UC RIVERSIDE | College of Natural and Agricultural Sciences
Executive Committee

April 17, 2015

To: Jose Wudka, Chair
Riverside Division

From: Sarjeet Gill, Chair, Executive Committee
College of Natural and Agricultural Science

Re: Guidelines to Accepting and Managing Equity in Return for Access to University Facilities and/or Services

The CNAS Executive Committee, at their April 14th meeting, reviewed the Guidelines to Accepting and Managing Equity in Return for Access to University Facilities and/or Services and believes the document could be a very useful document for anyone involved in this complex process. However, some clarifications are needed:

1. Under Equity Guidelines, section IV C 1 (page 7) the university's acceptance of equity should "be based upon educational, research and public service missions of the university, not financial or individual personal gain." **This implies that the potential profitability of the investment in equity should not be taken into consideration when making the decision. This seems unrealistic and a poor business model. It is difficult to conceive of negotiations ignoring the potential of the new business to succeed and become profitable.**
2. Under Equity Guidelines, section IV D (page 9) university employees cannot be voting members of a board of directors of any company in which the university has equity. **However, the wording limits this restriction to employees "acting in their capacity as University employees." Can employees to be voting members on boards if they declare that they are not acting in their capacity as university employees? This requires clarification.**
3. Under Chief Investment Officer's Management of Equity, section VI A 3, the CIO can make further investments in a company with which the university has an AFS arrangement. These will be maintained separately from the AFS and not considered under the university equity policy. **This appears to be complex – the university can hold unlimited equity in the companies that it supports with its own facilities at the same time as it is managing an AFS with that company which restricts university ownership to 10% or less. But shouldn't further investments in the company only be made once the AFS agreement had expired.**

Yours sincerely,

Sarjeet Gill,
Chair, Executive Committee
College of Natural and Agricultural Sciences