

**Office of the Secretary and Chief of Staff**

**TO MEMBERS OF THE COMMITTEE ON GOVERNANCE:**

**ACTION ITEM**

*For Meeting of July 20, 2016*

**BOARD GOVERNANCE RESTRUCTURE: ADOPTION OF BYLAWS OF THE REGENTS OF THE UNIVERSITY OF CALIFORNIA AND STANDING COMMITTEE CHARTERS AND RESCISSION OF CURRENT BYLAWS**

**EXECUTIVE SUMMARY**

At the May 2016 Regents meeting, Chairman Lozano and Committee on Governance Chair Gould proposed restructuring how the Board of Regents operates in order to become a more effective, transparent and strategic body. The proposed changes include restructuring its standing committees, holding concurrent committee meetings so that committees have more time to engage in in-depth discussions, providing committees with some delegated authority, and conducting a comprehensive review and revision of all of the University's governing documents (Bylaws, Standing Orders, and Regents Policies). The goal is to enable committees to be more engaged and effective, and allow the Board as a whole to focus on the critical issues facing the University.

Chairman Lozano and Committee on Governance Chair Gould propose that the Committee on Governance recommend to the Regents that the Bylaws adopted in 1969 that are currently in effect be rescinded in their entirety and that a new set of Bylaws, as shown in Attachment 1, and Committee Charters, as shown in Attachment 2, be adopted. They also recommend, in accordance with the requirements of Bylaw 30.1, that notice of the proposed amendments be waived, given that a substantive discussion of the draft Bylaws and Committee Charters was held at the May 12, 2016 meeting, and the subsequent revisions made to the draft are responsive to the comments received at that meeting and are in the spirit of the original draft. (See Attachment 3 for revisions since May.) The Standing Orders and Regents Policies will continue to be in effect while being reviewed for conformance to the new Bylaws. If there is a conflict between the new Bylaws and provisions of other governing documents, the Bylaws will take precedence. If approved, the new meeting structure will be implemented in September.

**RECOMMENDATION**

Chairman Lozano and Committee on Governance Chair Gould recommend that the Committee on Governance recommend to the Regents that:

1. Service of notice be waived.
2. The Bylaws of the Regents of the University of California currently in effect be rescinded.
3. The Bylaws of the Regents of the University of California as shown in Attachment 1 be adopted.
4. The Committee Charters as shown in Attachment 2 be adopted.

### **BACKGROUND**

At the May 2016 meeting, Regents discussed a proposal to restructure the way in which the Board of Regents operates, a draft revision of the Bylaws, and a draft of proposed Committee Charters. The major changes proposed to Board operations and structure are summarized below.

#### ***Significant Changes to Board Operations and Structure***

The proposal includes the following major changes to Board operations and governance:

- Reducing the number of Standing Committees to six (Academic and Student Affairs; Compliance and Audit; Finance and Capital Strategies; Governance and Compensation; Health Services; and Public Engagement and Development) and making use of subcommittees (Investments and National Laboratories) in order to concentrate expertise and eliminate overlapping committee jurisdictions.
- Holding committee meetings concurrently in order to provide more time for lengthy discussions of significant issues and to foster subject-matter expertise among Regents who serve on the committee.
- Holding an extended meeting of the Committee of the Whole on the second day of a two-day meeting in order to provide substantive committee reports and discussion of those reports among members of the Board, followed by voting on action items.
- Establishing Charters for each committee that outline the purview of the committee, its delegated authority, composition, and operational rules.
- Including at least one Chancellor as a non-voting member on each committee, with the exception of the Governance and Compensation Committee (subcommittees may choose to include Chancellors).
- Allowing external advisors, as non-voting members, to serve on committees in order to inform their deliberations where expertise is needed.
- Authorizing Committees and Subcommittees to exercise delegated authority over specific matters.

- Elevating provisions regarding the authority of the President, Chancellors, and Academic Senate from the Standing Orders to the Bylaws.
- Instituting term limits of four consecutive one-year terms for Committee Chairs and Vice Chairs.
- Establishing procedures regarding breach of conduct by Regents and Board advisors.

***Response to Comments***

The comments made both at the May meeting and subsequently by Regents, Chancellors, faculty, administrative staff, and other stakeholders through an extensive consultation process were considered by the Committee on Governance at its meeting on June 22. Many comments were incorporated into the attached revision of the draft Bylaws and Committee Charters; other suggestions will be addressed in a subsequent review of the Standing Orders and Regents Policies.

The table below highlights comments received that pose significant policy issues and lists resolutions that reflect the consensus of the Committee on Governance. In addition, Attachment 3 is a redline of the draft Bylaws and Committee Charters presented at the May Regents Meeting that clearly shows the proposed changes since that meeting.

***Committee on Governance Response:***

<b>Comment</b>	<b>Governance Committee Response</b>
Concern that concurrent committee meetings would not be transparent	All open session committee meetings will be video streamed and archived for one year. Substantive committee reports to the Board will be provided on the final day of a meeting, with the opportunity for further discussion by all Regents.
Committee on Oversight of the DOE Laboratories should not be a Subcommittee, and if it becomes a Subcommittee, the Academic and Student Affairs Committee may not be the appropriate parent committee.	The Committee’s agenda mainly addresses research performed at the labs and is appropriately under the purview of the Academic and Student Affairs Committee. Joint meetings with the Finance and Capital Strategies Committee may be held when needed. The governance of the Board of Directors of the LLCs is not affected by these Bylaw revisions.
Regents should have the right to place any item on an agenda, without needing a majority vote of the Board.	Any Regent is entitled to have an item placed on the agenda of a Committee or of the Board. The Chair of the Board or of the Committee, in consultation with the President, shall determine its scheduling, provided that such scheduling is timely and affords a meaningful opportunity for the proposal to be considered.

<b>Comment</b>	<b>Governance Committee Response</b>
Role of Staff Advisors and other advisors to the Board should be codified in Charters or Regents Policy.	The role of Staff Advisors and other advisors will be addressed in Regents Policy.
Concerns about the delegation of authority to the President and the Chancellors	Add language clarifying that “Any authority delegated by the Board may be rescinded by action of the Board.” Bylaw 22.1 already states, “The Regents hereby delegate authority to the President of the University to oversee the operation of the University, in accordance with policies and directives adopted by the Board, and as further specified in Bylaw 30 (President of the University). This delegation is subject to the powers specifically reserved to the Regents in Bylaw 22.2.”
Governance Committee’s composition concentrates power	The composition of the Governance and Compensation Committee shall be the President of the Board (the Governor), the Chair of the Board, the President of the University, and six other Regents. The Chair of the Board shall appoint the members of the Committee no later than March of each year for the ensuing year.
Authority regarding misconduct procedures against a Regent should be reserved to the Board, not to the Governance and Compensation Committee.	Authority regarding misconduct procedures against a Regent will rest with the Board.
Should compensation policies and programs and individual compensation actions remain in the purview of the Governance and Compensation Committee?	All compensation items should remain in the purview of the Governance and Compensation Committee, with the sole exception of those already delegated to the Health Service Committee. The Governance and Compensation Committee shall consult with the committee with relevant expertise on compensation matters.
Chancellors suggest incorporating some existing language from current Standing Order 100.6 into new Bylaw 31.	Accept most of the suggested revisions, which are consistent with current governing documents.
Academic Senate suggests incorporating some existing language from current Standing Orders 105.2 and 103.1 into new Bylaw 40.	Accept most of the suggested revisions, which are consistent with current governing documents.
Change the name from “Laboratory Oversight Subcommittee” to “National Laboratories Subcommittee.”	Endorse name change to National Laboratories Subcommittee.

Comment	Governance Committee Response
Should the National Laboratories Subcommittee be delegated approval authority with regard to LBNL-related capital project and finance matters?	Such matters should remain in the purview of the Finance and Capital Strategies Committee, but the committee shall consult with the Chair of the National Laboratories Subcommittee. A joint meeting approach can be used where necessary.
Bylaw 24.1 says “The Board may adopt, reject or modify any recommendation or action of a Standing Committee.” What is the procedure for the Board to overturn an action taken by a Committee under delegated authority?	Develop a procedure in Regents Policy for the Board to overturn an action taken by a Committee under its delegated authority.

***Proposed Project Schedule***

If approved, the new Bylaws and Committee Charters will be effective immediately. The new meeting structure will be implemented at the September Regents meeting. The Standing Orders and Regents Policies will continue to remain in effect. If there is a conflict between the new Bylaws and provisions of other governing documents, the Bylaws will take precedence.

The Standing Orders will be comprehensively reviewed and at future meetings, the Board will consider recommendations to incorporate its provisions into University or Regents Policies, or amend or rescind them, as appropriate. In large part, the Standing Orders are delegations from the Board to the administration and to the Academic Senate. They have not been reviewed since 1969, and their provisions often conflict with other sections of the Standing Orders or the Bylaws. In order to simplify the governing structure, the proposal is to eliminate the Standing Orders and instead incorporate its delegations into the Bylaws, Committee Charters or University or Regents Policies. As outlined in the May item on this subject, the authority of the President, Chancellors, and Academic Senate, which are currently in the Standing Orders, but properly belong in the Bylaws, has been largely included in the proposed Bylaws. Staff will consult with stakeholders throughout the University to ascertain which Standing Orders are outdated and should be rescinded, and which remain relevant, and will propose whether they should become Regents Policy or administrative policy. When that consultation process has been concluded, the recommendations will be presented to the Board.

**ATTACHMENTS:**

[Attachment 1: Proposed Bylaws of the Regents of the University of California](#)

[Attachment 2: Proposed Committee Charters](#)

[Attachment 3: Redline of Draft Bylaws and Committee Charters Proposed at May Regents Meeting](#)