

FINANCE AND CAPITAL STRATEGIES COMMITTEE

May 24, 2018

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. ESTABLISHMENT OF A COMPENSATION AND PERSONNEL SUBCOMMITTEE

The Committee recommends that the Governance and Compensation Committee establish a Compensation and Personnel Subcommittee of the Finance and Capital Strategies Committee.

Committee vote: Regents Anguiano, Lemus, Makarechian, Park, Sherman, and Zettel voting “aye.”

The Governance and Compensation Committee did not act on this recommendation.

2. CONSENT AGENDA

A. *Approval of Preliminary Plans Funding, Triton Pavilion for Student Resources and Community Engagement, San Diego Campus*

The Committee recommends that the 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Triton Pavilion for Student Resources and Community Engagement – preliminary plans – \$15.45 million, to be funded from campus funds (\$12 million) and UC San Diego Extension reserves (\$3.45 million).

B. *Approval of External Financing Supported by State General Funds, Ridge Walk Academic Complex, San Diego Campus and Northern Regional Library Facility, Systemwide*

The Committee recommends that:

- (1) The President of the University be authorized to obtain external financing not to exceed \$80 million plus related interest expense and financing costs for the following projects included in the 2018-19 Budget for State Capital Improvements:

Campus	Project	State General Funds Financed (\$000s)	2018-19 State Phase
San Diego	Ridge Walk Academic Complex	\$50,000	Construction
Systemwide	Northern Regional Library Facility Phase 4 Expansion	\$30,000	Construction Equipment
TOTAL STATE FUNDS FINANCED		\$80,000	

- (2) The President shall require that:
- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
 - b. The primary source of repayment for the external financing of \$80 million plus related interest expense and financing costs shall be from State General Fund appropriations, pursuant to the Education Code Section 92493 et seq. Should State General Fund appropriation funds not be available, the President shall have the authority to use any legally available funds to make debt service payments.
 - c. The general credit of the Regents shall not be pledged.

C. *Adoption of Endowment Administration Cost Recovery Rate*

The Committee recommends that the endowment administration cost recovery rate remain at 55 basis points (0.55 percent)¹ and apply to distributions from the General Endowment Pool (GEP) to be made after July 1, 2018, from the eligible assets invested in the GEP. The funds recovered shall be used to defray, in part, the cost of administering and carrying out the terms of endowments on the campuses and at the Office of the President.

D. *Adoption of Expenditure Rate for the General Endowment Pool*

The Committee recommends that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2018-19 fiscal year remain at 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP.

¹ One basis point is 0.01 percent of yield (i.e., one hundred basis points equals one percent); 55 basis points are the equivalent of \$55 on endowment assets with a 60-month average market value of \$10,000.

Committee vote: Regents Anguiano, Lemus, Makarechian, Park, Sherman, and Zettel voting “aye.”

Board vote: Regents Anguiano, Elliott, Guber, Kieffer, Lansing, Lemus, Makarechian, Mancina, Monge, Napolitano, Newsom, Ortiz Oakley, Park, Sherman, Tauscher, and Zettel voting “aye.”