

## **Appendix C - Charter of the Finance and Capital Strategies Committee**

- A. Purpose. The Finance and Capital Strategies Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the University's fiscal and financial affairs, business operations, land use, and capital facilities and strategies.
- B. Membership/Terms of Service: The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6.
- C. Delegated Authority. The Committee shall have plenary authority to approve the following matters which, on approval by the Committee or the Investments Subcommittee (see Paragraph F below), shall require no further action or authorization from the Board or any other committee:
- Determination of asset classes (exercised through the Investments Subcommittee)
  - Asset allocation policy (exercised through the Investments Subcommittee)
- D. Other Oversight Responsibilities. In addition to the authority delegated to the Committee described above, and to the extent not otherwise within such authority, the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:
- Expenditures and appropriation of funds
  - Cash management
  - Bank accounts and banking relationships
  - External financing
  - Capital Financial Plans (e.g. 10 Year Capital Financial Plan)
  - Capital planning and capital budget requests
  - University Budget and planning
  - State Budget requests
  - Review of operating and capital budgets on a campus by campus basis
  - Indirect cost recovery
  - Financial Performance of Insurance programs.
  - Captive insurance affiliates and programs
  - Procurement
  - Significant financial programs (e.g. Fiat Lux, Procurement, asset management)
  - Large-scale enterprise systems (e.g. UC PATH)
  - Annual valuations for UCRP and the retiree health program
  - University Investments

- Real estate sales, purchases and leases, easements, licenses, mineral rights
- Physical design framework
- Design approvals
- Facilities Operations
- Long Range Development Plans (LRDPs) and environmental policy matters
- Energy matters
- Sustainability matters

The delegation and assignment of responsibilities to this Standing Committee under Paragraphs C and D signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee or its Subcommittee, to the Board or to any other Committee.

- E. Consultation with Other Committees. The Committee shall consult with the Chair of the National Laboratories Subcommittee in advance of, or concurrent with, consideration, recommendation, or approval, of projects of strategic importance to the National Laboratories. The Committee shall consult with the Health Services Committee on plans for improvements and capital improvement requests involving UC Health or any of its components prior to or concurrent with consideration, recommendation, or approval by the Finance and Capital Strategies Committee. This requirement applies only to those capital projects that are related to patient care or research, or are otherwise of strategic importance to UC Health.
- F. Investments Subcommittee. The Committee hereby establishes the Investments Subcommittee to assist the Committee in discharging its oversight responsibilities with regard to University investments. The duties and responsibilities of the Subcommittee, and the plenary authority delegated to it by the Board and the Committee, are set forth as follows.
1. Purpose. In support of the Finance and Capital Strategies Committee (the “related Standing Committee”), the Investments Subcommittee shall consider, make recommendations, and act pursuant to delegated authority on matters pertaining to University investment strategy and operations, and pertaining to the review and reporting of investment results.
  2. Membership/Terms of Service. The identity, appointment and terms of service of Subcommittee members shall be as specified in Bylaws 25.3 through 25.5.
  3. Special Requirements for Members/Advisors. Except as specifically provided in this Charter, neither the Subcommittee nor any of its members or advisors shall direct or attempt to direct the University’s internal or external investment managers with regard to the selection of specific investments, specific funds or specific investment

managers. The role and authority of such members and advisors shall be limited to providing general direction through policy and to monitoring and reporting investment results.

4. Delegated Authority. The Subcommittee shall have plenary authority to approve the following matters which, on approval, shall require no further action or authorization from the Board, the related Standing Committee or any other committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President or the Chief Investment Officer, within their respective jurisdictions.
  - Determination of asset classes
  - Asset allocation policy
5. Other Oversight Responsibilities. In addition to the authority delegated to the Committee described above, and to the extent not otherwise within such authority, the charge of the Subcommittee shall include reviewing and making recommendations to the related Standing Committee with regard to the following matters and/or with regard to the following areas of the University's business:
  - Investment policy and strategy
  - Physical asset management (e.g. real estate held as investments)
  - Investment accounts/custodian relationships
  - Retirement system investments
  - Endowment funds investments
  - Short term and liquidity investments
  - Investment operations
  - Investment results and reporting
  - Annual valuations for UCRP and the retiree health program
6. Expert Advisors. The Subcommittee shall have the authority to retain independent investment experts and advisors, as necessary to conduct the business of the Subcommittee. Any advisors not otherwise subject to University policy, shall be subject to the laws and policies applicable to Regents governing compensation and reimbursement of expenses, and shall be subject to conflict of interest disclosure and recusal obligations as specified in the University's Conflict of Interest Code and other applicable policies.
7. Reporting. In addition to the reports required under Bylaw 25.8, the Subcommittee shall report to the related Standing Committee any material developments in the University's investments operation and in the University's investment portfolio.