Office of the Secretary of The Regents  
September 9, 2004

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

ITEM FOR INFORMATION

For the meeting of September 23, 2004

Report of Actions Taken Between Meetings

In accordance with authority previously delegated by The Regents, interim action was taken on routine or emergency matters as follows:

A. The Chairman of the Board and the President of the University approved the following recommendation:

*Technical Amendments to the University of California Retirement Plan and Tax-Deferred 403(b) Plan*

That the following be amended as indicated on the Attachments:

**University of California Retirement Plan**

**Technical Amendment A**

Appendix K……………University of California Retirement Plan  
UCSF Stanford Health Care Retirement Plan Transfers

**University of California Tax-Deferred 403(b) Plan**

**Technical Amendment B**

Amendment to existing  
Appendix A……………University of California Tax-Deferred 403(b) Plan  
UCSF Stanford Health Care
B. The Chairman of the Board, the Chair of the Committee on Grounds and Buildings, the Chair of the Committee on Finance, and the President of the University concurred in the following recommendation:

*Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing for Joseph Edward Gallo Recreation and Wellness Center, Merced Campus*

**Pursuant to Standing Order 100.4(q)**

(1) The President amend the 2003-04 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Merced: Joseph Edward Gallo Recreation and Wellness Center – preliminary plans, working drawings, construction, and equipment – $11,240,000, to be funded from external financing ($7,500,000), campus funds ($265,000), and gift funds ($3,475,000).

**Pursuant to Standing Order 100.4 (nn)**

(2) The President be authorized to obtain financing not to exceed $7,500,000 to finance the project listed in (1) above, subject to the following conditions:

a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;

b. Repayment of the financing shall be from the Merced Student Recreation Fee approved by The Regents in May 2003; and

c. The general credit of The Regents shall not be pledged.

(3) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.

(4) The Officers of the Regents be authorized to execute all documents necessary in connection with the above.
UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

Technical Amendment – Appendix K

Appendix K is a technical amendment to UCRP which summarizes the UCRP benefit provisions applicable to certain former UCSF Stanford Health Care (UCSF SHC) employees covered by the UCSF SHC 403(b) Retirement Plan. This appendix will conform the Plan language to reflect the general provisions previously approved by action under interim authority by the Chairman of The Regents and the President of the University, as well as the administrative practices subsequently established and implemented between UC and the vendors for the UCSF SHC Retirement Plan.

Specifically, Appendix K indicates that the period of employment with UCSF SHC counts for eligibility purposes towards a UCRP benefit (i.e., vesting credit). Further, it delineates the process by which former UCSF SHC employees could have chosen to exchange a portion of their UCSF SHC Retirement Plan contributions for actual UCRP Service Credit.

Please note that the March 2000 Regents interim item stipulated that UCRP Service Credit would be awarded to participants who moved the “employer” provided portion (and earnings) from their UCSF SHC Retirement Plan to UCRP. However, Regental approval for this transaction was contingent upon approval from the Internal Revenue Service (IRS) and Department of Labor (DOL). Approval from the IRS and DOL was not received until November 2002, nearly three years later. During this time, many participants’ accounts were seriously reduced by the unforeseen negative market returns. Thus, it was later decided that participants would need to exchange only an amount equal to 50 percent of the employer contributions awarded to their UCSF SHC Retirement Plan in return for UCRP Service Credit.
This amendment to Appendix A clarifies the benefit provisions applicable to certain former UCSF Stanford Health Care (UCSF SHC) employees who participated in the UCSF SHC 403(b) Retirement Plan and/or Tax-Deferred Annuity Plan. The amendment will make Plan language reflect the general provisions previously approved by action under interim authority by the Chairman of The Regents and the President of the University, as well as the administrative practices subsequently established and implemented between UC and the vendors for the UCSF SHC 403(b) plans.

Specifically, newly proposed sections 8 through 11 of Appendix A explain the process by which certain funds from the UCSF SHC 403(b) plans were or will be transferred to the UC Tax-Deferred 403(b) Plan. As stipulated in the March 24, 2000 Regents interim item, approval of these transfers was contingent upon approval from the Internal Revenue Service (IRS) and Department of Labor (DOL), as well as the ability to negotiate acceptable terms with the UCSF SHC plan vendors. Approval from the IRS and DOE was not received until November 2002, at which time the procedures and the time lines for the transfer of funds from the UCSF SHC plan vendors was initiated.