Plans Funding, Teaching and Learning Complex, Davis Campus*

The Committee recommended that the 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis: Teaching and Learning Complex – preliminary plans – \$3.4 million to be funded from campus funds.

(3) ***Approval of Preliminary Plans Funding, Kresge College Non-Academic, Santa Cruz Campus***

The Committee recommended that the 2017-18 Budget for Capital Improvements be amended to include the following project:

Santa Cruz: Kresge College Non-Academic – preliminary plans – \$9,661,000 to be funded from housing auxiliary reserves (\$8,127,000), student fee reserves (\$1.2 million), parking auxiliary reserves (\$100,000), and campus funds (\$234,000).

(4) ***Approval of Preliminary Plans Funding, Kresge College Academic, Santa Cruz Campus***

The Committee recommended that the 2017-18 Budget for Capital Improvements be amended to include the following project:

Santa Cruz: Kresge College Academic – preliminary plans – \$3 million to be funded from campus funds.

(5) ***Approval of Preliminary Plans Funding, Parnassus Heights Health Sciences Instruction and Research Buildings Seismic Improvements, San Francisco Campus***

The Committee recommended that the 2017-18 Budget for Capital Improvements be amended to include the following project:

San Francisco: Parnassus Heights Health Sciences Instruction and Research Buildings Seismic Improvements – preliminary plans – \$5.5 million funded from campus funds.

(6) ***Acceptance of the University of California 2018-19 Budget for State Capital Improvements***

The Committee recommended that 2018-19 Budget for State Capital Improvements be accepted as shown below:

		<b>State General Funds Financed (\$000s)</b>	<b>Phase</b>
Berkeley	Giannini Hall Seismic Safety Corrections	\$35,950	Construction
Davis	Teaching and Learning Complex	\$50,000	Construction
Riverside	Student Success Center	\$50,000	Preliminary Plans Working Drawings Construction Equipment
San Diego	Ridge Walk Academic Complex	\$50,000	Construction
San Francisco	Health Sciences Instructional & Research Life Safety Improvements	\$10,000	Construction
San Francisco	Health Sciences Instructional & Research Buildings Seismic Improvements	\$37,000	Construction
Santa Cruz	Kresge College Academic	\$2,800	Working Drawings
Systemwide	Northern Regional Library Facility Phase 4 Expansion	\$30,000	Construction Equipment
<b>Capital Projects Total</b>		<b>\$265,750</b>	
2018-19 Systemwide State Deferred Maintenance Program		\$35,000	
<b>TOTAL STATE FUNDS FINANCED</b>		<b>\$300,750</b>	

**B. *Adoption of Regents Policy on Reporting Standards for University of California Significant Information Technology Projects***

The Committee recommended that the Regents: (1) adopt Regents Policy on Reporting Standards for University of California Significant Information Technology Projects, as shown below; and (2) delegate to the President of the University the authority to establish, implement, and modify specific project development and reporting guidelines to support compliance with the policy.

## **Regents Policy on Reporting Standards for University of California Significant Information Technology Projects**

### **POLICY SUMMARY/BACKGROUND**

In response to the August 2017 State audit of UCPath and campus information technology (IT) contracts, the Regents committed to establishing standards that require all University locations to report on significant IT projects with an estimated or actual cumulative cost of \$5 million or more. The University of California Board of Regents provides oversight for significant decisions and initiatives that affect the operations and finances of the University. This policy establishes reporting standards for all University locations for significant IT projects to ensure that the Board of Regents is fully apprised of project performance, major issues, and changes in scope, and is able to provide effective high-level oversight for these projects.

### **POLICY TEXT**

#### **A. Reporting Standards**

1. All University locations – the Office of the President, campuses, medical centers, and Agriculture and Natural Resources – must report regularly to the Regents on any significant IT projects with an estimated or actual cumulative cost of \$5 million or more.
2. A report covering all University locations will be provided to the Regents no less than three times a year, including at least one presented at a regular Regents meeting. The report will itemize all IT projects costing \$5 million or more, and for those IT projects costing \$25 million or more, will provide an overview of project performance and include up-to-date information on changes in project scope, projected costs and schedule, as well as significant project risks and related risk mitigation activities.

### **COMPLIANCE/DELEGATION**

The Regents delegate to the President of the University the authority to establish, implement, and modify specific project development, management, and reporting guidelines to support University locations in complying with this policy. This authority may be redelegated to an Executive Vice President.

### **PROCEDURES AND RELATED DOCUMENTS**

See *University of California Significant IT Project Management and Reporting Guidelines*. Changes to procedures and related documents do not require Regents' approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.



C. ***Approval of Budget, Scope, and External Financing, Ridge Walk Academic Complex, San Diego Campus***

The Committee recommended that:

- (1) The 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Diego: Ridge Walk Academic Complex – preliminary plans and working drawings – \$12 million to be funded from campus funds.

To: San Diego: Ridge Walk Academic Complex – preliminary plans, working drawings, construction, and equipment – \$118,138,000 to be funded with external financing (\$68,138,000) and external financing supported by State appropriations under the process described in Sections 92493 through 92496 of the California Education Code (\$50 million).

- (2) The scope of the Ridge Walk Academic Complex project shall provide approximately 128,000 assignable square feet, including academic and administrative offices, instructional and seminar spaces, areas to support scholarly activity, as well as conference and collaborative spaces.
- (3) The President of the University be authorized to obtain external financing in an amount not to exceed \$68,138,000 plus additional related financing costs. The President shall require that:
- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
  - b. As long as the debt is outstanding, general revenues from the San Diego campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
  - c. The general credit of the Regents shall not be pledged.
- (4) The President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

D. ***Approval of Design Following Action Pursuant to the California Environmental Quality Act, Nuevo West Graduate Student Housing, San Diego Campus***

Following review and consideration of the environmental consequences of the proposed Nuevo West Graduate Student Housing Project, as required by the

California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

- (1) Certification of the Environmental Impact Report for the project.
- (2) Adoption of the Mitigation Monitoring and Reporting Program and CEQA Findings based on the analysis of environmental impacts presented in the Environmental Impact Report for the Mesa Housing Nuevo West and East Student Housing Projects.
- (3) Approval of the design of the Nuevo West Graduate Student Housing Project, San Diego Campus.

E. ***Approval of Design Following Action Pursuant to the California Environmental Quality Act, Nuevo East Student Housing, San Diego Campus***

Following review and consideration of the environmental consequences of the proposed Nuevo East Student Housing Project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

- (1) Certification of the Environmental Impact Report for the project.
- (2) Adoption of the Mitigation Monitoring and Reporting Program and CEQA Findings based on the analysis of environmental impacts presented in the Environmental Impact Report for the Mesa Housing, Nuevo West and East Student Housing Projects.
- (3) Approval of the design of the Nuevo East Student Housing Project, San Diego campus.

F. ***Authority to Indemnify Pioneer Hi-Bred International, Inc. for Potential Third-Party Claims Arising from Agreement in which Pioneer is to Provide Corn and Sorghum Molecular Transformation Service for Plant Pathogen Research Projects, Davis Campus***

The Committee recommended that the President of the University be authorized to approve and execute a Service Agreement with Pioneer Hi-Bred International, Inc. which contains an indemnification provision by which the University would have to defend, indemnify, and hold Pioneer harmless for claims and expenses brought

against Pioneer as a result of the University's provision of input material to Pioneer and University's use of the transformed material provided to it by Pioneer, except in the case of gross negligence or misconduct by Pioneer.

Due to the time involved in generation and analysis of transgenic plants, and the anticipation that the Micheltore Laboratory's research in this area will last at least through June 30, 2022, UC Davis respectfully requested that the permission granted in this item include permission to enter into future Service Agreements with Pioneer, with identical or substantially similar indemnification provisions, through June 30, 2027.

**G. *Acceptance of the 2017-27 Capital Financial Plan***

The Committee recommended that the *University of California 2017-27 Capital Financial Plan* be accepted.

**H. *University of California Financial Reports, 2017***

The Committee recommended that the 2016-17 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers be adopted.

**I. *Update on the 2020 Project, Merced Campus***

Regent Makarechian reported that the Merced 2020 Project was on time and on budget, and was planned to be operational by 2020.

**J. *Triton Pavilion for Student Resources and Community Engagement, San Diego Campus***

Regent Makarechian commented that the Committee was supportive of this project.

**K. *Report of Budget to Actual Expenditures for Fiscal Year 2016-17 for the Office of the President***

Regent Makarechian commented that this item would also be discussed in a future meeting of the full Board.

**L. *UCPath Update***

Regent Makarechian stated that this update showed that UCPath, as in the past, was behind schedule and may use all of its contingency fund. This item was of importance to all UC campuses and would also be presented to the full Board at a future meeting.

M. ***Annual Actuarial Valuation of the University of California Retiree Health Benefit Program***

Regent Makarechian commented that the Governmental Accounting Standards Board now requires that the accrued UC retiree health liability of \$18.7 billion and projected 2017-18 cash cost of \$315 million, an increase over actual University cash costs of \$290 million the prior year, be added to the University's balance sheet. He noted the importance of this issue, which would be discussed by the full Board at a future meeting.

N. ***Annual Actuarial Valuations for the University of California Retirement Plan and its Segments and for the 1991 University of California-Public Employees' Retirement System Voluntary Early Retirement Incentive Program***

Regent Makarechian was pleased to report that UCRP's June 30, 2017 overall market value was \$62.1 billion, up from \$54.2 billion a year prior. UCRP was still underfunded by about \$11 billion, with accrued liabilities having grown to \$73 billion from \$69.3 billion a year prior.

Upon motion of Regent Makarechian, duly made and seconded, the recommendations of the Finance and Capital Strategies Committee were approved.

**Report of the Governance and Compensation Committee**

Regent Ortiz Oakley reported that the Committee considered two items for action, one discussion item, and one information item.

A. ***Update on University of California Office of the President Audit of Administrative Expenditures Staff-Related Implementation Workstreams 1 through 5***

Regent Ortiz Oakley said the Office of the President was making progress and would continue to update the Regents.

B. ***Amendment of Regents Policy 1203: Policy on Emeritus Title for Former Regents, Senior Leadership, and Staff and Rescission of Standing Order 103.5 (b) and (c)***

This item would be brought for action at a future meeting, pending additional comments from the Academic Senate.

C. ***Amendment of the Finance and Capital Strategies Committee Charter***

Action on this item was postponed because of the lack of a Committee quorum.

D. ***Appointment of Regent to Leadership Position***

The Committee recommended that the Regents appoint Regent Tauscher as Vice Chair of the Academic and Student Affairs Committee, effective December 1, 2017 through June 30, 2018.

Regent Ortiz Oakley commented that this appointment was occasioned by the retirement of Regent Lozano from the Board on November 30, 2017.

Upon motion of Regent Ortiz Oakley, duly made and seconded, the recommendation of the Governance and Compensation Committee was approved.

**Report of the Health Services Committee (meeting of October 18, 2017)**

Regent Lansing reported that the Committee considered three items for discussion and one item for action under delegated authority.

A. ***Remarks of the Executive Vice President – UC Health***

Regent Lansing reported that Executive Vice President Stobo had commented on various strategic and financial matters affecting UC Health, specifically the Clinical Enterprise Management Recognition Plan (CEMRP), a performance-based compensation plan to recognize employees for extraordinary work, and the UC Cancer Consortium.

B. ***Incentive Compensation Using Health System Operating Revenues for Fiscal Year 2016-17 for John Stobo as Executive Vice President – UC Health, Office of the President***

The Committee approved the Clinical Enterprise Management Recognition Plan 2016-17 Plan Year Short Term Incentive award of \$190,135 for John Stobo as Executive Vice President – UC Health, Office of the President. The recommended incentive award represents 30 percent of his annual base salary.

Regent Lansing commented that this compensation was consistent with Clinical Enterprise Management Recognition Plan guidelines.

C. ***Affiliation for Advisory Services in China, Los Angeles Campus***

Regent Lansing reported that UCLA Health made a presentation on a potential affiliation to develop two new hospitals in China. UCLA Health would provide advisory services and could terminate the agreement at any time. The Committee had a robust discussion about the potential partnership, and its reputational and financial risks.

D. ***Clinical Quality Dashboard for University of California Medical Centers***

Regent Lansing commented that it is the regular practice of the Committee to review the clinical quality dashboard for UC's medical centers to ensure that they are at the highest level of quality, safety, and cost-effectiveness.

Regent Lansing drew attention to UCSF's recent groundbreaking attempt to edit the genes of a patient suffering from Hunter syndrome.

**Report of the Public Engagement and Development Committee**

Regent Lansing reported that the Committee considered one item for action and four items for discussion.

A. ***Endorsement of Comprehensive Campaign, San Francisco Campus***

The Committee recommended that the Regents endorse the public phase of the San Francisco campus fundraising campaign, *UCSF: The Campaign*, with a total goal of \$5 billion.

Regent Lansing reported that the Committee was enthusiastic in its support for the UCSF campaign and its ambitious goal of raising \$5 billion.

B. ***Annual Report on Private Support 2016-17***

Regent Lansing reported that in the 2016-17 fiscal year UC campuses received a total of \$2.11 billion in private support, the third consecutive year that they received more than \$2 billion in philanthropy. This giving represents an expanded donor base, with a significant number of first-time donors.

C. ***Update on Sesquicentennial Planning***

Interim Senior Vice President Holmes reported briefly on planning for celebration of the 150th anniversary of UC's founding, with many events that would involve all the campuses.

D. ***UC Advocacy and State Legislative Update***

Regent Lansing related that Associate Vice President Kieran Flaherty reported to the Committee that all five 2017 UC-sponsored bills in 2017 were signed into law and would become effective January 1, 2018. One bill would allow UC counselors to hold privilege and protect confidentiality. The Best Value Construction bill would remove the sunset date on the highly successful Best Value Construction Pilot Program. COSMOS Reauthorization would extend current tuition fee provisions of the California State Summer School for Mathematics and Science until January 2023. The California Breast Cancer Research Fund and the California

Cancer Research Fund were reauthorized for the next seven years. SB 32 would extend UC's life-saving cord blood matching program.

E. ***Federal Government Update***

Regent Lansing reported that the UC's federal advocacy team was focused on three main areas: budget and appropriations for fiscal year 2018; securing a legislative outcome that supports Deferred Action for Childhood Arrivals (DACA) recipients; and ensuring that the affordable Care Act (ACA) coverage provisions do not compromise UC's ability to serve the underserved.

Upon motion of Regent Lansing, duly made and seconded, the recommendation of the Public Engagement and Development Committee was approved.

**Report of the Investments Subcommittee**

Regent Sherman reported that the Subcommittee considered one item for discussion and one item for action.

A. ***Update on Investment Products***

Regent Sherman said the Subcommittee heard an update on the investment products of the Office of the Chief Investment Officer and their good returns for the first quarter of the fiscal year. The Office of the Chief Investment Officer (CIO) managed \$114.9 billion in assets as of September 30, 2017, across its products. As of that date, the UC Entity assets were comprised of the \$11 billion Endowment; the \$64.4 billion Pension; the \$15.5 billion Working Capital portfolio including the Total Return Investment Pool and the Short Term Investment Pool; the \$23.1 billion UC Retirement Savings Program; and the \$0.9 billion Fiat Lux.

Performance of the respective campus foundations was also discussed compared with performance of the General Endowment Pool (GEP). The campus foundations' performance has lagged that of the GEP, for five-, ten-, and 15-year periods. The Office of the CIO continues to encourage the campus foundations to participate in the GEP to take advantage of economies of scale.

Discussion of the UC Retirement Plan led to a number of questions and comments regarding strategic planning and implications of changes in investment earnings assumptions, contributions, and benefits. Regent Sherman said the Investments Subcommittee was in agreement that investment earnings going forward would be less than the 7.25 percent discount rate. This issue would be discussed further at a future meeting.

B. ***Adoption, Amendment, and Rescission of Regents Policies on Investment Matters***

Regent Sherman commented that the goal of this action item was to streamline and consolidate investment policies to reflect the responsibilities of the Regents, the Finance and Capital Strategies Committee, the Investments Subcommittee, and the Office of the Chief Investment Officer. The Board of Regents would have authority for the Investment Policy Statements; the Investments Subcommittee would have authority to recommend approval of the Asset and Risk Allocation Policy to the consent agenda of the full Board; the Office of the Chief Investment Officer would have authority over an Investment Implementation Manual.

Action on this item was deferred pending further clarification of a conflict of interest policy.

Regent Newsom expressed his view that, if the Investments Subcommittee was of the opinion that the 7.25 percent assumed rate of return would not be met, it would be a serious mistake for the Regents to delay in reducing the UCRP discount rate. He acknowledged that this would be a major decision, which would have profound consequences on the UC system. Regent Makarechian said this issue would be discussed at the January and March meetings, noting that for every 25 basis point reduction in the discount rate, UCRP's liabilities would increase \$2 billion. Regent Sherman acknowledged that there was a clear recognition that the 7.25 percent discount rate was too high, but added that the discount rate was just one of the relevant factors reviewed by the University's actuaries and all factors should be considered together.

**Report of the National Laboratories Subcommittee**

Regent Pattiz reported that the Subcommittee considered two items for action.

A. ***Approval to Submit Bid for the Los Alamos National Laboratory Contract***

The Subcommittee recommended that the President of the University be authorized to execute all necessary and appropriate documents to effect submission of a bid on behalf of the University's team for the follow-on management and operating contract for Los Alamos National Laboratory.

Regent Pattiz stated that the current management and operating (M&O) contract for Los Alamos National Laboratory (LANL) extends through September 30, 2018. Vice President Budil updated the Subcommittee on the process for submitting a bid for the follow-on M&O contract; proposals are to be submitted by December 11, 2017. Through interim actions, President Napolitano had been authorized to establish a special purpose entity, such as a limited liability company, to bid on and ultimately hold the LANL M&O contract, and to form a team of first- and second-tier partners, which together would jointly prepare a bid.



The current action item would delegate to the President the authority to submit a bid for the follow-on contract on behalf of the University's team in response to the final Request for Proposal (RFP). Submission of a bid would commit the University's team, if selected, to enter into the contract consistent with the terms of the final RFP. Overall, the contract framework and provisions are substantially similar to those of the current Los Alamos National Security LLC contract.

**B. *Approval of Lawrence Berkeley National Laboratory Contract with the Department of Energy***

The Subcommittee recommended that the President of the University be authorized to execute the modified Lawrence Berkeley National Laboratory management and operating contract with the Department of Energy (DOE), as negotiated by the University and the DOE.

Regent Pattiz reported that the Regents and the Department of Energy (DOE) had completed the contract reform negotiations described in the discussion item presented at the September Subcommittee meeting. The proposed modification to the Lawrence Berkeley National Laboratory (LBNL) management and operating contract with the DOE would make the contract a more useful, efficient, and effective instrument for accountable mission execution, and reduce UC's overall risk exposure. The modifications would not alter the contract length, total available fee, the scope of work, or the process through which the Laboratory's performance is evaluated and the fee is awarded.

Upon motion of Regent Pattiz, duly made and seconded, the recommendations of the National Laboratories Subcommittee were approved.

**5. *THE ROLE OF HIGHER EDUCATION IN CALIFORNIA'S FUTURE: A PRESENTATION BY THE PUBLIC POLICY INSTITUTE OF CALIFORNIA***

[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.]

Chair Kieffer commented that this presentation would begin a review by the Board of major issues facing California regarding higher education. These considerations would include the funding and purpose of higher education, and the allocation of responsibilities among UC, California State University (CSU), the California Community Colleges (CCC), and private universities. Wide-ranging issues such as the California Master Plan for Higher Education (Master Plan), graduate student education, the role of a research university, and the cost of living for students would be considered by the Regents over the upcoming months. This report by the Public Policy Institute of California (PPIC) would explicate fundamental questions and policy issues.

PPIC President and Chief Executive Officer Mark Baldassare presented the Institute's research findings on the need for college graduates in California's future economy.

A November 2017 PPIC statewide survey indicated the importance of this topic for most Californians. Eighty percent of California adults said that the state's higher education system is very important to the quality of life and economic vitality of the state; another 14 percent said it is somewhat important. Even in the current politically divisive atmosphere, strong majorities across political, regional, racial/ethnic, and demographic groups said that the state's higher education system is very important. In a political context, when asked about the California 2018 governor's election, 63 percent of California adults said that candidates' positions on higher education are very important, with another 29 percent saying they are somewhat important. Majorities across political, regional, racial/ethnic, and demographic groups held this view. When asked about the current workforce, 83 percent of Californians said that a four-year college degree prepares someone either very well or somewhat well for a well-paying job in today's economy. Fifty percent said that a college education is necessary for a person to be successful in today's work world. About half of Californians said that the state would not have the college graduates needed for the jobs and skills likely to be in demand 20 years from now. Mr. Baldassare summarized that the importance of higher education and the need for college graduates are issues on the minds of many California residents.

PPIC Higher Education Center Director Hans Johnson provided PPIC's demographic and workforce analysis to demonstrate why the state's higher education system is essential for a better future for all California. He summarized that the research shows that the single largest challenge California faces is ensuring that it prepares a diverse population for the economy of tomorrow. The demand for higher education is very high, both from students and from the state's economy.

Mr. Johnson reported that economic and demographic projections show that, by 2030, 38 percent of California jobs would require at least a bachelor's degree; however, at current rates, only 33 percent of Californians would have bachelor's degrees, leaving a shortage of 1.1 million workers. For many decades, the California economy has increasingly required more highly educated workers, driven by shifts in occupational distribution toward sectors like health care and technology, and a shift within occupations toward higher demand for those with more skills and education. The wage premium in California for earning a college degree has been increasing for decades and is at an all-time high, with college graduates in all majors earning on average more than double the wages of high school graduates. Most of that wage premium is the result of the knowledge, skills, and networks acquired in college.

Mr. Johnson discussed the state of higher education in California. Based on current high school and college completion rates, only slightly more than 30 percent of ninth grade students would be expected to earn a bachelor's degree, a rate far too low to meet the needs of the state's economy. Studies show that California stands unique in the world in the lack of educational progress from one generation to the next. If placed among the dozens of Organisation for Economic Co-operation and Development (OECD) countries, California ranks last in improvement in college completion, comparing the previous generation of older adults with the current generation of younger adults. In fact, California has the highest proportion of older adults who have at least a bachelor's degree among all OECD countries,

but ranks near the bottom among younger adults with college degrees. Mr. Johnson characterized that lack of educational progress as the central challenge facing both the Regents and California, and one that is compounded by the state's changing demography. By 2030, there would be a large increase in older Californians, the aging of the Baby Boomers, those born during the post-World War II "baby boom," the first time anywhere in the world that such a large well-educated cohort would exit the labor force.

Mr. Johnson said it would be essential for UC to play a role in closing this college degree and workforce skills gap. He showed projections demonstrating that UC would need to increase the number of bachelor's degrees awarded over the next 15 years by 250,000 over current levels. This goal, while ambitious, would not be unprecedented in the history of the University of California. At the current time, a few years after PPIC made these projections, UC was actually on a pace to meet this goal, partly because of actions to enroll more students, including transfer students, who have relatively high graduation rates. Achieving this number would mean, most importantly, improving access for both first-time freshmen and transfer students, and also improving completion rates among students already in the California higher education system.

Mr. Johnson said that PPIC would continue to work on these issues and would be available to consult further with the Regents. Mr. Baldassare added that PPIC also works with the other segments of California public higher education, and reaches out to gubernatorial candidates to ensure that they understand these needs and public perceptions.

Regent Lozano commented that, given UC's demonstrated success with students from all backgrounds and its very high graduation rates, it would be logical to ensure that UC would receive the resources it needs to help finance the higher enrollment rates. She encouraged PPIC to consider creating a special focus on UC that would include a financing mechanism to support enrollment growth so that UC can meet this obligation of preparing the state's future workforce.

Mr. Johnson responded that PPIC plans to focus on capital finance in California, looking at each segment of California higher education and tuition policy. While there are some efficiencies that could be gained, he agreed that the critical question for enrollment growth was that more funding would be needed to enroll more students. UC's ability to show how increasing tuition would improve access, by holding low- and middle-income students harmless from tuition increases, would decrease opposition to tuition increases.

Mr. Baldassare added that an important part of UC's success as a model for increasing the number of college graduates was the investment that had been made in student aid and support of students who come into the UC system from low-income families. The University of California is unique in this way. Californians are concerned about the affordability of higher education. He noted the importance of addressing the cost of student housing as an important component in increasing enrollment of low-income students.

Regent Makarechian cited the lack of support for funding from elected officials. UC has had to use so much external financing that UC Berkeley does not have the ability to finance

any more buildings. He asked how PPIC, based on its excellent report, is educating elected officials, candidates, and voters. Mr. Baldassare stated that he and Mr. Johnson had been meeting with all candidates for statewide offices to communicate the importance of higher education for California's future.

Mr. Baldassare added that in PPIC's most recent poll 64 percent of Californians said that the State was not giving enough money to public higher education. Also, 40 percent felt that much of the money being spent was wasted. In the current environment of a lack of trust in almost all institutions, it would be important to elected officials, candidates for office, and the public that the Regents demonstrate that UC's money is being spent wisely.

Regent Makarechian added that it was important to communicate that more than half of UC students pay no tuition and that 33 percent of tuition goes to student aid. The Regents should help educate voters on these issues.

Mr. Baldassare applauded the Regents for establishing the Public Engagement and Development Committee, which would be important in communicating accurate information to the public. Polls show that only ten percent of Californians know what the Master Plan is. The more the public can be engaged in the issues discussed here, the better. Chair Kieffer encouraged Mr. Baldassare to emphasize the importance of funding public higher education adequately to accomplish the goals that PPIC identified as the highest priority of the state.

Regent Ortiz Oakley asked if PPIC had concluded that it would be necessary to make any adjustments to the Master Plan to reach the goal of increasing the number of college graduates, such as in the number of transfer students and freshman students UC accepts. Mr. Johnson responded that for California to reach the needed number of college graduates, PPIC sees the need to increase eligibility for freshmen by 2.5 percent over current rates in addition to a substantial increase in the number of transfer students. Starting as a transfer student is less expensive for students and less expensive for the State. There are a large number of students currently in CCCs; as reforms are instituted in CCCs, there could be a tidal wave of students who are transfer-ready for UC. Unless room is made at UC for these students, the gap between college graduates and workforce needs would not be closed. PPIC projected that, to reach the goal of educating 251,000 more undergraduates, the number of transfer students at UC should be increased by 35 percent over current numbers. These increases, while ambitious, are not unprecedented, and are aligned with the "Vision for Success" released recently by the CCC Chancellor's office.

Regent Ortiz Oakley commented that the increasing lack of trust in institutions of higher education in California and the nation included concerns about the arrogance of governing boards, faculty, and administration, along with a lack of public understanding of the ways in which public higher education benefits Californians. He asked about PPIC findings in this area. Mr. Baldassare said PPIC surveys, consistent with national surveys, had indeed found a decline in the last few years in trust in major institutions. While it initially appeared that higher education would not be caught up in this trend, it now has, as demonstrated by both Pew Research Center and PPIC surveys over time. While there were some partisan

differences, with Republicans showing greater distrust of higher education than Democrats, the distrust was there and had to do not only with issues of quality and affordability; issues of free speech, sexual assault, hate crimes also affect people's attitudes about all public institutions currently. The ways in which leaders in higher education handle these issues would affect how Californians feel when they are asked to fund higher education through taxes, bonds, or tuition increases. In spite of this increasing distrust, about two-thirds of Californians think that each of the segments of California public higher education is doing an excellent or good job.

Regent Pérez asked about PPIC survey results about Californians' opinions on tuition increases. Mr. Baldassare reported that about 70 percent of respondents were opposed to tuition increases. Regent Pérez asked about various models for tuition and student aid, noting UC's longstanding tradition regarding return-to-aid. He asked about State support for financial aid and how California's financial support for students compared with other states'. Mr. Johnson reported that students who attend public institutions of higher education in California are less likely to take on debt and the amount of debt California students assume is less on average than similar students in the rest of the United States, largely the result of California's relatively generous grant and scholarship programs, both from the institutions and the Cal Grant program. Regent Pérez commented that there are many ways to provide student aid, all with different results. The student aid provided by the Cal Grant program is a public investment, but one that is targeted at a population based on economics rather than more broadly. Mr. Johnson agreed, noting that UC had changed from a low-cost, broadly accessible model to a higher cost and high aid model. He expressed his view that in their past deliberations on these issues, the Regents have chosen the right path, given the restriction of public expenditures to the University.

In response to a further question from Regent Pérez, Mr. Johnson said the OECD data indicating a lack of improvement in educational attainment between generations were based only on age. When one examines changes within families, data show tremendous improvement in educational attainment among the children of Latino immigrants compared with their parents, but Latino college-going and completion rates are still relatively low. Among second and third generation Latinos, improvement in educational attainment is much more modest, but still exists. Regent Pérez commented that UC's Latino students were disproportionately immigrants and children of immigrants. UC has a significant challenge recruiting students from Latino families who have been in the country for multiple generations.

In response to a further question from Regent Pérez, Mr. Johnson said that many of the older generation of Californians with college degrees came from other states, but earned their college degrees in California. In fact, many came to California for its renowned system of higher education reflected in the Master Plan. PPIC's projections assume that California would continue to import substantial numbers of college graduates from other countries and some from other states, although the net number from other states had been almost zero for a while. The 1.1 million college graduates needed are in addition to those college graduates migrating to California. California loses more migrants to other states than any other state, but those leaving California are skewed toward the less educated,

reflecting the job market for highly educated workers in California. California is increasingly drawing college graduates from other countries.

Regent Pérez said that meeting the target of 1.1 million additional college graduates would require a 33 percent increase in UC's output over 15 years, which would mean enrolling an additional 16,700 undergraduates a year. Mr. Johnson agreed. Regent Pérez asked what other adjustments UC could make to be on track to meet the goal of 251,000 additional undergraduate degrees awarded each year, based on UC's current rate of growth. Mr. Johnson responded that PPIC recommended, based on its numerical analysis, that UC expand its eligibility by 2.5 percent, increasing the Master Plan's mandate that UC accept the top one-eighth of California high school graduates to the top 15 percent. This would assume that students accept UC's offers of admission at current rates.

Regent Pérez asked on what basis PPIC distributed its allocation for increases in students among the segments of California higher education. Mr. Johnson said a major factor considered was the room to increase the number of degrees by improving graduation rates. Since UC already had high graduation rates, it had less room for improvement. UC has six-year graduation rates approaching 85 percent, while CSU's six-year graduation rates are approaching 60 percent. CSU has an ambitious plan to reach 70 percent by 2025. Since CSU has so much more room than UC for improvement, PPIC attributed CSU a larger proportional increase in degrees to close the gap in college graduates needed by the workforce by 2030.

Regent Pérez asked if PPIC had examined the projected change in age groups in California between 2015 and 2030 in conjunction with racial/ethnic and income demographic data, to analyze what groups would be appropriate for outreach for UC's 2.5 percent expanded eligibility. Mr. Johnson responded that PPIC has projections about ethnic and income distribution, which were partly encouraging. For instance, completion rates for "a-g" requirements were increasing to an all-time high, even as California high schools are increasingly diverse. Now the State and its institutions of higher education must find a way to accommodate those students, who are the most diverse set of high school graduates in California history. While there are gaps in college preparation among certain demographic groups, all groups have improved in college readiness.

Regent Pérez stated that the PPIC report was most helpful in indicating how the Regents should focus their priorities. He appreciated that the report included consideration of the cost of student housing.

President Napolitano asked for confirmation that PPIC viewed UC's current model of tuition and student aid as the best alternative. Mr. Johnson said that the former model of very low tuition was not an option in the current political and fiscal environment. When faced with budget cuts from the State, UC could have chosen to restrict access and serve fewer students, but instead it attempted to find other ways to increase revenue, which Mr. Johnson affirmed was the better option in his view. Mr. Baldassare agreed that UC's current model was the best under the circumstances, but cautioned that perceptions were very important in making the model successful, particularly given the demographic

challenges that UC faces. The model requires public awareness that UC can be affordable to them. President Napolitano said this would support UC's continued aggressive outreach efforts. She added that the success of those efforts could be measured by the percentage of incoming classes that are first-generation college students or Pell Grant recipients.

President Napolitano asked if PPIC had modeled the effect on the California economy if the needed college graduates were not produced, or the trade-off between the lack of State investment in higher education and the impact on the state's economy. Mr. Johnson stated that California would either rise to the challenge of increasing the supply of highly educated individuals or it would become a state with lower per capita income, less tax revenue, more demand for social services, less political participation, and other outcomes that are the result of having a less educated versus a more highly educated population.

Regent Lemus asked if PPIC projections took into account the so-called "gig" economy, in which companies tend to hire independent contractors rather than full-time employees. Mr. Johnson said that PPIC relies on occupational projections developed by the U.S. Bureau of Labor Statistics and the California Employment Development Department. Gig economy jobs are growing even faster than projected. Even if the effects of the gig economy were not yet fully known, by any measure college graduates and especially those in technical fields would be among the winners in any economy. The demand for engineering and computer science programs is exceedingly high and is not being met.

Regent Lemus asked what portion of the projected shortage of college graduates would be from the Latino population and what programs could address that issue. Mr. Johnson said that the vast majority of the needed increase in college graduates would be among the Latino population, currently the largest population statewide and the largest among K-12 students. Increasing college attendance and completion among Latinos was essential to reaching these overall goals. While no other states have been more successful than California, the most successful innovative programs have been in creating pathways from high school to community colleges and then to four-year universities. California needs a statewide intersegmental, longitudinal student database in order to assess various programs' effectiveness.

Regent Newsom commented that focusing on students who have nearly completed a college degree would help reach these goals and that issues of female participation in technical fields must be addressed. Even though the number of computer science graduates had increased sharply, there were still 68,000 vacant jobs in California for college graduates in that field. He suggested that the Regents should discuss these needs more specifically and ways in which UC campus efforts to expand departments in these areas of job needs could be funded. The California Chamber of Commerce and the business community should be included in these discussions. It was estimated a few years prior that there are 4.5 million working-age adults in California who have some college-going experience but did not earn a degree. More than one million are just a few credits short of earning their degrees. Maryland just launched a bold project to identify such people.

Mr. Johnson agreed, noting that part of PPIC's plan to improve graduation rates was to have such students complete their degrees. CSU's online programs were designed partly with that in mind. He acknowledged the large potential in that group and said that universities are in a good position to know who those students are and to follow up with them to get them back in the system to complete their degree. UC has less room to improve its already high completion rates than CSU. It is unclear whether online learning would be the best solution, but it would certainly be part of the effort.

Chair Kieffer expressed appreciation to PPIC for this report and helping to launch the Regents' consideration of these important issues. The Regents would consult with PPIC further in the future.

6. **RESOLUTION IN APPRECIATION – MONICA C. LOZANO**

Upon motion of Regent Ortiz Oakley, duly seconded, the following resolution was adopted:

WHEREAS, on the occasion of her retirement from the Board of Regents of the University of California, the members of the Board wish to express their heartfelt appreciation to Monica Lozano for the keen insight, broad experience, and integrity she brought to the deliberations of this body from 2001 to 2013 and 2014 to 2017; and

WHEREAS, she has provided distinguished and thoughtful leadership to the University as a Regent, including as Chair of the Board from 2015 to 2017, with a calm demeanor, the deft touch of a master facilitator, and insightful analysis; and

WHEREAS, under her leadership as Chair of the Board, she led the restructuring of Board and committee meetings so that the Regents could strategically focus on major issues facing the University, spearheaded the effort to modernize the Bylaws and governing documents of the University, and coordinated regular conversations between members of the Board and State legislators to foster the relationship between the University and Sacramento; and

WHEREAS, she achieved great professional distinction in the media industry as Chief Executive Officer and Publisher at *La Opinión*, the largest Spanish language publication in the United States and as Chief Executive of ImpreMedia LLC, and brought to the Regents considerable experience from her service on other corporate boards and philanthropic foundations, and in recognition of her passion for access to higher education, recently was selected as the President and CEO of the College Futures Foundation of California, which aims to help low-income and underrepresented students achieve college success; and

WHEREAS, the Committees on Finance, Compensation, and Public Engagement and Development, for which she served as Chair, and Compliance and Audit, Educational Policy, and Governance, on which she served for many years, and other committees, have benefited immeasurably from her judgment and perceptiveness and her remarkable ability to master complex and highly disparate subject matter; and



WHEREAS, in recognition of her devoted service as a member of the Board of Regents of the University of California and in the hope of her continued contributions to the welfare of the students of the University of California and the success of the University, the Regents do hereby affirm their prior conferral of the title Regent Emerita upon Monica C. Lozano;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their deep appreciation and admiration for Monica Lozano, who has enriched the University in countless ways as a member of the Board of Regents, extend to Monica their affectionate best wishes for success in her future endeavors, and direct that a suitably inscribed copy of this resolution be presented to her as an expression of the Board's profound gratitude and friendship.

Regent Ortiz Oakley expressed the Board's appreciation, highlighting Regent Lozano's integrity during her distinguished and thoughtful leadership as a Regent.

7. **UNFINISHED BUSINESS**

**Report of the Governance and Compensation Committee (from meeting of September 14, 2017)**

***Suspension of Bylaw 21.7 for the Limited Purpose of Enabling the Los Angeles Campus to Reappoint Regent Guber to Part-Time Teaching and Advisory Board Positions, Provided That Any Such Positions Are Uncompensated***

The Committee recommended that Bylaw 21.7 be suspended for the limited purpose of enabling Regent Guber to be eligible for reappointment to the following University-affiliated positions at the UCLA campus, provided that any such positions are uncompensated:

- A. As a part-time faculty member in the UCLA Anderson School of Management;
- B. As a part-time faculty member in the UCLA School of Theater, Film and Television;
- C. As an advisory board member on the Executive Board for the UCLA School of Theater, Film and Television; and
- D. As an advisory board member on the Board of Directors for the UCLA Center for Management of Enterprise in Media, Entertainment and Sports.

Upon motion of Regent Ortiz Oakley, duly made and seconded, the recommendation of the Governance and Compensation Committee was approved, Regents Anguiano, De La Peña, Kieffer, Lansing, Lemus, Lozano, Makarechian, Mancina, Monge, Napolitano, Newsom, Ortiz Oakley, Park, Pattiz, Pérez, Sherman, Tauscher, and Torlakson voting "aye."

**8. REPORT OF INTERIM, CONCURRENCE AND COMMITTEE ACTIONS****Approvals Under Health Services Committee Authority**

At its October 18 meeting, the Health Services Committee approved the following recommendation:

***Incentive Compensation Using Health System Operating Revenues for Fiscal Year 2016-17 for John Stobo as Executive Vice President – UC Health, Office of the President***

The Clinical Enterprise Management Recognition Plan 2016-17 Plan Year Short Term Incentive award of \$190,135 for John Stobo as Executive Vice President – UC Health, Office of the President. The recommended incentive award represents 30 percent of his annual base salary.

**Recommended Compensation**

**Effective Date:** Upon approval

**Base Salary:** \$633,782

**Recommended CEMRP STI Award:** \$190,135 (30 percent of base salary)

**Target Cash Compensation:**\* \$823,917, plus possible Long Term Incentive (LTI) awards starting after the end of the 2018-19 Plan Year

**Funding Source:** Non-State funded (100 percent from clinical enterprise revenues)

**Prior Year Data (2015-16 plan year)**

**Base Salary:** \$615,322

**CEMRP Award:** \$135,370 (22 percent of base salary)

**Target Cash Compensation:**\* \$750,692

**Funding Source:** Non-State funded (100 percent from clinical enterprise revenues)

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

The incentive compensation described shall constitute the University's total commitment regarding incentive compensation until modified by the Regents or the President of the University, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**Approvals Under Health Services Committee Delegated Authority**

The Chair of the Health Services Committee and the Executive Vice President – UC Health approved the following recommendation:

***Request for Approval to Participate as a Founding Member of the Precision Medicine Exchange Consortium, Davis Campus***

- A. UC Davis Health be authorized to enter into the Precision Medicine Exchange Consortium (PMEC) Agreement of Association for purposes of participation in an unincorporated, nonprofit association.
- B. UC Davis Health be authorized to fund an amount of up to \$25,000 per year, to be used exclusively for purposes related to the management and operations of PMEC and as required by the PMEC Oversight Committee as set forth in the Agreement of Association.
- C. After consultation with the Office of the General Counsel, the President of the University, or her designee, be authorized to approve and execute the Precision Medicine Exchange Consortium Agreement of Association, including any concurrent or subsequent agreements, side letters, modifications, or amendments thereto, as well as any agreements reasonably required to implement the Agreement of Association, *provided* that such agreements, side letters, modifications, amendments or related documents are materially consistent with the above, and do not otherwise materially increase the obligations of the Regents or materially decrease the rights of the Regents.

**9. REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Shaw reported that, on the dates indicated, the following were sent to the Regents or to Committees:

**To the Regents of the University of California**

- A. From the President of the University, a statement denouncing the decision to end the Deferred Action for Childhood Arrivals (DACA) program, calling on Congress to make protections permanent. September 5, 2017.
- B. From the Board Chair, Vice Chair, and Chair of the Public Engagement and Development Committee, a statement affirming the Regents' support for the Deferred Action for Childhood Arrivals (DACA) program and Dreamers. September 5, 2017.
- C. From the President of the University, a statement expressing concern over changes made by the Trump administration to the Title IX policy and affirming that the University remains committed to protecting its students from sexual violence and sexual harassment. September 7, 2017.
- D. From the President of the University, an email announcing that the University will file a lawsuit against the Department of Homeland Security challenging the decision to rescind the Deferred Action for Childhood Arrivals program and a press

release, “University of California Sues Trump Administration on Unlawful Repeal of DACA Program.” September 8, 2017.

- E. From Regent Ortiz Oakley, a *Politico* article, “How U.S. News College Rankings Promote Economic Inequality on Campus.” September 11, 2017.
- F. From the Secretary and Chief of Staff, the Summary of Communications for August, 2017. September 12, 2017.
- G. From the Secretary and Chief of Staff, an email encouraging the Regents to visit campuses and offering assistance. September 12, 2017.
- H. From the Board Chair, a statement from the UCLA Health Chief Executive Officer (CEO) and the UCLA Hospital System CEO in response to a *Los Angeles Times* article, “UCLA pharmacy closed after state finds it sent out drugs with expired, potentially dangerous ingredients.” September 15, 2017.
- I. From the Secretary and Chief of Staff, the Summary of Communications for September, 2017. October 11, 2017.
- J. From the President of the University, an email announcing the creation of the National Center for Free Speech and Civic Engagement at the University of California’s Washington, D.C. Center. October 25, 2017.
- K. From the Secretary and Chief of Staff, the Summary of Communications for October, 2017. November 3, 2017.
- L. From the President of the University, a letter and report on data on nationwide Pell Grant recipient graduation rates.

#### **To the Members of the Investments Subcommittee**

- M. From the UC Chief Investment Officer, an article in *Institutional Investor* co-written by the Chief Investment Officer, “Dear Pensions and Endowments: Do Unto Wall Street as We Do to Ourselves.” September 7, 2017.

#### **To the Members of the Health Services Subcommittee**

- N. From the Executive Vice President, UC Health, an article, in *Academic Medicine* “Governing Academic Medical Center Systems: Evaluating and Choosing Among Alternative Governance Approaches.” September 19, 2017.

The meeting adjourned at 11:10 a.m.

Attest:

Secretary and Chief of Staff