

The Regents of the University of California

GOVERNANCE AND COMPENSATION COMMITTEE

November 14-15, 2018

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

Members present: Regents Lansing, Makarechian, Pérez, Sherman, and Zettel; Ex officio members Kieffer and Napolitano

In attendance: Regents Anderson, Anguiano, Butler, Estolano, Graves, Leib, Morimoto, and Park, Regents-designate Simmons, Um, and Weddle, Faculty Representatives Bhavnani and May, Secretary and Chief of Staff Shaw, General Counsel Robinson, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Vice President Brown, Chancellor Hawgood, and Recording Secretary Johns

The meeting convened at 5:10 p.m. with Committee Chair Sherman presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of September 26-27, 2018 were approved.

2. **ESTABLISHMENT OF A NEW POSITION IN THE SENIOR MANAGEMENT GROUP OF ASSOCIATE VICE PRESIDENT – CHIEF CLINICAL OFFICER, UC HEALTH, OFFICE OF THE PRESIDENT, AND THE CORRESPONDING MARKET REFERENCE ZONE FOR THE POSITION**

Recommendation

The President of the University recommended that the Regents:

- A. Establish a new Senior Management Group position of Associate Vice President – Chief Clinical Officer, UC Health, Office of the President. This will be a Level Two position in the Senior Management Group.
- B. Establish a Market Reference Zone for the position of Associate Vice President – Chief Clinical Officer, UC Health, Office of the President, as follows: 25th percentile – \$496,600, 50th percentile – \$537,000, 60th percentile – \$565,300, 75th percentile – \$607,600, and 90th percentile – \$670,700.
- C. This action will be effective upon approval.

Background to Recommendation

The President of the University recommended that the Governance and Compensation Committee recommend that the Regents approve the creation of a new position and Market Reference Zone (MRZ) within the Senior Management Group of Associate Vice President – Chief Clinical Officer, UC Health, Office of the President, effective upon approval. This position will be in Level Two of the Senior Management Group.

The proposed position of Associate Vice President – Chief Clinical Officer (AVP-CCO) will report to the Executive Vice President – UC Health. This new position will lead the development and implementation of a data-driven, systemwide quality and population health management function.

Using the UC Health Data Warehouse as a tool, and building upon existing population health working groups at each campus, the AVP-CCO will convene relevant experts and stakeholders on the medical center campuses to develop and execute quality and population health initiatives collaboratively. The AVP-CCO will use evidence, benchmarks, literature, and UC's patient and claims data to set direction and targets. The AVP-CCO will collaborate closely with the UC Chief Data Scientist to identify and prioritize innovative approaches to the use of analytics that will facilitate system-level quality and population health management activities – with the goals of advancing the quality and efficiency of care delivery, improving health outcomes, enhancing the patient experience, and reducing costs. Additionally, the AVP-CCO will be responsible for the following:

- Establishing the organizational and operational infrastructure to enable UC providers and the UC self-funded health plans to develop and implement a data-driven population health management strategy.
- Working with Chief Quality Officers throughout the system and other campus-level stakeholders to develop and execute a strategy for targeted patient safety, quality improvement, and clinical effectiveness activities to be undertaken at the system level. These efforts would complement and build upon existing quality and population health management activities.
- Working with UC's academic leaders and experts in population health, performance improvement and delivery system/value innovation. By collaborating more cohesively across the academic and operational aspects of the system as a whole, the AVP-CCO may identify and prioritize opportunities for innovative and transformative change in education, research, and clinical care in line with the mission of UC.

In regard to the development of the MRZ, the underlying data of the proposed MRZ is comprised of public and not-for-profit academic medical centers, utilizing the Sullivan Cotter Survey of Manager and Executive Compensation. The development of this MRZ utilized the same methodology and peer comparators for market data that were used to create the Health Enterprise MRZs approved by the Regents in January 2018. The proposed

MRZ percentiles for the position of AVP-CCO are as follows: 25th percentile – \$496,600, 50th percentile – \$537,000, 60th percentile – \$565,300, 75th percentile – \$607,600, and 90th percentile – \$670,700.

This position will be funded through UC Health system revenues and will not use State funds.

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

Committee Chair Sherman briefly introduced the item.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

3. **AMENDMENT OF REGENTS POLICY 1202 – APPOINTMENT OF STUDENT REGENT AND ADOPTION OF STUDENT REGENT NOMINATION PROCEDURES**

Chair Kieffer recommended that the Governance and Compensation Committee recommend to the Regents that Regents Policy 1202 – Policy on Appointment of Student Regent be amended as shown in Attachment 1, and the Student Regent Nomination Procedures be adopted as shown in Attachment 2.

[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.]

Secretary and Chief of Staff Shaw explained that Regents Policy 1202, Policy on Appointment of Student Regent, was being amended in order to streamline the recruitment procedure, which was currently rather laborious. Chair Kieffer noted that the proposed amendment had been developed in consultation with student leadership.

Regent Pérez proposed the following amendments to paragraph 3 of the “Student Regent Nomination Procedures” shown in Attachment 2. “The candidates recommended by the nominating commission shall be interviewed jointly by a panel of ten representatives of the undergraduate student association and ten representatives of the graduate student association (~~Executive~~ External Vice Presidents or their designees), one from each campus, which shall nominate three to ~~five~~ four finalists for submission to the Regents. No other students will participate in the semi-finalist interviews.”

Upon motion duly made and seconded, the Committee approved Chair Kieffer's recommendation as amended and voted to present it to the Board.

4. **ESTABLISHMENT OF REGENTS' SPECIAL COMMITTEE ON BASIC NEEDS**

Chair Kieffer and Regent Graves recommended that the Governance and Compensation Committee recommend that the Regents:

- A. Establish the Special Committee on Basic Needs for a two-year period, effective upon approval.
- B. Adopt the Special Committee on Basic Needs Charter as shown in Attachment 3.
- C. Review the need for the continuation of the Special Committee by November 2020.

[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.]

Regent Graves explained that the Special Committee on Basic Needs would produce a report on the campuses' long-term sustainable plans to address basic needs. The Special Committee would be established for two years. After two years, the Governance and Compensation Committee would evaluate the status of the Special Committee, and the question of whether to continue the Special Committee or to have this topic taken up by other committees.

President Napolitano expressed support for this Special Committee. She recalled the work of the Total Cost of Attendance Working Group. The Working Group had gathered a significant amount of data which could prove useful for the Special Committee.

Regent Butler asked at what point the Special Committee would submit its report. Regent Graves responded that this would occur after two years. Chair Kieffer noted that the Special Committee would do more than just issue a report; meetings would be held on the campuses to discuss and share best practices.

Regent Butler observed that the Special Committee would exist for only a short period of two years, and asked why members would only be appointed for one-year terms. Since the report would be issued at the end of the two-year period, it would make sense to keep consistent membership through this period. Regent Graves responded that the one-year terms were consistent with practice for all Regents' committees.

Regent Lansing commented that Regent Graves' term would end before the work of the Special Committee would end, and suggested that he could be reappointed as an advisor.

Faculty Representative May expressed strong support for the Special Committee, which was a timely and important initiative. He asked that a Faculty Representative be appointed to the Special Committee. Faculty input would be valuable for this group.

Regent Leib stated that Special Committee members whose terms as Regents would end before the issuance of the report should be allowed to continue on the Special Committee through the two-year period.

Regent-designate Weddle commented that many faculty, students, and staff members had been working on this issue for many years, and were very gratified to see that this matter was being taken up by the Regents.

Upon motion duly made and seconded, the Committee approved Chair Kieffer and Regent Graves's recommendation and voted to present it to the Board.

5. **OVERVIEW OF EXECUTIVE COMPENSATION POLICIES**

[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.]

Vice President Duckett explained that compensation at UC consists of three distinct programs: the Market Reference Zones (MRZs), which govern compensation for the Senior Management Group (SMG); Career Tracks, the system for professional staff, generally non-represented employees; and collective bargaining agreements for represented employees. Each of these programs has an associated market-based pay structure and methodology. Pay structures are related to similar jobs in the employment market with special attention to comparators in higher education.

MRZ positions are divided into three categories. Most are multi-incumbent roles, with a number of employees in a position across the UC system, while a few are single-incumbent roles, such as the President of the University. There were 49 incumbents in SMG positions at the systemwide level, in UC Health, and at the Lawrence Berkeley National Laboratory, and 95 incumbents in campus leadership SMG roles. The MRZs associated with these SMG positions are to be reviewed at least every two years, but Human Resources had made this review more frequent, every year, given the pace of the employment market over the preceding 12 months.

Mr. Duckett presented a chart outlining implementing procedures and SMG approval authority. Appointments and compensation above the 75th percentile of the relevant MRZ require Regents' approval; the Regents must also approve any exceptions to policy, the creation of any new SMG positions, or elimination of SMG positions. The 60th percentile and the 75th percentile are key thresholds in the SMG approval authority matrix. In the University's view, compensation at the 60th percentile was close to being on target with market compensation, while compensation above the 75th percentile began to exceed market compensation.

With regard to the systemwide salary increase program, a merit increase program, Regents' approval is required for Level One SMG members, while the President may approve such increases for Level Two SMG members. Administrative stipends are rare; they are not allowed for Level One SMG members, and stipends for Level Two SMG members undergo

much scrutiny. Acting and interim appointments are subject to the same approval requirements as career appointments. Incentive awards are approved by Administrative Oversight Committees. There are two such incentive award programs, the Annual Incentive Plan for the Office of the Chief Investment Officer and the Clinical Enterprise Management Recognition Plan for UC Health. Mr. Duckett briefly outlined authorities for actions on SMG positions taken less frequently, such as the rehiring of retirees.

Executive Vice President and Chief Operating Officer Nava emphasized that the Board of Regents is responsible for approving any action for SMG Level One appointments or changes to compensation; these are positions reporting directly to the President, and the chief executive officers of the medical centers.

The Committee recessed at 5:35 p.m.

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The Committee reconvened on November 15, 2018 at 9:15 a.m. with Committee Chair Sherman presiding.

Members present: Regents Lansing, Makarechian, Pérez, Sherman, and Zettel; Ex officio members Kieffer and Napolitano

In attendance: Regents Anderson, Anguiano, Butler, Estolano, Graves, Guber, Leib, Morimoto, Park, and Tauscher, Regents-designate Simmons, Um, and Weddle, Faculty Representatives Bhavnani and May, 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, Senior Vice President Holmes, Vice Presidents Brown and Holmes-Sullivan, Chancellors Blumenthal, Christ, Gillman, Hawgood, Khosla, Leland, May, Wilcox, and Yang, and Recording Secretary Johns

6. AMENDMENT OF BYLAWS AND COMMITTEE CHARTERS, ESTABLISHMENT OF AN INVESTMENTS COMMITTEE AND ADOPTION OF INVESTMENTS COMMITTEE CHARTER, AND ESTABLISHMENT OF A SPECIAL COMMITTEE ON NOMINATIONS

Chair Kieffer, in consultation with the President of the University, recommended that the Governance and Compensation Committee recommend to the Regents that:

- A. Following service of appropriate notice, the Bylaws of the Regents of the University of California be amended as shown in Attachment 4.
- B. The Charter of the Governance and Compensation Committee be amended as shown in Attachment 5, effective upon final approval of the Bylaw amendments in paragraph A.

- C. The Charter of the Finance and Capital Strategies Committee be amended as shown in Attachment 6, effective upon final approval of the Bylaw amendments in paragraph A.
- D. The Charter of the Health Services Committee be amended as shown in Attachment 7, effective upon final approval of the Bylaw amendments in paragraph A.
- E. The Investments Committee be established and the Charter of the Investments Committee be adopted as shown in Attachment 8, effective upon final approval of the Bylaw amendments in paragraph A.
- F. The Special Committee on Nominations be established and the Charter of the Special Committee on Nominations be adopted, as shown in Attachment 9.

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

Committee Chair Sherman recalled that the Committee had had discussions at the May and September meetings about making changes to the committees and about reviewing the concurrent meeting structure. The general consensus of the Regents was that the new structure was working well, but there were a number of suggestions for improvement, and these were now being brought forward.

The first suggestion was to establish an Investments Committee as a standing committee which would replace the current Investments Subcommittee, and to adopt a charter without significant changes. Any Regent could serve on the Investments Committee, and the Committee would be delegated final authority for appointment and compensation of employees in the Office of the Chief Investment Officer, other than the Chief Investment Officer, if the compensation is not paid from State General Funds and is within the appropriate Market Reference Zone (MRZ) guidelines. Technical amendments would be made to the Finance and Capital Strategies Committee Charter to eliminate the Investments Subcommittee.

Several Regents had expressed the desire to serve on the Health Services Committee, and it was proposed that the Charter of this Committee be amended to add two Regents. The voting and quorum provisions would be made to conform to the procedures in the Bylaws for all Standing Committees. The amendment would clarify that the Health Services Committee and the Governance Committee can approve any new UC Health positions in the Senior Management Group that are not State-funded, and their corresponding salary ranges (MRZs).

The Governance and Compensation Committee would be renamed the Governance Committee, and the following would be added to its responsibilities: advising the President and providing strategic insight, the performance evaluation of the President of the University and the Principal Officers of the Regents, personnel policies for senior leadership, and the authority to approve interim actions. Effectively, the Governance

Committee would serve as an executive personnel committee, overseeing the Regents' direct reports. Membership of the Governance Committee would be composed of the Chair and Vice Chair of the Board and the chairs of all Standing Committees, and the President of the University. The proposed amendments would also eliminate the Committee's authority to appoint Standing Committee membership and Board leadership positions. A new Special Committee on Nominations would be established, and would have the responsibility of nominating the Chair and Vice Chair of the Board, the chairs and vice chairs of all Standing Committees, and membership of all Standing Committees. The Board Chair would appoint members to this Special Committee each year. With all these proposed changes, there would be conforming amendments to the Bylaws.

Regent Lansing expressed support for having chairs of all Standing Committees serve on the Governance Committee, but raised questions about the Special Committee on Nominations and the lack of input regarding chair and vice chair nominations for the Standing Committees. The Special Committee on Nominations should consult with the chairs and vice chairs of the Standing Committees about membership of those Committees. She suggested that language in the Health Services Committee Charter could be made clearer to the effect that the advisory members were not permitted to vote on Committee business. With regard to Regent Lansing's remark about the Special Committee on Nominations, Committee Chair Sherman agreed that it would be desirable to include a provision that the Special Committee shall consult with the chairs and vice chairs of the Committees regarding nominations of Committee membership and leadership. General Counsel Robinson added that in his view, the Health Services Committee Charter could make clearer the point that only Regent members of the Committee are permitted to vote.

Regent Pérez requested clarification regarding the Special Committee on Nominations in light of past practice. Chair Kieffer responded that in the past, for many years, a nominating committee performed this function – nominating chairs, vice chairs, and members of Committees – currently performed by the Governance and Compensation Committee. This function would be moved to the Special Committee on Nominations. A concern had been raised that with the Governance Committee as a committee of chairs of committees, the Chair of the Board, who would chair the Governance Committee, would have too much authority. This was a reason to move the nominating function to the Special Committee, and to separate the Chair of the Board from this function.

Regent Pérez outlined his understanding of the current nomination process. Regent Lansing recalled that all Regents are asked for their committee preferences, and that an attempt is made, with extensive deliberations, to place Regents on committees they are interested in, so that Regents consider matters for which they have relevant background experience and knowledge.

Regent Pérez asked what would change with these amendments, and about the Chair of the Board's authority. Chair Kieffer emphasized that the Chair's authority would remain the same, nominating the chair of the committee that decides on committee membership. He would recommend that the Chair of the Special Committee on Nominations approach this task thoughtfully, with appropriate deliberation by the Special Committee. The task was a

matter of placing Regents on the committees they are interested in and ensuring that there are enough members on each committee.

Regent Graves referred to the Charter of the Special Committee on Nominations and asked why the language “Regents who are not members of the Special Committee shall not attend its meetings” was included. Chair Kieffer noted that currently, the meeting of the Governance and Compensation Committee that nominates committee membership is a closed meeting to all but Committee members. Having all members of the Board decide on committee membership would not be practical. Historically, this had not been a controversial issue.

Regent Graves stated his view that this restriction on Special Committee attendance removed an opportunity for other Regents, and Regents-designate, to understand the work of the Board. The Board should consider an arrangement whereby members of the Governance Committee were not the same as the members of the Special Committee on Nominations, to avoid conflict of interest. On this last point, Chair Kieffer responded that in his view, this would not be desirable. It would be in the Board’s interest to have some members of the Governance Committee also on the Special Committee on Nominations.

Faculty Representative May referred to the Charter of the Health Services Committee and language defining membership. One member of the Committee is to be a member of the Academic Senate, “holding a clinical appointment at one of the University’s schools of medicine.” He questioned the limitation to the schools of medicine and the exclusion of other health sciences schools. In considering appointments of Academic Senate members to this Committee, the Academic Senate had identified highly qualified individuals from other health sciences schools who would have been excellent contributors to the Committee’s work. He recommended that the phrase “schools of medicine” be amended to “health sciences schools.” In addition, he stated his personal view that the requirement that this individual hold a clinical appointment be changed to a preference for an individual with a clinical appointment. Committee Chair Sherman responded that this requirement had been instituted to ensure that there be one member of the Committee with a clinical appointment, since there would not necessarily be any other member with a clinical appointment.

Executive Vice President Stobo recalled that when the Charter was drafted, this had been the first move by the Board to delegate certain authorities to the Health Services Committee, and the Board wished to ensure sufficient constraint on these authorities. An idea that was not explicitly stated was that the Committee should deal with the clinical but not the academic enterprise. In that spirit, it was thought that the Academic Senate representative should hold a clinical appointment. Regent Lansing stated that she understood the constraints, but asked Dr. Stobo for his views. Dr. Stobo responded that, given the way the Committee had developed, if there were a general feeling that this member could be a representative from any of the health professional schools, not just the schools of medicine, he would not be opposed to this change.

Mr. May explained that the limitation to schools of medicine narrowed the class of what the Academic Senate found to be highly qualified people to serve on the Committee. Dr. Stobo responded that this class had been narrowed to provide comfort to the full Board.

Regent Zettel underscored that the clinical enterprise is a major economic engine that supports medical education at UC and expressed support for the requirement that this Committee member hold a clinical appointment. Mr. May stated that this was a secondary concern, but that the Academic Senate would like the language amended, from “schools of medicine” to “health sciences schools.”

Regent Pérez voiced discomfort with the fact that the Special Committee on Nominations would be closed to other members of Board. Chair Kieffer countered that this process, having a smaller group discuss and make recommendations, had proven most effective for the Board during its history. Regent Pérez observed that the Special Committee would be assembled for this purpose only, and that made it unlike the Governance and Compensation Committee, which meets in closed session to consider nominations, but considers other matters as well.

In response to a question by Regent Makarechian, Chair Kieffer stated his understanding that this was the only occasion when the committee making nominations, whether the nominating committee in the past, or the Governance and Compensation Committee currently, would be closed to other Regents. This was to permit discreet and direct conversations about committee and Board membership and leadership. A smaller group can have a more candid discussion than a larger group. In response to another question by Regent Makarechian, Chair Kieffer noted that historically, the closed session discussions about committee membership and the qualifications of various Regents have subsequently not been brought to the full Board. Secretary and Chief of Staff Shaw confirmed that historically, attendance at these meetings, typically one meeting per year, has been limited to the members of the nominating committee, and Regents have been informed that only committee members may attend.

Regent Lansing remarked that the existing arrangement had been working. She suggested that if the Board so desired, the meeting could be structured to allow Regents who wished to make a statement to the nominating committee to do so during the first half hour, and then have the meeting in closed session. Chair Kieffer stated his view that while there were some concerns, there was consensus among the Regents to continue the existing process.

Regent Lansing reflected that the deliberations about the selection of the Board Chair and Vice Chair, and committee membership, are discreet in order to avoid embarrassment and maintain a collegial atmosphere.

In response to a question by Faculty Representative Bhavnani, Chair Kieffer explained that having a members-only meeting of the nominating committee was not a change in practice. This had been the practice of the Board over time, and it had permitted greater candor and maintained a collegial board.

Regent Anguiano asked if the proposed Special Committee on Nominations would in fact provide more openness and participation by more Regents than in the past. Chair Kieffer responded that the openness and participation would be about the same.

Regent Park expressed support for the proposed amendments. The Regents had talent and experience in different areas, and the creation of these committees was something of a balancing act. She expressed confidence in the Regents who would serve on the Special Committee on Nominations to find the appropriate balance of Regents' wishes, experience, talent, and time. The Special Committee would provide a space for a discussion necessary to produce the right outcome.

General Counsel Robinson summarized the three amendments that had been proposed. In the Charter of the Special Committee on Nominations, language would be added indicating that "The Special Committee shall consult with the Chairs and Vice Chairs of the Committees regarding nominations of Committee membership and leadership for the next year." In the Charter of the Health Services Committee, the Academic Senate member of the Committee would be defined as holding a clinical appointment at one of the University's "health sciences schools" rather than "schools of medicine," and additional language would indicate that "Only the Regent members of the Committee shall be permitted to vote on Committee business."

Regent Estolano expressed agreement with Regent Park. The separation of nominations and governance made sense. The discussion of nominations needed to occur in a closed and small format to allow for the type of deliberation necessary for the Board to function effectively, considering the size of the Board and the strong personalities and notable distinction of its members.

Upon motion duly made and seconded, the Committee approved Chair Kieffer's recommendation as amended and shown in Attachments 7A and 9A, and voted to present it to the Board.

The meeting adjourned at 10:00 a.m.

Attest:

Secretary and Chief of Staff

Additions shown by underscoring; deletions shown by strikethrough**Regents Policy 1202: Policy on Appointment of Student Regent****POLICY SUMMARY/BACKGROUND**

The Board of Regents has chosen to appoint a student as a Regent in accordance with the Constitution of the state of California, which was amended in November 1974 to provide the Regents with the option of appointing a student to serve as a member on the Board. This Policy affirms that decision and broadly outlines the position.

POLICY TEXT

The student Regent must be a person enrolled as a student in good standing and not on academic probation at a campus of the University of California for each regular academic term during his or her service as a Regent-designate and Regent and must have demonstrated interest in the welfare of their fellow students and in the University. Political tests must not be applied to any candidate. A student body president, or equivalent, or a member of the board of directors of any student advocacy associations, is not be eligible for appointment as a student Regent. While serving on the Board, a student Regent may not hold any appointive or elective student government position. However, a student Regent-designate may hold non-elected positions until their term as Regent begins. A student who is, or has served as, a student Regent is not eligible for reappointment as a student Regent.

The student Regent is a full voting member of the Board of Regents of the University of California, attending all meetings of the Board and its Committees and serving a one-year term commencing July 1. In their role as a Regent, the student Regent serves as a trustee on behalf of the people of the State of California. While the student Regent voices student perspectives to the Board, they do not solely represent students. The state Constitution provides that Regents shall be persons broadly reflective of the economic, cultural, and social diversity of the State.

From the time of appointment as a student Regent, but prior to the commencement of service as a member of the Board, the person so appointed is known as a Regent-designate, is invited to attend all meetings of the Board and its Committees and is seated at the meeting table with full participation in discussion and debate. The student Regent-designate will serve as a non-voting advisory member of committees of the Regents as assigned during their service as a Regent-designate. Non-voting members do not count toward the calculation of a quorum of a committee.

The student Regent and Regent-designate is entitled to reimbursement for expenses in accordance with Regents Policy and has the option of receiving either a fee waiver or a scholarship in an amount equivalent to the student's total University fees and tuition during the academic years in which they serve as Regent-designate and Regent.

The student Regent is appointed by the Regents upon recommendation of a Special Committee that is appointed by the Chair of the Board for that purpose. The process for selecting the student Regent is described in the Student Regent Nomination Procedures.

The student Regent or Regent-designate may be removed for cause or sanctioned by majority vote of the Board (excluding the student Regent) if allegations of a violation of their fiduciary or ethical duties to the University or a violation or breach of the University Bylaws, policy, or applicable law are found to be substantiated through a process determined by the Chair of the Board and the Chair of the Governance Committee, in consultation with the General Counsel.

COMPLIANCE/DELEGATION

The Secretary and Chief of Staff to the Regents is responsible for coordinating the student Regent selection process and ensuring compliance with the nomination procedures.

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 or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Student Regent Nomination Procedures

- ~~1. The student Regent shall be a person enrolled as a student in good standing and not on academic probation at a campus of the University of California for each regular academic term during his or her service as a Regent-designate and Regent. The student Regent shall have the option of receiving either a fee waiver or a scholarship in an amount equivalent to the student's total University fees and tuition during the academic years in which he or she serves as a Regent-designate and Regent. A student body president, or equivalent, or a member of the Board of Directors of the University of California Student Association, shall not be eligible for appointment as a student Regent. While serving on the Board, a student Regent may not hold any appointive or elective student government position. A student who is or has served as a student Regent shall not be eligible for reappointment as a student Regent.~~
- ~~2. The student Regent shall be appointed by the Regents upon recommendation of a Special Committee to be appointed by the Chair of the Board for that purpose. The Special Committee shall make its recommendation from a panel of three finalists submitted by the Board of Directors of the University of California Student Association (UCSA) following the selection procedure described below. Should the Special Committee not be~~

satisfied with the panel in its entirety, the Committee may request the Board of Directors of UCSA to submit one or more additional names. A representative of the Board of Directors of UCSA shall be invited to attend all meetings of the Special Committee with full participation in discussion and debate.

- ~~3. For each campus, the undergraduate and graduate student governments shall each appoint a student from their body to the appropriate student Regent nominating commission. San Francisco's student government shall nominate two students. There shall be one northern nominating commission for the Berkeley, Davis, Merced, San Francisco and Santa Cruz campuses and one southern nominating commission for the Irvine, Los Angeles, Riverside, San Diego and Santa Barbara campuses. The nominating commissions shall screen the applicants for student Regent and shall recommend five students from the southern campuses and five students from the northern campuses. The ten students so recommended shall be interviewed by the Board of Directors of the University of California Student Association which shall nominate three finalists for submission to The Regents. The submission of the finalists shall be at such time that the Special Committee may complete its deliberations and submit its recommendations to the Board of Regents no later than the July meeting of the Board each year.~~
- ~~4. Chancellors, in consultation with the President of the University and with their respective student body presidents, shall be responsible for the dissemination of information about the position of student Regent and for the application process on their respective campuses. In state travel expenses incurred in the recruitment process by the nominating commissions and by the applicants shall be paid by the Office of the Secretary and Chief of Staff in accordance with its travel reimbursement policies.~~
- ~~5. The nominating commissions, the Board of Directors of the University of California Student Association, the Special Committee, and The Regents shall be mindful of that provision of Article IX, Section 9 of the California Constitution that: "Regents shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in the selection of Regents."~~
- ~~6. Candidates shall be students in good standing enrolled at a campus at the University of California at the time that they apply and shall have demonstrated interest in the welfare of their fellow students and in the University. No political test shall be applied to any candidate.~~
- ~~7. A student Regent shall serve on the Board for a one-year term commencing on July~~
- ~~8. From the time of appointment as a student Regent, but prior to the commencement of service as a member of the Board, the person so appointed shall be known as a Regent-designate, shall be invited to attend all meetings of the Board and its Committees, to be seated at the meeting table, with full participation in discussion and debate, and shall be~~

~~entitled to reimbursement for expenses in accordance with the Policy on Administrative Support for and Reimbursement of Regents and Regents Designate. The student Regent designate will serve as a non-voting advisory member of committees of the Regents as assigned during his or her service as a Regent designate. Non-voting members shall not count toward the calculation of a quorum of a committee.~~

Student Regent Nomination Procedures

1. Chancellors, in consultation with the President of the University and with their respective student body presidents, shall be responsible for the dissemination of information about the position of student Regent. In-state travel expenses incurred in the recruitment process by the nominating commissions and by the applicants shall be paid for by the Secretary and Chief of Staff in accordance with its travel reimbursement policies.
2. A nominating commission comprising ten students, each from a different campus, shall be selected by the student body presidents. An effort should be made to have a balance of undergraduate and graduate and professional students serve on the commission. The commission shall review the applications and recommend six to eight candidates to be interviewed. The nominating commission may have the option to contact certain candidates with supplemental questions if more information is needed to make a decision or the commission needs to further winnow or augment the list of candidates to be interviewed.
3. The candidates recommended by the nominating commission shall be interviewed jointly by a panel of ten representatives of the undergraduate student association and ten representatives of the graduate student association (Executive Vice Presidents or their designees), which shall nominate three to five finalists for submission to the Regents. No other students will participate in the interviews. It is recommended that an equal number of graduate and undergraduate be advanced to the final interview.
4. A Special Committee of the Regents shall be appointed by the Chair of the Board to interview the finalists submitted by the student associations' interview panel. If the Special Committee is not satisfied with the candidates, the Special Committee may request that the interview panel submit one or more additional candidates' names. A student association president shall be invited to attend all meetings of the Special Committee with full participation in discussion and debate. The Special Committee shall complete its deliberations and submit its recommendation to the Board of Regents no later than the July meeting of the Board each year.
5. The nominating commissions, representatives of the student associations, the Special Committee of the Regents, and members of the Board of Regents shall be mindful of the provision of Article IX, Section 9 of the California Constitution that states: "Regents shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in the selection of Regents." To this end, all reviewing bodies will be provided with material regarding how to ensure a diverse pool of candidates.

Charter of the Special Committee on Basic Needs

A. Purpose.

The Special Committee on Basic Needs shall review campus, systemwide, and national trends in regards to supporting students' basic needs at the University of California, including efforts to address food, housing, and financial insecurity. The Special Committee shall have the authority to explore the scope and impact of basic needs insecurity, review campus basic needs initiatives, review basic needs efforts among campuses, the Office of the President, and the California State government, and report to the Board on basic needs improvement for students attending the University of California.

B. Membership/Terms of Service.

The Special Committee on Basic Needs shall be established for two years. Members of the Special Committee shall be appointed by the Chair of the Board for one-year terms in consultation with the Chair of the Governance and Compensation Committee, and may include Chancellors and other advisory members.

C. Oversight Responsibilities.

The charge of the Special Committee shall include reviewing long-term goals and reporting to the Board with regard to the following matters:

- Campus housing security initiatives
- Food security initiatives and programs
- Establishment of campus basic needs centers
- Financial aid and cost of attendance
- Student services
- Mental health services
- Child Care Services

D. Reporting.

The Special Committee shall issue a report on basic needs to guide UC's long-term strategic vision to address basic needs.

Additions shown by double underscoring; deletions shown by strikethrough

Bylaws of the Regents of the University of California

21. Duties and Requirements

Each member of the Board (“Regent”) shall be subject to the duties and requirements specified below.

21.11 Breach of Conduct

Upon recommendation of the Governance ~~and Compensation~~ Committee, the Board shall adopt procedures to consider any allegation that a Regent, Committee member, Regent-Designate or advisor to a Board Committee has not fulfilled their duties as set forth in University Bylaws, policy or applicable law, and to implement appropriate response(s) when such allegation is found to have merit.

23. Officers of the Corporation

23.1 Designation

The persons holding the following offices shall serve as Officers of the Corporation: the President of the Board; the Chair of the Board; the Vice Chair of the Board; and the following officials, who, collectively, shall be known as the Principal Officers of the Regents (“Principal Officers”): the Secretary and Chief of Staff, the General Counsel; the Chief Compliance and Audit Officer, and the Chief Investment Officer. Officers of the Corporation also shall include those persons who have been recommended by a Principal Officer of the Regents and approved by the Board (“Principal Officer Delegates”).

23.2 Appointment and Qualifications

(a) President of Board

The President of the Board is the Governor of the State of California, and serves in that Board position as President in an ex officio capacity.

(b) Chair and Vice Chair of Board

The Chair of the Board and Vice Chair of the Board shall be appointed to their respective positions by election of the Regents in accordance with procedures set forth in the charter of the Special Committee on Nominations-Governance and Compensation Committee. No Regent may serve consecutively in the position of Chair or in the position of Vice Chair for more than two terms. Terms shall commence on July 1 and shall continue for one year.

(c) Principal Officers

The Principal Officers each shall be appointed by the Board on the occurrence of a vacancy and shall continue in service at the pleasure of the Board. Each of the Principal Officers other than the Secretary and Chief of Staff, in addition to serving as Principal Officers, shall serve as Officers of the University. None of the Principal Officers shall be Regents.

Appointment (including temporary appointment or acting or interim status) of the General Counsel, the Chief Compliance and Audit Officer and the Chief Investment Officer, shall be voted by the Board upon joint recommendation of the Chair of the Board and the President of the University, following consultation with an appropriate Standing Committee or Subcommittee of the Board, as determined jointly by the Chair of the Board and the President, or with a special committee established for that purpose.

23.4 Authority and Duties of Board Officers

(d) Inability to Act

During any period that an officer of the Board is unable to perform the duties assigned under these bylaws, the next officer or member in order of precedence shall perform those duties. For these purposes, the order of precedence is as follows: President of the Board; Chair of the Board; Vice Chair of the Board; ~~Chair of the Governance and Compensation Committee; the Vice Chair of the Governance and Compensation Committee;~~ and the next most senior member of the ~~Governance and Compensation~~ Committee, as determined by Regental appointment date.

24. Standing Committees

24.2 Committee Charters

Each Standing Committee shall operate in accordance with a committee charter that shall set forth the purpose and primary responsibilities of the committee. The charter shall be approved by the Board, on recommendation of the ~~Governance and Compensation~~ Committee. The charters for each of the Standing Committees identified below in paragraph 24.3 are attached as appendices to these Bylaws. In the case of any conflict between the terms of a Committee Charter with these Bylaws, the terms of these Bylaws shall control.

24.3 Designation of Standing Committees

The following Standing committees are hereby established and shall provide strategic direction and oversight on matters within their respective areas of responsibility, as described below and in the Committee Charters (attached to these Bylaws as appendices):

(c) The Finance and Capital Strategies Committee

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. (See Appendix C)

(d) The ~~Governance and Compensation~~ Committee

The ~~Governance and Compensation~~ Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the organization and management of the Board and review and amendment of the University's Bylaws, Charters, and Regents Policies regarding Board operations, on matters pertaining to the appointment and compensation of the University's senior leadership, performance evaluation of the Principal Officers and the President of the University, and personnel policies for senior leadership, and on matters pertaining to the development, review and amendment of employee compensation and benefits programs and policies. (See Appendix D)

(e) The Health Services Committee

The Health Services Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the University's schools of health, academic medical centers, health systems, clinics and student health and counseling centers ("UC Health"). (See Appendix E)

(f) The Investments Committee

The Investments Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to investment strategy and operations, and pertaining to the review and reporting of investment results. (See Appendix F)

(g) The Public Engagement and Development Committee

The Public Engagement and Development 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 engagement with key constituents, fundraising, and the development of effective advocacy programs for University stakeholders. (See Appendix ~~F~~G)

24.5 Appointment

Unless otherwise specified in a Committee Charter, the members (except for ex officio members) of a Standing Committee, and those chosen to serve as Chair and Vice Chair, shall be nominated by a Special Committee on Nominations ~~the Governance and Compensation Committee~~, and approved by the Board. The Chair of the Board shall not also concurrently serve as the Chair of any Standing Committee, except the Chair and Vice Chair of the Board shall serve as the Chair and Vice Chair of the Governance Committee, respectively. Candidates for the Chancellor position(s) on Standing Committees, and any other proposed advisory member candidates, shall be forwarded for consideration to the ~~Governance and Compensation Committee~~ Special Committee on Nominations by the President of the University. Vacancies of members shall be filled in the same manner, to serve the unexpired term created by the vacancy.

24.6 Term

Unless otherwise specified in a committee charter, voting members of Standing Committees, other than ex officio members, shall be appointed for a term of one year. No Regent may serve consecutively in the position of Committee Chair or in the position of Committee Vice Chair for more than four terms. Advisory members may serve for such terms as recommended by the ~~Governance and Compensation Committee~~ Special Committee on Nominations, and approved by the Board, and shall not be subject to any term limits.

24.10 Committee Charter Amendments

The charter of a Standing Committee or Subcommittee may be amended by majority vote of the Board. ~~Portions of Committee Charters that pertain to the establishment and roles of a Subcommittee may be amended by the Governance and Compensation Committee, except that any delegation of authority to a Subcommittee or change in plenary authority delegated to a Subcommittee shall be approved by the Board.~~

25. Subcommittees

25.1 Establishment

A Standing Committee may seek to establish one or more subcommittees to assist in the effective conduct of its business. A subcommittee shall be formed, following a recommendation of a Standing Committee, on approval by the Board ~~Governance and Compensation Committee~~ of a Subcommittee Charter, which shall be incorporated into the charter of the related Standing Committee.

25.2 Authority

The authority of a Subcommittee shall be no greater in scope than the responsibilities assigned, and the authority delegated, to the related Standing Committee. Any delegation of plenary authority to a Subcommittee, and any change in such authority so delegated, shall require the approval of the Board, on recommendation of the related Standing ~~Governance and Compensation~~ Committee. Except for matters handled under plenary authority and except as otherwise specified in a Subcommittee charter, the work of the Subcommittee shall be advisory to the related Standing Committee.

25.3 Membership

Unless otherwise specified in its charter, a Subcommittee shall consist of no fewer than three Regents, all of whom must be members of the related Standing Committee. The Chair of the related Standing Committee shall serve ex officio as an additional member of the Subcommittee. Subcommittees may include advisory members of the related Standing Committee (including Chancellors) with expertise relevant to the work of the Subcommittee. Subcommittees may also include additional advisory members with expertise relevant to the work of the Subcommittee, who shall be forwarded for consideration to Chair of the related Standing Committee by the President of the University and approved by the Board.

25.4 Appointment

Except for the ex officio member, all members of a Subcommittee, and those chosen to serve as Chair and Vice Chair, shall be ~~approved~~ nominated by the ~~Governance and Compensation Committee~~ Special Committee on Nominations, following a recommendation by the Chair of the related Standing Committee, and approved by the Board.

25.5 Term

Unless otherwise specified in a subcommittee charter, voting members of Subcommittees, other than the ex officio member, shall be appointed for a term of one year. No Regent may serve consecutively in the position of Subcommittee Chair or in the position of Subcommittee Vice Chair for more than four terms. Advisory members may serve for such terms as determined by the Board or the ~~Governance and Compensation Committee~~ Special Committee on Nominations, in consultation with the Chair of the related Standing Committee, and shall not be subject to any term limits. Notwithstanding the foregoing, no voting members of a Subcommittee shall serve beyond their term on the related Standing Committee.

25.6 Voting and Quorum

Only the Regent members of a Subcommittee may vote on Subcommittee business. Advisory members (including Chancellors) may participate in all respects on matters brought before the Subcommittee, except voting. A quorum of a Subcommittee shall be three Regent members.

25.7 Subcommittee Charter Amendments

Except as provided in Paragraph 25.2 above, the portions of a Committee Charter governing the Subcommittee may be amended on approval of the ~~Governance and Compensation Committee~~ Board, following a recommendation by the related Standing Committee.

26 Special Committees

26.1 Establishment and Authority

The Board may establish Special Committees to assist in the effective conduct of its business. A Special Committee shall be formed on approval by the Board of a Special Committee charter, following the recommendation of the Governance ~~and Compensation~~ Committee. Without limiting the discretion of the Board, Special Committees will be established for purposes of providing more focused review and analysis of a specific issue or event, and will be established for a limited duration determined at the time of formation. Unless the Special Committee charter provides otherwise, the provisions of Sections 24.1 through 24.12 shall apply to all Special Committees.

27.5 Interim Actions

Matters requiring Board or Committee action between meetings may be acted on upon the recommendation of the President of the University or an Officer of the Corporation in their respective areas of responsibility. For matters requiring action by the Board, approval under this authority requires either the approval of the Chair of the Board and the Chair of the Standing Committee with jurisdiction over the matter or approval by the Governance Committee. For matters requiring action by a Committee, approval under this authority requires either the approval of the Chair and the Vice Chair of the Committee or approval by the Governance Committee. In the case of the inability of the Chair of the Board to act, the Vice Chair of the Board may act; and in the case of the inability of the Chair of the Committee to act, the Vice Chair of the Committee may act. For matters requiring action by a Committee, in the case of the inability of the Chair or Vice Chair of the Committee to act, the next most senior member of the Committee may act. All actions approved under this interim action authority shall be reported at the next regular meeting of the Board.

Additions shown by double underscoring; deletions shown by strikethrough

Appendix D - Charter of the Governance and Compensation Committee

- A. Purpose. The Governance ~~and Compensation~~ Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the organization and management of the Board, pertaining to the appointment and compensation of the University's senior leadership, performance evaluation of the Principal Officers and the President of the University, and personnel policies for senior leadership, and pertaining to the development, review and amendment of employee compensation and benefits programs and policies.
- B. Membership and Terms of Service.¹ The Committee shall consist of the President of the Board, the Chair and Vice Chair of the Board, the President of the University, and the Chairs of the Standing Committees. The Chair of the Board shall be the Chair of the Committee and the Vice Chair of the Board shall be the Vice Chair of the Committee. ~~and other Regents, appointed by the Chair of the Board, no later than March of each year for the ensuing year.~~ All members shall be voting Regents, with no advisory members.
- ~~A. Consent Responsibilities~~ C. Delegated Authority. The benchmarking framework for UC Health compensation shall be reviewed and approved by both the Health Services Committee and the Governance Committee at least every two (2) years. The Health Services Committee and the Governance Committee shall also approve any new UC Health positions in the Senior Management Group and their corresponding salary ranges for positions that are not State-funded without further Regents action. Matters requiring Board or Committee action between meetings may be approved by the Governance Committee.

~~The Committee shall be charged with recommending action on the following matters, which, on approval, 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 for separate consideration:~~

- ~~• the formation of Subcommittees~~
- ~~• the appointment of Subcommittee members~~
- ~~• those portions of a Committee Charter governing a Subcommittee, provided however that any additions or other changes to the authority delegated to a subcommittee shall be considered and acted upon by the Board in a separate item apart from the consent agenda.~~

¹ As amended 3-16-17

~~D. Board Leadership and Committee Assignments. The Committee shall be responsible for presenting to the Board no later than May of each fiscal year a slate of candidates for Chair and Vice Chair of the Board, Chair and Vice Chair of each Standing Committee, and the remaining members of each Standing Committee (except the Governance and Compensation Committee, whose members are selected by the Chair of the Board), for the following fiscal year.~~

~~E.D.~~ Other Oversight Responsibilities. In addition to the responsibilities assigned to the Committee described above, and to the extent not otherwise within such responsibilities, 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:

- Review and amendment of the University's Bylaws, Regents Policies that pertain to Board operations, and other governing documents
- Formation and organization of the Board's Standing Committees, subcommittees and special committees, and development of committee charters
- ~~Appointments in Board leadership or on Board committees~~
- Review and oversight of the Board code of conduct and other Board policies
- Oversight of member compliance with laws, regulations and University policy
- Development of Board training and performance assessment programs
- Development of Board meeting and other processes
- Advising the President of the University on strategic issues and direction of the Office of the President
- Appointment and performance evaluation assessment of the President of the University senior leadership and the Principal Officers of the Regents, in accordance with University policy
- Review of University personnel policies
- ~~Approval of senior executive compensation, in accordance with University policy~~
- Approval of appointment and compensation of University senior leadership, other than individuals within the express jurisdiction of another Committee as specified in a committee charter, in accordance with University policy
- Review of University compensation and benefit plans and programs
- Development of compensation benchmarks, unless otherwise specified in a committee charter, and other tools to assess the efficiency and competitiveness of the University's compensation and benefits plans and programs
- Oversight of University collective bargaining practices
- Assuring that appropriate subject matter expertise is available to the Board and its Committees
- Recommending to the Board procedures to consider any allegation that a Regent, Committee member, Regent Designate or advisor to a Board Committee has not fulfilled their duties as set forth in University Bylaws, policy or applicable law; to

implement appropriate response(s) when such allegation is found to have merit, and to determine levels of authority to act on such matters.

The assignment of responsibility to this Standing Committee under Paragraphs C and E signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee, to the Board or to any other Committee.

F. E. Consultation With Other Committee Chairs on Compensation Matters. The Governance ~~and Compensation~~ Committee shall consult with the Chairs of other Standing Committees or Subcommittees, as appropriate, in making determinations and recommendations regarding the appointment and compensation of employees within the jurisdiction of those other committees.

Additions shown by double underscoring; deletions shown by strikethrough

Appendix C - Charter of the Finance and Capital Strategies Committee

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. Consent Responsibilities. The Committee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any Regent for separate consideration.~~

- ~~• 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)~~

DC. Other Oversight Responsibilities. In addition to the 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, Procurement, asset management)
- Large-scale enterprise systems (e.g. UC PATH)

- Annual valuations for UCRP and the retiree health program
- ~~University Investments~~
- University of California Employee Housing Assistance Program
- 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 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.

ED. 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 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 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 the 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 section C, above, as though approved by the Standing Committee, unless any Regent 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

5. Other Oversight Responsibilities. In addition to the responsibilities assigned to the Subcommittee described above, and to the extent not otherwise within such 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 investment reporting

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. 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.~~

Additions shown by double underscoring; deletions shown by strikethrough

Appendix E - Charter of the Health Services Committee

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

- E. ~~Voting and Quorum. Only the Regent members of the Committee shall be permitted to vote on Committee business. Nonvoting members may be permitted to participate in all respects on matters brought before the Committee, except for participating in the vote. A quorum of the Committee shall be four Regent members.~~
- F. Special Requirements for Chancellors/Advisory Members. A Chancellor member of the Committee shall be permitted to participate on a matter primarily affecting or benefitting their campus only to the extent of presenting or assisting in the presentation of the matter to the Committee, and shall not otherwise participate in the Committee's deliberations. This limitation shall not apply when the matter is expected to affect or benefit all or substantially all UC Health campuses. External advisory members (non-Chancellors) shall meet separately with the senior executive of UC Health periodically to provide advice.
- G. Delegated Authority Over Transactions.
1. General Delegation: Subject to the limitations and other requirements specified below, the Committee shall have plenary authority to approve the following UC Health business transactions, which, on approval, shall require no further action or authorization from the Board or any other committee:
 - alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation;
 - acquisitions of physician practices, hospitals and other facilities and clinics and ancillary services providers;
 - participation or membership in joint ventures, partnerships, corporations or other business entities; and
 - other business transactions primarily arising from or serving the programs or services of UC Health.
 2. Further Delegation: With review and approval of the Chair or Vice Chair of the Health Services Committee, the President may approve any UC Health transaction that can reasonably be anticipated to commit or generate no more than the lesser of (i) 1.5% of the relevant Medical Center's annual operating revenue for the previous fiscal year, or (ii) \$25 million and when combined with other transactions approved by the President for a particular Health Center in the current fiscal year, would reasonably be anticipated to commit or generate no more than the lesser of (i) 3% of the relevant Health Center's annual operating revenue for the previous fiscal year, or (ii) \$50 million; nor to any transaction involving more than one Medical Center.
 3. Exclusions From Delegations:
 - When a transaction is predominantly (by revenue committed or generated) a real estate transaction; or

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

H. Delegated Authority Over Appointments and Compensation.

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

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

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

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

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

J. Administrative Committees. Notwithstanding any other University policy, the Regent members of the Committee shall be permitted to serve on committees or work groups established by the President of the University or other University administrators for the conduct of the business of UC Health.

K. Reporting. In addition to the reports required under Bylaw 24.11, the Committee shall deliver to the Board the following reports, which may be in writing, on at least an annual basis:

- The UC Health strategic plan and budget, presented to the Board for review
- A report on the status of the University student health and counseling centers
- A written report on the status of all health system transactions approved under the Committee's delegated authority during the previous three years

Additions shown by double underscoring; deletions shown by strikethrough

Appendix E - Charter of the Health Services Committee

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

- E. ~~Voting and Quorum. Only the Regent members of the Committee shall be permitted to vote on Committee business. Nonvoting members may be permitted to participate in all respects on matters brought before the Committee, except for participating in the vote. A quorum of the Committee shall be four Regent members.~~
- F. Special Requirements for Chancellors/Advisory Members. Only the Regent members of the Committee shall be permitted to vote on Committee business. A Chancellor member of the Committee shall be permitted to participate on a matter primarily affecting or benefitting their campus only to the extent of presenting or assisting in the presentation of the matter to the Committee, and shall not otherwise participate in the Committee's deliberations. This limitation shall not apply when the matter is expected to affect or benefit all or substantially all UC Health campuses. External advisory members (non-Chancellors) shall meet separately with the senior executive of UC Health periodically to provide advice.
- G. Delegated Authority Over Transactions.
1. General Delegation: Subject to the limitations and other requirements specified below, the Committee shall have plenary authority to approve the following UC Health business transactions, which, on approval, shall require no further action or authorization from the Board or any other committee:
 - alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation;
 - acquisitions of physician practices, hospitals and other facilities and clinics and ancillary services providers;
 - participation or membership in joint ventures, partnerships, corporations or other business entities; and
 - other business transactions primarily arising from or serving the programs or services of UC Health.
 2. Further Delegation: With review and approval of the Chair or Vice Chair of the Health Services Committee, the President may approve any UC Health transaction that can reasonably be anticipated to commit or generate no more than the lesser of (i) 1.5% of the relevant Medical Center's annual operating revenue for the previous fiscal year, or (ii) \$25 million and when combined with other transactions approved by the President for a particular Health Center in the current fiscal year, would reasonably be anticipated to commit or generate no more than the lesser of (i) 3% of the relevant Health Center's annual operating revenue for the previous fiscal year, or (ii) \$50 million; nor to any transaction involving more than one Medical Center.
 3. Exclusions From Delegations:
 - When a transaction is predominantly (by revenue committed or generated) a real estate transaction; or

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

H. Delegated Authority Over Appointments and Compensation.

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

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

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

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

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

J. Administrative Committees. Notwithstanding any other University policy, the Regent members of the Committee shall be permitted to serve on committees or work groups established by the President of the University or other University administrators for the conduct of the business of UC Health.

K. Reporting. In addition to the reports required under Bylaw 24.11, the Committee shall deliver to the Board the following reports, which may be in writing, on at least an annual basis:

- The UC Health strategic plan and budget, presented to the Board for review
- A report on the status of the University student health and counseling centers
- A written report on the status of all health system transactions approved under the Committee's delegated authority during the previous three years

Additions shown by double underscoring; deletions shown by strikethrough

Appendix F – Charter of the Investments Committee

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 are set forth as follows.

- A. Purpose. In support of the Finance and Capital Strategies Committee (the “related Standing Committee”), the The Investments Subcommittee Committee shall provide strategic direction and oversight, ~~consider~~, make recommendations to the Board, and take action ~~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.
- B. Membership/Terms of Service. The identity, appointment and terms of service of ~~Subcommittee~~ Committee members shall be as specified in Bylaws ~~25.3~~ 24.4 through ~~25.5~~ 24.6.
- C. Special Requirements for Members/Advisors. Except as specifically provided in this Charter, neither the ~~Subcommittee~~ Committee 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.
- D. Delegated Authority Over Appointments and Compensation. The Committee may approve the appointment of or compensation for an employee of the Office of the Chief Investment Officer, other than the Chief Investment Officer, whose compensation is paid solely from sources other than state general fund support to the University, without further review or approval by the Board.
- E. ~~Subcommittee~~ Consent Responsibilities. ~~Unless otherwise specified in the Committee Charter, the 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 section C, above, as though approved by the Standing Committee, unless any Regent 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~~
- F. Other Oversight Responsibilities. In addition to the responsibilities assigned to the ~~Subcommittee~~ Committee described above, ~~and to the extent not otherwise within such~~

~~responsibilities~~, the charge of the ~~Subcommittee~~ Committee shall include reviewing and making recommendations to the ~~related Standing Committee~~ Board with regard to the following matters and/or with regard to the following areas of the University's business:

- o Investment policy and strategy
- o Physical asset management (e.g. real estate held as investments)
- o Investment accounts/custodian relationships
- o Retirement system investments
- o Endowment funds investments
- o Short term and liquidity investments
- o Investment operations
- o Investment results and reporting
- o Endowment administration cost recovery
- o Endowment total return expenditure
- o Campus Foundations investment reporting
- o Determination of asset classes
- o Asset and risk allocation policy
- o Selection of benchmarks

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

- G. Expert Advisors. The ~~Subcommittee~~ Committee shall have the authority to retain independent investment experts and advisors, as necessary to conduct the business of the ~~Subcommittee~~ Committee. The ~~Subcommittee~~ Committee 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~~ Committee. 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.
- H. Reporting. In addition to the reports required under Bylaw 25.8, the ~~Subcommittee~~ Committee shall report to the ~~related Standing Committee~~ Board any material developments in the University's investments operation and in the University's investment portfolio.

Appendix G – Charter of the Special Committee on Nominations

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

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