

The Regents of the University of California

**GOVERNANCE COMMITTEE**

May 14–15, 2025

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

Members present: Regents Anguiano, Cohen, Drake, Hernandez, Leib, Matosantos, Reilly, Robinson, Sarris, and Sures

In attendance: Regents Batchlor, Beharry, Chu, Makarechian, Pack, and Park, Regents-designate Brooks, Komoto, and Wang, Faculty Representatives Cheung and Palazoglu, Secretary and Chief of Staff Lyall, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Provost Newman, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Turner, Vice Presidents Humiston, Kao, and Lloyd, Chancellors Frenk, Gillman, Hawgood, Khosla, Larive, Lyons, May, Muñoz, and Yang, and Recording Secretary Johns

The meeting convened at 3:00 p.m. with Committee Chair Reilly presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of March 19, 2025 were approved, Regents Anguiano, Drake, Hernandez, Leib, Matosantos, Reilly, and Robinson voting “aye.”

**2. ALTERNATIVE HOUSING ARRANGEMENTS FOR CHANCELLOR, DAVIS CAMPUS**

The President of the University recommended that the Regents:

- A. Approve alternative housing arrangements for the Chancellor of the Davis campus, consistent with Regents Policy 7708: Policy on University-Provided Housing.
- B. Authorize the President of the University, or his delegate, to negotiate, approve, and execute a short-term lease for a temporary residence within all of the following parameters:
  - (1) Rent per month not to exceed \$10,000;
  - (2) Property in good condition;
  - (3) Close proximity to the UC Davis campus;

- (4) Short-term lease, preferably month-to-month or initial term of no more than six months with options to extend until the Chancellor's residence is deemed habitable as a personal residence.
- C. Authorize the President, or his delegate, to negotiate, approve, and execute all related documents associated with securing alternative housing arrangements for the Chancellor of the Davis campus, following appropriate action pursuant to the California Environmental Quality Act.

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

Committee Chair Reilly briefly introduced the item. Executive Vice President and Chief Financial Officer Brostrom explained that the item sought approval for temporary, alternative housing arrangements for the UC Davis Chancellor while much-needed improvements were made to the Chancellor's residence.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Anguiano, Cohen, Drake, Hernandez, Leib, Matosantos, Reilly, Robinson, Sarris, and Sures voting "aye."

### 3. **ALTERNATIVE HOUSING ARRANGEMENTS FOR CHANCELLOR, SANTA BARBARA CAMPUS**

The President of the University recommended that the Regents:

- A. Approve alternative housing arrangements for the Chancellor of the Santa Barbara campus, consistent with Regents Policy 7708: Policy on University-Provided Housing.
- B. Authorize the President of the University, or his delegate, to negotiate, approve, and execute a lease for a residence within all of the following parameters:
  - (1) Rent per month not to exceed \$25,000;
  - (2) Property in good condition;
  - (3) Close proximity to the main Santa Barbara campus;
  - (4) Initial term of two years with options to extend until the University House is habitable as a personal residence.
- C. Authorize the President, or his delegate, to negotiate, approve, and execute all related documents associated with securing alternative housing arrangements for the Chancellor of the Santa Barbara campus, following appropriate action pursuant to the California Environmental Quality Act.

[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 briefly introduced the item. He noted that if the University leases a house that is too small for entertaining for UC events, it would become imputed income for the incoming Chancellor.

In response to a question by Regent Leib, Mr. Brostrom explained that the house would be used for entertaining students, faculty, and other UC guests.

Regent Sures asked why the Internal Revenue Service would have a criterion based on the size of the house. Mr. Brostrom responded that the criterion was the number of events held.

Regent Anguiano asked about the differences in monthly rent between the preceding item for the UC Davis Chancellor and this item. The rental rate parameter in this item was two-and-a-half times higher than for the Davis item. Mr. Brostrom responded that this was based on information for rental rates near the Davis and Santa Barbara campuses. The Santa Barbara campus had an existing house in its for-sale portfolio that could be used for this purpose, but the campus had not agreed to this. That house would of course be available at no cost to the campus. Executive Vice President and Chief Operating Officer Nava added that housing costs having risen in that area due to the market impacts of the Palisades and Eaton Fires. The rental market was very tight in Santa Barbara.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Anguiano, Cohen, Drake, Hernandez, Leib, Matosantos, Reilly, Robinson, Sarris, and Sures voting "aye."

4. **AMENDMENT OF THE CHARTERS OF THE HEALTH SERVICES COMMITTEE AND THE COMPLIANCE AND AUDIT COMMITTEE**

The Chair of the Board recommended that the Governance Committee recommend that the Regents amend the Charter of the Health Services Committee, as shown in Attachment 1, and amend the Charter of the Compliance and Audit Committee, as shown in Attachment 2.

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

Committee Chair Reilly explained that this item had originally been noticed as an action item. After consultation with the Chairs of the Health Services Committee and the Compliance and Audit Committee, it was agreed to change this item to a discussion item. The discussion concerned the potential transfer of responsibility for litigation settlements and other disputed claims related to healthcare professional liability at UC Health locations from the Compliance and Audit Committee, where it currently resided, to the Health Services Committee.

Regent Sures recalled that it had become clear, during meetings of the Compliance and Audit Committee, when the Committee considered medical malpractice settlements and healthcare enterprise settlements, that people who should be in the room during these discussions were not present, such as the medical center chief executive officers, lawyers involved in the settlements, and healthcare professionals who serve as consultants. The intent of the amendment was that health services-related settlements over a particular threshold dollar amount would be discussed by the Health Services Committee, with the abovementioned experts included in the discussion. It was important that the Compliance and Audit Committee have a certain degree of oversight over all settlements. The full approval process had not yet been worked out. One scenario might be approval by the Health Services Committee, followed by approval by the Chair of the Compliance and Audit Committee. A significant number of litigation claims were coming through UC's healthcare enterprise and addressing them required not just legal but also healthcare expertise.

Committee Chair Reilly supposed that, if responsibility for healthcare lawsuits was taken from the Compliance and Audit Committee, the Compliance and Audit Committee would still be notified about them. Regent Matosantos responded that this was correct. The idea was that medical center and UC Health leaders would focus on large settlements and bring attention to prevention and implementation of corrective actions. There should be a balance between benefiting from the expertise of the Health Services Committee while maintaining a full view of litigation risks and costs in the Compliance and Audit Committee.

Regent Sures commented that there would no doubt be time pressures and constraints which would require interim action for some items. The proposed action for amendment of the charters of the two committees would be further refined and presented at a future meeting.

Committee Chair Reilly asked if there was a relevant best practice at other institutions. General Counsel Robinson responded that he had not reviewed practices of other institutions. This would be done. He reflected that approval of legal settlements typically focuses on the amount of the settlement and not on corrective actions, although corrective actions were obviously a material piece of information that an approval authority typically reviews. There was a rough relationship between the amount at issue and the significance of the control deficiency. The Compliance and Audit Committee and the Health Services Committee both have an interest in ensuring that any control efficiencies in this area are properly addressed.

Regent Sures observed that the medical center chief executive officers would like to be in the room when there is a discussion of a substantial settlement on their campus.

Regent Matosantos stated that the committees would find the best way to accomplish this. They would consider dollar amount thresholds and the need to ensure that the University benefits from relevant expertise. They would also consider best practices at other institutions, as suggested by Committee Chair Reilly.

The Committee recessed at 3:15 p.m.

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The Committee reconvened on May 15, 2025 at 2:10 p.m. with Committee Chair Reilly presiding.

Members present: Regents Anguiano, Cohen, Drake, Hernandez, Matosantos, Reilly, and Sarris

In attendance: Regents Beharry and Makarechian, Regent-designate Brooks, Secretary and Chief of Staff Lyall, General Counsel Robinson, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Turner, Vice President Lloyd, Chancellors Frenk, Hawgood, Lyons, and Wilcox, and Recording Secretary Johns

5. **APPROVAL OF CERTAIN CONTRACT TERMS FOR CLINT ALLARD AS HEAD COACH, MEN’S BASKETBALL, SAN DIEGO CAMPUS AS DISCUSSED IN CLOSED SESSION**

The Committee recommended approval of the following items in connection with certain contract terms for Clint Allard as Head Coach, Men’s Basketball, San Diego campus:

- A. **Contract Duration and Termination:** Contract period effective April 1, 2025 through June 30, 2030. Consistent with the *Amendment of Regents’ Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Parameters), the contract will include termination and liability clauses limiting the University’s obligations.
- B. **Guaranteed Compensation (Base Salary plus Talent Fee):** The contract will include the base salary and talent fee terms noted below, which exceed the September 2008 Parameters.

		<u>Annualized Base Salary</u>	<u>Annualized Talent Fee</u>	<u>Guaranteed Compensation</u>
Contract Year 1	4/1/25 – 6/30/25	\$375,000	\$85,000	\$115,000
	7/1/25 – 6/30/26			\$460,000
Contract Year 2	7/1/26 – 6/30/27	\$380,000	\$95,000	\$475,000
Contract Year 3	7/1/27 – 6/30/28	\$385,000	\$105,000	\$490,000
Contract Year 4	7/1/28 – 6/30/29	\$390,000	\$115,000	\$505,000
Contract Year 5	7/1/29 – 6/30/30	\$395,000	\$125,000	\$520,000

The September 2008 Parameters provide for no more than a 30 percent increase in annual guaranteed compensation between the previous incumbent’s final contract year in the position and the first year of the new contract and no more than a 30 percent increase in the overall cumulative total of guaranteed compensation between the previous contract and the new contract, adjusted so that a change in contract duration does not affect the comparison.

The annualized guaranteed compensation (\$460,000) for the first year of Mr. Allard's contract compared to the guaranteed compensation for the final full contract year in the position (2023-24) for the previous head coach (\$270,000) exceeds 30 percent, and the overall cumulative total for the proposed contract (\$2,565,000 over five years / monthly average of \$42,750) compared to the contract (2022-29) for the previous head coach (\$2.3 million over seven years / monthly average of \$27,381), also exceeds 30 percent.

- C. **Annual Maximum Incentive Potential:** Annual maximum incentive for each year of the contract of \$270,000, which is more than a \$30,000 increase over the annual maximum incentive potential of \$95,000 in the previous head coach's final full contract year in the position (2023-24). This is outside of the September 2008 Parameters, which allow for an increase of up to 15 percent or \$30,000, whichever is higher, over the previous incumbent's final contract year in the position. Any incentives will be subject to an academic gatekeeper threshold where no incentive will be paid out unless a minimum Academic Progress Rate (APR) of 930 is achieved.
- D. **Funding Source:** For the first two years of the contract (April 1, 2025 through June 30, 2027), the position will be funded through Intercollegiate Athletics Activity Fees. This is outside of the September 2008 Parameters, which allow for funding through athletic department revenues (including athletic equipment supplier agreements) and/or private fundraising. As of the start of Year Three, July 1, 2027, and for the duration of the contract, the funding will be through athletic department revenues and/or private fundraising and therefore consistent with the September 2008 Parameters.

The compensation described above shall constitute the University's total commitment for the elements of compensation addressed above, until modified by the Regents, the President, or the 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 Chair Reilly briefly introduced the item.

Upon motion duly made and seconded, the Committee approved the recommendation and voted to present it to the Board, Regents Anguiano, Cohen, Drake, Hernandez, Matosantos, Reilly, and Sarris voting "aye."

The meeting adjourned at 2:14 p.m.

Attest:

Secretary and Chief of Staff