

The Regents of the University of California

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE
FINANCE AND CAPITAL STRATEGIES COMMITTEE**

May 18, 2023

The Academic and Student Affairs Committee and the Finance and Capital Strategies Committee met jointly on the above date at the Luskin Conference Center, Los Angeles campus, and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Representing the Academic and Student Affairs Committee: Regents Anguiano, Blas Pedral, Elliott, Hernandez, Park, and Timmons; Ex officio members Drake and Leib; Advisory members Steintrager and Tesfai; Chancellors Christ, Larive, Wilcox, and Yang; and Staff Advisor Lakireddy

Representing the Finance and Capital Strategies Committee: Regents Chu, Cohen, Kounalakis, Pérez, Robinson, and Sherman; Ex officio members Drake and Leib; Advisory members Cochran and Raznick; Chancellors Gillman, Hawgood, May, and Muñoz; and Staff Advisor Mackness

In attendance: Regent Batchlor, Secretary and Chief of Staff Lyall, General Counsel Robinson, Provost Newman, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, and Vice Presidents Brown and Humiston

The meeting convened at 1:25 p.m. with Academic and Student Affairs Committee Chair Park presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of March 15, 2023 were approved, Regents Anguiano, Blas Pedral, Chu, Cohen, Elliott, Hernandez, Kounalakis, Leib, Park, Pérez, Robinson, Sherman, and Timmons voting “aye.”¹

2. F3 INNOVATE, A NEW NONPROFIT CORPORATION TO ADVANCE CENTRAL VALLEY FOOD SYSTEM INNOVATION, MERCED CAMPUS

The President of the University recommended that:

- A. UC Merced and the UC Agriculture and Natural Resources division (UC ANR) be authorized to each hold one seat on the governing board of F3 Innovate, a new California nonprofit public benefit corporation, under the following conditions:

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

- (1) **Purpose:** Advancing educational, scientific, and economic development goals of the F3 Initiative to facilitate research and development in climate-smart food and agricultural technology and to improve the quality of life in Central Valley communities.
- (2) **Structure and Governance:** F3 Innovate will be a California nonprofit corporation governed by its articles of incorporation and bylaws and overseen by a Board of Directors (the Board). Each of the following six founding entities will appoint one director:
 - a. UC Merced
 - b. UC ANR
 - c. California State University, Fresno (Fresno State)
 - d. California Department of Food and Agriculture (CDFA)
 - e. California Governor's Office of Business and Economic Development (GO-Biz)
 - f. Central Valley Community Foundation (CVCF)

The Board will appoint up to five at-large directors from diverse stakeholder groups in the Central Valley. Under California law, no more than 49 percent of the Board may be "interested persons" (i.e., compensated for services). F3 Innovate will have a Chair, Vice Chair, Secretary, Treasurer, Chief Executive Officer, and a Chief Financial Officer.

- (3) **Intellectual Property (IP) Terms:** IP generated by UC employees will be subject to the UC Patent Policy, and any revenue generated by UC IP which is licensed to F3 Innovate will be shared with UC on commercially reasonable terms.
- (4) **UC Liability:** As a nonprofit corporation, F3 Innovate will be a legal entity separate and distinct from the entities that form it. It will be able to enter its own contracts, hire its own staff, and engage in independent activities to further its purposes. F3 Innovate will apply for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and will be able to receive grants and awards of funds as a charitable nonprofit organization. Because F3 Innovate will fully comply with corporate formalities, be capitalized, and operate as an independent organization rather than as an instrumentality of UC, UC should not be held responsible for F3 Innovate's debts and liabilities. Moreover, the proposed Bylaws of F3 Innovate provide that the nonprofit corporation will indemnify its directors and officers against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the corporation to the full extent permitted by law.

- B. The President be authorized and may further delegate such authority to the Chancellor of UC Merced and the Vice President of UC ANR, after consultation with UC Legal, to approve and execute any agreements reasonably required to effectuate the above approval.
- C. The President be authorized, and may further delegate such authority to the Chancellor of UC Merced and the Vice President of UC ANR, after consultation with UC Legal, to exercise the authorities reserved to UC as a member of F3 Innovate, including appointment of representatives to the F3 Innovate Board of Directors, except any authorities expressly reserved to the Regents in the Regents' Bylaws.

[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 and Chief Financial Officer Brostrom introduced the F3 Innovate joint venture between UC Merced and the UC Agriculture and Natural Resources division (UC ANR). He stated that following the presentation, the Board would be asked to authorize the President, who may further delegate such authority to the Chancellor of UC Merced and the Vice President of UC ANR, to exercise the authorities reserved to UC as a member of F3 Innovate, including appointment of representatives to the F3 Innovate Board of Directors.

Vice President of UC ANR Humiston provided background on the F3 Innovate project, which is part of a much larger project that includes two additional components: a local farm and food initiative and a collaboration with eight community colleges on workforce development. The F3 Initiative is supported by a \$65.1 million grant from the U.S. Economic Development Administration as well as money from the State general fund through the California Department of Food and Agriculture.

Ms. Humiston reviewed the F3 Innovate principal areas of focus, which are agrifood systems research and technology commercialization, services for micro-enterprises entrepreneurs and small businesses, agriculture technology innovation seed funding, and building a talent pipeline. It must be established as a 501(c)3 as required by the grant application, in order to access funding opportunities, and to ensure broad stakeholder participation and benefit. It will be structured to include six anchor board seats with representation from UC Merced, UC ANR, California State University, Fresno, the Central Valley Community Foundation, the California Department of Food and Agriculture, and the Governor's Office of Business and Economic Development. There will be an additional five at-large directors representing diverse community stakeholders.

Chancellor Muñoz reviewed the benefits to UC from participation in this program, including acceleration of UC intellectual property (IP) creation, translation, and commercialization, facilitation of industry-University research partnerships, creation of

student learning and engagement opportunities, and enhancement of regional UC engagement. He noted that because F3 Innovate will be a separate legal entity, UC will not be held liable for any debts or liabilities and the bylaws will indemnify directors and officers.

Chancellor Muñoz discussed the ways in which this initiative aligns with Regental and regional goals, particularly with regard to innovation and the development of new models that can translate UC research into societal value and impact. F3 Innovate leverages UC's research and IP strength, deepens the connection to the California Central Valley, leverages public-private-non-governmental organization (NGO) partnerships, and benefits agricultural research and commercial development with global impact.

President and CEO of the Central Valley Community Foundation Ashley Swearingin underscored that nothing like this initiative has ever been attempted before in the San Joaquin Valley and that it is groundbreaking for the area. She credited this to the partnerships that have developed across industries coming together over a shared vision that puts the interests of the region first and to UC's investment in the Central Valley. She stated that in the last four years, those involved with the initiative have been able to secure more than \$110 million in funding. She highlighted four benefits to this project: diversifying the economy in a way that sustains agricultural production while producing more, higher-quality jobs, upskilling for the existing agriculture workforce, sustainable food production for the region, the state and the world, and developing a vibrant regional food system.

Regent Pérez commented on how important these kinds of partnerships are and stated that this initiative is an opportunity to make a major difference in the region. He appreciated Ms. Swearingin for her contributions and commitment to the Central Valley.

Regent Park expressed her excitement in seeing such a partnership come to fruition, particularly one that focuses on delivering innovation to the region. She thanked Ms. Swearingin and the teams from UC Merced and UC ANR for their work on this effort.

Upon motion duly made and seconded, the Committees approved the President's recommendation and voted to present it to the Board, Regents Anguiano, Blas Pedral, Chu, Cohen, Drake, Elliott, Hernandez, Park, Pérez, Robinson, Sherman, and Timmons voting "aye."

3. **STRATEGIC CAMPUS OVERVIEW, RIVERSIDE CAMPUS**

This item was deferred.

The meeting adjourned at 1:40 p.m.

Attest:

Secretary and Chief of Staff