

**FINANCE AND CAPITAL STRATEGIES COMMITTEE**

March 20, 2025

**TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

**1. CONSENT AGENDA**

**A. *Authorization to Establish and Maintain Commercial Paper Program***

The Committee recommends that:

- A. The President of the University be authorized to establish and maintain the University's Commercial Paper (CP) program in an amount not to exceed \$4 billion in principal amount outstanding and to utilize the CP Program for any University-related purpose.
- B. The President be authorized to utilize legally available cash balances in the unrestricted portions of the University's investment pools and to enter into standby letters of credit, lines of credit, or other liquidity agreements to provide liquidity support for the CP Program.
- C. The President be authorized to determine the combined outstanding balances for liquidity support for the CP Program, medical center working capital needs, and the University of California Mortgage Origination Program (MOP) from the unrestricted portions of the University's investment pools.

**B. *Authority to Indemnify San Diego Gas and Electric for Disclosure of Proprietary Information for Analysis of Household Electricity Consumption by the Department of Agricultural and Resource Economics, Davis Campus***

The Committee recommends that the President of the University be authorized to approve and execute a Non-Disclosure Agreement (NDA) with San Diego Gas & Electric (SDG&E), allowing the Davis campus to access proprietary data for the analysis of household electricity consumption response to time-of-use (TOU) pricing variations, including a third-party indemnity provision in favor of SDG&E.

Committee vote: Regents Cohen, Elliott, Lee, Makarechian, Matosantos, and Sures voting "aye."

Board vote: Regents Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Sures voting "aye."

**2. HILLCREST MEDICAL CENTER REPLACEMENT, SAN DIEGO CAMPUS:  
PRELIMINARY PLANS FUNDING**

The Committee recommends that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Hillcrest Medical Center Replacement – preliminary plans – \$150 million, to be funded from external financing.

- B. The President of the University be authorized to obtain external financing in an amount not to exceed \$150 million plus additional related financing costs to finance the Hillcrest Medical Center Replacement project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:

- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
- (2) As long as the debt is outstanding, the revenues of the San Diego Medical Center shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- (3) The general credit of the Regents shall not be pledged.
- (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

Committee vote: Regents Cohen, Elliott, Lee, Makarechian, Matosantos, and Sures voting “aye.”

Board vote: Regents Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Sures voting “aye.”

3. **2200 BANCROFT STUDENT HOUSING, BERKELEY CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING CONSIDERATION OF AN ADDENDUM TO THE 2021 LONG RANGE DEVELOPMENT PLAN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The Committee recommends that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: 2200 Bancroft Housing Project – preliminary plans – \$7.06 million, to be funded from campus funds.

To: Berkeley: 2200 Bancroft Student Housing Project – preliminary plans, working drawings, construction, and equipment – \$443,503,000, to be funded from external financing supported by housing revenues (\$441,503,000) and auxiliary reserves (\$2 million).

- B. The scope of the 2200 Bancroft Student Housing project be approved. The project shall provide approximately 583 units containing approximately 1,625 residence hall-style beds and student-focused amenities (approximately 312,000 gross square feet); and a dining commons with a capacity of approximately 500 seats (approximately 41,000 gross square feet).
- C. The President of the University be authorized to obtain external financing in an amount not to exceed \$441,503,000 plus additional related financing costs to finance the 2200 Bancroft Student Housing project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
  - (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
  - (2) As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
  - (3) The general credit of the Regents shall not be pledged.
  - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- D. Following review and consideration of the environmental consequences of the 2200 Bancroft Student Housing project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
  - (1) Adopt the CEQA Findings for the 2200 Bancroft Student Housing Project, having considered both the 2021 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the Berkeley campus and Addendum #7 to the 2021 LRDP EIR for the Bancroft Student Housing project.
  - (2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Berkeley

campus, as identified in the Mitigation Monitoring and Reporting program adopted in connection with the 2021 LRDP EIR.

- (3) Approve the design of the 2200 Bancroft Student Housing Project, Berkeley campus.

Committee vote: Regents Cohen, Elliott, Kounalakis, Lee, Makarechian, Matosantos, Reilly, and Sures voting “aye.”

Board vote: Regents Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Sures voting “aye.”

4. **CLASSROOM AND OFFICE BUILDING III, MERCED CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING CONSIDERATION OF ADDENDUM NO. 3 TO THE 2020 LONG RANGE DEVELOPMENT PLAN SUBSEQUENT ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The Committee recommends that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Merced: Classroom and Office Building III – preliminary plans – \$8.6 million to be funded from external financing supported by State General Fund appropriations.

To: Merced: Classroom and Office Building III – preliminary plans, working drawings, construction, and equipment – \$78 million to be funded from external financing supported by State General Funds.

- B. The scope of the Classroom and Office Building III project be approved. The project scope shall consist of constructing an approximately 53,000-gross-square-foot (gsf) (approximately 36,000-assignable-square-foot) building that would provide large instructional and auditorium space, as well as student support, academic, and administrative office, and scholarly activity space. Site development shall include the demolition of approximately 16,000 gsf of modular space, utilities modifications, hardscape, and landscape. The square footage noted is subject to change based on the selected design-build proposal. To address the challenges of construction market volatility, if design-build teams are unable to submit a bid that delivers the full program within the approved budget, the campus may defer a portion of the initial program scope—excluding instructional programs—by shelling specific program areas.

- C. The President of the University be authorized to obtain additional external financing of \$69.4 million in a total amount not to exceed \$78 million plus related interest expense and additional related financing costs to finance the Classroom and Office Building III and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) The primary source of repayment shall be from State General Fund appropriations. Should State General Fund appropriation funds not be made available, the President shall have authority to use any legally available funds to make debt service payments.
  - (2) The general credit of the Regents shall not be pledged.
  - (3) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- D. Following review and consideration of the environmental consequences of the Classroom and Office Building III project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the CEQA Findings for the Classroom and Office Building III project, having considered both the 2020 Long Range Development Plan Subsequent Environmental Impact Report (LRDP EIR) and Addendum No. 3 to the 2020 LRDP EIR.
  - (2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Merced campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2020 LRDP EIR.
  - (3) Approve the design of the Classroom and Office Building III, Merced campus.

Committee vote: Regents Cohen, Elliott, Kounalakis, Lee, Makarechian, Matosantos, Reilly, and Sures voting “aye.”

Board vote: Regents Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Sures voting “aye.”

5. **AUTHORIZATION TO FORM A VENTURE CAPITAL INVESTMENT FUND, BERKELEY CAMPUS**

The Committee recommends that the Regents:

- A. Authorize the President of the University to approve the formation of a new campus-controlled venture capital investment fund, the UC Berkeley Chancellor's Fund, and the management of UC Berkeley's interest therein by the Chancellor of UC Berkeley, as a separate for-profit California limited liability company to make and hold investments in UC-affiliated startups and UC-affiliated venture capital (VC) funds, subject to the following conditions:

- (1) Entity Type: The Fund will be an investment-holding entity that is organized as a for-profit California limited liability company. The sole owner of the Fund will be the Regents on behalf of UC Berkeley. No third parties will have an ownership interest in the Fund or have any rights to the Fund's investment returns.

The Fund will be taxed as a for-profit C corporation under the U.S. Internal Revenue Code. The Fund's for-profit status and taxation as a C corporation will enable it to (i) protect the Regents' own non-profit status, (ii) maximize the types of securities of UC-affiliated startups and UC-affiliated VC funds it can purchase for investment (including LLC and LP units), and (iii) make the review and execution of investment documents more efficient to maximize deal flow.

- (2) Governance: The Fund will be a manager-managed LLC which will be governed by an Operating Agreement (OA) to be executed by the Fund and UC Berkeley.

The OA will provide for a Board of Managers (the "Board") to oversee the Fund. The Board may appoint Officers, including a Chief Executive Officer, to manage the Fund on a day-to-day basis. The Managers and Officers will be UC employees who constitute "Services Personnel" under the Services Agreement; these are UC employees who work on UC-affiliated startup equity and technology transfer and UC-affiliated VC funds as part of their regular employment duties. To ensure compliance with the University's conflict of interest and conflict of commitment policies, the legal duties of the Managers and the Officers will, to the fullest extent under the California Revised Limited Liability Company Act, be limited such that the primary duties of the Managers and Officers will be to the University and not to the Fund.

The OA will generally contain customary provisions for governance of a manager-managed LLC, except that the Board may not authorize certain fundamental corporate transactions without the approval of UC Berkeley,

including, without limitation, making distributions of investment returns to third parties, incurring debts not in the ordinary course of business, and making any investments other than in “Permitted Investments” as defined below.

The OA will grant the Board the authority to form special purpose vehicles (SPVs), which are separate subsidiary entities of the Fund that may hold certain investments in UC-affiliated startups and UC-affiliated VC funds where the Board deems it to be advantageous to the Fund or to carry out certain investment strategies. Each SPV will be owned indirectly, in whole or in part, by the Regents through their ownership of the Fund. An SPV may permit co-investments with third-party investors. An SPV may form other SPVs at additional lower levels of corporate ownership.

The OA will require that the Fund adhere to commercially reasonable investment practices, including, without limitation, an avoidance of an overconcentration of holdings in only one or a few investments.

The OA will require that the Fund make investments only in connection with a UC-affiliated startup or a UC-affiliated venture capital fund (“Permitted Investment”). An affiliation with UC for purposes of a Permitted Investment by the Fund exists if any of the following apply:

- a. A startup is a licensee of UC’s intellectual property;
- b. A startup is a current or past user of UC incubator or accelerator facilities;
- c. A startup is founded, co-founded, or substantially assisted in its founding by a current UC employee, researcher, or student (in the case of a student, the student’s activities with the startup must have a demonstrable connection to the student’s UC education);
- d. A startup has granted its securities or rights to invest in its securities (e.g. participation rights, pro rata investment rights, and similar rights) to UC directly, or to a third party (e.g. a donor to UC or a UC-affiliated VC fund) who subsequently assigns or grants such securities or rights to invest in securities to UC;
- e. A venture capital fund (or any of its affiliated entities or vehicles) is a “UC-affiliated VC fund” in which (i) there is an executed affiliation agreement between the venture capital fund and UC Berkeley, (ii) the venture capital fund is part of the UC Berkeley campus shared-return program, or (iii) the venture capital fund invests directly in the UC ecosystem of startups;

- f. There is an “other commercial arrangement” with a startup or venture capital fund that has been determined to fall within the scope of Presidential Delegation of Authority (DA) 2650;
- g. There is a successor entity that acquired the equity of a startup or a UC-affiliated VC fund that satisfied any of clauses a-f above at the time that UC made its initial investment therein; or
- h. There is an investment in money market, short-term, or similar securities for commercially reasonable management by the Fund of cash proceeds (including, without limitation, capital gains, dividends, and gifts) derived from the investments or commercial arrangements described in any of clauses a-g above.

Startups or venture capital funds founded by UC alumni will not by themselves have a sufficient connection to the University to constitute a Permitted Investment unless any of the criteria in clauses a-h above apply.

- (3) Initial Capital from Unrestricted Donations: The initial capital for the Fund to make investments and to provide for the initial expenses of the Fund’s formation shall be provided by unrestricted donations to UC Berkeley. Donors who make such donations will receive a tax deduction in the same manner as any other donation to the campus. Donors will have no right to receive any returns from the Fund’s investments or to direct the Fund’s capital towards any particular investment.
- (4) Indemnification: The Regents will not be providing indemnification to the Fund.
- (5) Corporate Documents: Prior to adoption by the Fund, the Articles of Organization of the Fund, the OA, the Services Agreement, and any other constitutive corporate documents and related documents shall be subject to the approval of the UC Berkeley Chancellor and the General Counsel.

B. Authorize the Chancellor of UC Berkeley to expand the authority delegated to UC Berkeley pursuant to DA 2650 to allow for the formation of the Fund, and authorize the Office of the General Counsel to negotiate and enter into a Services Agreement with the Fund under the following terms and conditions:

- (1) Purpose of Services Agreement: The Fund will not hire its own employees directly and will not have the resources to do so. The Services Agreement will allow for the Regents to provide management and other services to the Fund.



- (2) Consideration to the Regents: The consideration that the Regents will receive under the Services Agreement consists of (i) ownership of all of the Fund's equity, and (ii) the right to receive distributions of the Fund's returns on its investments.
- (3) Services Personnel: The Services Personnel are employees of the Regents who will be authorized to provide services to the Fund under the Services Agreement, including, without limitation, serving on the Fund's Board of Managers and as Officers of the Fund. Only employees who ordinarily work on startup investments, technology transfer, or UC-affiliated VC funds as part of their regular employment duties, or who work on specific services that may benefit the Fund (e.g. accounting) will be part of the Services Personnel. The Regents will determine which employees will constitute the Services Personnel and may make changes to such employees at their discretion.

Services Personnel will receive their regular compensation as part of their employment with the Regents and will not receive any additional compensation from the Fund. The campus will receive all net fund flows and could compensate Services Personnel outside of the Fund where necessary to attract and retain talent.

Services Personnel will be subject to all UC policies in the course of providing any services to the Fund, including, without limitation, policies relating to conflicts of interest and conflicts of commitment.

- (4) Legal Counsel: UC Legal attorneys who normally work on campus startup and venture capital matters may be part of the Services Personnel and may provide legal counsel to the Fund simultaneously with counsel to the Regents. The Services Agreement will contain customary language under the California Rules of Professional Conduct to permit joint representation of the Regents and the Fund.
- (5) Scope of Services: The Regents will determine the scope of the services to be provided to the Fund under the Services Agreement in the Regents' sole discretion and may be changed by the Regents at any time.
- (6) Confidentiality: The Regents and the Fund will have mutual confidentiality obligations, subject to any duty of the Regents to make required disclosures under the California Public Records Act.
- (7) SPVs and Services for Third Parties: An SPV may receive services from Services Personnel only if such SPV is wholly owned by the Fund and thus indirectly wholly owned by the Regents. To avoid the conferring of private benefits as prohibited by the Regents' nonprofit status, any third party and any SPV that is not wholly owned by the Fund (i.e., in which

there is a co-investment by the Fund along with one or more non-UC third parties) will not receive services from Services Personnel under the Services Agreement, and will be charged for any services provided by the Regents under a separate written agreement or will obtain their own personnel at their own expense.

- (8) Real Estate: The Fund will exist only as a separate legal entity. It will conduct business from UC Berkeley's existing facilities that manage equities under DA 2650 and is not expected to require new or separate real estate or other facilities. Any use of UC Berkeley real estate or facilities will require a separate agreement between UC Berkeley and the Fund.
- (9) Use of UC Marks and Publicity: The Fund will have a license to use UC marks and to publicize its connection with UC Berkeley only to the extent determined to be necessary by applicable Services Personnel. The license will terminate if UC Berkeley ceases to be the sole member of the Fund.
- (10) Vendors and Other Third Parties: Nothing in the Services Agreement prevents the Fund from entering into any agreement with vendors or other third parties to provide services to the Fund.
- (11) Termination: The Regents may terminate the Services Agreement at will.

- C. Authorize the Chancellor of UC Berkeley, pursuant to DA 2650 and following consultation with the General Counsel, to approve and execute: (i) any documents reasonably required to accomplish the above; and (ii) any modifications, addenda or amendments thereto.

Committee vote: Regents Cohen, Drake, Kounalakis, Lee, Makarechian, Matosantos, Reilly, and Sures voting "aye."

Board vote: Regents Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Sures voting "aye."