

The Regents of the University of California

**SPECIAL COMMITTEE ON INNOVATION TRANSFER AND ENTREPRENEURSHIP**

June 16, 2022

The Special Committee on Innovation Transfer and Entrepreneurship met on the above date at the following locations: Carnesale Commons, Palisades Room, Los Angeles campus; and 23 King David Street, Jerusalem, Israel.

Members present: Regents Hernandez, Park, Reilly, and Sherman; Ex officio members Drake and Leib; Chancellors Christ and Muñoz; Advisory members Green, Kahn, Ku, and Wallace

In attendance: Faculty Representatives Cochran and Horwitz, Secretary and Chief of Staff Shaw, Deputy General Counsel Wright, Provost Brown, Vice President Maldonado, and Recording Secretary Sheridan

The meeting convened at 10:05 a.m. with Special Committee Chair Leib presiding.

1. **PUBLIC COMMENT**

There were no speakers wishing to address the Special Committee.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of April 14, 2022 were approved, Regents Drake, Leib, Park, Reilly, and Sherman voting “aye.”<sup>1</sup>

3. **UPDATE ON FACULTY INNOVATION AND RECOGNITION**

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

Vice President Maldonado provided an update on two recommendations of the Regents Innovation Working Group regarding faculty. Recommendation #8 suggested that UC revise the criteria for promotion and tenure to explicitly include innovation and entrepreneurship (I&E) activities, and Recommendation #10 proposed that UC create a program to recognize the faculty’s I&E achievements.

Ms. Maldonado reported that the Academic Senate examined the issue and concluded that I&E is already encompassed by the criteria outlined in Academic Personnel Manual (APM) 210-1(d) and that therefore no change is needed. Instead, the Senate suggested that the University review policies and procedures to remove operational barriers to commercialization and provide guidance for the campuses to evaluate I&E contributions more effectively.

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

Provost Brown subsequently issued a letter to encourage support of I&E contributions by faculty, emphasized that the APM is sufficiently flexible to take I&E contributions into the review process, and offered examples of allowable I&E activities. Finally, he emphasized that the integrative nature of basic research and I&E is important to the UC mission. Ms. Maldonado stated that this concluded the consideration of Recommendation #8.

Regarding the creation of I&E recognition programs, Ms. Maldonado said that the Office of Research and Innovation will meet with the President's Innovation Council to strategize about establishing systemwide prizes for outstanding achievements in I&E.

Regent Park expressed thanks to the Academic Senate for engaging thoughtfully and substantively with the recommendations; she was convinced by the rationale and appreciated the reflections on how best to recognize I&E efforts. She asked how to evaluate the impact of the Provost's guidance letter. Mr. Brown responded that one approach could be by asking faculty, deans, and the campus Committees on Academic Personnel (CAPs) whether the guidance was helpful. Faculty Representative Horwitz cautioned that the deliberations of campus CAPs are confidential.

#### 4. **UPDATE ON IMPLEMENTATION OF REGENTS WORKING GROUP RECOMMENDATION ON EQUITY MANAGEMENT**

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

Executive Director Deborah Motton provided an overview of the proposed process to shift management of equity from the Office of the Chief Investment Officer (OCIO) to the campuses, including delegation of the President's authority and compliance responsibility to the Chancellors, and campus development of equity management processes in alignment with guiding principles issued by the Office of the President (UCOP). She described the elements addressed by the guiding principles and FAQs.

The University's equity policy will be amended, effective July 1, 2022, to exempt campuses that are ready to manage equity, but will continue to apply to campuses that rely on UCOP to manage equity. It is expected that UCLA and UC San Diego will begin to manage equity immediately, with UCSF and UC Berkeley following in the coming year. The campuses that begin to manage equity locally will be asked to report back in a year to provide advice and best practices. It is the expectation that all campuses will eventually manage their own equity.

UCSF Vice Chancellor Barry Selick described the benefits of campuses playing a more active role in managing equity. For instance, campuses could take advantage of opportunities to exercise liquidation rights in off-cycle sales of equity that the OCIO does not have the time to focus on. He provided some examples of such missed opportunities. It also would enable campuses to strengthen relationships with companies and venture capital investors.

Regent Sherman noted that this could provide campus foundations with the opportunity to invest in UC ventures. Chancellor Christ concurred, stating that the UC Berkeley

Foundation recently received a \$50 million gift specifically to invest in companies formed by fellows in the Bakar Center's entrepreneurship program. Regent Hernandez asked about the possibility for the OCIO to invest in UC startups. Mr. Selick replied that the OCIO does not typically invest in these types of companies, as they are high-risk with a long period before generating returns, which is not appropriate for stewardship of the endowment.

Regent Park emphasized the importance of the initial campuses that manage their own equity reporting on their experiences to offer lessons for campuses that will transition to doing so in future years. Chancellor Muñoz commented that this would be very helpful. Committee Chair Leib requested that once the Special Committee dissolves, an annual report on equity management be required.

Advisory member Wallace cautioned that before investing in specialized, private securities, campuses should employ a secondary broker or consult with the OCIO to do a market check. Mr. Selick replied that the campuses get to know the venture capital investors and the companies very well, providing them with unique insight into the companies.

5. **INNOVATION AND ENTREPRENEURSHIP IN THE HUMANITIES AND SOCIAL SCIENCES: TRANSFORMING LIBRARY SCIENCES**

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

Regent Park stated that the Special Committee is sponsoring this project as part of its ongoing effort to promote the arts and humanities in the innovation and entrepreneurship ecosystem. She introduced UC Berkeley Associate Director of the Center for New Music and Audio Technologies Richard Andrews, who outlined a 12-month demonstration project focused on how the application of technology can enhance and modernize the library, specifically by making UC's library assets more accessible by identifying ways technology can improve library processes and use of the collections.

UCLA Associate University Librarian Todd Grappone described how the application of artificial intelligence and machine learning tools can help librarians catalog, and users discover, resources in non-Western European languages, film and digital content, and other non-text materials such as maps and musical scores. He proposed forming a working group of library and technology researchers to explore the technologies and develop a blueprint with associated costs for building new tools that would have the greatest impact. He noted that last year, UC launched a Systemwide Integrated Library System that includes the collections of all UC libraries, which is second only to the Library of Congress in size, providing an opportunity to analyze how and what users are searching. Regent Park noted that Special Committee Advisory member Kahn will serve as an advisor to the project.

6. **UNIVERSITY OF CALIFORNIA TECHNOLOGY COMMERCIALIZATION REPORT**

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

Vice President Maldonado and Executive Director Bruce Hunter presented elements of the 2021 UC Technology Commercialization Report, including researcher invention disclosures, intellectual property (IP) protection, licensing of University IP, the number of start-up firms related to University IP, and financial returns from operations. Statistics cited included that 2,100 U.S. patent applications were filed, 650 U.S. and 920 foreign patents were issued, and UC IP generated \$136 million.

Despite disruptions caused by the COVID-19 pandemic, technology transfer measurements were comparable to FY2020 and patent applications set a record. Research on COVID-19 therapeutics and testing produced several technologies. Mr. Hunter provided statistics on each of the elements in the report and five-year trends for select metrics. For example, the number of U.S. patent applications filed and total licenses issued both reached five-year highs. He noted that this information is posted on the UC Information Center dashboard, along with other data.

Regent Sherman asked about the potential to license CRISPR technology and Mr. Hunter said that he would provide this information later. Regent Sherman also inquired how often UC securitizes or sells royalty streams, and if it was possible to aggregate them. Mr. Hunter replied that it is his goal to examine the former on an annual basis and that he intends to explore aggregating patents.

Advisory member Ku commented that the most important measurement is the number of licenses signed annually, whereas invention disclosures reflect engagement of researchers in a given year and royalty income reflects work done in prior years. She made several suggestions regarding incorporating different types of licenses (software, non-exclusive, tangible material, and hybrid licenses), and commented that it would be interesting to see the data by campus. Special Committee Chair Leib and several other Regents suggested that the Office of the President (UCOP) seek input from Special Committee members to enhance the report in future years. He noted that the report could be used to communicate the impact of UC research to the Legislature.

President Drake remarked upon high research productivity despite disruptions caused by the pandemic, and lauded faculty for their efforts.

Advisory member Kahn pointed out that the new Patent Tracking System will be able to produce such measurements. Ms. Maldonado affirmed that this was part of the planning for the new system.

**7. UPDATE ON IMPLEMENTATION OF REGENTS WORKING GROUP RECOMMENDATION ON THE PATENT TRACKING SYSTEM**

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

Provost Brown provided an update on progress made to replace the Patent Tracking System (PTS). Office of the President (UCOP) Information Technology Services (ITS) is currently reviewing the existing PTS and business workflows, developing system requirements,

analyzing replacement options, and plans to select a new system by the end of this calendar year. He assured the Special Committee that the data is secure and appropriate backups are in place. UCOP has reviewed functionality business flows and refined them to minimize transactional and processing delays. UCOP has also delineated the functions that campuses will perform once these tasks are no longer performed centrally by UCOP, and the associated staffing needs.

Chancellor Christ noted that it is important to glean lessons learned from previous, failed attempts to implement large new systems. She also commented that it is imperative to establish clear designations of authority and a clear, executive-level governance structure for making decisions about implementing a new system. Mr. Brown and Vice President Maldonado affirmed that planning for such consultation with the campuses was underway.

Special Committee Chair Leib asked how ITS is involved in the project. Executive Director Bruce Hunter replied that ITS leadership has been involved throughout the process, assigned a staff member to work with his office, and just hired a project manager to work on this effort.

Special Committee Chair Leib inquired how existing campus systems will be integrated into the new PTS. Mr. Hunter replied that one component of the new PTS will be the automation of data transfer between the systems.

Special Committee Chair Leib asked when the work plan and timeline will be shared with the Special Committee. Mr. Brown replied that to date, UCOP has been focused on defining the requirements of the new system, and still must seek input from the campuses, and then secure a vendor that can design it. At that point, a project mapping plan will be developed. President Drake added that a timeline should be determined by the July Regents meeting. Advisory member Ku noted that it is an immensely complicated IT system and cautioned that it will likely take years to develop.

Regent Park asked for a high-level vision for the future. Mr. Brown replied that most of the transactions would be campus-based, performed by sufficient local staff, and the Office of the President would serve as the data hub that fulfills reporting obligations. Ms. Maldonado added that PTS also would enable UCOP to view the portfolio across the campuses and identify opportunities to pool patents and strategically address new trends.

Regent Park asked for greater detail about the campus transition plans. Ms. Maldonado replied that the campus points of contact did not have input into the draft, so she plans to create another draft in collaboration with the campuses and create a template outlining the phasing of shifting functionality to the campuses, along with a timeline for each campus.

The meeting adjourned at 1:20 p.m.

Attest:

Secretary and Chief of Staff