FINANCE AND CAPITAL STRATEGIES COMMITTEE
November 16, 2023

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. CONSENT AGENDA

A. Preliminary Plans Funding, Seismic Improvements of Acute Care Hospital and Associated Structures, San Diego Campus

The Committee recommends that the 2023-24 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Seismic Improvements of Acute Care Hospital and Associated Structures, San Diego Campus – preliminary plans – $12.7 million to be funded from hospital reserves.

B. Amendment of Budget, Mount Zion Main Hospital Buildings A and B Seventh Floor Renovations for Inpatient Psychiatric Services, San Francisco Campus

The Committee recommends that the 2023-24 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: San Francisco: Mount Zion Main Hospital Buildings A and B Seventh Floor Renovations for Inpatient Psychiatric Services – preliminary plans, working drawings, construction, and equipment – $65.8 million funded from hospital reserves.

To: San Francisco: Mount Zion Main Hospital Buildings A and B Seventh Floor Renovations for Inpatient Psychiatric Services – preliminary plans, working drawings, construction, and equipment – $72.55 million funded from hospital reserves.

C. Continuation of the Student Seismic Fee, Los Angeles Campus

The Committee recommends that, starting in summer 2025, the UCLA Student Seismic Fee be continued through summer 2055, as follows:

(1) All students enrolled at the UCLA campus during the regular academic year be assessed the Student Seismic Fee of $113 per student per year ($38 in the fall quarter, $38 in the winter quarter, $37 in the spring quarter, or $56.50 per semester).

(2) Students enrolled in summer sessions be assessed the Student Seismic Fee of $113 per student per session ($38 per session).
Fee of $37.67 per student.

Committee vote: Regents Cohen, Leib, Makarechian, Pérez, Robinson, and Sures voting “aye.”


2. **AMENDMENT OF BUDGET, SCOPE AND DESIGN FOLLOWING AN EXEMPTION DETERMINATION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, HUNTERS POINT RESEARCH SUPPORT FACILITY UPGRADES, SAN FRANCISCO CAMPUS**

The Committee recommends that:

A. The 2023-24 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

   From: San Francisco: Hunters Point Research Support Facility Upgrades – preliminary plans, working drawings, construction, and equipment – $19,253,000 funded from federal grant funds ($12,545,000), campus funds ($5 million), and external financing supported by State General Fund appropriations under the provisions of Section 92493 et seq. of the California Education Code ($1,708,000).

   To: San Francisco: Hunters Point Research Support Facility Upgrades – preliminary plans, working drawings, construction, and equipment – $37.4 million funded from gift funds ($15,364,000), federal grant funds ($14,652,000), campus funds ($5,636,000), external financing supported by State General Fund appropriations under the provisions of Section 92493 et seq. of the California Education Code ($1,708,000), and University Funds ($40,000).

B. The Regents approve the amended scope to increase the mechanical equipment; replace research support equipment; provide additional improvements to mechanical, electrical, and plumbing systems to support additional equipment; and implement accessibility and security improvements.

C. The Regents determine that the Hunters Point Research Support Facility Upgrades project, as amended, is exempt pursuant to the California Environmental Quality Act.

D. The Regents approve the amended design of the Hunters Point Research Support Facility Upgrades project, San Francisco campus.
Committee vote: Regents Cohen, Leib, Makarechian, Pérez, Robinson, Sherman, and Sures voting “aye.”


3. BUDGET; SCOPE AMENDMENT; EXTERNAL, STANDBY, AND INTERIM FINANCING; AND DESIGN AMENDMENT FOLLOWING CONSIDERATION OF AN ADDENDUM TO THE UC MERCED MEDICAL EDUCATION BUILDING ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, UC MERCED MEDICAL EDUCATION BUILDING, MERCED CAMPUS

The Committee recommends that:

A. The 2023-24 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Merced: UC Merced Medical Education Building – preliminary plans and working drawings for the entire project and construction for Site and Make Ready – $49.3 million to be funded from external financing supported by State General Fund appropriations ($45.1 million) and campus funds ($4.2 million).

To: Merced: UC Merced Medical Education Building – preliminary plans, working drawings, design, construction, and equipment – $300 million to be funded from external financing supported by State General Fund appropriations ($243 million), gift funds ($44.8 million) and campus funds ($12.2 million).

B. The amended scope of the UC Merced Medical Education Building project be approved. The project shall provide approximately 203,500 gross square feet (gsf) (101,500 total assignable square feet (asf)) comprised of instructional space (18,900 asf), medical education space (25,900 asf), research space (22,800 asf), community engaged research space (10,300 asf), academic and staff support office spaces (11,200 asf), other support and shared spaces to support occupants (7,400 asf), graduate student space (2,100 asf), and building support space (2,900 asf). The project includes approximately 159,100 gsf of finished space, 44,500 gsf of shell space, and 3,300 gsf of useable roof space. The project includes an approximately 60-stall surface parking lot necessary for the community guests involved in medical education, research, and the allied department participants.

C. The President of the University shall be authorized to obtain additional external financing in an amount not to exceed $193.7 million for a total amount not to exceed $243 million plus related interest expense and additional related financing
costs to finance the UC Merced Medical Education Building. 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) The primary source of repayment 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.

(3) The general credit of the Regents shall not be pledged.

D. Standby financing in an amount not to exceed $5 million plus related interest expense and additional related financing costs be approved to finance the UC Merced Medical Education Building. The Merced campus shall satisfy the following requirements:

(1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

(2) Repayment of any debt shall be from gift funds. As gifts are received, the campus will reimburse the standby financing in a timely fashion. If gift funds are insufficient and some or all of the debt remains outstanding, then campus funds shall be used to pay the debt service and to meet the related requirements of the authorized financing.

(3) As long as the debt is outstanding, the general revenues of the Merced campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

(4) The general credit of the Regents shall not be pledged.

E. Interim financing in an amount not to exceed $39.8 million plus related interest expense and additional related financing costs be approved to finance the UC Merced Medical Education Building. The Merced campus shall satisfy the following requirements:

(1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

(2) To the extent additional gifts and other funds are received as cash, the amount of interim financing will be reduced. To the extent additional gifts are received as documented pledges, the interim financing will be converted to standby financing.
(3) If gifts or pledges are not received within seven years from the initial draw, the interim financing will be converted to long-term external financing, or the Merced campus will pay down the interim financing.

(4) As long as the debt is outstanding, the general revenues of the Merced campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

(5) The general credit of the Regents shall not be pledged.

F. Following review and consideration of the environmental consequences of the UC Merced Medical Education Building 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 UC Merced Medical Education Building project, having considered the UC Merced 2009 Long Range Development Plan Environmental Impact Report (LRDP EIR), 2020 LRDP EIR, the UC Merced Medical Education Building EIR, and Addendum No. 2 to the UC Merced Medical Education Building EIR.

(2) Make a condition of approval the implementation of applicable Mitigation Measures and Continuing Best Practices as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the UC Merced Medical Education Building Project EIR.

(3) Approve the amended design of the UC Merced Medical Education Building project, Merced campus.

Committee vote: Regents Cohen, Leib, Makarechian, Pérez, Reilly, Sherman, and Sures voting “aye.”

4. **BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ADOPTION OF A MITIGATED NEGATIVE DECLARATION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, GAYLEY TOWERS REDEVELOPMENT, LOS ANGELES CAMPUS**

The Committee recommends that:

A. The 2022-23 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

   From: Los Angeles: Gayley Towers Redevelopment – preliminary plans and working drawings – $6.2 million funded from housing reserves.

   To: Los Angeles: Gayley Towers Redevelopment – preliminary plans, working drawings, construction, and equipment – $108 million to be funded with external financing supported by housing revenues ($43 million), external financing supported by State General Funds for the Higher Education Student Housing Grant Program ($35 million), and housing reserves ($30 million).

B. The scope of the Gayley Towers Redevelopment project be approved. The project shall provide approximately 109,850 gross square feet (gsf), including up to 545 new beds (approximately 79,900 gsf of housing) in a mid-rise (eight-story) building. The scope includes the demolition of an existing building (100 beds).

C. The President of the University be authorized to obtain external financing in an amount not to exceed $43 million, plus additional related financing costs to finance the Gayley Towers Redevelopment. 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 from the Los Angeles 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.

D. The President be authorized to obtain additional external financing in an amount not to exceed $35 million, plus additional related interest expense and additional financing costs to finance the Gayley Towers Redevelopment. 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) The primary source of repayment shall be from State General Fund appropriations. 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.

(3) The general credit of the Regents shall not be pledged.

E. Following review and consideration of the environmental consequences of the Gayley Towers Redevelopment 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 this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents shall:

(1) Adopt the Mitigated Negative Declaration for the Gayley Towers Redevelopment project.

(2) Adopt the Mitigation Monitoring and Reporting Program prepared for the Gayley Towers Redevelopment project and make a condition of approval the implementation of all applicable programs, practices, and procedures as well as mitigation measures identified therein that are within the responsibility and jurisdiction of UCLA.

(3) Adopt the CEQA Findings for the Gayley Towers Redevelopment project.

(4) Approve the design of the Gayley Towers Redevelopment project, Los Angeles campus.

Committee vote: Regents Cohen, Leib, Makarechian, Pérez, Reilly, Sherman, and Sures voting “aye.”


5. UNIVERSITY OF CALIFORNIA 2023-29 CAPITAL FINANCIAL PLAN

The Committee recommends that the University of California 2023-29 Capital Financial Plan be approved.

Committee vote: Regents Cohen, Drake, Elliott, Leib, Makarechian, Reilly, Sherman, and Sures voting “aye.”

6. UNIVERSITY OF CALIFORNIA FINANCIAL REPORTS, 2023

The Committee recommends that the Regents adopt the 2022-23 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers.

Committee vote: Regents Cohen, Elliott, Leib, Makarechian, Reilly, Sherman, and Sures voting “aye.”


7. UNIVERSITY OF CALIFORNIA RETIREMENT PLAN - PROPOSAL TO AUTHORIZE CHANGES TO UNIVERSITY CONTRIBUTION RATES AND MAKE ADDITIONAL CONTRIBUTIONS THROUGH TRANSFERS FROM THE SHORT TERM INVESTMENT POOL

The Committee recommends that:

A. The University contribution rate on behalf of active members in the Campus and Medical Centers and Lawrence Berkeley National Laboratory segments of the University of California Retirement Plan (UCRP) and on behalf of active participants in “Savings Choice” be increased based on the following schedule:

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>University Contribution Rate to UCRP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UCRP Active Members</td>
</tr>
<tr>
<td>July 1, 2023</td>
<td>14.0%</td>
</tr>
<tr>
<td>July 1, 2024</td>
<td>14.5%</td>
</tr>
<tr>
<td>July 1, 2025</td>
<td>15.0%</td>
</tr>
<tr>
<td>July 1, 2026</td>
<td>15.5%</td>
</tr>
<tr>
<td>July 1, 2027</td>
<td>16.0%</td>
</tr>
<tr>
<td>July 1, 2028</td>
<td>16.5%</td>
</tr>
<tr>
<td>July 1, 2029</td>
<td>17.0%</td>
</tr>
<tr>
<td>July 1, 2030</td>
<td>17.5%</td>
</tr>
<tr>
<td>July 1, 2031 and later</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

B. The Regents’ July 2017 action, *Authorization to Increase the University Employer Contribution Rate and Make Additional Contributions to the University of* 

¹ The “UAAL Surcharge” is the employer contribution to UCRP on behalf of active employees who elected “Savings Choice” as their primary retirement benefit and are current participants in the Defined Contribution Plan. The UAAL Surcharge pays down UCRP’s unfunded actuarial accrued liability (UAAL).
California Retirement Plan, be amended by adding Sections P, Q, R, and S as follows:

**Additions shown by underscoring**

### P. Transfer funds from the Short Term Investment Pool (STIP) to UCRP

Transfer funds from the Short Term Investment Pool (STIP) to UCRP in FY 2024-25 through FY 2028-29 in amounts shown in the table below each year.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Transfer Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024-25</td>
<td>$800,000,000</td>
</tr>
<tr>
<td>2025-26</td>
<td>$700,000,000</td>
</tr>
<tr>
<td>2026-27</td>
<td>$550,000,000</td>
</tr>
<tr>
<td>2027-28</td>
<td>$550,000,000</td>
</tr>
<tr>
<td>2028-29</td>
<td>$400,000,000</td>
</tr>
</tbody>
</table>

Should STIP have insufficient funds, funds will be transferred from the Total Return Investment Portfolio (TRIP) to STIP. These transfers shall satisfy the requirements below:

a. Maintenance of rating agency STIP and TRIP liquidity requirements at all times.

b. The creation of an internal note receivable (“STIP Note”) for the amounts above, owned by STIP participants.

c. The ability to set the repayment terms on the STIP Note, which will have a final maturity no later than FY 2041-42.

d. Assessment of all University fund sources making UCRP payments to include an additional amount for principal and interest payments on the STIP Note, divided proportionally based on covered compensation.

e. For funding sources, such as federal contracts and grants, where interest payments for the STIP Note are not billable as direct program costs, the campuses will be required to pay these charges using non-federal sources.

### Q. Obtain external financing

Obtain external financing not to exceed $3 billion, plus additional related financing costs in lieu of or in addition to the STIP transfers, for the purpose described above in Section P if it is expected that this option could be accomplished at a lower cost or is more practical for the University. The repayment of external financing is anticipated to be from the same University fund sources that would be responsible for making payments on the STIP Note as outlined above.

### R. Total amount of STIP transfers and external financing

For Sections P and Q above, the total amount of the STIP transfers and external financing shall not exceed $3 billion plus additional related financing costs.
S. Take all actions and execute all documents necessary or appropriate in connection with Sections P through R above.


8. UNIVERSITY OF CALIFORNIA 2024-25 BUDGET FOR CURRENT OPERATIONS AND STATE REQUEST FOR CAPITAL PROJECTS

The Committee recommends that the Regents approve the following items:

A. The proposed budget plan shown in Attachment 1, University of California 2024-25 Budget Plan for Current Operations.

B. A request for one-time State funding of $1.2 billion in 2024-25 for capital projects to support facilities renewal, enrollment growth, and clean energy.

Committee vote: Regents Cohen, Drake, Elliott, Makarechian, Pérez, Reilly, Robinson, Sherman, and Sures voting “aye.”

## University of California

### 2024-25 Budget Plan for Current Operations

**(dollars in millions)**

#### 2023-24 CORE FUNDS FOR CURRENT OPERATIONS

<table>
<thead>
<tr>
<th>Total Core Funds (State General Funds, Student Tuition and Fees, and UC General Funds)</th>
<th>$ 10,410.7</th>
</tr>
</thead>
</table>

#### PROPOSED CHANGES IN EXPENDITURES

<table>
<thead>
<tr>
<th>Sustaining Core Operations</th>
<th>$ 88.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty compensation: policy-covered</td>
<td>$ 38.7</td>
</tr>
<tr>
<td>Faculty merit program</td>
<td>$ 74.5</td>
</tr>
<tr>
<td>Staff compensation: policy-covered</td>
<td>$ 90.3</td>
</tr>
<tr>
<td>Contractually committed compensation</td>
<td>$ 14.3</td>
</tr>
<tr>
<td>Represented academic employees</td>
<td>$ 45.7</td>
</tr>
<tr>
<td>Represented staff employees</td>
<td>$ 10.6</td>
</tr>
<tr>
<td>Retirement contributions</td>
<td>$ 10.4</td>
</tr>
<tr>
<td>Employee health benefits</td>
<td>$ 11.1</td>
</tr>
<tr>
<td>Non-salary price increases</td>
<td>$ 45.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 498.3</strong></td>
</tr>
</tbody>
</table>

**Enrollment Growth**

- Compact: 2,000 CA undergrad, 625 grad* | $ 57.8 |
- **Total** | **$ 57.8** |

**Student Financial Aid**

- New enrollment (2,000 undergrad, 625 grad) | $ 13.3 |
- Add’l 902 aid-eligible undergrads (NR swap) | $ 4.0 |
- Tuition/Fee/NRST Adjustments | $ 75.0 |
- **Total** | **$ 92.3** |

**Additional High-Priority Investments**

- DDS-ASPIRE, PRIME-Rx, Vet SERVE | $ 4.3 |
- **Total** | **$ 4.3** |

**EXPENDITURES TOTAL** | **$ 652.7**

#### PROPOSED CHANGES IN REVENUE / RESOURCES

<table>
<thead>
<tr>
<th>Alternative Revenue Sources</th>
<th>$ 11.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement savings</td>
<td>$ 90.0</td>
</tr>
<tr>
<td>Asset management</td>
<td>$ 105.3</td>
</tr>
<tr>
<td>Nonresident enrollment growth (200), net</td>
<td>$ 4.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 105.3</strong></td>
</tr>
</tbody>
</table>

**State General Funds**

- 5% Base Budget Adjustment | $ 235.2 |
- Convert 902 nonresident to resident slots | $ 29.1 |
- Offset lost nonresident tuition revenue | $ 4.0 |
- Aid for add’l 902 eligible undergrads | $ 4.3 |
- DDS-ASPIRE, PRIME-Rx, Vet SERVE | $ 272.6 |
- **Total** | **$ 272.6** |

**Tuition and Fees**

<table>
<thead>
<tr>
<th>For campus operations</th>
<th>$ 29.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment growth (net of aid)</td>
<td>$ (29.1)</td>
</tr>
<tr>
<td>Nonresident tuition reduction from swap</td>
<td>$ 79.1</td>
</tr>
<tr>
<td>Nonresident tuition adjustment (net of aid)</td>
<td>$ 36.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 204.9</strong></td>
</tr>
</tbody>
</table>

**For student financial aid**

- From enrollment growth | $ 13.3 |
- From Tuition/Fee/NRST adjustments | $ 75.0 |
- **Total** | **$ 88.3** |

**REVENUE / RESOURCES TOTAL** | **$ 582.8**

**Add’l cost savings/revenues required** | **$ 69.9**

#### ADDITIONAL REQUEST FOR ONE-TIME STATE FUNDS

**Capital Support for Facilities Renewal, Enrollment Growth, and Clean Energy Projects** | $ 1,200.0

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Figures may not sum to totals due to rounding.

* Does not include additional CA undergraduate growth beyond the level in the Compact, which would be funded from the University’s 2023-24 State appropriation together with students’ tuition and fees