

The Regents of the University of California

GOVERNANCE AND COMPENSATION COMMITTEE

November 15, 2017

The Governance and Compensation Committee met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents Lansing, Ortiz Oakley, and Pérez; Ex officio member Kieffer

In attendance: Regent Park, Faculty Representative White, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Investment Officer Bachher, Executive Vice President and Chief Operating Officer Nava, Vice President Duckett, and Recording Secretary Johns

The meeting convened at 12:25 p.m. with Committee Vice Chair Ortiz Oakley presiding.

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

The minutes of the meeting of September 13, 2017 were not approved due to lack of a quorum.

2. **UPDATE ON UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT
AUDIT OF ADMINISTRATIVE EXPENDITURES STAFF-RELATED
IMPLEMENTATION WORKSTREAMS 1 THROUGH 5**

[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 stated that the Office of the President’s work in this area appeared to be proceeding well. Committee members present did not have questions on this information item.

3. **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)**

The President of the University recommended that the Regents: (1) amend the Policy on Emeritus Title for Former Regents, Senior Leadership, and Staff, as shown in Attachment 2, with new policy language, the Policy on Emerita/Emeritus Title, as shown in Attachment 1; and (2) following service of appropriate notice, rescind Standing Order 103.5 (b) and (c), 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.]

This item was deferred. Chair Kieffer explained that it had been determined that this item was not yet ready for action. Regent Pérez expressed misgivings about how items are placed on the Regents' agenda.

4. **AMENDMENT OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE CHARTER**

The Chair of the Investments Subcommittee recommended that the Charter of the Finance and Capital Strategies Committee relating to the Investments Subcommittee be amended as shown in Attachment 4.

[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.]

Chief Investment Officer Bachher explained that this amendment would allow the Investments Subcommittee to recommend action to the full Board on determination of asset classes, asset and risk allocation, and benchmarks. The Subcommittee's recommendations on these matters would be placed directly on the consent agenda of the Board, unless any Regent requests that the matter be taken up for separate consideration. Chair Kieffer added that this amendment would give the full Board the opportunity to review Investments Subcommittee actions and raise any concerns the Board might have.

This item was deferred due to lack of a quorum.

The meeting adjourned at 12:35 p.m.

Attest:

Secretary and Chief of Staff

REGENTS POLICY ON EMERITA/EMERITUS TITLE

POLICY SUMMARY/BACKGROUND

This Regents Policy consolidates University policies on the conferral of Emerita/Emeritus title and makes the criteria for conferral consistent for all staff employees.

POLICY TEXT

- A. Conferral on Regents.** The title "Regent Emerita" or "Regent Emeritus" shall be conferred on all appointed and alumni Regents at the completion of their terms on the Board of Regents, or at the conclusion of their service as Regents provided that they serve for at least five years. Regents who are unable to complete their terms due to illness shall also be eligible for the title. The title also shall be conferred on all former Regents who completed the term to which they were appointed or served at least five years. The Board may rescind emerita/emertus title for Regents if serious reputational or other issues arise that have impact on the University.
- B. Conferral on Senior Management Group Appointees.** For Senior Management Group appointments, emerita/emertus title may be conferred if the employee has served at least five years in the position for which the status is being conferred and has made meritorious contributions to the fulfillment of the mission and programs of the University. Serious breaches of policy or law, dismissal from service, or discipline while holding the position for which emerita/emertus title is requested disqualifies the employee from conferral of the title.
1. Emerita/Emeritus title may be conferred by the Board on the President and the Principal Officers of the Regents upon retirement or resignation from the position. The Board may rescind such emerita/emertus titles if serious reputational or other issues arise that have impact on the University.
 2. Emerita/Emeritus title may be conferred by the President on all other Senior Management Group appointments, upon retirement or resignation from the position. The President may rescind such emerita/emertus title if serious reputational or other issues arise that have impact on the University.
 3. For those academic appointees who also hold a Senior Management Group appointment, the criteria in paragraph B will apply to the Senior Management Group appointment only. The criteria for emerita/emertus title in their academic appointment is governed by Academic Personnel Manual 120 – Emeritus Titles and 016 – University Policy on Faculty Conduct and the Administration of Discipline.

COMPLIANCE/DELEGATION

The Regents delegate to the President authority for conferring emerita/emeritus title on all Senior Management Group members, excluding the President and the Principal Officers, who are under the Regents' authority. The President retains authority over direct reports but may re-delegate this authority to the Chancellors, Laboratory Director, and Executive Vice President-Chief Operating Officer for Senior Management Group members at their respective locations. This authority may not be delegated further. Exceptions should be rare and must be approved by the Regents for positions where the President has retained authority and by the President for positions where authority has been re-delegated.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California, its officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

See [APM 120](#) – Academic Personnel Manual – Emeritus Titles for procedures for conferral of emerita/emeritus title on faculty and other academic appointees.

See [APM 016](#) – Academic Personnel Manual – University Policy on Faculty Conduct and the Administration of Discipline for procedures on the denial or curtailment of emerita/emeritus titles for faculty.

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.

Regents Policy 1203: Policy on Emeritus Title for Former Regents, Senior Leadership, and Staff

Adopted November 15, 2007

Amended March 16, 2017

The title "Regent Emeritus" or "Regent Emerita" shall be conferred on all appointed and alumni Regents at the completion of their terms on the Board of Regents, or at the conclusion of their service as Regents provided that they serve for at least five years. Regents who are unable to complete their terms due to illness shall also be eligible for the title. The title also shall be conferred on all former Regents who completed the term to which they were appointed or served at least five years.

~~Emeritus status may be conferred by the Board on Principal Officers of the Regents upon retirement or completion of service, on the basis of their contributions to the University.~~

~~Emeritus status may be conferred by the President on Chancellors and systemwide senior leaders, upon retirement or completion of service, based on criteria established by the Board.~~

~~Emeritus status may be conferred by the President on University employees, at the time of their retirement, who meet criteria established by the President.~~

STANDING ORDER 103.5 – EMERITUS STATUS

103.5: Emeritus Status

- a. The title Professor Emeritus shall be conferred, upon retirement, on every Professor and Associate Professor. The title suffix Emeritus for positions held at the time of retirement shall be conferred, upon retirement, on every member of the Academic Senate. With the approval of the President, Emeritus status shall be conferred, upon retirement, on every academic appointee who is not a member of the Academic Senate but who meets specific criteria established by the President.
- ~~b. Emeritus status may be conferred by the Board on Principal Officers of The Regents and Officers of the University, upon retirement or completion of service, on the basis of their contributions to the University. For Officers of the University, Emeritus status, upon retirement or completion of service, may be conferred by the President based on criteria established by the Board.~~
- ~~c. For positions held at the time of their retirement, Emeritus status may be conferred by the President on University employees who meet criteria established by the President.~~

Appendix C - Charter of the Finance and Capital Strategies Committee

Adopted July 20, 2016

Amended March 16, 2017

A. Purpose. The Finance and Capital Strategies 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 fiscal and financial affairs, business operations, land use, and capital facilities and strategies.

B. Membership/Terms of Service. The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6.

C. ~~Delegated Authority~~Consent Responsibilities. The Committee shall ~~have plenary authority to approve or be charged with recommending action on~~ the following matters which, on approval ~~by the Committee or the Investments Subcommittee (see Paragraph F below), shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any member of the Board Regent for separate consideration. by motion of any member~~ require no further action or authorization from the Board or any other committee:

- Determination of asset classes (exercised through the Investments Subcommittee)
- Asset and risk allocation policy (exercised through the Investments Subcommittee)
- Selection of benchmarks (exercised through the Investments Subcommittee)

D. Other Oversight Responsibilities. In addition to the ~~authority delegated~~consent responsibilities assigned to the Committee described above, and to the extent not otherwise within such authority, the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:

- Annual financial statements
- Expenditures and appropriation of funds
- Cash management
- Bank accounts and banking relationships
- External financing
- Capital Financial Plans (e.g. 10 Year Capital Financial Plan)
- Capital planning and capital budget requests
- University Budget and planning
- State Budget requests
- Review of operating and capital budgets on a campus by campus basis
- Indirect cost recovery
- Financial Performance of Insurance programs
- Captive insurance affiliates and programs
- Procurement
- Significant financial programs (e.g. Fiat Lux, ~~a~~Procurement, asset management)
- Large-scale enterprise systems (e.g. UC PATH)
- Annual valuations for UCRP and the retiree health program

- University Investments
- Real estate sales, purchases and leases, easements, licenses, mineral rights
- Physical design framework
- Design approvals
- Facilities Operations
- Long Range Development Plans (LRDPs) and environmental policy matters
- Energy matters
- Sustainability matters

The ~~delegation and~~ assignment of responsibilities to this Standing Committee under Paragraphs C and D 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 or its Subcommittee, to the Board or to any other Committee.

E. Consultation with Other Committees. The Committee shall consult with the Chair of the National Laboratories Subcommittee in advance of, or concurrent with, consideration, recommendation, or approval, of projects of strategic importance to the National Laboratories. The Committee shall consult with the Health Services Committee on 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.

F. Investments Subcommittee. The Committee hereby establishes the Investments Subcommittee to assist the Committee in discharging its oversight responsibilities with regard to University investments. The duties and responsibilities of the Subcommittee, ~~and the plenary authority delegated to it by the Board and the Committee,~~ are set forth as follows.

1. Purpose. In support of the Finance and Capital Strategies Committee (the “related Standing Committee”), the Investments Subcommittee shall consider, make recommendations, and act pursuant to ~~delegated authority~~ consent responsibilities on matters pertaining to University investment strategy and operations, and pertaining to the review and reporting of investment results.
2. Membership/Terms of Service. The identity, appointment and terms of service of Subcommittee members shall be as specified in Bylaws 25.3 through 25.5.
3. Special Requirements for Members/Advisors. Except as specifically provided in this Charter, neither the Subcommittee nor any of its members or advisors shall direct or attempt to direct the University’s internal or external investment managers with regard to the selection of specific investments, specific funds or specific investment managers. The role and authority of such members and advisors shall be limited to providing general direction though policy and to monitoring and reporting investment results.
4. Subcommittee Consent Responsibilities. Unless otherwise specified in this Committee Charter, the Subcommittee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board, on the terms specified in Paragraph F, section C, above, as though approved by the Standing Committee, unless any Regent the Board requests that the matter be taken up for discussion and/or action by the Standing Committee. Unless

otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President or the Chief Investment Officer, within their respective jurisdictions.

- Determination of asset classes
- Asset and risk allocation policy
- Selection of benchmarks

4. ~~Delegated Authority.~~ The Subcommittee shall have plenary authority to approve the following matters which, on approval, shall require no further action or authorization from the Board, the related Standing Committee or any other committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President or the Chief Investment Officer, within their respective jurisdictions.

- ~~Determination of asset classes~~
- ~~Asset and risk allocation policy~~
- ~~Selection of benchmarks~~

5. Other Oversight Responsibilities. In addition to the ~~authority delegated~~ responsibilities assigned to the Subcommittee described above, and to the extent not otherwise within such ~~authority responsibilities~~, the charge of the Subcommittee shall include reviewing and making recommendations to the related Standing Committee with regard to the following matters and/or with regard to the following areas of the University's business:

- Investment policy and strategy
- Physical asset management (e.g. real estate held as investments)
- Investment accounts/custodian relationships
- Retirement system investments
- Endowment funds investments
- Short term and liquidity investments
- Investment operations
- Investment results and reporting
- Endowment administration cost recovery
- Endowment total return expenditure
- Campus Foundations
- ~~Annual valuations for UCRP and the retiree health program~~

6. ~~6-Expert Advisors.~~ The Subcommittee shall have the authority to retain independent investment experts and advisors, as necessary to conduct the business of the Subcommittee. The Subcommittee shall include at least three and no more than five non-voting advisory members (in addition to Chancellors) with expertise relevant to the work of the Subcommittee. One advisory member shall be a represented employee of the University of California with expertise in investments and one shall be from a campus foundation. 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.

7. ~~7-Reporting.~~ In addition to the reports required under Bylaw 25.8, the Subcommittee shall report to the related Standing Committee any material developments in the University's investments operation and in the University's investment portfolio.