

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

May 19, 2022

The Regents of the University of California met on the above date at the following locations: Lusk Conference Center, Los Angeles campus; 1108 Myrtle Street, Calistoga, California.

Members present: Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Kounalakis, Leib, Lott, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza

In attendance: Regents-designate Blas Pedral, Pouchot, and Timmons, Faculty Representatives Cochran and Horwitz, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Brown, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, Vice Presidents Lloyd, Maldonado, and Nation, Chancellors Block, Christ, Gillman, Hawgood, Khosla, Larive, May, Muñoz, Wilcox, and Yang, and Recording Secretary Li

The meeting convened at 8:40 a.m. with Vice Chair Leib presiding.

1. PUBLIC COMMENT

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

- A. Scott Wiener, State Senator, expressed strong support for the UCSF Parnassus Heights project. In his view, UCSF needed to be modernized and expanded so that it could continue to be a leading institution and provide life-saving health care. The project would present great opportunities for housing and investment in San Francisco's public transportation system.
- B. Myrna Melgar, San Francisco City Supervisor, urged support of the UCSF Parnassus Heights project. This project would modernize and expand the existing medical facility to improve access to health care in San Francisco and the Bay Area. Currently, patients had to stay overnight in the emergency room, in hospital hallways, or on the sidewalk due to the lack of available inpatient rooms. She would continue to work with UCSF and the community to resolve any disagreements.
- C. Michael Cahn, representative of the UCLA Bicycle Academy, stated that UCLA's cogeneration plant was burning massive amounts of gas and spoiling UC's sustainability goals. He asked that direction and funding be provided to end use of the plant, which was originally deemed an inexpensive way to generate emergency power.

- D. Marvia Cunanan, UC Santa Barbara student, addressed item F9, *Fiscal Year 2022–23 Budget for the University of California Office of the President* and expressed opposition to the Thirty Meter Telescope (TMT) project. Ms. Cunanan, a disabled student, and other students were protesting the lack of institutional investment in accommodations. At UCSB, disability program specialist vacancies have not been filled due to lack of funding, while half of the \$68 million that the University has invested in the TMT were UC’s funds. She called on UC to end its involvement with the TMT project.
- E. Chloe L., UCLA student, asked the Regents to address a May 2021 statement made by the UCLA Department of Asian American Studies, which she believed to be in conflict with Regents Policy 4403: Statement of Principles Against Intolerance. According to Ms. L., the statement regarded Israel’s support of Asians and Asian Americans as a distraction from ethnic cleansing in Palestine. She shared that she faced antisemitism as a college student. Over 100 students have signed a statement about this issue that was being submitted to the Regents.
- F. Melissa Munio, Chief of Staff of Teamsters Local 2010, shared that the union passed its economic proposal and called for essential pay for essential work in light of the high cost of living and high gasoline prices. In negotiations with UC, union members planned to share the struggles they experienced. Many could not afford to live alone and relied on food banks and subsidies. The union looked to the Regents and University leadership to pay workers what they need to survive.
- G. Catherine Cobb, President of Teamsters Local 2010, called for a fair contract for Clerical and Allied Services (CX) unit workers. In light of inflation, members’ standard of living has declined, and their labor contract has been undermined by healthcare, pension, parking, and other costs. While UC leadership received generous compensations and bonuses, 98 percent of CX unit workers could not afford a two-bedroom home at market rate.
- H. Jamal Colter, UCSF staff member and member of Teamsters Local 2010, called for a living wage for CX unit workers, who were frontline employees who risked their health and lives during the COVID-19 pandemic. With hyperinflation and high gas prices, workers were concerned about their ability to afford utilities and food.
- I. Marissa Johnston, UC San Diego staff member and member of Teamsters Local 2010, stated that some burn unit patients’ appointments lasted at least 45 minutes due to time spent waiting for a Spanish translator. Patients have expressed dismay about the wait time and about poor customer service.
- J. Carmel A., UCLA student, stated that she saw graffiti that read “free Palestine from the river to the sea” on campus, which she regarded as antisemitic and calling for the genocide of Jewish people from Israel. She stated that her reporting of the incident was met with a lack of urgency, and she called on the Regents to stand in

solidarity with the Jewish community and to uphold Regents Policy 4403: Statement of Principles Against Intolerance

- K. Ken Nim, UC Berkeley alumnus and Director of CityBuild at the San Francisco Office of Economic and Workforce Development, urged approval of the UCSF Parnassus Heights project. UCSF has worked with CityBuild for over ten years to identify job opportunities for local construction trade workers. UCSF has committed to negotiating a workforce development agreement with CityBuild to train San Francisco residents and to place them on UCSF projects.
- L. Martha Ehrenfeld, President of the Inner Sunset Park Neighbors, spoke in support of the UCSF Parnassus Heights project and urged approval of new hospital. UCSF has heard the concerns of a diverse group of stakeholders and community members, and many neighbors were excited to live close to a world-class hospital. The Inner Sunset Park Neighbors endorsed the project.
- M. Alex Lantsberg, UC Berkeley alumnus and Research and Advocacy Director for the San Francisco Electrical Construction Industry, spoke in support of the UCSF Parnassus Heights project. He praised the community workforce agreement between UCSF and the San Francisco Building and Construction Trades Council, which would create about 1,000 new union construction jobs, ensure an adequate skilled labor supply, and result in a high-quality, on-budget, and on-time project.
- N. Jasmine B., UCLA student, addressed acts of antisemitism on campus. She stated that an apartheid wall installation was an attack on Jewish students and that calls for divestment emboldened students to commit hate crimes. At UCLA, Jewish students were attacked in person and online.
- O. Kylie H., UCLA student, stated that Students for Justice in Palestine were chanting slogans on campus that glorified suicide bombings and rocket attacks in Israel, and that an antisemitic poster was displayed at a UC Divest demonstration. Ms. H. was attacked outside the campus Hillel building, which was also recently vandalized. She asked that the Regents reaffirm their commitment to Regents Policy 4403: Statement of Principles Against Intolerance.
- P. Erica Cartmill, UCLA faculty member, called for including fertility coverage in UC health benefits. She shared that UC health insurance did not cover in vitro fertilization (IVF), her only option for carrying a biological child. Each IVF attempt cost \$28,000, and other options for starting a family were more expensive. Other universities covered fertility, and UC faculty might seek jobs elsewhere.
- Q. Greg Hardeman, representative of the International Union of Elevator Constructors (IUEC) Local 8, urged approval of the UCSF Parnassus Heights project. He expressed pride in the community workforce agreement between UCSF and the San Francisco Building and Construction Trades Council. The project would create about 1,000 new jobs and unionize well-paying positions.

- R. Ernesto Arciniega, Vice Chair of the UC Graduate Professional Council, thanked UCLA and Chancellor Block for their continued support of Ukraine, particularly fundraisers and an initiative to launch emergency visiting fellowships. He expressed his hope that the system and other campuses also support Ukraine and refugees. He thanked Regent Zaragoza for her service as Student Regent.
- S. Bakur Madini, UCLA student, expressed dismay that calls for the liberation of the Palestinian people have been met with opposition. He stated that emotional appeals did not equal righteousness. In his view, supporting human rights violations from afar made one complicit with those committing them. He stated that Palestinians were being killed by the military and bombarded while armed with at most stones.
- T. Maxina Ventura, member of the People's Park Council, called on UC Berkeley not to build on People's Park when it owned other land in Berkeley. She stated that the University ignored community agreements made in the 1970s, that UC was building overpriced housing that students could not afford, and that UC Berkeley was attacking the student co-operative system.
- U. Anastasia Rogers, San Francisco resident, asked that UC investigate possible criminal activity in its research practices. She stated that UC was using the remains of human fetuses for medical research, many of which were terminated using live dismemberment, and questioned why UC hospitals terminated some fetuses while others were being treated. She stated that medical research must be ethical.
- V. Valerie Thompson, UC Riverside staff member and member of Teamsters Local 2010, asked that childcare workers be given adequate time to complete work and compensation for the work they have done. Childcare workers were some of the lowest paid at UC, and many relied on public services to provide for their families. Due to licensing ratios, UCR childcare workers were not allowed to combine meal and rest breaks and were working beyond their shift time to prepare lessons plans.
- W. Maggie Luo, San Diego resident and parent of a K–12 student, asked that UC reinstate the SAT/ACT requirement in admissions to ensure the quality of a UC education. In her view, testing demonstrated academic capabilities, which were the result of hard work and not based on race or ethnicity. She stated that UC should not take away opportunities from in-state, taxpayer students.
- X. Monica Nelson, UC San Diego graduate student, stated that UC was emitting about one million tons of carbon dioxide per year from burning methane gas and that campus greenhouse gas emissions have not decreased in the past decade. UC must reduce emissions instead of relying on carbon offsets. Ms. Nelson urged the Regents and President Drake to provide funding for UC Berkeley to retire its cogeneration plant and transition to renewable energy.

- Y. Suzanne Paulson, Chair of the Department of Atmospheric and Oceanic Sciences at UCLA, called on UC to be a leader in addressing climate change. Reducing carbon emissions should be one of UC's highest priorities.
- Z. Lucy Zhao, San Diego resident, asked that the University reinstate the SAT/ACT requirement in UC admissions. She stated that standardized tests could ensure that qualified, hardworking students have equal opportunities. As a first-generation immigrant, she hoped that her children would have equal opportunities as well.
- AA. Steven Shargots, representative of the United Brotherhood of Carpenters and Joiners of American Local 22, urged approval of the UCSF Parnassus Heights project. UCSF's commitment to using union general contractors gave local union members the opportunity to work close to home, earn livable wages, and have health care and retirement benefits. This project would also offer training to women, minority, and veteran apprentices.
- BB. Natalie Alvarez, UCSB student, strongly encouraged the University to divest from the TMT project as it contradicted UC's ethical values of integrity, excellence, accountability, and respect. She stated that the TMT project would be part of generations of cultural genocide in Hawaii, and that funding the project violated UC standards of ethical conduct. Ms. Alvarez also called for divestment from Blackrock, an end to colonization, and the liberation of Palestine.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meetings of March 16 and 17, 2022 were approved, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Kounalakis, Leib, Lott, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Sures, Torres, and Zaragoza voting "aye."¹

3. **REMARKS FROM STUDENT ASSOCIATIONS**

President Drake introduced UC Student Association (UCSA) President Esmeralda Quintero-Cubillan.

Ms. Quintero-Cubillan began her remarks by thanking President Drake for his comments regarding the leaked draft of the U.S. Supreme Court decision in *Dobbs v. Jackson Women's Health Organization*, stressing the importance of continuing to offer expanded access to reproductive care. Other landmark cases granting rights to marginalized groups were also at risk of being overturned, and Ms. Quintero-Cubillan asked the University to take proactive steps and develop a course of action to protect these groups. She noted that the tight security at this meeting discouraged participation of constituents. Outside of UC, there were ongoing demonstrations calling for UC's divestment from the Thirty Meter Telescope project and against human rights violations in Palestine. She linked these to

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

indigenous people's struggle for honor, respect, and support and noted her own indigenous and other marginalized identities. Despite efforts to espouse diversity, equity, and inclusion, promote anti-racism, improve conditions for students of color, and launch initiatives like the Native American Opportunity Plan, UC was still investing in the Thirty Meter Telescope (TMT) project. Ms. Quintero-Cubillan stated that the construction of every telescope on Mauna Kea was an act of desecration and genocide, and that UC must divest from this project. She stressed what this project would do to generations of Native Hawaiians and other indigenous students. She asked the University to consider humanity first. May 5 was Missing and Murdered Indigenous Persons Awareness Day, and Ms. Quintero-Cubillan indicated that there was a link between the violence against indigenous people and the TMT project and other projects meant to benefit local communities. Regardless of the sunk costs, she appealed to the University to divest from the TMT project for the sake of students and humanity.

President Drake introduced UC Graduate and Professional Council (UCGPC) President Gwen Chodur.

Ms. Chodur noted that this was her final Regents meeting as UCGPC President, and that she was graduating from UC despite being the daughter of a high school dropout and growing up in one of the worst school districts in Pennsylvania. While she has had many opportunities at UC, she also faced challenges arising from the exclusion of graduate students in decision making. She expressed pride in her achievements as UCGPC President but felt overwhelmed by the work left to be done. She stated that the Native American Opportunity Plan did not offset the colonialism of the TMT project and called on UC to respect the will of the Native Hawaiian people. When Student Researchers United-United Auto Workers (SRU-UAW) was recognized last December, one out of every 1,000 union members in the country was a UC student researcher. Despite this mandate, both SRU-UAW and UAW 2865 have filed unfair labor practice charges against The University. Ms. Chodur expressed frustration that those presenting item A4, *University of California Basic Needs Progress Update*, at the Academic and Student Affairs Committee meeting were unable to answer certain questions. She stated that it was unacceptable that the Systemwide Basic Needs Committee was not involved in the preparation or presentation of this item; this was a disservice to the Regents. She shared that each of UC's graduate student associations mobilized emergency funds during the COVID-19 pandemic. UC Davis' Graduate Student Association was the first in the country to open a graduate student food pantry, with assistance from Aggie Compass. Ms. Chodur expressed gratitude to President Drake for his commitment to providing reproductive healthcare. Despite being critical of UC during her tenure, she was grateful for attending UC and strongly believed in the University's mission and its desire to be an engine of social mobility. She thanked Regent Zaragoza for her service and partnership. It had been an honor to represent students.

4. **STRATEGIC PLAN AND FISCAL YEAR 2022–23 BUDGET FOR UC HEALTH DIVISION, OFFICE OF THE PRESIDENT**

[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.]

Executive Vice President Byington stated that this was the final year of a five-year strategic plan that was based on the mission, vision, and values of the University and included a framework from the Office of the President (UCOP). Dr. Byington presented a table with the UC Health Division's 12 goals, which were divided into categories: People, Financial Stability, Operational Excellence, Policy and Advocacy, and Executing the Mission. She provided updates regarding six of the goals.

With regard to the first goal, advancing progress in promoting diversity and inclusion, UC Health launched two new Programs in Medical Education (PRIME) programs, the first collaborative PRIME programs at UC. UC Irvine and UC Riverside partnered to launch an African American PRIME program, UC San Diego and UC Davis partnered to launch a Native American PRIME program. Dr. Byington envisioned a systemwide PRIME program in the future that would be related to climate justice and health.

With regard to the third goal, improving systemwide financial analysis, UC Health worked with the Office of the Chief Financial Officer and campus leadership over the past year to complete a \$13.7 billion capital plan and debt strategy and successfully issued a bond. UC Health has also worked to improve its community benefit report and has completed the first collaborative report documenting the return on investment for the Leveraging Scale for Value (LSfV) initiative. With a \$20 million investment, UC saw a \$262 million return.

With regard to the fourth goal, driving systemwide operational optimization through LSfV, UC Health has made significant returns in its procurement endeavors related to pharmacy, capital equipment, information technology, supply chain, and laboratory. Pharmacy procurement was important as drug costs remained one of the largest accelerators of healthcare costs.

With regard to the fifth goal, creating a quality/population health management function, the function has worked very well for the last five years, particularly in the areas of primary care, hypertension, diabetes, cancer, and UC self-funded health plans. UC Health spent the last year disaggregating data by race, ethnicity, language, and sex, as well as indexing data by social index, area deprivation index, and the California Healthy Places index in order to gain greater insight into disparities in health outcomes. These data were already being leveraged to create systemwide goals related to hypertension, diabetes, and cancer.

With regard to the ninth goal, strengthening the UC Health policy function, UC Health was working with State Governmental Relations and Federal Governmental Relations to identify systemwide priorities. This year, UC Health created an advocacy plan for this legislative cycle that focused on Medi-Cal, structural payment reform, partnership with the State for new care models, workforce development, capital and seismic needs, COVID-19 relief, mental health, and cancer. A national search for an associate vice president for health policy failed, and UC Health would try again in the upcoming year.

With regard to the 12th goal, improving access to UC-branded services and healthcare on all campuses, UC Health was working to elevate access to care for UC Merced employees and was planning for UC Merced's future as a health center. UC Health was also expanding

Canopy access at UC Santa Cruz in partnership with UCSF, and supported UCLA's expansion of services in the Santa Barbara area.

Dr. Byington presented the fiscal year 2022–23 UC Health Division budget. Unrestricted funds from the State made up about 11 percent of the budget and supported student health and counseling services and academic health sciences. The six health centers contributed 66 percent of budget toward the aforementioned UC Health goals. Designated funds supported resident and fellow health benefits plans and the Global Health Institute. UC Health oversaw the distribution of restricted funds from the State to support graduate medical education training in accordance with Proposition 56 and access to medication abortions in accordance with Senate Bill 24. UC Health anticipated a \$2.9 million budget increase.

UC Health has hired a consultant to begin a Systemwide Strategic Plan for FY 2023–28, the first such strategic plan. Dr. Byington planned to engage the Regents in focus groups over the summer to discuss governance, financing, and goals.

Regent Sures expressed concern about culture issues within the health centers and suggested that the Systemwide Strategic Plan focus on these issues in order to improve the working experience. He acknowledged that the COVID-19 pandemic placed significant strain on the system, which could have caused culture issues among staff, doctors, and nurses. Dr. Byington replied that health care has experienced significant strain and shortages over the last two years. The Systemwide Strategic Plan would focus on people and culture. Each health center would be presenting engagement data at the June Health Services Committee meeting. She believed that it was the right time to consider the future of work and how to make the UC system a desirable place to work. Regent Sures observed that public comment reflected strain on the healthcare system, and that a focus on culture would serve everyone.

Regent Kounalakis praised the PRIME students she met during a recent visit to UCSF and encouraged fellow Regents to meet these students as well. She believed that PRIME could be expanded for more participation. The program was expensive for students, and resident pay did not keep pace with other many professions. Regent Kounalakis opined that the work culture for residents was outdated, citing research about the importance of sleep. Dr. Byington replied that the PRIME program was a topic of ongoing conversation between UC Health and the State. In her view, the University should be a workforce engine for health professionals. No other organization in the state had a pipeline like UC. With coordination, such a pipeline could be achieved at a lower cost. Medical students often graduated with an average debt of \$200,000, or more if the student was a woman or member of an underrepresented minority. Working with the State to ensure that these opportunities exist would result in a more diverse workforce.

Regent Park asked if the Systemwide Strategic Plan would replace the existing plan. Dr. Byington replied that the Systemwide Strategic Plan would be in addition to the UC Health Division strategic plan. As UC emerged from the pandemic, there was an opportunity to consider goals for UC Health as a system.

Regent Park asked Dr. Byington to comment on the timeline of the eighth goal, the workforce development of mental health providers within UC. Dr. Byington responded that UC Health was coordinating with the State and obtaining mental health models. The pandemic caused delays but offered new opportunities in virtual care. UC wished to leverage State and County mental health funds.

Regent Park asked if UC Health has connected with the Center for Data-Driven Insights and Innovation regarding its population health and financial data goals. Dr. Byington replied that UC Health did work with the Center. Atul Butte, Chief Data Scientist at the Center, stated that the Center for Data-Driven Insights and Innovation collaborated with UC Health to deliver dashboards exploring potential disparities in care, self-funded health plans, and quality of care. The Center also worked with all the campuses.

Regent Park asked how UC Health would evolve the first goal to be more systematized. Dr. Byington replied that UC Health received \$300,000 for diversity and inclusion efforts, an increase of \$200,000 from the previous year. UC Health has hired Amparo Villablanca, M.D. from UC Davis to identify systemwide leadership opportunities for women. Dr. Byington was writing a proposal to support research faculty development for underrepresented health sciences faculty. A follow-on group was working to implement the recommendations in the “Disrupting the Status Quo” report. UCOP has been focusing on anti-racism work and implicit bias training for employees.

Regent Park stated that a data point was needed indicating how much has been invested in diversity and inclusion efforts across the system. In the next report, she wished to see this information and the impact of this investment.

Regent Hernandez asked why the search for an associate vice president for health policy was unsuccessful. Dr. Byington stated that the level of compensation that UC Health offered surprised candidates, and some candidates were more interested in remote work.

Regent Sherman noted the increase in the number of Medicare and Medi-Cal patients served, adding that the public needed to be informed of this. He asked if this trend would continue. Dr. Byington responded in the affirmative. Not only were there lower proportions of commercial payers every year, the ability to shift from commercial payers to cover government payers was also declining. As such, Medi-Cal has become a top priority, and UC Health needed to optimize the pay structure for Medi-Cal and to contribute expertise in ways that the State values to be sustainable in a government payer environment.

Regent Sherman asked if UC Health was one of the largest service providers for Medicare and Medi-Cal patients in the state. Dr. Byington replied that UC Health was the second largest provider. She offered to share relevant talking points with the Regents.

Vice Chair Leib asked if UCLA Health had fewer Medi-Cal patients and asked what was being done to improve that. Dr. Byington stated that all campuses were engaged in Medi-Cal expansion, particularly in the last five years. What was included in the community benefit depended on what took place in facilities owned and operated by the University.

UCLA staffed the Venice Family Clinic and worked with the homeless population, which were not reflected in the community benefit report. UC Health was seeking ways to capture these data.

Vice Chair Leib asked why UC Health could not include these data in its totals. Dr. Byington explained that it was difficult to capture data from outside entities. The Center for Data-Driven Insights and Innovation was making data sharing part of new collaborative agreements.

Vice Chair Leib asked how the University could access approximately \$4.6 billion in State funding for youth and behavioral health, among whom UC students would be included. Dr. Byington replied that UC Health was working with leadership and government relations offices to identify the best opportunities and coordinating with the campuses to apply for funding as a system. Vice Chair Leib emphasized this opportunity.

Vice Chair Leib asked how customer service complaints are addressed and how the customer experience could be improved. Dr. Byington responded that patient satisfaction scores were very high, hence UC Health's high national rankings. Every health center had a patient experience office to capture complaints, follow up, and aggregate complaints to leadership. For instance, UCLA launched a rapid neurology clinic in response to long wait times. UC Health took patient satisfaction, which was related to payer reimbursement, very seriously, and was examining patient satisfaction data by demographic. President Drake underscored the need to be more responsive. UC Health provided care to nearly nine million people per year, and many were very grateful for their care.

5. **REPORT ON INNOVATION TRANSFER AND ENTREPRENEURSHIP**

[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.]

Provost Brown stated that Regents Policy 5105: Policy on Innovation Transfer and Entrepreneurship required a report on the Innovation and Entrepreneurship Transformation (I&ET) project. The project was tasked with responding to recommendations from the Regents Working Group on Innovation Transfer and Entrepreneurship.

Vice President Maldonado provided a brief history of the Working Group, which was charged with building infrastructure and financial investment that would support the entrepreneurship aspirations of faculty, students, staff, and alumni; more efficiently move discoveries from UC to the public benefit; optimize monetization of intellectual property assets; and ensure adequate local control. This Working Group was the first attempt to take a comprehensive review of UC's entire innovation ecosystem. The University was aligning definitions, developing a common understanding of policies and practices, and mapping next steps. Ms. Maldonado shared four guiding principles: many services and decisions should remain at the local level; some services should be centralized; transition plans must be considered; and risk must be managed effectively. She shared a chart of the

13 recommendations, grouped by priority, difficulty, and impact. Ms. Maldonado provided an update on the progress of the recommendations by order of priority.

With regard to the first recommendation, Ms. Maldonado presented a list of services, many of which were provided by the Office of the President (UCOP). Chancellors insisted that many of these services should be provided at the campus level, but campus capacity varied. The Office of Innovation Transfer and Entrepreneurship (ITE) was currently updating its business process workflows and has developed a needs assessment for each campus, both of which would inform each campus transition plan. ITE would create a roadmap and initial schedule for the transition plans.

The fourth recommendation was the replacement of the Patent Tracking System (PTS). PTS business work flows needed to be simplified; the level of support for each campus needed to be identified; system requirements needed to be developed; and PTS replacement options needed to be analyzed. UC was determining the funding needs for procuring a new system.

The seventh recommendation was policy review. Research Policy Analysis and Coordination (RPAC) has launched a review of all applicable policies. Any policy revisions were expected to align with the future model. The report suggested model language for the patent policy, which was also being reviewed. The Office of Ethics, Compliance and Audit Services (ECAS) was reviewing the presidential policy process workflows.

The second recommendation was to transfer equity management authority to the campuses. Equity management was part of the campus needs assessment. ITE, RPAC, UCOP, ECAS, the Office of the General Counsel (OGC), and the Office of the Chief Financial Officer (CFO) have reviewed the recommendation in detail and drafted a request to proceed.

The third recommendation, realignment of legal and policy compliance, pertained to delegations of authority, licensing, and equity. OGC has drafted recommendations for review by the campuses. The third and 12th recommendations were closely connected.

The 12th recommendation was probing UC efforts regarding intellectual property (IP) rights. OGC has hired Pinnacle Reach, LLC to interview UC stakeholders, assess current IP practices, and engage in a benchmark analysis.

With regard to the fifth recommendation, creating a proof of concept, and the sixth recommendation, budget augmentation, the Office of the CFO met with the Council of Chancellors and aligned on a funding approach. UCOP would identify and allocate funds.

The eighth recommendation on promotion and tenure guidelines was considered completed. The Academic Senate concluded that innovation was already included in the promotion and tenure criteria. The issue was one of implementation at the department level. Provost Brown issued a letter to campuses offering guidance on recognizing the importance

of research, innovation transfer, and entrepreneurship without changing tenure criteria. Other institutions were regarding this as a best practices letter.

Systemwide review of the ninth recommendation, revising the academic leave of absence policy, has been completed.

Dialogue has been initiated with Senior Vice President Colburn regarding the tenth recommendation to create a recognition program, the 11th recommendation to launch a rebranding campaign, and the 13th recommendation to find new ways to measure impact. Over the past 20 years, the U.S. lost over \$16 trillion in gross domestic product due to lack of diversity in innovation. Data being gathered would inform new diversity strategies.

Ms. Maldonado summarized successes, failures, and barriers to implementation. The interdependencies of the 13 recommendations were not well understood, so I&ET formed a collaborative project team engaged with chancellors and campus innovation and entrepreneurship teams to confirm capabilities and preferences. I&ET has documented a high volume of complex workflows, such as patent prosecution, licensing, and inventor share payout, to identify a future solution.

I&ET planned to complete deliverables from three workstreams by mid-summer. An update on policy review would be provided to the Special Committee on Innovation Transfer and Entrepreneurship in June. The review of business process workflows was completed, and campus transition plans were being collected. I&ET planned to recommend a PTS replacement to President Drake by the end of May and confirm services provided to campuses by next month. A roadmap with timelines and anticipated expenses was expected to be completed by July, and I&ET expected to launch implementation and establish a systemwide governance structure by August.

Vice Chair Leib remarked that these efforts sought to address the bureaucracy and encourage innovation and entrepreneurship opportunities on campus. He thanked the members of the Special Committee, President Drake, chancellors, Vice President Maldonado, General Counsel Robinson, and others.

Regent Park expressed concern about the search for a PTS replacement and looked forward to further exploring it with the Special Committee. She reminded UCOP that the campuses were fully capable of taking on challenges.

6. **UPDATE OF COVID-19 IMPACT ON THE UNIVERSITY OF CALIFORNIA: UC HEALTH ISSUES**

[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.]

Executive Vice President Byington acknowledged that the U.S. has surpassed one million deaths from COVID-19. Worldwide, there have been 5.4 million recorded COVID-19 deaths and nearly 15 million excess deaths. In the U.S., 429,000 people died of COVID-

19 since vaccines became available, and about 350,000 of those deaths were considered vaccine-preventable. Of the 1.4 million individuals UC Health has tested, 100,000 tested positive for COVID-19, about 14,000 were admitted into the hospital, and about 1,000 died, one of the lowest mortality rates in the nation. Dr. Byington presented a chart of cases, hospitalizations, and deaths by variant at UC hospitals. Despite a high number of cases after the introduction of vaccines, there was a lower percentage of admissions, as well as declines in inpatient and overall mortality. In the current Omicron variant wave, reported cases rose by about 60 percent, but only an estimated one out of seven to one out of ten cases was being reported. The day prior to this meeting, there may have been as many as one million cases in this country. Vaccination rates remained flat. Hospitalizations were rising, but deaths were stable at about 300 per day. Cases have also increased in California, but hospitalizations and deaths have remained fairly flat. At UC Health, cases and test positivity have increased, with the highest test positivity in the Bay Area. There were fewer than 100 COVID-19 hospitalizations at UC, and intensive care units had few to zero COVID-19 cases. According to an article from the *Journal of the American Medical Association* on seroprevalence last year, about 20 percent of Americans had infection-induced antibodies. Currently, about 60 percent of Americans have been infected. Of these, 33 percent of seniors, who had first access to vaccines, have been infected, and 75 percent of children, who had last or no access to vaccines, have been infected. In Dr. Byington's view, children must be included in clinical trials, as unknown viruses could be circulating through the child population. Four Omicron variants accounted for 99 percent of cases in the U.S, and infection from one Omicron variant did not mean protection from another one. Immunity from an Omicron infection was short-lived. Each Omicron variant was more transmissible than the one before it. Dr. Byington recommended receiving a fourth booster dose of the vaccine if eligible.

Last month, UC Davis hosted a national workshop on a university's role in the public health response to a pandemic. The Healthy Davis Together platform served as a model for collaboration between an academic center and a City and County. UC Health planned to publish the lessons learned from working with public health departments and communities. The National Institutes of Health awarded \$68.5 million to UCSF to prepare centers of excellence in antiviral production, the largest grant ever awarded to UCSF. Dr. Byington acknowledged UC Health nurses during Nurses Week. UC Health was experiencing staffing shortages and needed to hire more healthcare professionals before the winter. This summer, task forces would be meeting to discuss vaccines, testing, masking, wastewater, and air cleaning ahead of the fall return to campus. The booster schedule needed to be updated, and the vaccine policy was being reviewed. UC Health needed to learn more about treatments, rebound infection, and antiviral resistance, and it would continue to follow new variants and study the long-term effects of a COVID-19 infection ("long COVID"). UC Health was also considering a chief health security officer role.

Regent Guber asked how UC could help students have a more thoughtful source of information about COVID-19. Information from news media was varied, and anecdotal information was incorrect. Dr. Byington replied that UC Health was trying to build public health literacy for all students and employees. UC Health needed to be seen as a trustworthy source of information and help individuals understand the current facts of the pandemic

and adjudicate information. Dr. Byington stated her belief that misinformation and disinformation were some of the leading causes of death in the U.S. today.

In response to a remark from Vice Chair Leib, Dr. Byington stated that the use of student ambassadors was one of the best methods of conveying accurate information.

Regent Torres noted the lack of assessment of the long-term effects of COVID-19 on the heart, lungs, and the brain of individuals who recover. He asked what data UC was collecting to determine the long-term effects of COVID-19 among students and patients. Dr. Byington stressed the importance of this issue. Even individuals with mild or no symptoms might have long-term issues with their heart, lungs, and other organs. This virus attacked the vascular system. All UC medical center campuses had long COVID clinics, and UC Health was providing information and education for the State. There would be a full discussion of long COVID at the June Health Services meeting.

Regent Torres offered the help of the California Institute of Regenerative Medicine (CIRM) to increase the availability of long COVID data that UC has collected.

Regent Zaragoza remarked that there was anecdotal evidence of campuses doing away with testing for students and asked if testing would be reinstated on campuses in the fall term. Dr. Byington replied that this was being reevaluated to ensure that the right type of test was at the right locations in the fall and winter. At UCLA, for instance, tests were available in vending machines. Regent Zaragoza expressed hope that testing would remain free to staff, faculty, and students. Dr. Byington replied that tests have always been free.

In response to a question from Regent Lott, Dr. Byington explained that the U.S. Centers for Disease Control and Prevention (CDC) examined blood samples, which showed that 75 percent of children age zero to 11 had antibodies derived from infection.

Regent Lott asked if a decision regarding booster doses has been made for children age five to 11. Dr. Byington responded that the U.S. Food and Drug Administration (FDA) has authorized boosters for this age group, and the CDC was meeting to decide whether to approve the authorization. If approved, any pediatrician or vaccine provider could immunize children. In June, the FDA would meet to discuss vaccination for children younger than five years old.

Regent Lott asked if children age five to 11 were receiving the same dosage as existing boosters. Dr. Byington replied in the affirmative.

Regent Guber asked when new, more effective vaccines would be released. Dr. Byington replied that Pfizer and Moderna were testing vaccines that included the Omicron variant. One vaccine included both the original and Omicron variant strains; the results of that trial should be available in June. In her view, if that vaccine is approved, it could be the best option for this upcoming fall and winter. There were trials of mucosal vaccines, which were administered via nasal spray and might be better at preventing infection. Clinical trials for pan-coronavirus vaccines, designed to work against any coronavirus, had just begun.

Vice Chair Leib asked about the timeline for the pan-coronavirus vaccines. Dr. Byington replied that data would be available from the trials in one year.

Vice Chair Leib noted that hospitalization was lagging infection rates. Dr. Byington stated that hospitalization was lagging but rising. She predicted a difficult winter ahead.

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

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

Report of the Academic and Student Affairs Committee

The Committee presented the following from its meeting of May 18, 2022:

A. ***Amendment of Regents Policy 3201 – The University of California Financial Aid Policy and Discussion of New Federal Need Analysis***

The Committee recommended that the Regents amend Regents Policy 3201 – The University of California Financial Aid Policy as shown in Attachment 1.

Regent Park reported that the amendment would seek to reduce students' reliance on loans.

B. ***Establishment of an Eighth Undergraduate College, San Diego Campus***

The Committee recommended that Section 7 of the Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, as provided for in Standing Order 110.1, be amended as follows:

Additions shown by underscoring

* * *

7. Academic Colleges at San Diego

* * *

(h) There is established at San Diego the Eighth College with undergraduate curricula leading to the degrees of Bachelor of Arts and Bachelor of Science.

C. ***Status Report on the Advancing Faculty Diversity Program***

Regent Park reported that, given the data revealed in the report, there was an opportunity to augment and grow successful pilot projects to have a more significant impact on diversifying UC faculty.

D. ***University of California Basic Needs Progress Update***

Regent Park reported that this discussion was not intended to be a comprehensive presentation on basic needs, which was scheduled for the November meeting. Rather, this was meant to be an in-depth discussion about CalFresh outreach. She apologized to UC Graduate and Professional Council President Gwen Chodur, who had expressed disappointment in this discussion in her comments to the Regents.

E. ***First-Generation College Students and the Hidden Curriculum***

Regent Park reported that the Committee heard a presentation on the hidden curriculum, which encompassed the many things students did not know when entering college. The hidden curriculum persisted through professional and graduate education. The Committee discussed ways in which the hidden curriculum could be made visible to facilitate student success.

F. ***Briefing on the Mitigating COVID-19 Impacts on Faculty Working Group***

Regent Park reported that recommendations made by the Mitigating COVID-19 Impacts on Faculty Working Group focused on the academic advancement review process and investing resources and time for research recovery. The Working Group acknowledged the disproportionate impact of COVID-19. Regent Park praised these efforts as a significant advancement toward equity.

Upon motion of Regent Park, duly seconded, the recommendations of the Academic and Student Affairs Committee were approved, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Leib, Lott, Park, Sherman, Sures, Torres, and Zaragoza voting “aye.”

Report of the Finance and Capital Strategies Committee

The Committee presented the following from its meeting of May 18, 2022:

A. ***Consent Agenda:***

(1) ***Adoption of Expenditure Rate for the General Endowment Pool***

The Committee recommended that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2022–23 fiscal year remain at 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP.

(2) ***Adoption of Endowment Administration Cost Recovery Rate***

The Committee recommended that the endowment administration cost recovery rate remain at 55 basis points (0.55 percent) and apply to distributions from the General Endowment Pool (GEP) to be made after

July 1, 2022, from the eligible assets invested in the GEP. The funds recovered shall be used to defray, in part, the cost of administering and carrying out the terms of endowments on the campuses and at the Office of the President.

B. *Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Sacramento Ambulatory Surgery Center, Davis Health Campus*

The Committee recommended that:

- (1) The 2021–22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: Davis: Sacramento Ambulatory Surgery Center – preliminary plans – \$26.6 million funded from hospital reserve funds.

To: Davis: Sacramento Ambulatory Surgery Center – preliminary plans, design, construction, and equipment – \$579 million funded from external financing (\$300 million) and hospital reserve funds (\$279 million).

- (2) The scope of the Sacramento Ambulatory Surgery Center project (Project) be approved. The Project shall construct approximately 262,000 gross square feet (gsf) of operating rooms and support services space, including approximately 12 major operating rooms and five minor procedure rooms. Site development shall include landscape and hardscape, utilities, and pathways to integrate the new surgery center into the campus.
- (3) The President of the University be authorized to obtain external financing in an amount not to exceed \$300 million plus additional related financing costs to finance the Project. The President shall require that:
 - a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, the general revenues of UC Davis Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (4) Following review and consideration of the environmental consequences of the Sacramento Ambulatory Surgery Center project, as required by the California Environmental Quality Act (CEQA), including any written

information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

- a. Adopt the CEQA Findings and Statement of Overriding Considerations for the Project, having considered both the Sacramento Campus 2020 Long Range Development Plan (LRDP) Update Environmental Impact Report (EIR) and the Sacramento Ambulatory Surgery Center Addendum.
- b. Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UC Davis as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2020 LRDP Update EIR and the project elements identified in the Project's Addendum.
- c. Approve the design of the Sacramento Ambulatory Surgery Center Project, Davis Health campus.

Regent Cohen reported that the Sacramento Ambulatory Surgery Center was part of the California Hospital Tower project and would enable the hospital to improve service and increase capacity.

C. ***Amendment of Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Non-Academic, Santa Cruz Campus***

The Committee recommends that the Regents' March 2019 action, *Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Non-Academic, Santa Cruz Campus*, be amended as follows:

- (1) The 2020–21 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment – \$205.65 million to be funded by Auxiliary – Student Housing/Dining reserves (\$8.5 million), Auxiliary – Student Fee Reserves (University Fee Reserves) (\$1.2 million), Auxiliary – Parking reserves (\$100,000), General Campus Funds (\$27,547,000), external financing supported by Student Housing/Dining (\$161.5 million), and external financing from Century Bonds (\$6,803,000).

To: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment – \$234.15 million to be funded by Auxiliary – Student Housing/Dining reserves (\$8.5 million), Auxiliary – Student Fee Reserves (University Fee Reserves) (\$1.2 million), Auxiliary – Parking reserves (\$100,000), General Campus Funds (\$27,547,000), external financing supported by Student Housing/Dining (\$190 million), and external financing from Century Bonds (\$6,803,000).

...

Additions shown by underscoring; deletions shown by strikethrough

- C. The President be authorized to obtain external financing in an amount not to exceed ~~\$161.5 million~~ \$190 million plus additional related financing costs to finance Kresge College Non-Academic. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, the general revenues of the Santa Cruz campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.

...

- D. ***Budget, Scope, External Financing, Amendment #10 to the UCSF 2014 Long Range Development Plan, and Design Following Action Pursuant to the California Environmental Quality Act, The New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights, San Francisco Campus***

The Committee recommended that:

- (1) The 2021–22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: San Francisco: New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights – preliminary plans for the entire project and working drawings for Site and Make-Ready portion of the project – \$202 million funded from external financing (\$160.1 million) and hospital reserves (\$41.9 million).

To: San Francisco: New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights – preliminary plans, working drawings, construction, and equipment for the entire project – \$4,332,271,000 funded from external financing (\$2,666,271,000), gift funds (\$1.2 billion), and hospital reserves (\$466 million).

- (2) The scope of the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights be approved to include the construction of a 15-story, approximately 875,000-gross-square-foot (GSF) new hospital building, providing approximately 336 patient beds and expanded emergency department, imaging, and surgical services; renovation of approximately 114,000 GSF of space in the existing Moffitt and Long Hospitals to enhance inpatient clinical services and to address the need for increased patient capacity at Parnassus Heights; and seismic upgrade of the Moffitt Hospital to support acute care services beyond 2030.
- (3) The President of the University be authorized to obtain external financing for the New Hospital at the Helen Diller Medical Center at Parnassus Heights project in an amount not to exceed \$2,666,271,000 plus additional related financing costs. The President shall require that:
 - a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, general revenues from UCSF Health shall be maintained in an amount sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (4) Following review and consideration of the environmental consequences of the proposed New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
 - a. Certify the Final Environmental Impact Report (FEIR) for the New Hospital at Parnassus Heights.
 - b. Adopt the Mitigation Monitoring and Reporting Program for the New Hospital at Parnassus Heights and make a condition of approval the implementation of mitigation measures within the

responsibility and jurisdiction of UCSF.

- c. Adopt the CEQA Findings and Statement of Overriding Considerations for the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights project.
- d. Approve Amendment #10 to the UC San Francisco 2014 Long Range Development Plan.
- e. Approve the design of the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights project, San Francisco campus.

Regent Cohen thanked local officials and members of the public for their support of the project, as demonstrated during the public comment period.

E. ***Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Langley Porter Psychiatric Institute Buildings Demolition for The New Hospital at Parnassus Heights, San Francisco Campus***

The Committee recommended that:

- (1) The 2021–22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: San Francisco: Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights – preliminary plans and working drawings – \$3.5 million funded from external financing.

To: San Francisco: Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights – preliminary plans, working drawings, and construction – \$33,729,000 funded from external financing.

- (2) The scope of the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project includes interior abatement and demolition of four buildings (combined total of 109,065 gross square feet) located on the planned site of the New Hospital at Parnassus Heights. The four buildings are the Langley Porter Psychiatric Institute (LPPI), LPPI Butler, LPPI Outpatient Center, and LPPI Paint Shop.
- (3) The President of the University be authorized to obtain external financing for the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project in an amount not to exceed \$33,729,000 plus additional related financing costs. The President shall

require that:

- a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
- b. As long as the debt is outstanding, general revenues from UCSF Health shall be maintained in an amount sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- c. The general credit of the Regents shall not be pledged.

(4) Following review and consideration of the environmental consequences of the proposed Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

- a. Adopt the CEQA Findings for the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project.
- b. Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the San Francisco campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the Comprehensive Parnassus Heights Plan Final Environmental Impact Report and the 2014 Long Range Development Plan Final Environmental Impact Report.
- c. Approve the design of the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project, San Francisco campus.

(5) The President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

F. ***Update on Pepper Canyon West Student Housing Rental Rates, San Diego Campus***

Regent Cohen reported that there would be a standardized method for discussing student rent below market rate.

G. ***Fiscal Year 2022–23 Budget for the University of California Office of the President***

The Committee recommended approval of the Fiscal Year 2022–23 Budget for the University of California, Office of the President, as provided in Attachment 2.

Regent Cohen reported that, due to the Office of the President’s efforts to control cost increases under the campus assessment model, millions of dollars could be returned to the individual campuses. He thanked President Drake for his leadership.

H. ***Establishment of University of California Centralized Debt Management Model, Approval of External Financing, and Amendment of Regents Policy 5307: University of California Debt Policy***

The Committee recommended that the Regents:

- (1) Authorize the President of the University to:
 - a. Issue an aggregate principal amount not to exceed \$2 billion plus financing costs under the University’s General Revenue Bond Indenture in Fiscal Year 2022–23 for projects financed with the centralized debt management model. As long as the bonds are outstanding, the following requirements shall be satisfied:
 - i. The campuses receiving such proceeds shall maintain revenues in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - ii. The general credit of the Regents shall not be pledged.
 - b. Take all necessary actions related to the action described above, including, but not limited to approval, execution, and delivery of all necessary or appropriate financing documents.
- (2) Amend Regents Policy 5307: University of California Debt Policy, as shown in Attachment 3.

Regent Cohen reported that this new debt strategy would shift the risk of individual projects from campuses to the Office of the President, which could better manage that risk on a systemwide basis.

I. ***Update on the Governor’s May Revision to the 2022–23 Budget***

Regent Cohen reported that, given the May Revision to the State budget, the University was well positioned to improve its fiscal condition.

Upon motion of Regent Cohen, duly seconded, the recommendations of the Finance and Capital Strategies Committee were approved, Regents Anguiano, Cohen, Drake, Guber, Hernandez, Lott, Park, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”

J. *Consent Agenda:*

Secured Line of Credit between the Regents of the University of California as Represented by the Office of the President and California Association for Research in Astronomy

The Committee recommended that:

- (1) The President of the University be authorized to obtain external financing in an amount not to exceed \$5 million plus additional related financing costs to establish a fully secured revolving credit agreement with California Association for Research in Astronomy (CARA), pursuant to the following terms:
 - a. CARA shall maintain revenues in amounts sufficient to pay the debt service and meet the related requirements of the authorized financing.
 - b. The revolving loan will be secured by collateral of CARA's investment balances, currently held in University of California's Short Term Investment Pool (STIP), Total Return Investment Pool (TRIP), and General Endowment Pool (GEP).
 - c. The revolving loan will have a final expiration date no greater than five years from the date a loan agreement is executed between UC and CARA.
 - d. Under the revolving loan agreement, funds will be available to access in multiple draws, provided the aggregate principal amount outstanding at any time does not exceed \$5 million.
 - e. During the term of the revolving loan, current interest on amounts outstanding will be paid monthly.
 - f. Principal amounts borrowed under the revolving loan can be repaid at any time, and any outstanding amounts on the revolving loan on the expiration date of the revolving loan will be immediately due and payable.
 - g. The general credit of the Regents shall not be pledged.

- (2) The President be authorized to take all necessary actions related to the external financing described above, including, but not limited to approval, execution, and delivery of all necessary or appropriate financing documents.

Regent Cohen noted the public comment related to this item that expressed opposition to the Thirty Meter Telescope (TMT) project and clarified that this item concerned a backup funding source for the California Association for Research in Astronomy and was not related to the funding of the TMT.

Regent Zaragoza acknowledged that this item was not directly related to the TMT project. She asked for a separate vote for this item because she did not support any of the telescopes on Mauna Kea.

Upon motion of Regent Cohen, duly seconded, the recommendation in item J above of the Finance and Capital Strategies Committee was approved, Regents Anguiano, Cohen, Drake, Guber, Hernandez, Leib, Lott, Park, Reilly, Sherman, Sures, and Torres voting “aye” and Regent Zaragoza voting “no.”

K. *Long Range Development Plan Amendment and Design of Ocean Road Housing Project Following Action Pursuant to the California Environmental Quality Act, Santa Barbara Campus*

The Committee recommended that, following review and consideration of the environmental consequences of the Ocean Road Housing Project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

- (1) Adopt the CEQA Findings for the Ocean Road Housing Project, having considered both the 2010 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the Santa Barbara campus and Addendum No. 4 to the 2010 LRDP EIR for the Ocean Road Housing Project.
- (2) Adopt as conditions of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Santa Barbara campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2010 LRDP EIR.
- (3) Approve Amendment No. 6 to the 2010 Long Range Development Plan.
- (4) Approve the design of Phase 1 of the Ocean Road Housing Project, Santa Barbara campus.

- (5) Approve the design of Phase 2 of the Ocean Road Housing Project, Santa Barbara campus.

Regent Cohen reported that this project would be brought back before the Regents to discuss a comprehensive affordability plan. He noted that Regent Lott recused herself during discussion of the item.

Upon motion of Regent Cohen, duly seconded, the recommendation in item K above of the Finance and Capital Strategies Committee was approved, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Leib, Park, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye” and Regent Lott abstaining.

Report of the Governance Committee

The Committee presented the following from its meeting of May 18, 2022:

A. ***Approval of Appointment of and Compensation for Jeffrey Stewart Interim Vice Chancellor for Diversity, Equity and Inclusion, Santa Barbara Campus as Discussed in Closed Session***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Jeffrey Stewart as Interim Vice Chancellor for Diversity, Equity and Inclusion, Santa Barbara campus:

- (1) Per policy, appointment of Jeffrey Stewart as Interim Vice Chancellor for Diversity, Equity and Inclusion, Santa Barbara campus, at 100 percent time.
- (2) Per policy, an annual base salary of \$380,000. At the conclusion of the interim appointment, Mr. Stewart’s base salary will revert to his nine-month faculty salary in effect as of June 30, 2022 (\$308,300) in addition to any increases under academic salary programs in effect during his interim appointment.
- (3) Per policy, continued eligibility to accrue sabbatical credits as a member of the tenured faculty, consistent with academic personnel policy.
- (4) Per policy, continuation of standard pension and health and welfare benefits.
- (5) Mr. Stewart will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- (6) This action will be effective July 1, 2022 through June 30, 2023, or until a new Vice Chancellor – Diversity, Equity and Inclusion, Santa Barbara campus, is appointed, whichever occurs first.

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

B. *Amendment of Health Services Committee Charter*

The Committee recommended that the Health Services Committee Charter be amended as shown in Attachment 4.

Vice Chair Leib reported that he proposed two amendments during the Committee meeting. The first amendment would require that both the Committee and the Board approve the Clinical Enterprise Management Recognition Plan incentive award for the Executive Vice President – UC Health. The second amendment would require that the UC Health Strategic Plan be approved by the Committee and the Board.

C. *Board Operations and Regents Meetings*

This item was not summarized.

Upon motion of Vice Chair Leib, duly seconded, the recommendations of the Governance Committee were approved, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Kounalakis, Leib, Lott, Park, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye.”

Report of the Investments Committee

The Committee presented the following from its meeting of May 17, 2022:

A. *Review of Third Quarter Performance for Fiscal Year 2021–22 of UC Pension, Endowment, Blue and Gold Pool, and Working Capital*

Regent Sherman reported that, as of March 31, 2022, the General Endowment Pool had \$19.8 billion, the UC Retirement Plan had \$90 billion, the Blue and Gold Pool had \$2 billion, and working capital had a total of \$22.4 billion. In April, given volatility in the markets, UC assets decreased by \$8 billion. This could be attributed to ongoing global conflict, geopolitics, the economic effects of COVID-19, energy costs, supply chain disruption, inflation, and a significant rise in interest rates.

B. *Update on Diversity, Equity, and Inclusion at UC Investments*

Regent Sherman reported that the Committee heard a quarterly update on diversity, equity, and inclusion. The Office of the Chief Investment Officer (CIO) met its goal of meeting 100 investment firms led by women and/or individuals from underrepresented minority (URM) groups to explore possible investment

partnerships. The Office of the CIO was launching the UC Investment Academy to provide professional investment training to UC students and build a pipeline so that more women and people from URM groups pursue investment careers.

Report of the Public Engagement and Development Committee

The Committee presented the following from its meeting of April 18, 2022:

A. ***UC Davis in the Community: UC Davis and Los Rios Community College Partnership***

Regent Reilly reported that the Committee met at the Sacramento City College Davis Center. Leaders from the Davis campus, the Los Rios Community College District, and Sacramento City College discussed partnerships between institutions of higher education and community engagement.

B. ***African American Student Success at UC Davis***

Regent Reilly reported that the Committee heard a presentation on the ways that partnerships between institutions of higher education could increase opportunities for African American students at UC. The collaboration between UC Davis and Sacramento City College was the only such partnership in the state and highlighted the importance of early engagement in supporting African American students seeking to attending UC. The Committee discussed the need to improve transfer rates from regions with historically low rates of transfer to the University and heard from panels comprised of higher education and organization leaders, current students, and alumni.

The Committee presented the following from its meeting of May 18, 2022:

C. ***University of California Campus Foundations***

Regent Reilly reported that the Committee heard an overview of UC philanthropy. Campus foundations, each a separate 501(c)(3) foundation, were governed by independent boards of volunteers and complied with Regents Policy 5203: Policy on Support Groups, Campus Foundations, and Alumni Associations. Campus foundations and private philanthropy have raised \$2.9 billion for the University. The Committee heard from a panel comprised of foundation trustees.

D. ***University of California Alumni Engagement***

Regent Reilly reported that the University had more than two million living alumni, many of whom were younger and more diverse. There were efforts to broaden alumni engagement beyond philanthropy to include volunteerism and other experiences. The Committee heard from a panel comprised of active alumni from UCLA, UC Santa Barbara, and UC San Diego

E. *State Governmental Relations Update*

This item was not summarized.

Report of the Special Committee on Innovation Transfer and Entrepreneurship

The Special Committee presented the following from its meeting of April 14, 2022:

A. *Speaker Series: Jennifer Doudna – Unleashing UC Innovation and Entrepreneurship*

Vice Chair Leib reported that UC Berkeley Professor and Nobel laureate Jennifer Doudna spoke to the Special Committee about the significance of mentorship, which was not available to her when she was starting her companies.

B. *Update on Innovation and Entrepreneurship Funding Strategies*

Vice Chair Leib reported that the Committee discussed the campuses' need for alternative budgeting strategies. The Office of the Chief Investment Officer was working to obtain additional State funding for the proof of concept fund.

C. *Panel of Student Entrepreneurs*

Vice Chair Leib reported that the Committee heard from a panel of entrepreneurs, all of whom were UC students from underrepresented groups.

Report of the Special Committee on Nominations

The Special Committee presented the following from its meeting of April 27, 2022:

Recommendations for Election of Officers and Appointments to Standing Committees and Subcommittees for 2022–23

The Special Committee recommended that the following appointments of Board officers and Standing Committee Chairs, Vice Chairs, and members for 2022–23 be approved:

- A. Regent Richard Leib be elected Chair of the Board of Regents for the year commencing July 1, 2022.
- B. Regent Gareth Elliott be elected Vice Chair of the Board of Regents for the year commencing July 1, 2022.
- C. Standing Committee Chairs, Vice Chairs, and members, including non-voting advisory members, be appointed commencing July 1, 2022 as shown in Attachment 5. All terms are for one year unless noted. Bylaw 24.6, Standing Committees - Term “No Regent may serve consecutively in the position of Committee Chair or in the

position of Committee Vice Chair for more than four terms” be suspended for one year commencing July 1, 2022 for the Investments Committee.

Upon motion of Regent Drake, duly seconded, the recommendation of the Special Committee on Nominations was approved, Regents Anguiano, Cohen, Drake, Guber, Hernandez, Kounalakis, Lott, Park, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye” and Regents Elliott and Leib abstaining.

8. RESOLUTION IN APPRECIATION – CHERYL LOTT

Upon motion of Regent Cohen, the following resolution was adopted, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Kounalakis, Leib, Ortiz Oakley, Park, Reilly, Sherman, Sures, Torres, and Zaragoza voting “aye” and Regent Lott abstaining.

WHEREAS, Cheryl Lott will complete her term on the Board of Regents having conscientiously fulfilled all of the duties and responsibilities incumbent upon her as Vice President of the Alumni Associations of the University of California and as an ex officio Regent, exhibiting a deep understanding of the public mission of the University and an abiding concern for the needs of its students and alumni; and

WHEREAS, as a double Bruin, having received her Bachelor of Arts and Juris Doctor degrees from UCLA, she has served her alma mater in many capacities, including as President of the UCLA Alumni Association, member of the UCLA Foundation Board, and founding member of the UCLA Law Women LEAD Board; and

WHEREAS, she has brought her experience as a student and her considerable professional expertise as an attorney focused on commercial, labor and employment and construction defect litigation to benefit the University through her dedicated service on the Investments, Finance and Capital Strategies and Public Engagement and Development Committees; and

WHEREAS, she has called attention to ensuring that diversity is a consideration in all aspects of University operations, foregrounding opportunities for minority-owned and small businesses, as well as creating and nurturing networks of students and alumni that increase the diversity of the student body and expand the engagement of the alumni community with the University; and

WHEREAS, in recognition of her devoted service as a member of the Board of Regents of the University of California, and in the hope that she will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon Cheryl Lott the title, Regent Emerita;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California express their sincerest gratitude and admiration to Cheryl Lott for her well-informed and staunch advocacy of her beloved alma mater;

AND BE IT FURTHER RESOLVED that the Regents direct that a suitably inscribed copy of this resolution be presented to Cheryl Lott as an expression of the Board's high regard, appreciation, and best wishes for the future.

Regent Cohen praised Regent Lott's passion and her insistence that the University reconsider its procurement policies related to minority and underserved business owners. Her focus has reenergized the University to be a leader in this regard. He noted her many years of service to the UCLA Alumni Association.

9. **RESOLUTION IN APPRECIATION – ART TORRES**

Upon motion of Regent Reilly, the following resolution was adopted, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Kounalakis, Leib, Lott, Ortiz Oakley, Park, Reilly, Sherman, Sures, Torres, and Zaragoza voting "aye."

WHEREAS, Art Torres will conclude his term on the Board of Regents having provided exemplary service and leadership as an Alumni Regent, ably representing the alumni on the Academic and Student Affairs Committee and serving as Vice Chair of the Public Engagement and Development Committee, the Board of Regents wishes to extend to him their deep appreciation; and

WHEREAS, having received Bachelor's and Law degrees from the University of California, Santa Cruz and the University of California, Davis, respectively, he has served as the President of the Alumni Associations of the University of California, positively influencing the lives of students and alumni through his cultivation of alumni networks; and

WHEREAS, as a former California Assemblyman and Senator who served over twenty years in the State Legislature, as well as thirteen years as State Democratic Party chair, and as the current Vice Chair of the Governing Board of the California Institute for Regenerative Medicine, he brought his significant experience in government to bear on behalf of the University in countless conversations with State legislators in Sacramento, advocating to ensure that the University of California remains the preeminent public institution of higher education in the nation; and

WHEREAS, Art Torres has been an inveterate supporter of the Santa Cruz and Davis campuses and the University as a whole, the Regents of the University of California express their sincerest gratitude and admiration to him for his highly visible, articulate, and enthusiastic advocacy for his beloved alma mater;

NOW, THEREFORE, BE IT RESOLVED that in recognition of his devoted service as a member of the Board of Regents of the University of California, and in the hope that he will continue as an active and vital participant in the life of the University, the Regents do hereby confer upon Art Torres the title, Regent Emeritus;

AND BE IT FURTHER RESOLVED that the Regents direct that a suitably inscribed copy of this resolution be presented to Art Torres as an expression of the Board's esteem and affection, and further declare, Fiat Slug!

Regent Reilly stated that it was a privilege and an honor to serve with Regent Torres on the Public Engagement and Development Committee. Regent Torres was instrumental in setting agenda items, and he has been passionate about increasing African American enrollment at UC, as well as the enrollment of other underrepresented minorities. Regent Torres has been a stalwart supporter of the University, particularly his alma maters UC Santa Cruz and UC Davis. Regent Reilly would continue to seek his counsel.

10. **RESOLUTION IN APPRECIATION – ALEXIS ATSILVSGI ZARAGOZA**

Upon motion of Regent Park, the following resolution was adopted, Regents Anguiano, Cohen, Drake, Elliott, Guber, Hernandez, Kounalakis, Leib, Lott, Ortiz Oakley, Park, Reilly, Sherman, Sures, and Torres voting “aye” and Zaragoza abstaining.

WHEREAS, on June 30, 2022, Alexis Atsilvsgi Zaragoza, a newly minted graduate of the University of California, Berkeley, will complete her term as the forty-seventh student Regent, having carried out her Regental responsibilities with diplomacy, thoughtfulness, and enthusiastic dedication; and

WHEREAS, as a former student member of the California Community College Board of Governors, as a Trustee for Calbright College, the first online community college, and as a transfer student, she brought a wealth of experience to the Board of Regents, which greatly benefited from her insights about the lived experience of students; and

WHEREAS, as a Native American and Chicana student, she has endeavored to achieve a welcoming and inclusive climate throughout the University, advocated for transfer students, former foster youth, undocumented students and other underrepresented students, and worked passionately on behalf of all UC students on issues of basic needs, outreach and accessibility, educational equity and on the campaigns to reform Cal Grants and double the Pell Grant; and

WHEREAS, as her deep understanding of the complex issues facing the University of California and her unfailing efforts to ensure that the Board's decisions benefit the students and people of California have been the hallmarks of her service on the Board, service for which she has earned the respect and admiration of her fellow Regents as a member of the Academic and Student Affairs, Compliance and Audit, and Finance and Capital Strategies Committees; and

WHEREAS, in appreciation and gratitude for her devotion to public higher education and the committed service she has rendered as a member of the Board of Regents of the University of California, the Regents do hereby confer upon Alexis Zaragoza the title, Regent Emerita;

NOW, THEREFORE, BE IT RESOLVED that the Regents extend to Alexis Zaragoza their best wishes for her future endeavors, secure in the knowledge that she will continue to be an effective advocate for underserved students, aid efforts to increase access to higher education, and improve her community in myriad ways in the years ahead;

AND BE IT FURTHER RESOLVED that the Regents direct that a suitably inscribed copy of this resolution be presented to her as a symbol of the Board's lasting friendship and esteem.

Regent Park noted Regent Zaragoza's unique experience of having served on the California Community Colleges Board of Governors and the UC Board of Regents. She praised Regent Zaragoza's powers of perception, analytical capabilities, and wisdom. Regent Zaragoza was action-oriented and could speak truth to power while simultaneously being powerful. This was the beginning of Regent Zaragoza's many great achievements.

Regent Zaragoza noted that much in California higher education has changed in the time she has served on the California Community Colleges Board of Governors and UC Board of Regents. At UC, she has seen the elimination of the SAT/ACT in admissions, a bill to add a second voting Student Regent, the launch of the Native Opportunity Plan, the COVID-19 pandemic, and more. She expressed her hope that there would be an Underground Scholars program on every campus and that the University divests from the Thirty Meter Telescope project. She praised Regent-designate Blas Pedral and thanked her fellow Regents, especially Regent Ortiz Oakley, who has known her since she was a student at the California Community Colleges.

11. **REPORT OF INTERIM, CONCURRENCE, AND COMMITTEE ACTIONS**

Secretary and Chief of Staff Shaw reported that, in accordance with authority previously delegated by the Regents, action was taken on routine or emergency matters as follows:

Approvals by Concurrence Authority

The Chair of the Board, the Chair of the Finance and Capital Strategies Committee, and the President of the University approved the following recommendation:

Approval of Medical Center Pooled Revenue Bonds Issuance

That the President of the University be authorized to:

- A. Issue an aggregate principal amount not to exceed \$400 million plus financing costs under the University's Medical Center Pooled Revenue Bond indenture. As long as the bonds are outstanding, the following requirements shall be satisfied:
 - (1) The University shall maintain revenues in amounts sufficient to pay the debt service and meet the related requirements of the UC system's portion of the

authorized financing.

(2) The Los Angeles medical center shall maintain revenues in amounts sufficient to pay the debt service and meet the related requirements of the medical center's portion of the authorized financing.

(3) The general credit of the Regents shall not be pledged.

B. Take all necessary actions related to the action approved above, including, but not limited to approval, execution, and delivery of all necessary or appropriate financing documents.

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

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

To the Regents of the University of California:

- A. From the General Counsel, a message announcing that the California Supreme Court denied the University's petition for review and application for a stay of the trial court's order requiring UC Berkeley to hold enrollment to academic year 2020–21 levels. March 3, 2022.
- B. From the President of the University, information on legislation being considered by the California State Assembly and Senate regarding California Environmental Quality Act (CEQA)-related issues and impacts on enrollment growth at public universities and colleges. March 11, 2022.
- C. From the President of the University, a message announcing that the California State Assembly and Senate unanimously passed the legislation, Assembly Bill 168 and Senate Bill 118, regarding California Environmental Quality Act (CEQA)-related issues and impacts on enrollment growth at public universities and colleges, and that the Governor has signed the bill into law. March 14, 2022.
- D. From the UC San Francisco Chancellor, a communication providing an overview of the fetal tissue research program and associated clinical protocols that adhere to all federal policies. March 21, 2022.
- E. From the Secretary and Chief of Staff to the Regents, the Summary of Communications Received for February 2022. March 28, 2022.
- F. From the Associate Vice President, External Relations and Communications, the Federal Update, 2022, Issue 3. April 1, 2022.

- G. From the Executive Vice President of UC Health, a communication providing information on the considerable services provided to Medi-Cal patients in response to a *Los Angeles Times* opinion piece, “Why won’t UC clinics serve patients with state-funded health insurance?” April 5, 2022.
- H. From the President of the University, the University’s response to a recent *Los Angeles Times* opinion piece about Medi-Cal patients at UC health locations. April 6, 2022.
- I. From the Provost and Executive Vice President, Academic Affairs, a letter to UC leadership regarding recognizing innovation transfer and entrepreneurship in the academic personnel process. April 6, 2022.
- J. From the President of the University, the *Annual Report on Student Health and Counseling Centers and UC Student Health Insurance Plan*. April 7, 2022.
- K. From the Secretary and Chief of Staff to the Regents, the Summary of Communications Received for March 2022. April 22, 2022.
- L. From the Associate Vice President, External Relations and Communications, the Federal Update, 2022, Issue 4. April 28, 2022.
- M. From the President of the University, a letter regarding Assembly Bill 481 and the required governing body approval process for a military equipment use policy for law enforcement agencies in California. April 28, 2022.

To the Members of the Compliance and Audit Committee:

- N. From the Associate Vice President, Systemwide Controller, summary results of and deadline information for the University’s 2021 Uniform Guidance Audit report. April 22, 2022.

To the Members of the Health Services Committee:

- O. From the President of the University, the *UC Medical Centers Reports for the Six Months Ended December 31, 2021*. April 7, 2022.

To the Members of the Investments Committee:

- P. From the Chief Investment Officer, a memo regarding the UC Investments’ Diversity Drives Returns Initiative. March 14, 2022.
- Q. From the Chief Investment Officer, the University’s Investments Code of Ethics Policy. March 18, 2022.

The meeting adjourned at 12:05 p.m.

Attest:

Secretary and Chief of Staff

Attachment 1: Proposed Amendments to Regents Policy 3201: The University of California Financial Aid Policy

*Additions shown by underline or double underline; deletions shown by ~~strike through~~. The bullets in *italics* were moved to/from another section of the policy.*

Regents Policy 3201: The University of California Financial Aid Policy

A basic value of the University of California is that the University should serve a diverse student body. Inherent in such a value is a concern that financial considerations not be an insurmountable obstacle to student decisions to seek and complete a University degree. This basic value is at the heart of the University's Financial Aid policy for all of its student body, but varies in its expression for undergraduate and graduate students.

Undergraduate Financial Aid Policy

The University's undergraduate student support policy is guided by the goal of maintaining the affordability of the University for all the students admitted within the framework of the Master Plan. As such, the student aid policy complements the goals of the University's undergraduate admissions policy, which was adopted by the Board of Regents in May of 1988, to enroll "a student body that...demonstrates high academic achievement or exceptional personal talent, and that encompasses the broad diversity of cultural, racial, geographic, and socio-economic backgrounds characteristic of California."

Specifically, the University's Financial Aid policy for undergraduates calls for the University, in partnership with the State, to seek to maintain the affordability of a University education for eligible California resident undergraduates who are regularly enrolled. The policy has the following provisions:

1. The University's goal is that the cost of attending the University will be met through a combination of the following:

- a manageable contribution from family resources, based on the family's financial strength;
- a manageable contribution from the student in the form of ~~loan and/or~~ part-time work;
- a manageable contribution from the student in the form of a loan if necessary; and
- grant support from a combination of Federal, State, University, and private sources.

2. The University will employ standard criteria set by the Federal government and other funding agencies in the determination of financial aid eligibility but will maintain a commitment to be sensitive to extraordinary individual circumstances through the availability of appeals processes and other opportunities for individual case reviews.

3. The University will provide a financial aid delivery process that is as efficient as possible. Opportunities to simplify and improve delivery will be pursued both within the University and at the State and Federal levels.

The funding of the University's need-based grant aid programs in support of this policy will take into consideration a combination of the following factors:

- the manageability of projected parent contributions, student debt levels, and student employment expectations;
- analysis of support levels and the composition of aid awards (i.e., the balance between grant, ~~and loan~~/work, and loan) at various income levels over time;
- changes in the diversity of the undergraduate student population along economic lines;
- the student experience of financial aid to meet their needs, as measured through surveys; and
- the undergraduate aid packages and support levels at comparable institutions.

Basic to the funding policy is the principle that the parents of undergraduates have the responsibility to pay for the educational costs (i.e., fees plus living expenses) associated with attending the University to the extent of their capacity to pay. In addition, funding levels for grants will assume ~~manageable debt levels based on expected earnings after graduation relative to loan repayment obligations and~~ manageable work expectations that reflect the number of hours per week that students can work while enrolled during the academic year or over the summer without any significant adverse impact on academic performance. Student loans are a valuable educational financing tool that will be made available to eligible students, but the University will endeavor through its financial aid offers to minimize student debt.

- ~~analysis of support levels and the composition of aid awards (i.e., the balance between grant, and loan/work) at various income levels over time;~~
- ~~changes in the diversity of the undergraduate student population along economic lines;~~
- ~~the undergraduate aid packages and support levels at comparable institutions.~~

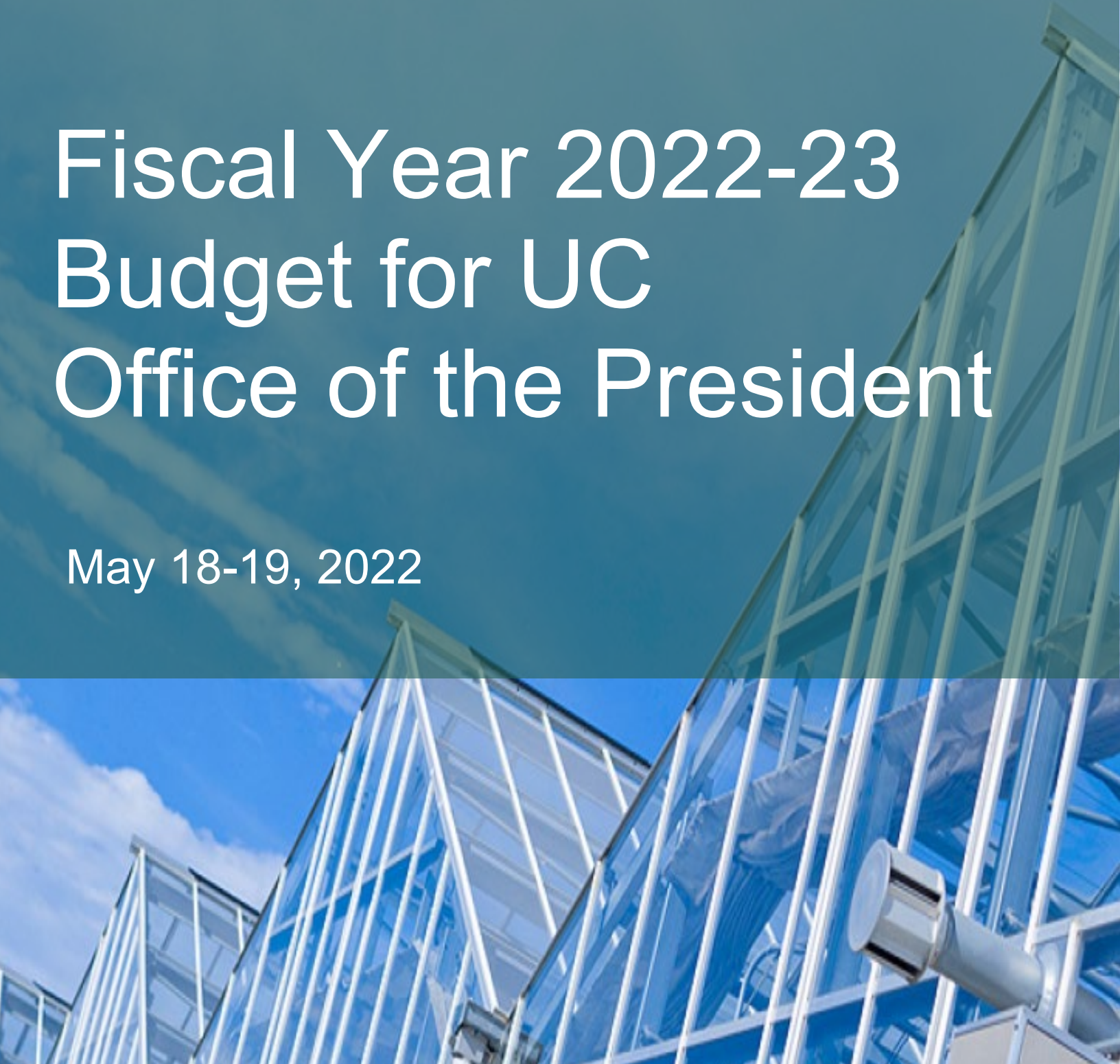
In addition, the University will work to provide adequate employment opportunities, both on- and off-campus, for students to fulfill their work expectations. Emphasis will be placed on providing jobs that have higher pay and that are related to students' academic and career interests.

It is recognized that the actual awards students receive will vary across campuses and across categories of students in response to local conditions and priorities. As a result, some students (e.g., late applicants) will have more than the calculated manageable expectation for loan and work, while others (e.g., scholarship recipients) will have less.

UNIVERSITY
OF
CALIFORNIA

Fiscal Year 2022-23 Budget for UC Office of the President

May 18-19, 2022



Additions shown by underscoring; deletions shown by strikethrough

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
UNIVERSITY OF CALIFORNIA DEBT POLICY**

I. Purpose/Objective of Policy

The University's Debt Policy (the "Policy") governs the use and management of debt used to finance primarily capital projects as well as certain other uses across the University of California System (the "System"). As such, the Policy provides a framework that guides the capital market activities that are critical to achieving the University's mission of teaching, research, and public service. This framework ensures that the University can do so in an efficient and cost-effective manner while managing risk in the debt portfolio.

Specifically, this Policy seeks to achieve the following objectives:

- Outline the University's strategic approach to debt management;
- Establish guidelines for approving, structuring and managing debt;
- Identify roles and responsibilities for approving and monitoring debt post-issuance; and
- Set reporting standards.

With debt a precious and finite resource, this Policy provides a framework within which to evaluate and manage the tradeoffs between credit ratings, cost of capital and financial flexibility. It is the overarching goal of this Policy to ensure that the University maintains ready access to the debt capital markets to meet the University's financing needs. The active management of the University's credit profile, including the debt structure with respect to maturity and composition, will allow the University to achieve these objectives.

The University's credit strategy and strength are rooted in the System's scope and diversity; therefore, debt is a central function.

The Office of the CFO has oversight over all of the University's capital market activities. As such, the Office of the CFO is responsible for maintaining this Policy and will review it at least every two years and present to the Board of Regents, for approval, any proposed material changes, as appropriate. Nonmaterial changes to this policy may be approved directly by the CFO.

II. Use of Debt Funding

- A. Prioritization of Capital Needs. Campuses and medical centers prioritize their capital needs with respect to the essentiality to the University's mission of teaching, research, and public service. Campuses and medical centers also prioritize with respect to affordability, with special consideration given to capital projects that are self-funding or revenue-generating. The Capital Financial Plan, updated annually, lays out the capital plan for each campus and medical center. The Plan includes a general funding plan for each project.

- B. Approval Process. All University external financings must be approved by the Board of Regents, unless provided otherwise under the relevant University governing documents. The Office of the CFO coordinates the external financing approval process, which includes a review of the campuses or medical center's financial strength and ability to assume additional debt.

In addition to the campus and medical center guidelines below, external financing approvals will be considered in the context of the University's overall credit portfolio and any potential impact on the University's credit ratings. As described in Section IV below, the CFO, under the direction of the Board of Regents and/or the President, may delay or deny a request for external financing based on a potential negative impact on the University's credit profile/ratings (even if the campus and medical center guidelines below are met).

The Office of the CFO has worked with the campuses and the medical centers to develop financial models that help assess the viability of future debt financings.

For the campuses, the Office of the CFO has developed the Debt Affordability Model to be used as part of the approval process. The Debt Affordability Model produces certain debt metrics that are used in the external financing approval process. During the approval process, the campuses will utilize the Internal Loan Rate (ILR) ~~planning rates~~ to calculate the debt service for the proposed projects. The ILR is the rate at which UCOP makes long-term loans to the campuses for capital projects and is set by the Office of the CFO based on the aggregate cost of capital for existing and anticipated campus projects. ~~The planning rates will be calculated formulaically based on taxable and tax exempt benchmark yields.~~ The ILR ~~rates~~ will be reviewed and annually reported to the Regents within the Annual Debt Report on Debt Capital and External Finance Approvals.

Campuses must meet the following requirements in order to receive approval for external financing:

1. Modified cash flow margin¹ \geq 0 percent *and*
2. Debt service coverage ratio² \geq 1.1x; *and*
3. Monthly liquidity in STIP and TRIP \geq the greater of 90 days or the minimum rating agency liquidity requirement.

In addition, for external financing of auxiliary projects, Campuses must also meet the following requirements:

1. Project debt service coverage \geq 1.0x; *and*
2. Auxiliary debt service coverage \geq 1.1x.

Medical centers shall provide 10-year projections, or projections over a shorter time horizon as deemed appropriate, of their statement of income available for debt service, statement of revenues and expenses, statement of net assets, and statement of cash flows and meet the following requirements in order to receive approval for external financing:

¹ Modified cash flow margin is an income statement-based measure of a campus' debt service coverage, adjusted for certain cash and non-cash items.

² Debt service excludes state-supported debt and debt issued for pension funding.

1. Net Income Margin³ ≥ 0 percent *and*
2. Debt service coverage⁴ $\geq 3x$; *and*
3. Days cash on hand ≥ 90 ⁵.

The Chief Financial Officer of each of the medical centers will also review all proposed debt financed projects as a part of a peer review process.

The Office of the CFO may review and approve exceptions for campuses and medical centers that are unable to meet the above requirements on a case-by-case basis. In order to be considered for an exception, the campus or medical center must submit a financial model that demonstrates its ability to service the debt, a business case analysis explaining the strategic importance of the project, and a plan for achieving the minimum requirements listed above over time.

In addition to funding projects for the campuses and medical centers, the University also uses debt financing for system-wide initiatives, such as pension funding and the restructuring of State of California Public Works Board debt. While these projects benefit campuses and medical centers throughout the System, the debt is held at the system-wide level and is not attributed to the individual campuses and medical centers in the aforementioned debt models or projections. In lieu of an approval process similar to that outlined for the campuses and medical centers above, external financing for system-wide projects will be reviewed by the CFO, under the direction of the Board of Regents and/or the President, within the context of the University's overall operating performance and balance sheet, and the potential impact to the University's credit profile/ratings.

The University will also track system-wide credit ratios to monitor the strength of its overall credit profile. In particular, the University will measure and report to the Regents annually on the following system-wide targets:

1. Debt Service to Operations ≤ 6 percent and
2. Spendable Cash and Investments to Debt $\geq 1.0x$.

- C. Execution of Debt Financing. The Office of the CFO coordinates financings for the University, working with internal University counterparts and external parties. Campuses and medical centers are involved in the months leading up to a financing as the Office of the CFO conducts due diligence on each project involved in a financing, which, along with the campus' or medical center's stated preferences, informs the sizing and structure of the bonds. The Office of the CFO also interacts with outside experts, including, but not limited to, financial advisors, financial institutions, the State Treasurer's Office, bond counsel, underwriters, rating agencies, and investors on the execution of the financing.

³ Net Income Margin is net income (net operating income + non-operating income) divided by total operating revenue. Adjustments may be made for certain non-cash expenses related to UCRP and OPEB.

⁴ Adjustments may be made for certain non-cash expenses related to UCRP and OPEB.

⁵ Prior to June 30, 2023, days cash on hand shall be greater or equal to 60 days. Following June 30, 2023, the minimum amount of days cash on hand shall increase over a three-year period based on the following schedule:

- 70 days effective on July 1, 2023
- 80 days effective on July 1, 2024
- 90 days effective on July 1, 2025

The timing of a debt financing depends on a number of factors that include market conditions, need, and the status of projects in construction.

- D. Use of Proceeds. In order to ensure compliance with legal, regulatory, governance and policy matters, the Office of the CFO is authorized to oversee the proper use of the proceeds of debt financings throughout the System.

III. Financial Instruments/ Borrowing Vehicles

External Borrowing. The University generally issues debt using one of three different primary credit vehicles: General Revenue Bonds, Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds. On select occasions and for specific purposes, the University has also utilized third-party debt through vehicles such as the Financing Trust Structure and other third-party structures. The credit to be used to finance a particular project will depend on the nature of such project, its potential impact on ratings and market interest rates at the time of the financing. The University strives to make the most efficient use of its differentiated credit structure to preserve its primary credit for core projects essential to the University's mission of teaching, research, and public service.

The following paragraphs provide brief overviews of the University's primary credit vehicles.

The General Revenue Bond (GRB) credit serves as the University's primary borrowing vehicle and is used to finance projects that are integral to the University's core mission of education and research. The GRB credit is secured by the University's broadest revenue pledge. It was introduced in 2003 to replace and consolidate several purpose-specific credits. The broad revenue base captures the financial strength of the System and facilitates the capital markets' understanding of the University's credit. The GRB credit carries the highest credit ratings among the University's financing vehicles.

The Limited Project Revenue Bond (LPRB) credit, established in 2004, is designed to finance auxiliary service projects that are of a self-supporting nature, such as student housing, parking, athletic, and recreational facilities. The LPRB credit provides bondholders with a subordinated pledge of gross revenues derived from facilities financed under the structure.

The Medical Center Pooled Revenue Bond (MCPRB) credit serves as the primary financing vehicle for the System's medical centers. These bonds are secured by gross revenues of the medical centers, which are excluded from general revenues pledged for GRBs. The MCPRB credit replaced the Hospital Revenue Bond credit in 2007. Previously, the medical centers issued debt on a stand-alone basis, secured by their individual revenue streams. The pooled credit lowers borrowing costs, facilitates access to the financial markets, and increases debt capacity for the medical centers.

Third-Party Financing Structures. At times, there may be compelling reasons for the University to pursue an alternative financing structure outside of the three primary credit vehicles described above. These situations will be evaluated on a case-by case basis and should be supported by a business case analysis and financial feasibility study. The

analysis must demonstrate that the project will be accretive to the University's financial position and meet the following guidelines:

1. Each project should meet investment grade rating standards on an individual basis.
2. Projects must demonstrate financial feasibility on an individual basis through pro-forma financial projections that use the assumptions outlined by the Office of the CFO.

While certain third-party financings may be off-balance sheet, depending on the specifics of the structure, they still impact the overall credit profile of the University. Therefore, the CFO, under the direction of the Board of Regents and/or the President, has the authority to deny a third-party financing depending on the nature of the project and its potential impact on the University. To the extent a third-party structure is deemed to be in the best interest of the University, the financing will be executed centrally through, or in close partnership with, the Office of the CFO. The Financing Trust Structure will serve generally as the University's third-party financing tool unless granted an exception by the Office of the CFO.

Commercial Paper and Bank Lines of Credit. The University manages a commercial paper program, which primarily provides interim financing for projects prior to a permanent bond financing. The University also utilizes bank lines to provide bridge financing for projects that are awaiting gifts or other sources of funds and for working capital. In addition, the University has dedicated credit lines which support its commercial paper program and variable rate debt.

Derivative Products. The University maintains a separate policy guiding the use of derivative products.

IV. Financial Performance/Ratios and Credit Ratings/Debt Capacity

The System's credit profile, as viewed by the rating agencies and capital markets, is a function of several qualitative and quantitative factors, both financial and non-financial. These include market position, management and governance, state relations and support, as well as the financial strength of the University. Financial strength is a function of both income statement (i.e., operating performance) and balance sheet (i.e., financial resources) strength and is generally evaluated with certain key financial indicators serving as proxies for an institution's relative health. The resulting credit ratings, in turn, drive debt capacity and impact the University's cost of capital.

- A. Credit Ratings. As described previously, the GRB credit represents the System's senior most lien and is designed to support primarily projects that are core to the University's mission of teaching, research and public service. In order to ensure ongoing access to capital at attractive financing rates in support of its mission, the University will maintain credit ratings in the "AA" rating category for the GRB credit. To protect the "AA" ratings on the GRB credit – which will help ensure ongoing access to capital on favorable terms – the University will closely monitor debt affordability, as measured by certain financial metrics, including operating performance. The CFO, under the direction of the Board of

Regents and/or the President, may slow down or deny any financings deemed to potentially have an adverse impact on the institution's overall credit profile or that might threaten the University's credit ratings.

- B. Affordability and Financial Equilibrium. The University monitors key credit ratios system-wide and individually for each campus and medical center. The system-wide target metrics, Debt Service to Operations and Spendable Cash and Investments to Debt, will be reported to the Regents within the Annual Report on Debt Capital and External Finance Approvals.

By exercising fiscal discipline, the University strives to achieve financial equilibrium, which is key to the long-term financial health and viability of the System. The University monitors its operating margin system-wide, while campuses are required to monitor their modified cash flow margin and medical centers must monitor their net income margin. In order to obtain external financing approval, campuses must demonstrate positive modified cash flow margins and medical centers must demonstrate positive net income margin, with the goal of leading the University to a positive operating margin system-wide.

The medical centers comprise a substantial portion of the University's operations, and their operating performance has a direct impact on the University's overall credit profile. As such, a deterioration of the medical centers' operating performance may have a negative impact on the ratings of all of the University's credits, not just the MCPRBs. Should the medical centers' operations decline over time, thereby threatening the University's credit profile as a whole, the CFO, under the direction of the Board of Regents and/or the President, has the authority to reassess debt financings for system-wide projects or for future contemplated medical center projects. Still, the University's differentiated credit structure is designed to allow the ratings on the MCPRB credit to move without adversely impacting the GRB ratings.

The University may consider delaying debt funded system-wide projects if its pension liability ratio falls below 70% funded on an actuarial value of assets basis. At the direction of the Board of Regents and the President, external financings that would improve the University's pension funding status may be excluded from this policy.

Irrespective of campuses and medical centers meeting certain thresholds and metrics, the CFO, under the direction of the Board of Regents and/or the President, has the authority to slow down or to deny projects if the financings jeopardize the University's credit ratings.

V. Structure

The issuance of debt entails a number of structural considerations that need to be evaluated on both an issue specific as well as on an overall portfolio basis: tax-exempt versus taxable debt; fixed versus variable rate debt; amortization/final maturity; and ultra-long dated structures.

The structure of the System's overall debt profile has direct bearing on the University's credit profile. As such, structural decisions are a central function and are made by the Office of the CFO. Whenever possible and not to the detriment of the System overall, the campuses and medical centers' preferences with respect to structure for a particular project/financing will be accommodated.

- A. Tax-exempt versus Taxable Debt. Given its status as a public institution, the University has the option to raise capital in the tax-exempt debt market, which generally offers a lower cost of capital than the taxable market. However, unlike taxable debt, tax-exempt debt is subject to certain restrictions, including, but not limited to, private use and useful life constraints. In addition, the University is required to monitor the use of assets financed with tax-exempt debt generally over the life of the debt to ensure ongoing compliance with legal requirements. This introduces a significant administrative burden as well as risk given the University's large, complex, and stratified/decentralized operations. Therefore, especially as it relates to the research and medical services enterprises, which historically have seen the most private use, the University may at times opt to issue taxable debt for increased operational flexibility.

In addition, at times, market conditions are such that the yield/cost differential between tax-exempt and taxable debt is compressed, affording the University an opportunity to access less restrictive taxable capital at little to no incremental yield.

The University will evaluate the issuance of tax-exempt versus taxable debt in the context of the nature of the assets to be financed and prevailing market conditions.

- B. Fixed versus Variable Rate Debt. The issuance of debt across the yield curve can be valuable both from a portfolio management point of view as well as from an investor diversification perspective. Variable rate or short-term debt may provide a lower cost of capital but introduces risk in the form of uncertainty from a rate reset and/or rollover/refinancing perspective. Fixed rate debt, meanwhile, offers budget certainty, albeit at a higher cost.

Long-term tax-exempt debt is most commonly issued with a 10-year par call option, whereas variable rate debt generally can be called on any interest payment date, either for refinancing or retirement purposes, offering additional optionality. The University may consider longer or shorter call options depending on market conditions and the characteristics of specific projects.

Long-term taxable debt is most issued with make-whole call features. The University may consider issuing taxable debt with a par call option depending on market conditions and the characteristics of specific projects.

Most forms of variable rate debt afford investors the opportunity to put the debt back to the University upon a predetermined notice period. This feature requires the University to have liquidity support to provide a backstop in case investors exercise their option. The liquidity can stem from either internal source (i.e., STIP/TRIP) or external lines of credit. Either way, the liquidity requirement carries a cost, implicit or explicit, that needs to be factored into the structuring decision. In addition, the University's liquidity is finite

and serves many other purposes, placing a natural limit on the amount of variable rate debt in the overall debt portfolio.

The University will aim to limit exposure to variable/short-term debt to a prudent percentage and diversify among short-term instruments. The University will not assume any additional variable rate or short-term debt that would require incremental external liquidity or an increase in the STIP and/or TRIP portfolios without properly evaluating the potential impact on credit ratings, cost, or implication for the STIP and/or TRIP portfolios.

In order to minimize debt service, the University may also choose to issue “put bonds” or other debt structures which either mature or require rollover prior to the anticipated final maturity of the debt. In these cases, the University will seek to diversify rollover and refinancing dates, taking into consideration the entire debt portfolio, to minimize rollover risk and maintain market access.

- C. Amortization/Maturity. The maturity and amortization of debt will be instructed by both the nature and the anticipated cash flow pattern, if applicable, of the project(s) being financed as well as by prevailing market conditions at the time of the financing. In addition, the University will evaluate financings within the broader context of the institution's overall debt portfolio to ensure that debt service payments are managed in aggregate.
- D. Ultra-Long-Dated Structures. At times, market conditions may provide for the issuance of ultra-long-dated debt (i.e., debt with a maturity of 50 years and beyond), affording the University the opportunity to lock-in capital at an attractive cost for an extended period. While such a structure can provide for valuable portfolio diversification, it demands prudence and internal discipline to ensure that future obligations can be met. As a result, the University requires internal borrowers to demonstrate a strategic need/rationale for these structures and to set aside funds at closing sufficient to accrete to the final principal repayment.

The availability of ultra-long dated debt is limited from both a market and credit perspective and the University will evaluate opportunities as they arise.

VI. Refinancing Opportunities

The University continually monitors its debt portfolio to identify potential savings opportunities that may exist through a refinancing of existing debt. The University works with its financial advisors to evaluate refunding opportunities within the context of market conditions, refunding efficiency, and overall level of rates. Refunding opportunities are evaluated on a net present value basis, considering all costs of issuance.

In addition, at times, the University may choose to refinance debt for non-economic reasons, including to restructure the debt portfolio or to address legal covenants contained in the bond documents.

VII. Reporting

- A. Internal Reporting. The Office of the CFO will be responsible for periodic reporting on the University's debt capital program. These updates will be made available on the Capital Markets Finance website or in the form of special reports to the Board of Regents, as appropriate.
- B. External Reporting. The University's annual financial statements are filed annually with the Municipal Securities Rulemaking Board's EMMA website, in compliance with the University's obligations under its various continuing disclosure agreements. The University is also responsible for providing notices of certain enumerated events under these agreements such as rating changes and bond defeasances.

Additions shown by double underscoring; deletions shown by strikethrough

Appendix E - Charter of the Health Services Committee

Adopted July 20, 2016

Amended January 17, 2019, May 16, 2019, July 30, 2020, and March 18, 2021

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 nineteen members, constituted as follows:

Voting Members:

- The President of the Board, serving in an ex officio capacity
- The Chair of the Board, serving in an ex officio capacity
- The President of the University, serving in an ex officio capacity
- A member of the Regents Finance and Capital Strategies Committee
- Six other Regents

Non-Voting Members:

- The senior executive in the Office of the President charged with overseeing UC Health, serving in an ex officio capacity
- Three Chancellors of University of California campuses with medical schools
- One member in good standing of the Academic Senate, holding a clinical appointment at one of the University's health sciences schools
- Four additional advisory members, demonstrating expertise in health care delivery management, academic health services, health care mergers and acquisitions or other relevant expertise

C. Appointment. Except for ex officio members, all members of the Committee, and those chosen to serve as Chair and Vice Chair, shall be nominated by the Special Committee on Nominations, and approved by the Board. Candidates for the Chancellor, Academic Senate, and Advisory Member positions on the Committee shall be forwarded for consideration to the Special Committee on Nominations by the President of the University.

D. Term. Unless otherwise specified by action of the Board, voting Regent members of the Committee, other than ex officio members, shall be appointed for a term of three years, subject to reappointment, in order to facilitate the development of expertise needed to provide effective oversight of the health enterprise. Regents who have less than three years remaining in their terms are eligible for appointment. Advisory members may serve for such terms as recommended by the Special Committee on Nominations, and approved by the Board, and shall not be subject to any term limits.

E. Special Requirements for Chancellors/Advisory Members. Only the Regent members of the Committee shall be permitted to vote on Committee business. A Chancellor member of the Committee shall be permitted to participate on a matter primarily affecting or benefitting their campus only to the extent of presenting or assisting in the presentation of the matter to the Committee, and shall not otherwise participate in the Committee's deliberations. This limitation shall not apply when

the matter is expected to affect or benefit all or substantially all UC Health campuses. External advisory members (non-Chancellors) shall meet separately with the senior executive of UC Health periodically to provide advice.

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

F. Delegated Authority Over Transactions.

1. General Delegation: Subject to the limitations and other requirements specified below, the Committee shall have plenary authority to approve the following UC Health business transactions, which, on approval, shall require no further action or authorization from the Board or any other committee:
 - alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation;
 - acquisitions of physician practices, hospitals and other facilities and clinics and ancillary services providers;
 - participation or membership in joint ventures, partnerships, corporations or other business entities; and
 - other business transactions primarily arising from or serving the programs or services of UC Health.
2. Further Delegation: With review and approval of the Chair or Vice Chair of the Health Services Committee, the President may approve any UC Health transaction that can reasonably be anticipated to commit or generate no more than the lesser of (i) 1.5% of the relevant Medical Center's annual operating revenue for the previous fiscal year, or (ii) \$25 million and when combined with other transactions approved by the President for a particular Health Center in the current fiscal year, would reasonably be anticipated to commit or generate no more than the lesser of (i) 3% of the relevant Health Center's annual operating revenue for the previous fiscal year, or (ii) \$50 million; nor to any transaction involving more than one Medical Center.
3. Exclusions From Delegations:
 - When a transaction is predominantly (by revenue committed or generated) a real estate transaction; or
 - when a transaction includes issuance of debt; or
 - when a transaction is anticipated to generate or commit more than 3% of the annual operating revenue of the sponsoring health center(s), as reflected in the audited financial statement(s) for the most recent fiscal year; or
 - when a transaction, when combined with the value of other transactions approved by the Committee in the current fiscal year, reasonably is anticipated to generate or commit more than 5% of the annual operating revenue of the sponsoring health center(s), as reflected in the audited financial statements for the most recent fiscal year.

G. Delegated Authority Over Appointments and Compensation.

1. When the appointment of or compensation for an employee serving UC Health or any of its components, whose compensation is paid solely from sources other than State general fund support to the University, otherwise requires approval from the Regents or a Committee of the Regents, the Health Services Committee may review and approve such appointment and/or compensation without further Regents action. The Health Services Committee and

the Board of Regents will approve CEMRP awards for the EVP-UC Health, regardless of the source of funding.

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 Committee at least every two (2) years. The Health Services Committee and the Governance Committee shall also approve any new UC Health positions in the Senior Management Group and their corresponding salary ranges for positions that are not State-funded without further Regents action.

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

- The general operation of UC Health
- Functions and operations of the governing body of each of the academic health centers
- Systemwide or regional UC Health initiatives
- Patient care and the cost, quality and accessibility of service
- Development of health system performance dashboards
- Strategic plans and budgets for UC Health
- Issuance of debt that may affect UC Health clinical strategy
- Real estate transactions that may affect UC Health clinical strategy
- Capital improvements that may affect UC Health clinical strategy
- The Health Services Committee shall consider proposals for plans for improvements and capital improvement requests greater or equal to \$300 million 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. UC Health capital projects less than \$300 million that are presented to the Finance and Capital Strategies Committee shall be designated of interest to the Health Service Committee.
- 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 F through H signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee, to the Board or to any other Committee.

I. Administrative Committees. Notwithstanding any other University policy, the Regent members of the Committee shall be permitted to serve on committees or work groups established by the

President of the University or other University administrators for the conduct of the business of UC Health.

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

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

COMMITTEE ASSIGNMENTS FOR 2022-23

<p><u>Academic and Student Affairs</u></p> <p><i>Regents</i> Park (Chair) Anguiano (Vice Chair) Blas Elliott Hernandez Rendon Sures Timmons</p> <p><i>Chancellors</i> Block Christ Larive Yang Wilcox</p>	<p><u>Finance and Capital Strategies</u></p> <p><i>Regents</i> Cohen (Chair) Ortiz Oakley (Vice Chair) Kounalakis Makarechian Pérez Pouchot Reilly Sherman</p> <p><i>Chancellors</i> Gillman Hawgood Khosla May Muñoz</p>
<p><u>Public Engagement and Development</u></p> <p><i>Regents</i> Reilly (Chair) Timmons (Vice Chair) Guber Hernandez Kounalakis Ortiz Oakley</p> <p><i>Chancellors</i> Block Larive Muñoz Wilcox</p>	<p><u>Compliance and Audit</u></p> <p><i>Regents</i> Sures (Chair) Elliott (Vice Chair) Anguiano Blas Cohen Makarechian Park Pérez Pouchot Rendon Sherman</p> <p><i>Chancellors</i> Christ Gillman Hawgood May Khosla Yang</p>

<p><u>Health Services</u></p> <p><i>Regents*</i> Pérez (Chair) (term ends 6/30/24) Sures (Vice Chair) (term ends 6/30/25) Guber (term ends 6/30/24) Makarechian (term ends 6/30/25) Park (term ends 6/30/24) Reilly (term ends 6/30/25) Sherman (term ends 6/30/25)</p> <p><i>Chancellors</i> Block Gillman Hawgood</p> <p><i>Advisors</i> Lily Marks (term ends 6/30/2024) Sonia Ramamoorthy</p> <p>*terms are 3 years for voting members</p>	<p><u>Investments</u></p> <p><i>Regents</i> Sherman (Chair) Makarechian (Vice Chair) Anguiano Blas Cohen Pouchot</p> <p><i>Chancellors</i> Khosla May Muñoz</p> <p><i>Advisors</i> Kathryn Lybarger Drew Zager</p>
<p><u>National Labs</u></p> <p><i>Regents</i> Sures (Chair) Kounalakis (Vice Chair) Cohen Hernandez Ortiz Oakley Reilly Timmons</p> <p><i>Chancellors</i> Hawgood Khosla May</p> <p><i>Advisor</i> Robert Powell</p>	