

The Regents of the University of California

GOVERNANCE COMMITTEE

May 18, 2022

The Governance Committee met on the above date at the Luskin Conference Center, Los Angeles campus.

Members present: Regents Cohen, Drake, Elliott, Leib, Park, Pérez, Reilly, Sherman, and Sures

In attendance: Regents Hernandez, Lott, Ortiz Oakley, and Zaragoza, Regents-designate Blas Pedral, Pouchot, and Timmons, Faculty Representative Horwitz, Secretary and Chief of Staff Shaw, General Counsel Robinson, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, Vice President Lloyd, Chancellors Christ, Hawgood, Muñoz, Wilcox, and Yang, and Recording Secretary Johns

The meeting convened at 5:25 p.m. with Committee Vice Chair Leib presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of March 16, 2022 were approved.

2. **APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR JEFFREY STEWART AS 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:

- A. Per policy, appointment of Jeffrey Stewart as Interim Vice Chancellor for Diversity, Equity and Inclusion, Santa Barbara campus, at 100 percent time.
- B. 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.
- C. Per policy, continued eligibility to accrue sabbatical credits as a member of the tenured faculty, consistent with academic personnel policy.
- D. Per policy, continuation of standard pension and health and welfare benefits.

- E. Mr. Stewart will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- F. 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.

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

Committee Vice Chair Leib briefly introduced the item.

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

3. **AMENDMENT OF HEALTH SERVICES COMMITTEE CHARTER**

The President of the University recommended that the Health Services Committee Charter be amended as shown in Attachment 1.

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

Committee Vice Chair Leib explained that this item proposed four changes to the Health Services Committee Charter: clarification and identification of the voting and non-voting members of the Committee; clarification regarding the Committee's authority to approve non-State funded Clinical Enterprise Management Recognition Plan (CEMRP) awards for the Executive Vice President – UC Health, regardless of whether the Executive Vice President – UC Health receives compensation from State general fund sources; the Health Services Committee would consider proposals for plans for improvements and capital improvement requests greater or equal to \$300 million, while UC Health capital projects less than \$300 million presented to the Finance and Capital Strategies Committee would be designated of interest to the Health Services Committee; the UC Health strategic plan and budget would be presented to the Health Services Committee for review rather than to the Board, and a report on the status of the University student health and counseling centers would be presented to the Health Services Committee.

Committee Vice Chair Leib proposed two further amendments. First, both the Health Services Committee and the Board of Regents would approve CEMRP awards for the Executive Vice President – UC Health, regardless of the source of funding. Second, the

UC Health strategic plan and budget would be presented to both the Health Services Committee and the Board for review.

Regent Cohen expressed approval for the additional proposed changes, but underscored his view that there was no such thing as non-State funds in the UC budget.

Upon motion duly made and seconded, the Committee approved the amendments proposed by Committee Vice Chair Leib.

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

4. **BOARD OPERATIONS AND REGENTS MEETINGS**

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

Committee Vice Chair Leib expressed his view that members of the Board should be present at meetings, as well as most presenters. Individuals who were not central to a discussion, such as administrators or other staff from the campuses who might answer questions about an item, such as a major capital project, could participate by Zoom videoconferencing. Interactions via videoconferencing were not as effective as interactions in person.

Regent Elliott stated that it was helpful to be able to speak with people in person at Regents meetings rather than by video, although the individuals backing up the presentations did not need to be present and could participate by video.

Regent Sures asked what would occur if there were another surge in the COVID-19 pandemic. President Drake responded that COVID-19 was a factor in changes that had been and were being made to the Regents meetings.

Regent Elliott distinguished a situation when individuals might participate by video for medical reasons from a policy or guidelines on attendance.

Committee Vice Chair Leib stated his view that it was important for Regents to attend the meetings in person, unless for medical reasons they were unable to do so.

Regent Sures asked about the ability of Regents with a COVID-19 infection or other medical issue to participate and vote by video.

Regent Ortiz Oakley observed that the temporary waiver of some requirements of the Bagley-Keene Open Meeting Act had expired for the governing boards of UC, the California State University, and the California Community Colleges.

Regent Sures stated his understanding that a Regent could legally participate by video if his or her address was appropriately noticed as a meeting site. Committee Vice Chair Leib confirmed that this was the case.

Regent Park asked if advisory members of committees would also be expected to attend meetings in person.

Committee Vice Chair Leib stated that, for committees that meet off cycle, advisory members could participate by video. Their sites might have to be noticed.

Regent Park asked if this was the case even if these individuals were not voting members of a committee.

General Counsel Robinson stated that he believed that non-voting advisory members were not subject to same requirement of having their location publicly posted. Committee Vice Chair Leib requested clarification on this point. Mr. Robinson responded that he would review the law and its requirements.

President Drake observed that the University might have a broader range of people serving as non-voting advisory members if they did not have to attend meetings in person.

Regent Elliott suggested that the Regents should consider what was appropriate for each committee, allowing for flexibility.

The meeting adjourned at 5:40 p.m.

Attest:

Secretary and Chief of Staff

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:
 - o alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation;
 - o acquisitions of physician practices, hospitals and other facilities and clinics and ancillary services providers;
 - o participation or membership in joint ventures, partnerships, corporations or other business entities; and
 - o 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:
 - o When a transaction is predominantly (by revenue committed or generated) a real estate transaction; or
 - o when a transaction includes issuance of debt; or
 - o 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
 - o 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. In addition, the Health Services Committee shall have plenary authority to approve non-State funded CEMRP awards for the

EVP-UC Health, regardless of whether the EVP-UC Health receives compensation from State general fund sources.

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 Services 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 ~~Board~~ Health Services Committee 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