THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
March 15, 2018

The Regents of the University of California met on the above date at the Luskin Conference Center, Los Angeles campus.

Members present: Regents Anguiano, Elliott, Guber, Kieffer, Lansing, Lemus, Mancia, Monge, Napolitano, Newsom, Park, Pérez, Sherman, Tauscher, and Zettel

In attendance: Regents-designate Anderson, Graves, and Morimoto, Faculty Representatives May and White, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Provost Brown, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Gulbranson, Vice Presidents Brown, Duckett, Holmes-Sullivan, and Humiston, Chancellors Block, Blumenthal, Christ, Khosla, Leland, May, and Wilcox, and Recording Secretary McCarthy

The meeting convened at 10:00 a.m. with Chair Kieffer presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the special meeting of January 24 and the meeting of January 25, 2018 were approved.

2. **PUBLIC COMMENT**

Chair Kieffer explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

A. Mr. Ashraf Beshay, UCLA student from Egypt, said that changes in currency values in his home country had caused his UCLA tuition to become much more expensive for his family and had forced him to become a part-time student. He said that UCLA had not been understanding about his situation.

B. A UCLA student from China said her family was not rich and worked very hard and sacrificed to pay for her education. She said that some international students take five classes a quarter to graduate in three years to avoid the cost of a fourth year; some clean other students' rooms to earn extra money, since they are allowed to work only 20 hours on campus.

C. A UCLA student from China said the proposed increase in Nonresident Supplemental Tuition (NRST) was unfair, as it considered out-of-state students merely as sources of income. He said out-of-state students contribute significantly to the University community, in research, academics, career development, social connections, and diversity. Repeated increases in NRST would lead to talented students from around the world being turned away from UC.

D. Ms. Rebecca Ora, UC Santa Cruz Ph.D. student, commented that UC's ability to recruit and retain graduate and professional degree students would be affected by increases in Professional Degree Supplemental Tuition (PDST) in addition to increases in these students' total cost of attendance. The high cost of off-campus housing is unaffordable for graduate students.

E. Ms. Becky Grady, UC Irvine Ph.D. student and president of the UC Graduate and Professional Council, said a plan should be developed to address the serious issue of UC's overenrollment. While the University seeks to add more graduate students, these students must be holistically supported, with adequate housing and student services. She urged the Regents to stop unsustainable enrollment growth and ensure UC can support the students already enrolled.

F. Mr. Walen Ngo, UCLA Extension program manager, president of the UCLA Staff Assembly, and delegate to the Council of UC Staff Assemblies (CUCSA), said that participating in CUCSA was the best professional development opportunity for UC staff systemwide. He urged the Regents to invest more in staff professional development.

3. REMARKS OF UC STUDENT ASSOCIATION PRESIDENT

President Napolitano introduced UC Student Association (UCSA) President Judith Gutierrez.

Ms. Gutierrez commented that tuition increases had not resulted in a higher quality educational experience for UC students and that quality was not even being maintained. Students at UC Santa Cruz had created a petition and resolution condemning the State's mandated enrollment increases, which she said had placed UC Santa Cruz far beyond capacity. This problem exists systemwide, with each campus experiencing different limitations and obstacles in accommodating these enrollment increases. Faculty, instructional support staff, and other campus staff were overburdened with the ever-increasing number of students. Classes were overcrowded with students sitting on the floor. Students have to attend for extra years because they cannot enroll in the necessary number of units to graduate on time. Students were homeless because of high housing costs and were skipping meals to save money. Students were falling behind and becoming victims of the predatory student loan industry.

Ms. Gutierrez said some students did not qualify for financial aid, but did not benefit from the wealth of their families and the number of hours they could work on campus were capped at 20. Out-of-state students and professional students with increases in Professional Degree Supplemental Tuition faced even higher costs and less support from the State. UCSA urged the Regent not to increase Nonresident Supplemental Tuition. Students would work with the Regents and the UC Office of the President to lobby the State for increased funding. Students should be included in discussions of how tuition and student fees would be spent. Ms. Gutierrez encouraged holding budget town halls on UC campuses with follow-up sessions to determine if funds spent actually improved students' experience. More than 350 UC students would be in Sacramento the following week for UCSA's annual student lobbying conference.

Ms. Gutierrez said the U.S. Department of Education Office for Civil Rights had found that UC Berkeley had violated federal guidelines for handling some allegations of sexual misconduct. She urged the Regents to continue to implement systemic solutions such as training and prevention, deal with specific perpetrators, and protect UC workers including subcontractors.

Ms. Gutierrez expressed support for UC students who are mothers and their request for clean, clearly marked, and unlocked lactation facilities.

4. **COMMITTEE REPORTS INCLUDING APPROVAL OF RECOMMENDATIONS FROM COMMITTEES**

Chair Kieffer stated that Chairs of Committees and Subcommittees that met the prior day and off-cycle would deliver reports on recommended actions and items discussed, providing an opportunity for Regents who did not attend a particular meeting to ask questions.

Report of the Academic and Student Affairs Committee

Regent Pérez reported that the Committee considered one action item and three discussion items. One discussion item was deferred to a future meeting.

A. ***Approval of Multi-Year Plans for Professional Degree Supplemental Tuition***

The Committee recommended that the Regents approve the multi-year plans for Professional Degree Supplemental Tuition for 24 graduate professional degree programs, as shown in Attachment 1.

Regent Pérez said all 24 programs' Professional Degree Supplemental Tuition (PDST) plans had been determined by the Office of the President to meet all requirements of Regents policy. Small working groups of Committee members reviewed all applications for compliance not only with Regents' policy, but also with the goals articulated by the Committee over time. That process resulted in 14 of the 24 applications being approved by the Committee without further discussion and the final ten having detailed conversations in Committee the prior day. Seven of those ten were approved as presented.

Three programs' applications were approved with modifications. PDST levels for UC San Diego's Pharmacy program were approved for three years rather than five. UC Davis' Preventive Veterinary Medicine program's PDST levels were approved for one year. Both of those programs were asked to apply to the Committee in one year for longer-term approval by addressing issues highlighted by the Committee. UC Berkeley's Product Development Program's application was approved for one year.

B. ***Graduate Education and University of California Excellence***

The Committee had a broad discussion of graduate education and UC excellence.

C. ***UC Grad Slam: Making Game-Changing University of California Research Accessible to Everyone***

The Committee heard a presentation about UC's annual Grad Slam competition, including talks by UCLA's Leslie Rith-Najarian about her research and creation of an online tool to make communication about mental health more engaging and accessible, and UC Riverside's Jesus Rivera, who is researching future materials, including an analysis of the strength of the diabolical ironclad beetle shell that can be found on the UC Riverside campus.

D. ***The University's Transcript Evaluation Service***

Regent Pérez reported that the Committee had an extensive discussion about the University's Transcript Evaluation Service and the partnership with high schools throughout the state, including areas of existing deficiencies. The Committee highlighted this as an area of ongoing work, including comparison with the California College Guidance Initiative. Some Committee members volunteered to examine this area further and report back to the Committee.

E. ***Introduction to Academic Quality Indicators of the University***

Because of lack of time, this item was not discussed.

Upon motion of Regent Pérez, duly made and seconded, the recommendation of the Academic and Student Affairs Committee was approved.

Report of the Compliance and Audit Committee

Regent Zettel reported that the Committee considered two items for action and two items for discussion.

A. ***Approval of External Audit Plan for the Year Ending June 30, 2018***

The Committee recommended that the Regents approve the PricewaterhouseCoopers external audit plan and fees for the University for the year ending June 30, 2018, as shown in Attachment 2.

Regent Zettel reported that the annual external audit plan of the Regents' Auditor outlines the scope of the external audit for the year ending June 30, 2018, the final year of a three-year contract with PricewaterhouseCoopers (PwC). This audit scope is consistent with the audit scope that was approved for 2017. The total cost of the audit for the fiscal year ending June 30, 2018 is $4,407,941, including out-of-pocket expenses. Regent Zettel noted the PwC team's high level of expertise in health care, higher education, healthcare regulatory compliance, self-insurance, compensation and benefits, financial services valuations, and information technology.

The Committee discussed various issues related to the external auditor's approach, including determination of materiality and handling of instances of immaterial fraud. The Committee also discussed the University's implementation of new accounting standards and the auditor's perspective on independence as it relates to bringing issues to the Board.

B. ***Reappointment of Expert Advisor to the Compliance and Audit Committee***

The Committee reported its reappointment of Eric Juline as Expert Financial Advisor to the Committee for an additional one-year term, effective immediately.

Regent Zettel said that Mr. Juline had served as the expert financial advisor to the Committee since March 2015. As a retired PricewaterhouseCoopers partner and a Regent Emeritus, Mr. Juline was uniquely qualified for this role.

C. ***Summary Results of the University's 2017 Audit of Compliance for Federal Awards (Uniform Guidance)***

Regent Zettel advised that PricewaterhouseCoopers (PwC) performed an audit of the University's compliance for federal awards, approximately $5.5 billion of research funding. The programs selected by PwC for compliance testing of the audit requirements under the Uniform Guidance were direct and indirect charges related to research and development, student financial assistance, expenditures and outstanding loans, the Department of Education Gaining Early Awareness and Readiness for Undergraduate Programs program, and the Department of Health and Human Services Foster Care Title IV-E program.

PwC had eight findings related to federal awards, in the areas of timely return of Title IV funds, student loan repayments, enrollment reporting, equipment additions, cash management, key personnel monitoring, information technology privilege access, and research and development charges at campus service centers. No material weaknesses were identified.

D. ***Report on Independent Assessment of Audit Implementation Status***

Regent Zettel reported that Kurt Sjoberg from Sjoberg Evashenk Consulting provided an update on its assessment of the implementation status of State audit recommendations through January 2018, including the reinstatement of the Executive Budget Committee, issues raised by the State Auditor regarding salaries, employee benefits and reimbursement, systemwide initiatives, workforce planning, fund reserves, fund restrictions, and budget development and presentation. Sjoberg Evashenk found that all UC Office of the President (UCOP) workgroups were diligently and purposefully engaged in addressing the intent and form of the State Auditor's recommendations and intend to achieve the April 2018 deadlines, noting that considerable work must be done by UCOP to accomplish this. Mr. Sjoberg also discussed the work that his firm had been performing since the January report.

The Committee discussed the additional work that would be performed to address the State Auditor's concerns regarding the scope of the audit of UCOP operations that was performed by PricewaterhouseCoopers. Committee members also shared various perspectives on the University's approach to salary setting, including the incorporation of State positions and California State University positions into salary setting methodology.

Finally, the Committee discussed the collaborative relationship that UCOP had developed with the State Auditor and how that had facilitated the effective resolution of issues arising from implementation work. The next report from Sjoberg Evashenk would cover activity through March and would be delivered in April.

Upon motion of Regent Zettel, duly made and seconded, the recommendation of the Compliance and Audit Committee was approved.

Chair Kieffer added that Sjoberg Evashenk Consulting noted the University's good progress in addressing the recommendations of the State Auditor.

Report of the Finance and Capital Strategies Committee

Regent Sherman reported that the Committee considered eight action items, nine discussion items, and one information item.

A. ***Approval of Design Following Action Pursuant to the California Environmental Quality Act for the North Torrey Pines Living and Learning Neighborhood and Ridge Walk Academic Complex Projects, San Diego Campus***

Following review and consideration of the environmental consequences of the proposed North Torrey Pines Living and Learning Neighborhood and Ridge Walk Academic Complex Projects, 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 no less than 24 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 Committee recommended:

(1) Certification of the North Torrey Pines Living and Learning Neighborhood Project Environmental Impact Report (EIR) for the projects.

(2) Adoption of the Mitigation Monitoring and Reporting Program, CEQA Findings, and Statement of Overriding Considerations based on the analysis of environmental impacts presented in the EIR for the North Torrey Pines Living and Learning Neighborhood and Ridge Walk Academic Complex Projects.

(3) Approval of the design of the North Torrey Pines Living and Learning Neighborhood Project.

(4) Approval of the design of the Ridge Walk Academic Complex Project.

Regent Sherman summarized that this project would add 2,000 new beds in a mix of residence halls and apartments for undergraduates, including residential support space for undergraduate students, dining, market, and retail space.

B. ***Approval of Budget, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Emerson Hall Replacement, Davis Campus***

The Committee recommended that:

(1) The 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Davis: Emerson Hall Housing Replacement – preliminary plans – $3,396,000 to be funded from housing reserves.

To: Davis: Emerson Hall Replacement – preliminary plans, working drawings, and construction – $109.3 million to be funded from external financing ($98.3 million) and housing reserves ($11 million).

(2) The scope of the Emerson Hall Replacement project shall provide approximately 197,859 gross square feet of space in three structures. The buildings will include approximately 374 units to house approximately 809 students, as well as community and building support spaces.

(3) The President of the University be authorized to obtain external financing not to exceed $98.3 million plus additional related financing costs. 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. As long as the debt is outstanding, general revenues from the Davis campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

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

(4) Following review and consideration of the environmental consequences of the proposed Emerson Hall Replacement 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 no less than 24 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 Committee recommended:

a. Adoption of the Initial Study/Negative Declaration.

b. Adoption of the CEQA Findings in support of the project.

c. Approval of the design of the Emerson Hall Replacement project, Davis campus.

(5) The President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

Regent Sherman stated that this UC Davis project would provide 809 beds in 374 units. The Committee approved this item, subject to further discussions with UC Davis about minimizing the project's cost per square foot.

C. ***Approval of Undergraduate Nonresident Supplemental Tuition and Adjustments of the Employer Contribution to the University of California Retirement Plan***

The Committee recommended:

(1) Approval of the increase in undergraduate Nonresident Supplemental Tuition shown in Display 1, to be effective with the 2018-19 academic year.

(2) Rescission of the prior Regents' approval in the July 2017 action, *Authorization to Increase the University Employer Contribution Rate and Make Additional Contributions to the University of California Retirement Plan*, to increase the University's contribution rate for the Campus and Medical Centers segment of the University of California Retirement Plan ("UCRP" or "Plan"), effective July 1, 2018, to 15 percent (from 14 percent)

for all member classes and tiers, other than Tier Two and 7.5 percent (from seven percent) for Tier Two members.[1]

(3) Rescission of an increase in the employer assessment to seven percent (from six percent) for Savings Choice Participants in the Defined Contribution Plan.

DISPLAY 1: Proposed Increases to Undergraduate Nonresident Supplemental Tuition

	2017-18 Charges	*Proposed Adjustment*	*Proposed % Change*	Charges Effective 2018-19
Nonresident Supplemental Tuition				
Undergraduate	$28,014	*$978*	3.5%	$28,992

Regent Sherman stated that the Regents were being asked to approve two components of the University of California operating budget plan for 2018-19: a proposed increase to undergraduate Nonresident Supplemental Tuition (NRST) and a proposed rescission of previously approved increases to employer contribution rates to the University of California Retirement Plan (UCRP). Other recommended actions related to the 2018-19 budget plan would be presented to the Board in May. Both requested actions are important components of the University's 2018-19 budget plan. The University's proposed 2018-19 budget plan includes revenue of $34.8 million from a proposed increase of $978 (3.5 percent) in undergraduate NRST. These additional revenues are critical to 2018-19 campus operating budgets. The University anticipated that the State would provide only a three percent budget augmentation for the University in 2018-19, which is one percent lower than expected in July 2017. As a result, State funds for 2018-19 would likely fall short of expectations by more than $30 million. The President of the University and the Chief Financial Officer recommended maintaining the current employer contribution rate at 14 percent for the campus and medical center segment of the UC Retirement Plan. Such action would save roughly the same amount for the University in terms of contributions from core funds.

Regent Sherman reported that the Committee discussed the fact that UC had never received a buyout of NRST by the State, the importance of working with students to lobby the State legislature, the rationale for approving an increase in NRST at the current time rather than in May, concerns of nonresident students, potential effects on the diversity of nonresident students, and the rationale for keeping the employer UCRP contribution rate at 14 percent.

[1] The UCRP member class known as "Tier Two" is a frozen group. As of July 1, 2017, it had three active members.

D. ***Approval of Budget and Design Following Action Pursuant to California Environmental Quality Act, Northern Regional Library Facility Phase 4 Expansion, Systemwide***

The Committee recommended that:

(1) The 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Systemwide: Northern Regional Library Facility Phase 4 Expansion – preliminary plans − $600,000 to be funded from the UCOP Strategic Priority Fund resulting from one-time budget savings in prior year(s).

To: Systemwide: Northern Regional Library Facility Phase 4 Expansion – preliminary plans, working drawings, construction, and equipment – $32.5 million to be funded from the UCOP Strategic Priority Fund ($2.5 million) and external financing supported by State appropriations under the process described in Sections 92493 through 92496 of the California Education Code ($30 million).

(2) The scope of the Northern Regional Library Facility Phase 4 Expansion project shall consist of constructing an approximately 27,500-gross-square-foot, 24,750-assignable-square-foot addition to the existing Northern Regional Library Facility at the UC Richmond Field Station. The project has a one-story stack area utilizing a high bay storage system, a staff work area, and associated site work (including infrastructure, limited exterior landscaping, and site improvements).

(3) Following review and consideration of the environmental consequences of the proposed Northern Regional Library Facility Phase 4 Expansion, 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 no less than 24 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 Committee recommended:

a. Finding the project to be in conformance with CEQA as indicated in Addendum #1 to the Richmond Bay Campus 2014 Long Range Development Plan Final Environmental Impact Report.

b. Adoption of the CEQA Findings in support of the project.

c. Approval of the design of the Northern Regional Library Facility Phase 4 Expansion project.

(4) The President of the University be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

Regent Sherman reported that, on behalf of the University of California Libraries, the Berkeley campus proposed to construct an addition of approximately 27,500 gross square feet to the Northern Regional Library Facility (NRLF) at the UC Berkeley Richmond Field Station. The Committee discussed the cost of transporting the books from UC campuses to the proposed facility compared with the cost of building facilities on each campus. The repository would be for books that are infrequently used.

E. ***Authorization to Approve Formation of Cell Captive Insurance Companies***

The Committee recommended that the Regents authorize the President of the University, in consultation with the General Counsel, to form a core incorporated cell captive insurance company and authorize the President, the Chief Financial Officer, the Chief Operating Officer, the Chief Risk Officer, and the General Counsel as members of the board of directors of the core incorporated cell captive insurance company to approve the creation and use of an incorporated cell insurance company by the California State University.

Regent Sherman recalled that in May 2012 the Regents authorized the creation of a captive insurance company, Fiat Lux Risk and Insurance Company. This item would approve the formation of another captive insurance mechanism known as an incorporated cell insurance company. UC and California State University (CSU) were in discussions regarding a cell company that would allow CSU to efficiently enter the captive insurance market in order to provide workers' compensation reinsurance to the CSU system, to lower their costs.

The Committee discussed the potential savings and liabilities, and opportunities for additional cells and associated risks.

F. ***Significant Information Technology Projects Report***

Regent Sherman said the Committee received a report of ongoing information technology (IT) projects in accordance with Regents Policy 5103, Policy on Reporting Standards for University of California Significant Information Technology Projects adopted in November 2017 to establish reporting standards for all University locations for IT projects. The Committee discussion involved sharing similar projects among the campuses compared with the need to customize projects to meet campus needs.

G. ***Budget Categories and Definitions: Systemwide Programs and Presidential Initiatives***

The Committee received a presentation on work done by the Office of the President following recommendations made by the California State Auditor in April 2017 that UCOP develop a clear definition of systemwide initiatives versus central and administrative services to ensure consistency in future budgets, and develop a comprehensive list of systemwide initiatives and Presidential initiatives.

H. ***University of California Office of the President Fund Restrictions***

In April 2017, the California State Auditor recommended that by April 2018 the Office of the President document and review the restrictions on its funds to determine whether it can reallocate any of these funds for other purposes. The Committee received a presentation on results of a UCOP working group that gathered fund restriction data from both the budgeting and accounting records and developed definitions for fund restrictions and designations. The Committee discussion focused on the definition of an undesignated fund, whether it is committed or uncommitted, and the duration and Board approval of funding for Presidential initiatives.

I. ***University of California Office of the President Fiscal Year 2018-19 Budget Process and Presentation Prototype***

In response to the April 2017 California State Auditor recommendations, the Office of the President is working to improve its budget process to increase consistency, clarity, and efficiency, solicit greater stakeholder input during the budget cycle, and deliver complete and transparent budget presentations. The Committee received a progress update on new budget presentation prototypes for the fiscal year 2018-19 budget to be presented in May 2018.

J. ***UCPath Update***

The Committee was briefed on changes to the UCPath program financial forecast that reflect the December 2017 revised deployment schedule, related cost increases, and an update on UCPath status and upcoming deployments. Committee discussion focused on the projected rate of spending, campus dashboards, project staffing, campus implementation costs, projected cost per paycheck, and continuing efforts to reduce costs.

K. ***Orchard Park Family Housing and Graduate Student Housing Redevelopment Project and West Village Transfer Student Housing Project, Davis Campus***

Regent Sherman said the Orchard Park Family and Graduate Student Housing Redevelopment Project would provide 200 two-bedroom below-market student family apartments and a total of 400 beds and up to 1,200 graduate student beds.

The Committee discussed comparisons of proposed rental rates to market rates. The project would utilize a public-private partnership development method, which had been successful throughout UC.

L. ***Student Housing West Housing Project, Santa Cruz Campus***

This project would create 3,000 new beds in apartment-style configurations for upper division undergraduates and graduate students, and up to 140 two-bedroom apartments for students with families. The project would utilize the public-private partnership structure. UC Santa Cruz students had requested future consideration of development of a student center at that campus.

M. ***Update on Three Housing Projects, Los Angeles Campus***

Regent Sherman reported that these three projects, the 10995 Le Conte Apartments, the Lot 15 Residence Hall, and the Southwest Campus Apartments, would provide 5,219 beds of student housing at UCLA. The Committee discussed ways to reduce project costs.

N. ***Report on the Delegated Process for Capital Improvement Projects***

Regent Sherman said the Delegated Process for Capital Improvement Projects (Delegated Process) was initiated in 2008 as an alternative to full Regents' approval for projects with a total project cost of between $10 million and $70 million. The Delegated Process is scheduled to sunset on March 31, 2018. The Committee received an update on budget approvals and augmentations of projects approved under the Delegated Process for a 30-month period between July 1, 2015 and December 31, 2017. This was an update to the information provided to the Regents in November 2014.

There was no Committee discussion of the presented report.

O. ***Regents Policies on Capital, External Financing, and Employee Housing Assistance Program Matters***

The Committee recommended:

(1) Adoption of a Regents Policy on Capital Project Matters, as shown in Attachment 3.

(2) Adoption of a Regents Policy on External Financing, as shown in Attachment 4.

(3) Adoption of a Regents Policy on Borrowing from Combined Investment Portfolios of the Short Term Investment Pool and the Total Return Investment Pool, as shown in Attachment 5.

(4) Amendment of Bylaw 22.2 (c) to reference the Regents' authority for approving University of California Employee Housing Assistance Program Policies, following service of appropriate notice, as shown in Attachment 6.

(5) Amendment of the Charter of the Finance and Capital Strategies Committee (Section D) to include the University of California Employee Housing Assistance Program in Oversight Responsibilities, as shown in Attachment 7.

(6) Adoption of a Regents Policy on the University of California Employee Housing Assistance Program, as shown in Attachment 8.

(7) Rescission of Standing Orders: 100.4 (o), (q)(1), (q)(2), (y), (z), (aa), (cc), (dd)(1), (dd)(8), (ff), (gg), (hh), (jj)(1), (jj)(2), (kk), (ll)(1), (ll)(2), (ll)(3), (nn)(1), and (nn)(2), following service of appropriate notice, as shown in Attachment 9.

(8) Rescission of Regents Policies: 5302 - Policy on Interest Rates for Loans from Regents' Funds; 5303 - Policy on Borrowing from Combined Investment Portfolios of STIP and TRIP; 5304 - Policy on the Administration of UC Housing Facilities; 5305 - Policy on University of California Mortgage Origination Program; 5306 - Policy on University of California Supplemental Home Loan Program; 5503 - Policy on Bonding Requirements for Construction Contracts; 8101 - Policy on Campus and Community Planning and Development; and 8102 - Policy on Approval of Design, Long Range Development Plans, and Administration of the California Environmental Quality Act, as shown in Attachment 10.

Regent Sherman commented that the Office of the Chief Financial Officer, as part of the Board governance restructuring project and in consultation with the Office of the General Counsel and the Office of the Secretary and Chief of Staff, proposed revisions to the Regents Policies on matters concerning capital, external financing and the University of California Employee Housing Assistance Program. The revisions are intended to align with the new governance framework of the Regents and the Charter of the Finance and Capital Strategies Committee. There was no Committee discussion of this proposal.

P. ***Amendment of the Budget and Approval of External Financing, Joan and Sanford I. Weill Neurosciences Building, San Francisco Campus***

The Committee recommended that:

(1) The 2017-18 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: The Joan and Sanford I. Weill Neurosciences Building – preliminary plans, working drawings, construction, and equipment – $357.6 million, to be funded from external financing ($141.6 million), gifts ($175 million), and campus funds ($41 million).

To: San Francisco: The Joan and Sanford I. Weill Neurosciences Building – preliminary plans, working drawings, construction, and equipment – $447 million, to be funded from external financing ($272 million) and gifts ($175 million).

(2) The President of the University be authorized to obtain external financing not to exceed $272 million plus additional related financing costs, for the project. The President shall require that:

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

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

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

(3) The President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.

Regent Sherman recalled that in May 2017 the Regents approved a project budget of $357.6 million for the Joan and Sanford I. Weill Neurosciences Building at UCSF, to be funded with gifts ($175 million), external financing ($141.6 million), and campus funds ($41 million). Since these approvals were obtained, additional costs had been identified that could not be absorbed within the approved budget. Cost increases include necessary adjustments to account for an extremely complex program and building, as well as greater than anticipated construction market changes that have been affected by the costs of labor and materials.

The Regents were being asked to: approve an $89.4 million augmentation for a total project budget of $447 million; approve a $130.4 million increase of external financing for a total of $272 million to cover both the budget augmentation of $89.4 million and the elimination of campus funds as a funding source for the project; and authorize the President of the University to execute documents related to these actions. The Committee had reviewed this item previously, so there was little discussion.

Q. ***Approval of Preliminary Plans Funding, Franklin Antonio Hall, San Diego Campus***

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

San Diego: Franklin Antonio Hall – preliminary plans – $8 million to be funded from campus funds.

Regent Sherman reported that UC San Diego proposed to construct Franklin Antonio Hall (formerly Engineering Interdisciplinary Building), approximately 129,000 assignable square feet of collaborative research space for the Jacobs School of Engineering. The Committee had reviewed this item previously and there was no discussion.

R. ***Report of Budget to Actual Expenditures for First and Second Quarters Fiscal Year 2017-18 for the Office of the President***

The Office of the President provided summary results of its year-to-date actual expenditures for fiscal year 2017-18 through December compared to the fiscal year 2017-18 budget approved by the Regents in July 2017.

Chair Kieffer recalled that President Napolitano had set a goal of adding 14,000 beds by 2020 for student on-campus housing. The University was on track to add 19,000 beds. He also noted progress made on clarification of the budget of the Office of the President, in response to the recommendations of the State Auditor.

Regent Newsom asked that item C. be considered separately by the Board.

Upon motion of Regent Sherman, duly made and seconded, the recommendations of the Finance and Capital Strategies Committee for items A., B., D., E., O., P., and Q. were approved.

Regarding item C., Regent Newsom asked Executive Vice President and Chief Financial Officer Brostrom if, absent budget constraints, he would have recommended keeping the increase in the University's employer contribution to the UC Retirement Plan (UCRP) from 14 percent to 15 percent, as approved by the Regents in July 2017. Mr. Brostrom explained that in the past six years the University had borrowed funds from the Short Term Investment Pool (STIP) to make up the gap between the combined employer and employee contributions and the annual required contribution. In the prior year, liquidity concerns had arisen for STIP that could have jeopardized UC's ratings with the rating agencies. However, with investment returns of the prior year, the borrowing required for the 14 percent employer contribution would be $400 million less than had been anticipated. Mr. Brostrom expressed his view that keeping the employer contribution at 14 percent was prudent. Regent Newsom asked if these calculations still assumed a 7.25 percent discount rate. Mr. Brostrom answered in the affirmative, adding that UC's actuarial experience study would be conducted the following year and would reexamine the discount rate. Regent Newsom expressed his view that the 7.25 percent discount rate was too high and that the earlier decision to increase the employer contribution was wise. Mr. Brostrom commented that UCRP would still achieve a funded ratio of 90 percent by 2023.

Regent Newsom asked why the Regents were being asked to consider increasing Nonresident Supplemental Tuition (NRST) at the current time, when resident tuition would be considered at a future meeting. Mr. Brostrom responded that NRST was substantially higher than in-State tuition and the proposed increase could affect nonresident students' decisions whether to attend UC. Admission decisions would be sent in the current month. Contrary to national trends, UC had experienced an increase in nonresident applications; international applications increased 4.7 percent and domestic nonresident applications increased more than three percent. However, UC had much lower yield rates for nonresident students than for California students. It was important for nonresident students and their families to know what tuition would be, particularly since nonresident students were not eligible for financial aid as a result of actions of the State Legislature.

Mr. Brostrom added that both the rescission of the increase in the employer contribution to UCRP and the proposed increase in NRST, which together would total $70 million, were important for the campuses. Campuses were currently starting to plan course offerings and their need for teaching assistants. Regent Newsom said the same arguments could be made for considering resident tuition at the current time, but that had been postponed until the May meeting. Mr. Brostrom pointed out that the State had never provided a buyout of nonresident tuition. Regent Newsom said it would be preferable to leverage this moment of opportunity when the State has a surplus and some State leaders have expressed their commitment to public higher education. He urged the Regents not to make the decision to increase NRST prematurely. Mr. Brostrom said the State's message to the University regarding NRST had been clear. Three years prior, the State had disallowed the University from providing financial aid to nonresident students. The State took action to cap the number of UC's nonresident students. Regent Newsom expressed his view that the State was close to having a fresh approach to funding public higher education. He urged the Regents to delay this vote until May to allow time to lobby the Governor and the Legislature with students, faculty, and labor unions.

Regent Pérez said he shared some of the concerns of Regent Newsom. In response to questions from Regent Pérez, Mr. Brostrom said the financial effect on UC campuses of rescinding the increase in employer contribution to UCRP would be $33 million and the effect of the proposed increase in NRST would be $34.8 million. Regent Pérez noted that the benefit of the rescission of the employer UCRP contribution would be more evenly distributed across the campuses than would the increase in NRST, which would benefit some campuses. Regent Pérez suggested dividing the question for section (1) involving NRST from sections (2) and (3) involving the employer contributions to UCRP. Regent Pérez expressed strong disagreement with the legislative directive to not provide financial aid for nonresident students, which he said limits UC's pool of out-of-state and international students to those who can fully fund the total cost of attendance.

Regent Lansing commented that the Regents never want to raise tuition and noted moving statements made during the public comment period. She recalled the history of the Legislature's not providing support for nonresident students. However, she emphasized the effectiveness of student lobbying and in conjunction with other UC stakeholders. She noted the consensus of the Public Engagement and Development Committee to allocate any additional funds received to buy out the proposed increase in resident tuition. She suggested that the Regents vote on the increase in NRST at this meeting, but then continue to lobby the State to provide a buyout of the increase in NRST. Regent Lansing suggested an amendment that should those lobbying efforts prove successful in obtaining State funds to buy out the NRST increase, over and above other funds requested, the Regents commit to rescind the NRST increase at that time. She also commented that the Public Engagement and Development Committee supported asking the gubernatorial candidates to commit to buy out both resident and nonresident tuition increases.

Chair Kieffer reminded the Board of the impassioned pleas of the chancellors at the January meeting that the Regents vote at least on NRST at the March meeting, given the campuses' budgetary needs.

Regent Monge asked if the $70 million budget request for a buyout of the proposed undergraduate tuition increase presupposed approval of this $34.8 million increase in NRST, and if that was why the buyout request was only for $70 million and did not include the $34.8 million. Associate Vice President David Alcocer answered in the affirmative, explaining that, based on past experience, the University had reason to hope for a buyout of the proposed undergraduate tuition increase, but that a buyout of NRST had not occurred previously. Regent Monge expressed his view that it was becoming increasingly difficult to justify the disparity between resident and nonresident tuition, given that nonresident students were not seeing any proportional increase in services. The financial status of nonresident students is not homogenous. He advocated for including a buyout of the proposed NRST increase in UC's budget request.

Regent-designate Graves expressed appreciation for the position of the Regents and the process of considering this matter. He asked what resources were available for UC's nonresident students, such as nonresident or international student centers. UC must recruit students nationally and globally to remain the world's premier public university. Students were willing to partner with the Regents in lobbying the State.

Student Advisor Sands expressed unease that the proposed increase could make UC unaffordable for many nonresident students. He said the University should learn more about its nonresident students, the effects of tuition increases on them, and the effect a reduction in nonresident students would have on the quality of UC for all of its students. Nonresident students add real value to the University community. Student Advisor Sands said that UC's California students are in full solidarity with its nonresident students, and he urged including a buyout of NRST in UC's budget request.

President Napolitano expressed appreciation for these comments, but expressed her belief that it was in the best interest of the University to proceed with the vote to increase NRST at the current time and to accept the recommendation of the Finance and Capital Strategies Committee for both the increase in NRST and the adjustment to the employer UCRP contribution. Both were necessary for the fiscal health of the University. Also, nonresident student admittees deserved to know what their tuition would be while they were making their decisions. The University's joint advocacy in Sacramento should be focused on a buyout of the in-state tuition increase. The possibility that the Legislature would provide any relief for NRST was not realistic. Advocacy should be focused on areas where success can be achieved. UC chancellors need to know at least part of their budgets for the next academic year.

Regent Pérez expressed agreement with President Napolitano's assessment of what is possible and the importance of moving forward. Another option would be to seek funding from other sources of reserves.

Regent Pérez moved to divide the question for section (1) involving NRST from sections (2) and (3) involving the employer contributions to UCRP. The motion was seconded and passed unanimously.

Regent Pérez moved approval of sections (2) and (3). The motion passed, Regents Anguiano, Elliott, Guber, Kieffer, Lansing, Lemus, Mancia, Monge, Napolitano, Park, Pérez, Sherman, Tauscher, and Zettel voting "aye," and Regent Newsom voting "no."

Regent Lansing said UC could prioritize its advocacy and it was important to lobby for the interests of nonresident students. Regent Lansing proposed an amendment to section (1) that the Regents would continue to lobby for a buyout of the increase in NRST and that if those lobbying efforts were successful, the Regents would commit to rescinding the increase in NRST at that time. Chair Kieffer clarified that if UC received additional State funds for a buyout of the increase in NRST over and above UC's other requests, the Regents would rescind the increase in NRST.

Regent Park expressed her view that UC's ability to offer financial aid to nonresident students in need was a compelling consideration and would be the best focus for efforts to provide additional support to UC's nonresident students, rather than a complete buyout of the proposed increase in NRST.

Regent Pérez agreed that it was important to arrive at a funding request with the greatest likelihood of success. Requesting funds that would benefit needy nonresident students would be more effective.

Regent Tauscher observed that Regent Park's proposal was a perfecting amendment to Regent Lansing's amendment, and was material. Since the Legislature had made clear its lack of desire at the current time to provide funding to support nonresident students, the ability to offer needy nonresident students financial aid would be important to explore.

Regent Park moved a perfecting amendment to Regent Lansing's amendment that UC would advocate to be allowed to offer financial aid to nonresident students in need, as defined by the University.

Mr. Brostrom clarified that allowing UC's nonresident students to participate in UC's financial aid would not involve a budget request of the State, but rather would require only the approval of the Legislature.

Upon motion of Regent Park, duly made and seconded, Regent Park's perfecting amendment of Regent Lansing's amendment was approved unanimously.

Upon motion of Regent Lansing, duly made and seconded, Regent Lansing's amendment of section (1) was passed as amended, with Regents Anguiano, Elliott, Guber, Kieffer, Lansing, Lemus, Mancia, Monge, Napolitano, Newsom, Park, Pérez, Sherman, and Tauscher voting "aye," and Regent Zettel voting "no."

Faculty Representative May suggested that, should Regent Lansing's amendment fail, Regent Park's perfecting amendment be considered independently.

Upon motion of Chair Kieffer, duly made and seconded, section (1) was approved as amended, Regents Anguiano, Elliott, Guber, Kieffer, Lansing, Lemus, Mancia, Napolitano, Park, Sherman, Tauscher, and Zettel voting "aye," and Regents Monge, Newsom, and Pérez voting "no." For final action, see Attachment 11.

Regent Monge requested a presentation to the Academic and Student Affairs Committee meeting about student services available to nonresident students. Student Advisor Sands asked that the presentation include income demographics of nonresident students.

Report of the Governance and Compensation Committee

Regent Sherman reported that the Committee considered three items for action and two items for discussion.

A. ***Amendment and Rescission of Certain Regents' and Other Policies Pertaining to Senior Management Group Compensation***

The Committee recommended:

(1) Amendment of Regents Policy 7709: Senior Management Group Automobile Allowance, Regents Policy 7710: Senior Management Group Moving Reimbursement, and PPSM II-71: Senior Management Supplemental Benefit Program, as shown in Attachments 12 through 14; and

(2) Rescission of Regents Policy 7711: Senior Management Group Relocation Allowance, as shown in Attachment 15.

Regent Sherman said the majority of these proposed changes stemmed from recommendations of the State Auditor's report on UCOP Administrative Expenditures. Regarding Senior Management Group (SMG) automobile allowance, new hires and new appointees to SMG positions would not be eligible to receive automobile allowances. The University had not approved any new automobile allowances for SMG positions since March 1, 2017. Regarding SMG moving reimbursement, the changes in policy were necessary to ensure that the University is able to attract candidates, particularly those coming from out of state or from areas within California where the cost of housing is lower than the areas where UC campuses are located. There was no discussion of this action item in Committee.

B. ***Approval of Market Reference Zones for Certain Senior Management Group Positions***

The Committee recommended approval of the revised Market Reference Zones for the Senior Management Group, as shown in Attachment 16.

Regent Sherman reported that this item requested approval of recommendations from the Regents Working Group on Executive Compensation to amend the University's classification system for Senior Management Group (SMG) Market Reference Zones (MRZs). Members of the Working Group included Regents Anguiano, Elliott, Lansing, Makarechian, Monge, Napolitano, Pérez, Sherman (Chair), and Tauscher. The proposed amendments to the MRZs incorporated salary data from the State of California and the California State University. The recommendations of the Regents Working Group were in response to the State Budget Act of 2017 and the California State Auditor's recommendation. No individual salary increases were being proposed as a result of this item, nor any changes to approval authorities or the governance structure currently in place. The Committee unanimously recommended the item without discussion.

C. ***Amendment of the Finance and Capital Strategies Committee Charter***

The Committee reported its amendment of the Charter of the Finance and Capital Strategies Committee, as shown in Attachment 17.

This action item was not summarized at the Board meeting.

D. ***Update of University of California Office of the President Audit of Administrative Expenditures Salary-Related Implementation Workstreams 1 Through 3***

This discussion item was not summarized at the Board meeting.

E. ***Update of University of California Office of the President Audit of Administrative Expenditures on Workforce Planning***

This discussion item was not summarized at the Board meeting.

Upon motion of Regent Sherman, duly made and seconded, the recommendations of the Governance and Compensation Committee were approved.

Report of the Health Services Committee (meeting of February 6, 2018)

Regent Lansing reported that the Committee considered three items for discussion and one action item.

A. ***Remarks of the Executive Vice President – UC Health***

Dr. Stobo did not make remarks at the Committee meeting.

B. ***Formalize Approval of Benchmarking Framework for UC Health Positions Resulting in Revisions to the Respective Market Reference Zones***

Regent Lansing reported that the Committee approved these Market Reference Zones (MRZs), which had been previously approved by the Governance and Compensation Committee.

C. ***UC Health Update on Car-T Cell Therapy***

Regent Lansing stated that Professor Alan Ashworth, President of the UCSF Helen Diller Family Comprehensive Cancer Center, discussed an exciting and promising new cancer therapy. The therapy takes immune cells out of the body, inserts genes that recognize cancer, and then reinstates those cells in the body. These chimeric antigen receptor T (CAR-T) cells then seek, recognize, and kill cancer cells. Currently, the therapy is limited to blood cancers of the B cell type and is extremely costly. The Committee discussed advocacy to reduce the cost.

For commercially insured patients, UC Health expects that it will be paid at least what it spends on these patients. For Medi-Cal patients, at the current time, UC would lose a great deal of money on every patient. Regent Lansing emphasized that UC Health would continue to treat all patients equally, regardless of ability to pay, as that is UC's mission.

D. ***Affiliation for Advisory Services in China, Los Angeles Campus***

In November 2017, UCLA Health had described its plan to enter into an affiliation to develop two hospitals in Guangzhou, China. The proposed affiliation was discussed again at the February meeting. The affiliation would be unique in being a pure service agreement. UCLA Health would not make any investment and would not own, operate, or have an equity position in these hospitals, but act in an advisory capacity. UCLA Health would be paid for consultation services as they are delivered, on a pay-as-you-go basis, and hoped that this endeavor would provide a new source of revenue at a time when there was a demand in China for high-quality, Western-style hospitals.

Committee members expressed concerns about the risks of default, passing on knowledge and best practices to an outside entity, indemnification, and protecting the UCLA brand. The contract was still being negotiated.

Report of the Public Engagement and Development Committee

Regent Lansing reported that the Committee considered four items for discussion:

A. ***Federal Issues Update***

The Committee heard an update on the status of the federal budget for fiscal years 2018-19, and expressed its desire to advocate for UC's Deferred Action for Childhood Arrival program recipients.

B. ***Overview of UC Advocacy Efforts in Sacramento 2018***

The UC Office of the President State Government Relations team had collaborated with Regents, chancellors, faculty, and students to initiate advocacy efforts focused on the upcoming nine months with a goal of garnering greater State support and having a more constructive relationship with Sacramento stakeholders. Regent Lansing expressed the Committee's appreciation of UC students' lobbying efforts, which are essential to success. The Committee discussed gaining the support of gubernatorial candidates for full funding of public higher education.

C. ***Community Outreach and Impacts, Irvine Campus***

The Committee heard a brief overview of UC Irvine's broad and diverse community engagement programs and presentations about three sample programs: Project Hope Alliance, which strives to ease the plight of the tens of thousands of children in Orange County who are homeless or housing-insecure; PRIME-LC, a five-year M.D./Master's program that trains physicians to meet the needs of under-resourced Latino communities; and the Center for Educational Partnerships, which works to raise student achievement levels and prepare students for post-secondary education.

D. ***University of California ClioMetric History Project***

To help celebrate the 150th anniversary of the University of California, UC Berkeley's Center for Studies in Higher Education partnered with the UC Office of the President to create the UC ClioMetric History Project. Project Director Zach

Bleemer provided an overview of the project's goals and status. The Committee noted data showing how many of UC's nonresident students remain in California after their studies, and that currently some who wish to stay cannot because of government policies.

Report of the Investments Subcommittee

Regent Sherman reported that the Subcommittee considered one item for discussion and one item for action:

A. ***Update on Investment Products***

Regent Sherman reported that the Office of the Chief Investment Officer managed $118.4 billion in assets as of December 31, 2017, including the Endowment ($11.5 billion), Pension ($66.6 billion), Working Capital ($15.6 billion, including Total Return Investment Pool [TRIP] $9.2 billion and Short Term Investment Pool [STIP] $6.4 billion), Retirement Savings Program ($23.8 billion), and Fiat Lux ($0.9 billion). The Endowment returned 6.7 percent for the fiscal year to date and 14.6 percent for one year; the Pension returned 7.5 percent for the fiscal year to date and 16.78 percent for one year; TRIP returned five percent for the fiscal year to date and 10.7 percent for one year; and STIP returned 0.7 percent for the fiscal year to date and 1.4 percent for one year.

B. ***Amendment and Rescission of Regents Policies on Investment Matters***

The Subcommittee recommended:

(1) Amendment of Regents Policy 6101 – University of California Retirement Plan (UCRP) Investment Policy Statement, as shown in Attachment 18.

(2) Adoption of a Regents Policy on UCRP Asset and Risk Allocation, as shown in Attachment 19.

(3) Amendment of Regents Policy 6102 – General Endowment Pool (GEP) Investment Policy Statement, as shown in Attachment 20.

(4) Adoption of a Regents Policy on GEP Asset and Risk Allocation, as shown in Attachment 21.

(5) Amendment of Regents Policy 6108 – UC Total Return Investment Pool (TRIP) Investment Policy Statement, as shown in Attachment 22.

(6) Adoption of a Regents Policy on TRIP Asset and Risk Allocation, as shown in Attachment 23.

(7) Amendment of Regents Policy 6109 – Short Term Investment Pool (STIP) Investment Guidelines, as shown in Attachment 24.

(8) Adoption of a Regents Policy on STIP Asset and Risk Allocation, as shown in Attachment 25.

(9) Amendment of Regents Policy 6111 – Investment Policy Statement for University of California Retirement Savings Program (UCRSP), as shown in Attachment 26.

(10) Amendment of Regents Policy 6201 – Investment Policy for the University of California Campus Foundations, as shown in Attachment 27.

(11) Amendment of Regents Policy 6104 – Policy on Conflict of Interest Regarding Assets Managed by the Chief Investment Officer, as shown in Attachment 28.

(12) Rescission of Regents Policy 6105 – Policy on Disclosure of UCRP and GEP Investments-Related Information, as shown in Attachment 29.

(13) Rescission of Regents Policy 6106 –Policy on Total Return Expenditure on Regents' General Endowment Pool Assets, as shown in Attachment 29.

(14) Rescission of Regents Policy 6107 – Policy on Endowment Administration Cost Recovery on Regents' Assets, as shown in Attachment 29.

(15) Rescission of Regents Policy 6110 – Policy on Disclosures Regarding Use of Placement Agents for the University of California Retirement System Investments, as shown in Attachment 29.

(16) Rescission of Regents Policy 6301 – Policy to Exclude Securities of Companies Manufacturing Tobacco Products from Index Funds and to Continue Existing Exclusion from Actively Managed Funds, as shown in Attachment 29.

(17) Rescission of Regents Policy 6302 – Policy on Divestment of University Holdings in Companies with Business Operations in Sudan, as shown in Attachment 29.

Regent Sherman reported that these policy revisions were to align Regents Policies and Standing Orders with the updated governance structure.

Upon motion of Regent Sherman, duly made and seconded, the recommendation of the Investments Subcommittee was approved.

Report of the National Laboratories Subcommittee

Regent Tauscher reported that the Subcommittee considered one discussion item:

Update on the National Laboratories

Regent Tauscher reported that the Subcommittee heard an update from Vice President Budil. The current management and operating contract for the Los Alamos National Laboratory (LANL) expires on September 30, 2018. The National Nuclear Security Administration (NNSA) has commenced a competition for the follow-on contract. A proposal on behalf the University's team was submitted in December in response to the Request for Proposals (RFP).

On March 8, NNSA amended the RFP to announce that it plans to hold orals the week of March 19 in Washington, D.C. NNSA further indicated that, during the week of March 12, it would contact all the bidders deemed to be within the competitive range to provide written feedback. The competitive range consists of the most highly rated proposals; proposals deemed outside of the competitive range are eliminated from further consideration. As of the March 14 Subcommittee meeting, the University's team had not yet received written feedback from NNSA.

After orals are held the week of March 19, the RFP will be amended again to provide instructions for a final proposal revision. It is anticipated that the contract award would be announced in approximately May of 2018.

5. **INNOVATIONS IN STEM EDUCATION AND CREATING INCLUSIVE CLASSROOMS: THE UCLA EXPERIENCE**

Chancellor Block noted the need to increase diversity in fields of science, technology, engineering, and mathematics (STEM), which requires not only attracting students, but also retaining them. He introduced UCLA Professor of Molecular, Cell, and Developmental Biology Tracy Johnson, who was a leader of these efforts at UCLA.

Ms. Johnson discussed efforts to advance the quality of education in the life sciences for UCLA students. While UCLA students' average incoming grade point average is 4.39, 31 percent are first-generation college students. Three of the five most popular majors at UCLA are in the life sciences. These students are exceptionally talented and will be the future leaders in science.

Studies have clearly indicated that of students entering STEM fields in colleges nationally, only about 40 percent graduate with STEM degrees and only 22 percent of underrepresented minority (URM) students. At UCLA, 74 percent of non-URM students who enter in a STEM field complete a STEM degree within five years, but only 48 percent of URM students. The remaining 52 percent graduate with UCLA degrees, but not in STEM fields. The goal is to develop best practices that are effective in improving outcomes for all students.

Research has shown that students' skills and abilities are poor predictors of persistence in STEM fields, and that the best predictor of persistence in STEM is the ability of students to identify as scientists. When students begin to think of themselves as scientists, they are more likely to persist in science disciplines. Research also shows that students' early engagement in course-based research experiences increases their success in completing STEM degrees; these effects were similar for students across demographic groups.

Ms. Johnson was named in 2014 as a Howard Hughes Medical Institute (HHMI) Professor and received a $1 million grant to pursue this area. She expressed appreciation for the support of her faculty colleagues, dean, and the UCLA administration in launching the HHMI Pathways to Success Program. The cornerstone of the program is the Collaborative Undergraduate Research Laboratory (CURL), which starts with freshmen and treats students like scientists to develop their scientific identity. Students participate in a six-hour-per-week exploratory laboratory and are expected to publish results. The course has no prerequisites. Students write a five-page grant proposal in the style of the National Institutes of Health and make a final oral presentation. Ms. Johnson described how this class structure works in her laboratory. Pre-course and post-course testing shows a dramatic increase in understanding of basic concepts and in students' self-conceptions as scientists. Future program goals are to offer more CURL sections. The program was awarded a $1 million HHMI Inclusive Excellence Grant to focus on transfer students. The program was developing intercampus collaborations including with California Community Colleges and was expanding the use of undergraduate assistants. While this work started with a private seed grant, it was possible only with UCLA's institutional support. Students who participate in UCLA's Biomedical Research Minor, which engages with CURL and a Research Deconstruction seminar, authored more than 200 research publications and 80 percent went on to advanced degrees within two years of graduation. She acknowledged that this type of coursework was more expensive and difficult to provide than large lecture classes.

Regent Lansing asked if UCLA's recruitment indicated a decrease in the number of female and URM high school students applying to STEM majors and if the retention techniques described by Ms. Johnson could be effective in high school curricula. Ms. Johnson responded that in fact the number of URM students who enter UCLA with the intention of studying STEM had increased. The challenge was in retaining these students in STEM fields. She agreed that increasing K-12 students' scientific identities would be effective if done well. Ms. Johnson expressed her and her colleagues' concern that even students who were successful enough to be accepted at UCLA in STEM majors were often not retained in STEM fields in college.

Regent Lemus asked about the lack of diversity among graduate students. Ms. Johnson said that students who have participated in activities that have built a sense of resilience, persistence, and scientific community, such as early course-based research experiences, were more likely to continue to graduate school.

Regent Park inquired about the scalability of this approach. Ms. Johnson agreed with the importance expanding the program, noting the funding received to address transfer students and efforts to develop more courses connected to faculty research.

6. OVERVIEW OF THE COST STRUCTURE FOR THE UNIVERSITY OF CALIFORNIA

Executive Vice President and Chief Financial Officer Brostrom introduced this presentation about the University's $34 billion budget and its cost drivers and their impact on academic quality. UC's core budget comprised about 25 percent of its total budget. On an inflation-adjusted basis, UC's core funds had decreased 31 percent per student since 2000. During that time, core funds had increased by six percent, while UC had added 93,000 students and experienced mandatory cost increases mainly connected to labor, such as compensation and benefits. UC had increasing shortfalls in deferred maintenance and capital needs. The University wanted to achieve a long-term partnership with the State, with predictable and moderate growth in the operating and capital budgets, and funds to support enrollment.

Mr. Brostrom cited evidence that UC remained one of the strongest public universities in the world, while being accessible to all Californians. Six UC campuses are members of the Association of American Universities (AAU); UC received the most National Institutes of Health research funding of any university in the nation. Six of UC's nine undergraduate campuses were among the *New York Times'* Top Colleges Doing the Most for the American Dream. UC has added more than 10,000 California undergraduates since 2014-15.

Chancellor May added that UC Davis had $683 million in research expenditures in the past fiscal year, $23 million more than the prior year. He expected that trend to continue. UC Davis' research enterprise was growing at a rapid pace.

Chancellor Wilcox pointed out the unique homogeneity of the campuses in the UC system. The *Times of London* identified UC Riverside as the nation's fourth-best Golden Age University, meaning those created between 1945 and 1963. The top three were UC San Diego, UC Irvine, and UC Santa Cruz, showing the remarkable consistency of the UC system. The UC campuses have more in common than they have differences. Mr. Brostrom agreed that the breadth of excellence across the UC campuses distinguishes the UC system.

Mr. Brostrom cited UC's contributions to the California economy. For every dollar it receives from the State, UC contributes $14 in economic impact. The State's $3 billion annual investment in UC results in more than $45 billion of economic impact. Chancellor Wilcox added that UC Riverside was second in the nation in retaining its graduates in the region, one indicator of the campus' long-term economic effect on the region. Chancellor May reported that UC Davis produced 14 startup companies in just the prior year.

Mr. Brostrom explained that core funds are 24.3 percent of UC's $34.5 billion budget. Core funds are comprised of 10.6 percent student tuition and fees, 9.3 percent State general funds, and 4.4 percent UC general funds. UC general funds are comprised of 75 percent Nonresident Supplemental Tuition (NRST), with the balance a combination of indirect cost recovery not allocated to departments, and a small amount of application fees and patent royalties. Aside from its core funds, the other 75 percent of the University's budget is important to its enterprise and research, but has only a limited impact on UC's core funds. UC medical centers and clinics contribute more than 45 percent of overall revenues; they support campuses, but primarily through purchases or funding of the health sciences schools. These funds provide advantages through shared facilities and shared faculty, but they are not fungible with core funds. Most campuses apply a gross revenue charge on auxiliary services, used to cover campus administrative support for areas such as student housing and dining, parking, and athletics at some campuses. Government contracts and grants contribute $5 billion systemwide. Indirect cost recovery provides discretionary revenue to the campuses. However, UC does not recover its calculated rate to support federal research. A dwindling amount of UC research is being funded by the federal government, down from about 70 percent of UC research to 60 percent. The difference is being made up by states, foundations, and corporations, very few of which pay the same indirect cost recovery rate as UC's federal rate. Private support is important to the University, but is very restricted. The University is examining models to increase the fungibility of private support for use as core funds.

In response to a question from Chair Kieffer, Mr. Brostrom explained that the revenue category of clinics and educational activities includes clinical practice plans, University extension, and other self-supporting programs. Private support includes the annual payout from the General Endowment Pool and in-year philanthropy, on a cash basis.

Chancellor Wilcox commented that at UC Riverside student tuition and fees and State general funds together comprise 52 percent of its overall revenue. UC Riverside depends on tuition more than any other UC campus, except UC Merced. Consideration of tuition models and revenue is crucial to UC Riverside. As a younger UC campus, UC Riverside has less private support and yet the campus is growing at a fast pace. The systemwide breakdown of revenue sources is quite different from UC Riverside's. Chair Kieffer pointed out that UC Berkeley would be much more affected by changes in NRST than would UC Riverside.

Mr. Brostrom described the University's uses of core funds, about $8.2 billion in the prior fiscal year. Core funds are used to support students through instruction, financial aid, student services, libraries, academic support, and operation and maintenance. Chancellor Wilcox noted that UC Riverside increased its graduation rate 11 percent over the past four years by investing a larger proportion of its core funds in instruction and student services. Consequently, the campus' physical plant had suffered.

Mr. Brostrom said that, on an absolute basis, UC was receiving the same amount of State funding as in 2001, while adding 93,000 students. Tuition was increased dramatically during that time. A large portion of the tuition increases had gone to financial aid, the restarting of contributions to the UC Retirement Plan, and inflation. Considering those factors and debt service, which the Governor transferred to the UC budget a few years prior, UC's inflation-adjusted core funds had increased only six percent, while its student body had increased 54 percent, resulting in a 31 percent decrease in funding per student. This did not even consider that UC had built an entire new campus with many fixed expenses.

Associate Vice President David Alcocer explained that, like other research universities, UC relies on a highly skilled workforce. UC's fundamental work of creating and transmitting knowledge in a safe and secure environment is a people-intensive mission, with many employees drawn from a highly skilled pool. Attracting and retaining a highly skilled workforce in a competitive labor market is difficult. Two-thirds of UC's core funds budget is related to personnel.

Mr. Alcocer detailed mandatory and high-priority cost increases faced by UC. Employer UCRP contributions were expected to increase $17 million over the current year's level, because of modest proposed adjustments to faculty and staff wages. Employee and retiree health benefits would increase $27 million, reflecting conservative growth in healthcare costs and growth in UC's retiree population, which is growing faster than in past years. Non-salary price increases, assumed at 2.5 percent, were projected to amount to $32 million. Deferred maintenance and capital needs would increase by $50 million, including $35 million in one-time funds UC was requesting from the State to meet campuses' most pressing needs and the remaining $15 million to increase UC's ability to provide debt service for projects funded through the AB 94 mechanism. Represented and non-represented faculty and staff compensation was projected to increase $143 million, including $28 million for represented employees, $32 million for faculty merit increases, and $83 million for a three percent increase for non-represented faculty and staff. These cost increases total $269 million. These are considered mandatory cost increases, necessary just to keep UC afloat, but would not address UC's existing capacity gaps.

In response to a question from Chair Kieffer, Mr. Brostrom said these mandatory and high-priority costs would increase three percent over the prior year, and would be required just to maintain UC, not to increase its quality. Chancellor May pointed out that, even with the anticipated State allocation and a tuition increase, UC Davis would remain $3 million short of meeting even its mandatory cost increases. Chancellor Wilcox said UC Riverside would be $15 million short.

Mr. Alcocer then discussed additional resources needed to make progress on issues important to UC students and faculty. UC's student-faculty ratio had grown three points since 2000; reducing the student-faculty ratio by one point would cost $200 million to $250 million. Closing the gap between UC faculty's salaries and those of its eight AAU comparators would cost $105 million. Providing debt service for $1 billion of UC's capital needs would require an estimated $56 million annually. Providing competitive support to academic doctoral students would cost $18 million a year.

Chair Kieffer asked about the necessity of capital projects in a time when the need for "brick and mortar" educational facilities was being questioned. Mr. Brostrom explained that UC campuses faced a huge amount of deferred maintenance, with many buildings constructed in the 1950s needing replacement of major systems. UC's most recent Capital Financial Plan totaled $27 billion, $9 billion of which had no identified funding source. He considered this one of the biggest areas to be addressed with the Legislature and California's future governor. UC has had to choose between capital projects and other areas of its operating budget, to fund projects that were formerly in the purview of the State. Capital projects are also needed to support enrollment growth. Currently UC classrooms were overcrowded and lacked needed technology updates; there was a serious shortfall of teaching laboratories.

Chancellor May commented that reducing UC Davis' student-faculty ratio by one point would require 50 new faculty, or $7.5 million in salary alone, in addition to an average of $600,000 in laboratory renovation and equipment for each new faculty in fields of science, technology, engineering, and mathematics. Chancellor Wilcox said UC Riverside had added almost 200 faculty in the past five years, to focus on student success and increasing graduation rates. Regarding deferred maintenance, UC Riverside is 64 years old. Most of its buildings were built at the same time and are worn out. Its enrollment has increased by 2.5 times in the past 20 years, yet the campus did not have 2.5 times as many buildings as it did 20 years ago.

Regent Sherman asked if there was an estimated amount of square feet needed per additional faculty member. Mr. Brostrom said that a classroom utilization study indicated a need to optimize certain types of classrooms, and that new faculty required outfitted research and teaching laboratory space.

Regent Sherman asked if UC's increased online course offerings had decreased its need for buildings. Chancellor Wilcox said that given enrollment growth, the increase in online course offerings has had a marginal impact. UC Riverside greatly exceeds the expected utilization of classrooms, reducing students' ability to interact with their professors.

Regent Guber said it would be beneficial to take advantage of modern technologies to teach students remotely. Chancellor May remarked that there had been significant movement toward the use of online materials in undergraduate education, but not exclusively. He expressed his view that it was a mistake to think that classroom interactions between teachers and students could be replaced with an online experience. It was important to provide students with an education that would enable them to be successful in the workplace, which could not be done with only online tools. Online tools are used as a supplement. Chancellor Wilcox added that the presentation in the prior item showed the importance of students' classroom experiences. It would be important to find the right blend of in-person and online education.

Regent Anguiano said that obtaining more detailed data, for example about the cost of different types of STEM education, would enable the University to make a more compelling case for funding. Presenting more detailed data about the incremental cost of a high-quality education would be more effective than broad statements about student-faculty ratios. It would also be helpful to have a marginal capital cost structure. Mr. Brostrom said that had been calculated at $4,500 per student and that he could provide more information.

Regent Lemus asked if space requirements per student had been calculated, including academic space, student support space, and administrative space, and if space could be shared among campuses. Mr. Brostrom commented that the campuses were being innovative in allocating space, such as moving non-academic space off campus. UC

Merced moved its administrative services to office space in downtown Merced, keeping the main campus for academic space. Some UC campuses had considered sharing space with local California State University (CSU) or California Community Colleges. Regent Lemus said all such options should be considered first.

Chancellor Wilcox said that UC Riverside was using operating budget funds for capital payments on bonds and for lease space, and the question became which was the most effective long term use of funds, building on the campus or leasing space off campus.

Regent Park appreciated this focus on core funds, since those funds were most flexible. She questioned presenting UC's needs based on its present business model. If that business model remained static, then UC would perpetually be in the position of facing the same budget shortage, even though the State had a surplus. She urged the Regents to examine the line items in the University's budget closely. This presentation was an excellent view of UC's current and past values, and perhaps some of what UC's values should continue to be. UC chooses to fund return to aid for a reason and would have to continue to make such choices in the future. If changes to UC's business model were not considered, the Regents would continue to have this same discussion year after year.

Mr. Brostrom responded that the business model had been a decline in core funding. Regent Park clarified that she meant that the residential model of higher education should be questioned. Mr. Brostrom said the University had made choices, although they were not always for the betterment of the University. In UC's present model, which has produced some of the most outstanding research universities in the world, UC is dramatically underfunded. Mr. Brostrom expressed his view that there were areas of the Governor's budget that could be discussed. For example, the Governor's proposed budget could double the amount of lending from the Pooled Money Investment Account for the California Public Employees' Retirement System. If that gained amount were split between UC and CSU it would restore all funding from 2000. The State had also made choices reflecting its priorities. Chair Kieffer stated that UC's business model could be further considered.

President Napolitano suggested a future presentation to the Board by Provost Brown with help from the campuses on the status of UC's online education, including the inventory of courses offered, those planned or in development, how many UC students take undergraduate online courses, and the educational outcomes. The University had increased its inventory of online courses significantly over the past years and could consider doing even more.

Student Advisor Sands expressed frustration with the idea that the cost of an education could be drastically reduced, while maintaining its quality. UC students can currently take online courses developed by another UC campus. Mr. Sands said many students had told him they preferred a $300 tuition increase over paying tuition and housing at UCLA to sit in their room and take an online course taught by a non-UCLA professor. Students' views of online education should be included in the discussion.

Chair Kieffer stated that the trade-offs made in exchange for not increasing tuition should be made clear.

Faculty Representative May commented that current students grew up with computers, which changed the way they access information. It is the responsibility of UC faculty to respond to that change in the development of classes and course materials. Nonetheless, students' personal accounts show that students find taking a purely online course very alienating, and prefer the classroom experience and learning with other students. This is a fundamental part of education. University life is the classroom experience and it would be unfair to current students to deprive them of that. Students understand that online education will be a portion of the way education and materials are delivered, but they fundamentally prefer the classroom experience and they learn better with other students. It is important to consider what students prefer.

Chancellor Wilcox suggested that the future presentation about online education include research advances over the past two decades in understanding the efficacy of online education.

Regent Guber said his suggestion was to reframe the question of how UC could deliver the most efficient education, knowing that capital costs would continue to climb. There is not just one way to solve the problem, and a humanistic approach should be used to arrive at a blend of methods.

Regent Lansing commented that every institution must evolve. Online education may not be as cost-effective as anticipated. Certain classes lend themselves more easily to an online format.

Mr. Alcocer displayed a graph indicating that UC's student-faculty ratio had increased since 2000, while those of its public and private comparators had declined. Having too few ladder-ranked faculty puts UC's research enterprise at risk. If UC could not hire faculty, even to keep pace with enrollment growth, it would miss an opportunity to increase faculty diversity. Mr. Alcocer displayed another graph showing a persistent gap between UC faculty salaries and those of its public and private comparators. The gap between UC and private institutions, where the majority of professors who leave UC go, was much greater. Staff growth at UC had also not kept pace. Student enrollment grew three times as fast as general campus staff.

Mr. Brostrom reported that, from 2001 to 2012, UC received nearly $4 billion in support for its capital projects from general obligation and lease revenue bonds. There had been neither a general obligation bond for higher education since 2006, nor a lease revenue bond since 2011. UC has continued to build and finance projects, but largely on its own balance sheet, with consequent tradeoffs in other areas.

Mr. Brostrom reported UC Undergraduate Experience Survey results indicating that, while overall student satisfaction with a UC education was high, there were some signs that the student experience was declining. More students were unable to get their first choice of major and students were less connected with faculty. A recent *Los Angeles Times* article reported a survey by Quacquarelli Symonds indicating that, with the exception of UC Santa Cruz, every UC campus had more departments that fell in rankings than rose, indicating the importance of investing in the University's quality.

Mr. Brostrom reiterated that UC sought only moderate and predictable State funding increases, and support for capital projects and enrollment growth. Chancellor Wilcox added that core funds provide for instruction, research, and community outreach.

Regent-designate Graves expressed appreciation for this presentation, which was also delivered in part at a town hall discussion with UCLA students, an important part of informing UC's stakeholders.

7. **A REVIEW OF THE UNIVERSITY OF CALIFORNIA'S UNDERGRADUATE FINANCIAL AID**

This item was deferred.

8. **REPORT OF INTERIM, CONCURRENCE AND COMMITTEE ACTIONS**

<u>Approvals under Interim Action</u>

The Chair of the Heath Services Committee, the Vice Chair of the Health Services Committee, and the President of the University approved the following recommendation:

Appointment of and Compensation for Richard Gannotta as Interim Chief Executive Officer, UC Irvine Health System, Irvine Campus

The following items were approved in connection with the appointment of and compensation for Richard Gannotta as Interim Chief Executive Officer, UC Irvine Health System, Irvine campus:

A. Appointment of Richard Gannotta as Interim Chief Executive Officer, UC Irvine Health System, Irvine campus at 100 percent time.

B. Per policy, an annual base salary of $679,000.

C. Per policy, continued eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), at his current position level with a target award of 15 percent of base salary ($101,850) and a maximum potential award of 25 percent of base salary ($169,750), subject to all applicable plan requirements and Administrative Oversight Committee approval. Actual award will be determined based on performance against pre-established objectives.

D. Per policy, continued monthly contribution to the Senior Management Supplemental

Benefit Program.

E. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability after five years of Senior Management Group service).

F. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.

G. Per policy, continued eligibility for reimbursement of actual and reasonable moving and relocation expenses associated with relocating his primary residence to accept the Chief Operating Officer, UC Irvine Health System appointment, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement.

H. This action will be effective in the first week of February 2018 (following notification to Dr. Howard Federoff of the change in the Chief Executive Officer role) through February 28, 2019, or until the appointment of a new Chief Executive Officer, UC Irvine Health System, whichever occurs first.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Approvals under Concurrence Action

The Chair of the Board, the Chair of the Finance and Capital Strategies Committee, and the President of the University approved the following item:

Authorization to Execute Predevelopment Agreement, Student Housing West Public-Private Partnership Student Housing Project, Santa Cruz Campus

A. The President of the University be authorized, after consultation with the General Counsel, to approve and execute a predevelopment agreement with Capstone Development Partners, LLC (Capstone) to reimburse certain costs incurred by Capstone in the predevelopment planning and design of the Student Housing West public-private partnership student housing project in an amount not to exceed $19.99 million. Capstone would only be reimbursed in the event the project is terminated by the Regents for convenience or due to force majeure or other relief events prior to the closing of financing for the construction of the project.

B. The President, or her designee, after consultation with the General Counsel, be authorized to approve and execute all amendments and modifications to the predevelopment agreement, provided such amendments and modifications do not materially reduce the consideration to, or increase the obligations of the Regents.

Approvals Under Health Services Committee Authority

At its February 6 meeting, the Health Services Committee approved the following recommendation:

Formalize Approval of Benchmarking Framework for UC Health Positions Resulting in Revisions to the Respective Market Reference Zones

The Committee approved the new Benchmarking Framework revising the Market Reference Zones for UC Health positions in the Senior Management Group, recommended by the Regents Workgroup on UC Health Executive Compensation and approved by the Regents' Governance and Compensation Committee, as shown in Attachment 30.

9. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Shaw reported that, on the dates indicated, the following were sent to the Regents or to Committees:

To the Regents of the University of California

A. From the President of the University, a letter regarding the successful implementation of UCPath at UC Merced, UC Riverside, and Associated Students of UCLA. January 18, 2018.

B. From the Secretary and Chief of Staff, an interview between Chair Kieffer and NBC-Los Angeles, "UC Regent Chairman: More Funding Needed to Keep the UC 'Highest Rated in the World.'" January 29, 2018.

C. From the Secretary and Chief of Staff, the Summary of Communications for December 2017 and January 2018. February 14, 2018.

D. From the President of the University, the Annual Report on Debt Capital and External Finance Approvals for 2017. February 14, 2018.

E. From the Chair of the Board, an editorial from the *Sacramento Bee*, "How much does Gov. Brown value higher education?" February 15, 2018.

F. From Regent Makarechian, an op-ed from *The Washington Post*, "Waking up to China's Infiltration of American Colleges." February 20, 2018.

G. From the Secretary and Chief of Staff, a letter regarding the membership of the Governance and Compensation Committee. February 28, 2018.

H. From Regent Sherman, a *Los Angeles Times* article, “UC system’s global rankings slip amid funding cuts, international competition.” March 1, 2018.

I. From the President of the University, the Annual Report on Major Capital Projects Implementation for Fiscal Year 2016-17. March 1, 2018.

J. From the Secretary and Chief of Staff, the Summary of Communications for February, 2018. March 1, 2018.

To the Members of the Health Services Subcommittee

K. From Regent Makarechian, a *Wall Street Journal* article, “What the Hospitals of the Future Look Like.” February 26, 2018.

To the Members of the Public Engagement and Development Committee

L. From the Interim Associate Vice President, UC Office of Federal Governmental Relations, the UC Federal Update 2018, Issue 1. February 5, 2018.

M. From the Interim Associate Vice President, UC Office of Federal Governmental Relations, the UC Federal Update 2018, Issue 2. March 2, 2018.

The meeting adjourned at 1:55 p.m.

Attest:

Secretary and Chief of Staff

Attachment 1: Proposed PDST Levels for California Residents* for 2018-19 through 2022-23

			Current Year PDST	Proposed PDST Levels for California Residents					Percent Change s				
Campus	**Program**	**Years in Plan**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Berkeley	Development Practice	5	$18,600	$19,344	$19,924	$20,522	$21,138	$21,772	4.0%	3.0%	3.0%	3.0%	3.0%
	Educational Leadership (M.A.)	5	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	0.0%	0.0%	0.0%	0.0%	0.0%
	Engineering (M.Eng.)	5	$33,700	$33,700	$33,700	$33,700	$33,700	$33,700	0.0%	0.0%	0.0%	0.0%	0.0%
	Journalism	5	$7,500	$7,500	$7,876	$7,876	$7,876	$8,270	0.0%	5.0%	0.0%	0.0%	5.0%
	Optometry	5	$17,258	$18,120	$19,026	$19,976	$20,974	$22,022	5.0%	5.0%	5.0%	5.0%	5.0%
	Product Development	1	$25,466	$28,000	NA	NA	NA	NA	10.0%	NA	NA	NA	NA
	Teacher Education	5	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	0.0%	0.0%	0.0%	0.0%	0.0%
Davis	Educational Leadership	5	$4,410	$4,410	$4,542	$4,680	$4,818	$4,962	0.0%	3.0%	3.0%	2.9%	3.0%
	Preventive Veterinary Medicine	1	$5,886	$6,060	NA	NA	NA	NA	3.0%	NA	NA	NA	NA
	Veterinary Medicine	5	$15,594	$16,062	$16,542	$17,034	$17,544	$18,066	3.0%	3.0%	3.0%	3.0%	3.0%
Irvine	Biotechnology Management	5	$13,230	$13,230	$13,890	$14,586	$15,315	$16,080	0.0%	5.0%	5.0%	5.0%	5.0%
	Engineering Management	5	$13,230	$13,890	$14,583	$15,315	$16,044	$16,845	5.0%	5.0%	5.0%	4.8%	5.0%
	Public Health	5	$6,498	$6,822	$7,164	$7,521	$7,896	$8,292	5.0%	5.0%	5.0%	5.0%	5.0%
Los Angeles	Art (M.F.A.)	2	$8,478	$8,478	$8,478	N/A	N/A	N/A	0.0%	0.0%	N/A	N/A	N/A
	Dentistry	5	$26,127	$26,913	$27,720	$28,554	$29,412	$30,294	3.0%	3.0%	3.0%	3.0%	3.0%
	Public Health	3	$7,200	$7,200	$7,200	$7,200	N/A	N/A	0.0%	0.0%	0.0%	N/A	N/A
Riverside	Medicine	3	$21,756	$22,848	$23,988	$25,188	N/A	N/A	5.0%	5.0%	5.0%	N/A	N/A
	Public Policy	3	$5,952	$5,952	$5,952	$5,952	N/A	N/A	0.0%	0.0%	0.0%	N/A	N/A
San Diego	Pharmacy	3	$21,456	$23,388	$25,494	$27,789	N/A	N/A	9.0%	9.0%	9.0%	N/A	N/A
San Francisco	Pharmacy - 4 Year	3	$21,456	$22,101	$22,764	$23,445	N/A	N/A	3.0%	3.0%	3.0%	N/A	N/A
	Pharmacy - 3 Year		N/A	$29,468	$30,352	$31,260	N/A	N/A	N/A	3.0%	3.0%	N/A	N/A
Santa Barbara	Technology Management	5	$32,970	$33,960	$34,980	$36,030	$37,113	$38,229	3.0%	3.0%	3.0%	3.0%	3.0%
Santa Cruz	Applied Economics and Finance	5	$8,001	$8,418	$8,838	$9,192	$9,561	$9,942	5.2%	5.0%	4.0%	4.0%	4.0%
	Games and Playable Media	5	$30,980	$8,415	$9,051	$9,504	$9,978	$10,476	-72.8%	7.6%	5.0%	5.0%	5.0%
	Serious Games	5	N/A	$8,415	$9,051	$9,504	$9,978	$10,476	N/A	7.6%	5.0%	5.0%	5.0%
Total: 24													

* The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan. The rates shown for California residents also apply to any nonresident student who is exempt from Nonresident Supplemental Tuition under Regental policy.

Proposed PDST Levels for Nonresident* Students for 2018-19 through 2022-23

Note: Nonresident students are also assessed nonresident supplemental tuition, which is expected to be $12,245 in 2018-19.

			Current Year PDST	**Proposed PDST Levels for Nonresidents****					**Percent Changes**				
Campus	**Program**	**Years of Plan**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Berkeley	Development Practice	5	$18,600	$19,344	$19,924	$20,522	$21,138	$21,772	4.0%	3.0%	3.0%	3.0%	3.0%
	Educational Leadership (M.A.)	5	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	0.0%	0.0%	0.0%	0.0%	0.0%
	Engineering (M.Eng.)	5	$24,700	$25,900	$27,100	$28,400	$29,700	$31,100	4.9%	4.6%	4.8%	4.6%	4.7%
	Journalism	5	$7,500	$7,500	$7,876	$7,876	$7,876	$8,270	0.0%	5.0%	0.0%	0.0%	5.0%
	Optometry	5	$16,436	$17,422	$18,468	$19,576	$20,750	$22,022	6.0%	6.0%	6.0%	6.0%	6.0%
	Product Development	1	$18,522	$28,000	NA	NA	NA	NA	51.2%	NA	NA	NA	NA
	Teacher Education	5	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	0.0%	0.0%	0.0%	0.0%	0.0%
Davis	Educational Leadership	5	$4,410	$4,410	$4,542	$4,680	$4,818	$4,962	0.0%	3.0%	3.0%	2.9%	3.0%
	Preventive Veterinary Medicine	1	$6,351	$6,540	NA	NA	NA	NA	3.0%	NA	NA	NA	NA
	Veterinary Medicine	5	$15,594	$16,062	$16,542	$17,034	$17,544	$18,066	3.0%	3.0%	3.0%	3.0%	3.0%
Irvine	Biotechnology Management	5	$12,303	$12,303	$12,918	$13,563	$14,241	$14,952	0.0%	5.0%	5.0%	5.0%	5.0%
	Engineering Management	5	$13,230	$13,890	$14,583	$15,315	$16,044	$16,845	5.0%	5.0%	5.0%	4.8%	5.0%
	Public Health	5	$6,498	$6,822	$7,164	$7,521	$7,896	$8,292	5.0%	5.0%	5.0%	5.0%	5.0%
Los Angeles	Art (M.F.A.)	2	$5,298	$5,298	$5,298	N/A	N/A	N/A	0.0%	0.0%	N/A	N/A	N/A
	Dentistry	5	$23,280	$24,444	$25,668	$26,952	$28,302	$29,718	5.0%	5.0%	5.0%	5.0%	5.0%
	Public Health	3	$7,656	$7,656	$7,656	$7,656	N/A	N/A	0.0%	0.0%	0.0%	N/A	N/A
Riverside	Medicine	3	$21,756	$22,848	$23,988	$25,188	N/A	N/A	5.0%	5.0%	5.0%	N/A	N/A
	Public Policy	3	$5,952	$5,952	$5,952	$5,952	N/A	N/A	0.0%	0.0%	0.0%	N/A	N/A
San Diego	Pharmacy	3	$21,456	$23,388	$25,494	$27,789	N/A	N/A	9.0%	9.0%	9.0%	N/A	N/A
San Francisco	Pharmacy - 4 Year	3	$21,456	$22,101	$22,764	$23,445	N/A	N/A	3.0%	3.0%	3.0%	N/A	N/A
	Pharmacy - 3 Year		N/A	$29,468	$30,352	$31,260	N/A	N/A	N/A	3.0%	3.0%	N/A	N/A
Santa Barbara	Technology Management	5	$32,970	$33,960	$34,980	$36,030	$37,113	$38,229	3.0%	3.0%	3.0%	3.0%	3.0%
Santa Cruz	Applied Economics and Finance	5	$8,001	$8,418	$8,838	$9,192	$9,561	$9,942	5.2%	5.0%	4.0%	4.0%	4.0%
	Games and Playable Media	5	$30,980	$8,415	$9,051	$9,504	$9,978	$10,476	-72.8%	7.6%	5.0%	5.0%	5.0%
	Serious Games	5	N/A	$8,415	$9,051	$9,504	$9,978	$10,476	N/A	7.6%	5.0%	5.0%	5.0%
Total: 24													

** The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan.

PwC Services and Related Deliverables to the University

In conjunction with our service in providing audit services to the University, we also provide certain other assurance services to the University. Refer to the table below for a listing of services and related deliverables we expect to provide. Prior to commencing any non-audit related services, we are required to obtain preapproval from the Committee or the Committee's designee pursuant to the University's preapproval policy for its independent auditor. For audit objectives and responsibilities and communication plan, please refer to **Appendix B.**

Audit Reports	▪ Report on the financial statements of the University of California ▪ Report on the financial statements of each of the five Medical Centers ▪ Report on the University of California Retirement System ▪ Report on the University of California Cash Contributions to the Retirement System ▪ Reports on federal awards in accordance with OMB *Uniform Guidance*
Internal Control Observations	▪ Report to the Committee on control and process deficiencies and observations, including material weaknesses and significant deficiencies (Regents Letter) ▪ Reports to the campus Chancellors on control and process deficiencies and observations (Chancellor Letters)
Agreed-Upon Procedures	▪ Agreed-upon Procedures related to the University's Mortgage Origination Program and Supplemental Home Loan Program ▪ Agreed-upon Procedures on Intercollegiate Athletic Departments (NCAA requirements) for six campuses
Other Services	▪ Review of consolidated Form 990-T of the Regents of the University of California and University of California Retirement Plan ▪ Reviews in connection with bond offerings ▪ Accounting consultations and other assistance associated with emerging accounting and reporting issues and complex transactions
Committee Reporting	▪ Audit and communications plan ▪ Results of audits and required communications

We note that the campus foundations and Fiat Lux Risk and Insurance Company ("Fiat Lux") have separate audits of their financial statements and the auditor's reporting on those organizations are directed to their respective audit committees. Accordingly, this Audit and Communications Plan is not focused on the specifics of the campus foundations and Fiat Lux.

2018 Proposed Fees

The University is an important client of PwC, and our fees reflect our commitment to our long-term relationship with the University. Our deep understanding of higher education organizations and more specifically, of the University, enable us to perform the audit efficiently and effectively. These factors contribute to a competitive, cost effective audit. Our 2018 proposed fees are listed below and are inclusive of all out-of-pocket expenses which is consistent with our fee commitment agreed in 2016 as included in the professional services agreement signed on April 21, 2016 (inclusive of subsequent amendments).

Deliverable		*June 30, 2018 Proposed Fees*
University of California Financial Statement Audit	$	1,550,532
Federal Grants and Contracts Audit in Accordance with OMB Uniform Guidance		525,427
NCAA Agreed-Upon Procedures (6 reports)		212,439
Review of Consolidated Form 990T		11,642
Medical Center Audits (5 separate opinions)		1,787,283
Retirement Plan Cash Contributions		6,284
Retirement System Audits (2 defined benefit pension plans and 4 defined contribution plans)		272,947
Mortgage Origination Program Agreed-Upon Procedures		41,387
Total	**$**	**4,407,941**

Regents Policy [NUMBER]: POLICY ON CAPITAL PROJECT MATTERS

POLICY SUMMARY/BACKGROUND

The Finance and Capital Strategies Committee (Committee) of the Board of Regents (Board) provides strategic direction and oversight and makes recommendations to the Board on, among other things, matters pertaining to the University's capital projects including capital budget requests, real estate transactions, and Long Range Development Plans (LRDP). This Policy on Capital Project Matters (Policy) is intended to work in conjunction with Bylaw 22.2 (d), which reserves to the Board the authority to approve or take action on certain capital project matters.

As amended on March 16, 2017, the Charter of the Finance and Capital Strategies Committee charges the Committee with reviewing and making recommendations to the Board regarding, among other things: capital planning and capital budget requests; state budget requests for capital; the Capital Financial Plan; sales, purchases, leases, and licenses of real estate and real property interests acquired or used for University-related purposes; Physical Design Frameworks; project design; and Long Range Development Plans (collectively, Capital Project Matters).

POLICY TEXT

For this Policy, University-related purposes means real estate and real property interests acquired for or used by the University for teaching, research, or public service. It specifically excludes real estate and real property interests held for investment purposes and managed by the Chief Investment Officer. All significant Capital Project Matters are reserved to the Committee and Board under Bylaw 22.2 (d). However, in the interest of operational efficiency of the University, the authority to approve or act on certain Capital Project Matters is deemed best exercised by the President and designees rather than the Board or its Committees. As provided by the California Environmental Quality Act (CEQA), the certification or adoption of environmental documents is undertaken at the level of the associated project approval. A project cannot be divided into separate phases for independent consideration. Phased work includes, but is not limited to, using the same contractor to perform similar modifications on multiple buildings, performing multiple projects over a period of years on the same building, constructing multiple buildings in a complex or separating work into several projects. In such cases, separate projects or phases will be considered part of the same budget, subject to the stated budget thresholds below. The Regents hereby delegate authority for certain Capital Project Matters and ancillary actions to the President of the University, as follows:

	Transaction Type	President's Maximum Authority
1.	Acquisition of real property consistent with the approved Capital Financial Plan. Acceptance of gifts of real property	Approve transactions and execute agreements related to acquisitions and gifts of real property valued up to and including $70 million
2.	Acquisition of real property not consistent with the approved Capital Financial Plan	Approve transactions and execute agreements related to acquisitions of real property valued up to and including $20 million
3.	Budget or design for capital projects consistent with the approved Capital Financial Plan, accepted Physical Design Framework (PhDF), and approved Long Range Development Plan (LRDP). Consistency with PhDF and LRDP not required for off-campus projects for which there is no applicable PhDF or LRDP	Approve budget and design for capital projects up to and including $70 million
4.	Budget or design for capital projects not consistent with the approved Capital Financial Plan or accepted Physical Design Framework (PhDF), but consistent with the approved Long Range Development Plan (LRDP). Consistency with PhDF and LRDP not required for off-campus projects for which there is no applicable PhDF or LRDP	Approve budget and design for capital projects up to and including $20 million
5.	Augmentation and scope change for acquisition of real property and budget for capital projects - original approval by the President	Approve cumulative augmentations and scope changes up to $20 million, but in no event exceeding a total project cost (as augmented) of $70 million
6.	Augmentation and scope changes for acquisition of real property and budget for capital projects - original approval by the Regents	Approve cumulative augmentations and scope changes up to 15% of the original approval, but in no event exceeding a total augmentation of $20 million
7.	Dispositions of real property	Approve transactions and execute disposition agreements related to real property valued up to and including $70 million
8.	Leases (including ground leases) and, if necessary, to the extent applicable, design of buildings developed pursuant to a lease	Approve and execute leases that: (i) have a term of up to and including 20 years, excluding options when UC is Tenant but including options when UC is Landlord, and (ii) have an initial base annual consideration up to and including $5 million. Approve design for buildings developed pursuant to such leases

	Transaction Type	**President's Maximum Authority**
9.	Licenses	Approve and execute licenses pertaining to capital project matters
10.	Reimbursement agreements and stipend agreements ancillary to real property transactions	Approve and execute such agreements where the University assumes an obligation to pay up to a cost of and including $20 million
11.	Third Party Indemnification (where the University assumes liability for conduct of persons other than University officers, agents, employees, students, invitees, and guests)	In consultation with the General Counsel, approve and execute indemnification provisions in favor of state or federal permitting agencies where providing indemnification is a necessary condition to secure the relevant permit in order to proceed with the capital project matter
12.	Other Real Estate matters	Approve and execute: easements; rights of way; covenants, conditions, and restrictions; encumbrances; mineral rights; geothermal resources; documents required under the Subdivision Map Act or with respect to Subdivided Lands Act; miscellaneous real property documents; and other contracts and ancillary documents as necessary to implement real estate transactions
13.	Minor Long Range Development Plan (LRDP) amendments	Approve Minor LRDP amendments. Minor LRDP amendments are defined as those that modify but preserve the fundamental planning principles and objectives of the previously adopted LRDP, and are limited to: (i) modifying up to and including 30,000 gross square feet of allocated building space, (ii) changing land use boundaries or designations for up to and including 4 acres of land, or (iii)administrative corrections or changes
14.	Minor Physical Design Framework (PhDF) amendments	Accept Minor PhDF amendments. Minor PhDF amendments are defined as those that modify but preserve the fundamental planning principles and objectives of the previously adopted PhDF
15.	Modification of previously adopted or certified environmental document pursuant to the California Environmental Quality Act (CEQA)	Modify an environmental document certified or adopted by the Regents pursuant to CEQA so long as the modification does not result in new or increased significant environmental impacts
16.	Capital project matters approved by the Regents	In consultation with the General Counsel, execute documents necessary in connection with Regents-approved capital project matters

COMPLIANCE/DELEGATION

Compliance with this Policy, including the University's compliance with CEQA, shall be administered by the Office of the Chief Financial Officer (or successor), or as otherwise determined by the President. Authority for the negotiation, approval, and execution of certain Capital Project Matters may be further delegated to other University officials at the President's discretion.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California, or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

N/A

Regents Policy [NUMBER]: EXTERNAL FINANCING

POLICY SUMMARY/BACKGROUND

This policy is intended to work in conjunction with Bylaw 22.2(c) of The Regents of the University of California, which provides that authorizing University external financing is reserved to the Board and/or its Committees for approval or other action within parameters specified by Committee Charter or Regents Policy.

POLICY TEXT

The President of the University of California is the manager of all University related external financings. The President of the University of California is authorized to obtain external financing as specified in the table below.

Approval	**President's Maximum Authority**
External financing for any University-related purpose, including, but not limited to, capital projects or working capital needs	Up to and including $20 million
External financing for capital projects consistent with the approved Capital Financial Plan, accepted Physical Design Framework, and approved Long Range Development Plan[1]	Up to and including $70 million
External financing for real estate purchases consistent with the approved Capital Financial Plan	Up to and including $70 million
Augmentations to external financing originally approved by the Board or by action by concurrence	Up to and including $20 million
Refinancing existing external financing for the purpose of realizing lower interest expense	Unlimited

The President of the University of California's external finance authority shall include, but not be limited to, the authority to (1) obtain interim financing for any external financing, (2) structure, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, subject to the requirements of the Interest Rate Swap Guidelines, (4) provide for reserve funds and for the payment of costs of issuance of such external financing, (5) guarantee the repayment of indebtedness, (6) obtain letters of credit or similar instruments, (7) perform all acts reasonably necessary or appropriate in connection with the foregoing, and (8) approve and execute all documents in connection with the foregoing, including documents with indemnity provisions, provided that the general credit of The Regents shall not be pledged for any form of external financing.

[1] Consistency with approved Physical Design Framework and Long Range Development is not required for off-campus projects for which there is no applicable Physical Design Framework or Long Range Development Plan

COMPLIANCE/DELEGATION

The University's Office of the Chief Financial Officer (or any successor office based on a change of title) shall be responsible for overseeing compliance with this policy.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Regents Policy 5307: University of California Debt Policy
Regents Policy [NUMBER]: [Capital Project Matters]

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Regents Policy [NUMBER]: POLICY ON BORROWING FROM COMBINED INVESTMENT PORTFOLIOS OF THE SHORT TERM INVESTMENT POOL AND THE TOTAL RETURN INVESTMENT POOL

POLICY SUMMARY/BACKGROUND

This Policy authorizes the use of the University's Short Term Investment Pool and Total Return Investment Pool for liquidity support for the Commercial Paper Program, medical centers' working capital borrowings, Mortgage Origination Program loans, and contributions to the University of California Retirement Plan.

POLICY TEXT

The President is authorized to utilize the combined Short Term Investment Pool and Total Return Investment Pool portfolios for the following:

A. **The Commercial Paper Program:**
The President is authorized to either utilize a portion of Short Term Investment Pool/Total Return Investment Pool (STIP/TRIP) as liquidity support for the Commercial Paper (CP) Program or, if necessary, negotiate standby letters of credit, lines of credit or other liquidity agreements to provide additional liquidity support for the CP Program. Repayment of advances under any such liquidity facility shall be repaid from revenue sources identified by the President so that the general credit of The Regents is not pledged.

B. **Medical Centers' Working Capital Borrowing:**
The President is authorized to utilize the combined investment portfolios of STIP/TRIP for medical centers' working capital borrowings. A hospital's working capital borrowings from STIP/TRIP for a month shall not exceed 60 percent of the hospital's total accounts receivable for that same month (total accounts receivable being defined as patient accounts receivable, net of allowances).

C. **Mortgage Origination Program Loans:**
The President is authorized to utilize the liquidity available in the combined investment portfolios of STIP/TRIP for the Mortgage Origination Program (MOP) Loans.

D. University of California Retirement Plan
The President is authorized to utilize the liquidity available in the combined investment portfolios of STIP/TRIP to make contributions to the University of California Retirement Plan as authorized by The Regents.

COMPLIANCE/DELEGATION

The University's Office of the Chief Financial Officer and Office of the Chief Investment Officer (or any successor office based on a change of title) shall be responsible for overseeing compliance with this policy.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Regents Policy 6108: Total Return Investment Pool (TRIP) Policy Statement
Regents Policy 6109: Short Term Investment Pool (STIP) Investment Guidelines

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Additions shown by double underscoring; deletions shown by strikethrough

Bylaw 22. Authority of the Board

22.1 Authority/Delegation.

Pursuant to Article IX Section 9 of the Constitution of the State of California, the full powers of organization and government of the University inhere in and originate with the Board, which has the authority to delegate those powers as it determines to be in the best interest of the University. Any authority delegated by the Board may be rescinded by action of the Board. The Regents hereby delegate authority to the President of the University to oversee the operation of the University, in accordance with policies and directives adopted by the Board, and as further specified in Bylaw 30 (President of the University). This delegation is subject to the powers specifically reserved to the Regents in Bylaw 22.2 below (Reserved Powers), in Committee Charters, and in Regents Policies requiring that matters be approved or otherwise acted on by the Board.

22.2 Specific Reservations.

The matters in the following areas are specifically reserved to the Board and/or its Committees for approval or other action, within parameters that may be specified in a Committee Charter or Regents Policy:

***

(c) Finance Matters

- Approving the University budget and requests for state appropriations
- Approving the annual budget for the Office of the President
- Accepting the reports of the independent financial auditor
- Approving non-audited related services by the University's independent financial auditor
- Approving tuition, registration fees, education fees, and compulsory student government fees within parameters specified by Committee Charter or Regents Policy
- Authorizing University external financing within parameters specified by Committee Charter or Regents Policy
- Approving overall policies for the University of California Employee Housing Assistance Program.
- Approving loans by the University to other parties, other than loans from established student, faculty, and staff loan funds, and subject to exceptions and parameters specified by Committee Charter or Regents Policy
- Approving agreements to indemnify third-parties, subject to exceptions and parameters specified by Committee Charter or Regents Policy
- Approving alliances and affiliations involving University financial commitments, use of the University's name, research resources, and the University's reputation, within parameters specified by Committee Charter or Regents Policy
- Approving University participation in non-health–related corporations, partnerships and other entities, except for investment purposes, and within parameters specified by Committee Charter or Regents Policy
- Adopting UC Retirement plans and approving plan amendments

***

(d) Capital Project Matters

- Approving capital budget requests and augmentation requests within parameters specified by Committee Charter or Regents Policy
- Approving purchases, sales, leases or gifts of real estate within parameters specified by Committee Charter or Regents Policy
- Approving Long Range Development Plans (LRDPs) and amendments to LRDPs within parameters specified by Committee Charter or Regents Policy
- Approving Capital Financial Plans (e.g., 10-year Capital Financial Plans)

****

Additions shown by double underscoring; deletions shown by strikethrough

Charter of the Finance and Capital Strategies Committee

***

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:

- Annual financial statements
- 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
- University of California Employee Housing Assistance Program
- 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.

Regents Policy [NUMBER]: POLICY ON THE UNIVERSITY OF CALIFORNIA EMPLOYEE HOUSING ASSISTANCE PROGRAM

POLICY SUMMARY/BACKGROUND

This policy is intended to work in conjunction with Bylaw 22.2 (c) of the Regents of the University of California (Regents), which provides the Regents with the approval authority for the University of California Employee Housing Assistance Program (Program) policies. The Program is administered by the University of California Home Loan Program Corporation (Corporation).

POLICY TEXT

A. <u>University of California Housing Assistance Program</u>

Program loans provide financing using deeds of trust secured on real property to assist faculty and other eligible employees with the purchase of a primary residence. Program loans are available for eligible employees at the University of California (University) campuses, Lawrence Berkeley National Laboratory, UC Hastings College of the Law (UC Hastings) and the University's Office of the President and Division of Agriculture and Natural Resources.

B. <u>Eligibility</u>

The eligible population for Program participation consists of full-time University appointees with positions in the following categories:

1. Academic Senate members.
2. Academic titles equivalent to titles held by Academic Senate members as defined in University policy.
3. Acting Assistant Professors.
4. Senior Management Group employees.
5. UC Hastings faculty members.
6. University or UC Hastings employees who will be appointed to any of these eligible categories effective no more than 180 days after loan closing.
7. Other appointees who have received required additional approvals to be eligible for participation.

C. <u>Eligible Properties</u>

1. Properties financed using a Program loan must be used primarily for residential, non-income producing purposes.
2. Eligible properties are limited to Single Family Residences, Condominiums and properties located in a Planned Unit Development.
3. The subject property must be the principal place of residence for the participant throughout the term of the loan, other than during absences for sabbatical leave or other approved leaves of absence.

D. General Loan Parameters

1. The sum of monthly mortgage payments (principal and interest) of the Program loan and all other loans secured by the subject property may not exceed 40% of the participant's household income.
2. Program loan payments shall be made by payroll deduction while a participant is on salary status, unless it is not administratively feasible.
3. Program loans are not assumable.
4. Program loans carry no prepayment penalty.
5. Program loans carry no balloon payments.
6. Program loans are condition of employment loans.
7. Program participation may continue during the term of the participant's employment, as long as the subject property continues to meet the requirements for an eligible property. If the subject property no longer meets these specifications, the Program loan shall be reviewed for appropriate disposition.

E. Loan Options

1. The University of California Employee Housing Assistance Program is comprised of the following loan options:

   a) Mortgage Origination Program (MOP)
   b) Graduated Payment Mortgage Origination Program (GP-MOP)
   c) 5/1 Mortgage Origination Program (5/1-MOP)
   d) Supplemental Home Loan Program (SHLP)
   e) Centrally-Funded Supplemental Home Loan Program (CF-SHLP)
   f) Interest-Only Supplemental Home Loan Program (IO-SHLP)

2. Detailed descriptions of the available loan options are included in the Program Implementation Guidelines that are incorporated into Presidential guidance.

COMPLIANCE/DELEGATION

1. All housing loans issued by the University are governed by Program policies. The President is authorized to take all appropriate actions associated with the administration of the Program that are in conformance with standard mortgage industry procedures for the origination and servicing of mortgage loans. Specific procedures for administering the Program are included in the Program Implementation Guidelines that are incorporated into Presidential guidance. The President is also authorized to administer the periodic sale of selected Program loan pools.

2. Implementation and compliance with this policy shall be administered by the Office of the Executive Vice President - Chief Financial Officer (or any successor position based on a change of title). The Office of the Executive Vice President - Chief Financial Officer is authorized to represent the University in administrative transactions with financial institutions, lenders, and governmental and other agencies in matters related to the day-to-day operation of the Program.

3. The President is required to report to the Regents annually on the status of the Program.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

1. University of California Housing Assistance Program – Implementation Guidelines.
2. University of California Home Loan Program Corporation Master Note Agreement.
3. University of California Home Loan Program Corporation Services Agreement.

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

University of California Employee Housing Assistance Program
Implementation Guidelines

Regents Policy 5305 provides the framework for the University of California Employee Housing Assistance Program (Program), which is comprised of the Mortgage Origination Program and its components and the Supplemental Home Loan Program. The Program is administered by the University of California Home Loan Program Corporation (Corporation).

These Implementation Guidelines contain the specific procedures associated with the operation of the Program. Additional operational details are contained in a Master Note Agreement and a Services Agreement executed between the Regents of the University of California and the Corporation.

A. Eligible Properties

1. University of California Housing Assistance Program loans shall be secured, using a recorded deed of trust, on owner-occupied properties that are single-family residences, including condominiums and properties located in a planned unit development.
2. The subject property may include one secondary unit that does not comprise more than one-third of the total living area of the subject property.
3. Program loans may not be used for direct construction loans. However, Program loans may be used to refinance commercial construction loans upon completion of a new residence or the completion of the renovation of an existing residence.

B. Loan Purpose

1. At least 60% of MOP loans shall be issued to participants who are purchasing their primary principal residence, and who have not owned a principal place of residence within a reasonable distance of their work location within the 12-month period preceding the closing date of their MOP loan. Included in this 60% limitation are loans to participants who have had a MOP loan at one location and accept employment at a new location, provided the prior MOP loan has been paid in full.
2. Up to 40% of MOP loans may be used (1) to refinance existing qualifying housing-related debt secured on a participant’s principal residence, (2) to offer a new MOP loan to a current or prior MOP participant at the same work location, provided the prior MOP loan has been paid in full, or (3) to provide a MOP loan to a participant who has owned a home within a reasonable distance of the work location within a 12-month period prior to the funding of a MOP loan.
3. SHLP loans may be used for purchase or refinance transactions.
4. Refinance transactions have the following restrictions:
    a. Related loan transaction expenses included in the prior loan balance or related to the Program loan may be included in the refinanced balance, subject to loan-to-value ratio requirements.
    b. Program loans may not be used to pay off loans, secured or not secured, used for non-housing-related expenses or for any mortgages on properties other than the subject property.

c. For any debt secured on a participant's principal residence that was incurred during the five years prior to loan closing, the participant must document the purpose and use of funds as qualifying housing-related indebtedness associated with the subject property.

C. General Loan Parameters

1. The value of the subject property is, in all cases, defined as the lesser of the purchase price or the current appraised value.
2. An annual study is completed by the University of California Office of Loan Programs to derive the All-Campus Average Sales Price, which is used to index the maximum Loan-to-Value (LTV) ratio thresholds and the maximum loan amount threshold for Program loans.
3. Two values are determined using the results of the study. The lower value is used to determine the cut-off for allowing the financing of a portion or all of the closing costs associated with a MOP loan. The higher threshold is used to determine the LTV ratios when closing costs are not financed. This higher threshold is also used to determine the maximum programmatic loan amount.
4. The table below displays the LTV ratio thresholds for MOP and SHLP loans.

LOAN-TO-VALUE (LTV) THRESHOLDS
FOR MOP AND SHLP LOANS

LOAN AMOUNT	MOP LTV	SHLP COMBINED LTV (ALL LOANS)
<=Threshold for financing closing costs.	92.0%	95.0%
<=Maximum programmatic loan amount.	90.0%	95.0%
>Maximum programmatic loan amount (with required approval)	80.0%	90.0%

5. Program loan amounts greater than the maximum programmatic loan amount require the approval of the President.
6. An increase to the 80.0% maximum LTV to no more than 85.0% for loans in excess of the maximum programmatic loan amount requires the approval of the President.
7. The maximum term of a Program loan is 40 years. Loans with terms longer than 30 years require approval by the Chancellor or other designated official.

D. Continuing Eligibility

1. If employment is terminated or, in the case of academic appointees, there is a permanent change to an appointment status not considered to be in full-time service to the University or UC Hastings, the Program loan is to be repaid within 180 days of such date of separation or change in status.

2. Program participation may continue during absences for sabbatical leave or other approved leaves of absence.
3. Program participation may continue when separation is due to disability or retirement under the provisions of the University of California Retirement Plan or other retirement plan to which the University or UC Hastings contributes on behalf of the participant.
4. In the event of the death of the participant, participation may continue for a surviving spouse or surviving Domestic Partner or, in the absence of a surviving spouse or surviving Domestic Partner, for a surviving Eligible Child (as the terms Domestic Partner and Eligible Child are defined by the University of California Retirement Plan).
5. In hardship cases, reasonable forbearance beyond the required repayment period may be granted, provided all other terms and conditions of the loan are satisfied.

E. MOP Loan Parameters

1. The Standard Rate for each loan will be adjusted annually on the anniversary date of the loan.
2. The maximum annual adjustment of the Standard MOP Rate shall be one percent, up or down.
3. For MOP and GP-MOP loans, the overall cap on the adjustment of the interest rate over the term of the loan is 10% above the initial interest rate for the loan (effective for loans funded on or after January 1, 2014).
4. The minimum initial Standard MOP Rate is 2.75%, and the annual rate adjustment on these loans has a floor rate of 2.75% (effective for loans approved on or after February 1, 2017).
5. In the event a loan commitment letter is issued for a MOP or GP-MOP loan and the Standard MOP Rate subsequently decreases prior to the loan funding, the participant will receive the more favorable rate.
6. A monthly calculation is completed to determine the interest due to STIP on the outstanding balance of the UC-Owned MOP and GP-MOP mortgage portfolios. Interest on the outstanding balance is calculated and paid on the same basis as other advances or loans made from STIP, as adjusted from time to time.
7. A MOP participant may only have one active MOP loan at any given time.

F. Graduated Payment Mortgage Origination Program Parameters

1. Each Chancellor, the LBNL Director, and the Dean of UC Hastings is authorized to designate eligible participants for participation in the GP-MOP option, which provides for a reduction in the Standard MOP Rate.
2. The maximum rate reduction in the Standard MOP Rate is 3.0% and the minimum resulting mortgage interest rate for such loans is 2.75%.
3. The rate reduction amount decreases by a predetermined annual adjustment (ranging from 0.25% to 0.50%) until the mortgage interest rate equals the Standard MOP Rate.
4. For the time period in which the rate reduction is in effect for each GP-MOP loan, the work location provides for a monthly transfer of funds to STIP or to a third-

party investor, if the loan has been sold, to provide the same yield that would have been realized under the Standard MOP Rate.
5. Eligible funds for the rate reduction reimbursement include discretionary funds, as well as unrestricted and appropriate restricted gift funds. State funds are not eligible to be used for this purpose.
6. The President is authorized to approve an initial rate reduction greater than 3.0% and an annual adjustment amount outside the standard range of 0.25% to 0.50% based upon the essential recruitment and retention needs and goals of the institution.

G. 5/1 Mortgage Origination Program Parameters

1. Participants may request a 5/1 ARM product that has a temporary fixed-rate period, after which the loan converts to a standard MOP loan.
2. The initial interest rate remains fixed until the date that the 60th payment is due, resulting in a fixed payment amount for the first 60 monthly payments. This period of time is defined as the Fixed Rate Term.
3. The minimum initial interest rate is 3.25%.
4. The overall cap on the adjustment of a 5/1 MOP loan's interest rate over the term of the loan is 10.0% above the initial rate for the loan.
5. After the Fixed Rate Term, the interest rate adjusts to the Standard MOP Rate in effect at that time, subject to a 5.0% interest rate adjustment cap, and a 2.75% minimum interest rate.
6. After the Fixed Rate Term and the initial rate adjustment at the end of the Fixed Rate Term, the maximum annual adjustment is 1.0%.
7. The Fixed Rate Term is not renewable beyond 5 years.

H. SHLP Loan Parameters

1. SHLP loans must be secured on the subject property by a deed of trust in first, second or third position.
2. Each location shall determine the mortgage interest rate to be charged on a given loan, with the understanding that maximum rates may be established to comply with federal and State lending and tax laws and regulations.
3. All SHLP interest rates must include a service fee component of 0.25%.
4. The minimum SHLP interest rate shall be equal to the most recently available average rate of return earned by the Short-Term Investment Pool (STIP) for the four quarters preceding the issuance of a loan commitment letter for the mortgage loan, plus a margin of 25 basis points (0.25%).
5. For adjustable rate SHLP loans, the overall cap on the adjustment of the interest rate over the term of the loan will be 10.0% above the initial interest rate for the loan (effective for loans approved on or after February 1, 2017).

I. Centrally-Funded SHLP (CF-SHLP) Loan Program

1. The parameters of the CF-SHLP loans must fall within the guidelines as outlined in Section I with the following additional restrictions:
    a. Loans must be in second position.

b. The maximum loan amount will be the lesser of 5.0% of the purchase price or $75,000. The maximum loan amount will be indexed to any increase in the All-Campus Average Sales Price determined by the annual zip code study performed by the Office of Loan Programs.
c. The maximum term is 15 years (180 months).
d. The loans will have a fixed interest rate equal to the most recently available 4-quarter average rate of return of STIP, plus a 0.25% servicing fee. The minimum interest rate will be 2.75%.

J. Interest-Only SHLP (IO-SHLP) Loan Program

1. The work locations have the option to offer IO-SHLP loans using authorized funding sources. There are no central funds available for the IO-SHLP loans. All loan parameters must fall within the guidelines outlined in Section I., with the following additional terms:

    a. The Interest-Only Term (IO-Term) is available for 5, 7, or 10 years. Following the IO-Term, the loan will convert to a fully amortizing loan with an overall term as follows:
    b. 5 year IO-Term: 15 year fully amortizing (20 year total amortization)
    c. 7 year IO-Term: 23 year fully amortizing (30 year total amortization)
    d. 10 year IO-Term: 30 year fully amortizing (40 year total amortization)

2. The Chancellor or other designated official will be required to acknowledge and accept any regulatory risk or potential litigation associated with making interest-only loans, which do not fall within the definition of a Qualified Mortgages, as defined by the Consumer Financial Protection Bureau's definition.

K. Faculty Housing Programs Reserve Fund

The Faculty Housing Programs Reserve (Reserve) is an established fund with the primary purpose of supporting the development and operation of Program components.

L. Funding Sources

1. The approved funding sources for Mortgage Origination Program and Supplemental Home Loan Program loans are as follows:

    a) MOP, GP-MOP and 5/1-MOP loans are funded from the University's Short Term Investment Pool (STIP).
    b) SHLP and IO-SHLP loans are funded from eligible funding sources at the appropriate location, including discretionary funds, unrestricted funds, and designated restricted gift funds.
    c) CF-SHLP loans are funded from the Faculty Housing Programs Reserve Fund.

2. State funds (19900) cannot be used to fund Program loans.

Regents Policies and Standing Orders on Capital, External Financing, and Employee Housing Assistance Matters Recommended for Rescission

The following Regents Policies will be rescinded and incorporated into new Policies as shown in the Attachments.

Policy 5303: Policy on Borrowing from Combined Investment Portfolios of STIP and TRIP (See Attachment 5 for new Policy.)

Policy 5305: Policy on University of California Mortgage Origination Program (See Attachment 8 for new Policy and new Implementation Guidelines.)

Policy 5306: Policy on University of California Supplemental Home Loan Program (See Attachment 8 for new Policy and new Implementation Guidelines.)

Policy 8102: Policy on Approval of Design, Long Range Development Plans, and Administration of the California Environmental Quality Act (See Attachment 3 for new Policy on Capital Project Matters.)

The Regents Standing Orders, below, will be rescinded and incorporated into new Regents Policies as shown in the Attachments.

Standing Order 100.4(nn)(1) and (2): External financing (See Attachment 4 for new Policy on External Financing Matters.)

Standing Order 100.4(ll)(1), (2) and (3): Actions regarding approved home loan programs (See Attachment 8 for new Policy on UC Employee Housing Assistance Program.)

Standing Order 100.4(dd)(1): No fund source, unapproved construction (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(o): Funds for capital improvements (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(q)(1) and (2): Amendments to capital improvement program (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(cc): Execute contracts, leases for real estate (See Attachment 3 for new Policy on Capital Project Matters)

Standing Order 100.4(ff): Negotiate disposition of real property (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(gg): Disposition of real property (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(hh): Execute real estate documents (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(jj)(1) and (2): Execute licenses, easements (See Attachment 3 for new Policy on Capital Project Matters.)

Standing Order 100.4(kk): Leases for mineral rights (see Attachment 3 for new Policy on Capital Project Matters)

The Regents Policies and Standing Orders, below, will be rescinded because they either are obsolete or the authority is provided to the President pursuant to Bylaw 30.

Policy 5302: Policy on Interest Rates for Loans from Regents' Funds

Policy 5304: Policy on the Administration of UC Housing Facilities

Policy 5503: Policy on Bonding Requirements for Construction Contracts

Policy 8101: Policy on Campus and Community Planning and Development

Standing Order 100.4(aa): Siting Buildings

Standing Order 100.4(y): Appoint architects and engineers

Standing Order 100.4(z): Approve building plans, solicit bids

Standing Order 100.4 (dd)(8): construction contracts and appropriated funds

Additions shown by underscoring; deletions shown by strikethrough

100.4: Duties of the President of the University

***

~~**(o)** The President is authorized to approve transfers or allocations of University operating funds and transfers of funds designated for Capital Improvement purposes, subject to any limitations which might be imposed by the terms of said funds, provided:~~

~~That no such transfer or allocation shall result in the establishment of a new policy, program, or project involving a continuing commitment;~~

~~That no transfer shall be made from a reserve fund for a purpose other than that for which the reserve fund was established.~~

***

~~**(q)(1)** Except as provided in paragraph **(q)(2)** below, the President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed $10 million. The President is also authorized to approve amendments to the Capital Improvement Program for projects exceeding $10 million up to and including $20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Finance and Capital Strategies Committee, and also provided that all actions taken in excess of $10 million up to and including $20 million under this authority be reported at the next following meeting of the Board. However, the following shall be approved by the Board: (1) projects with a total cost in excess of $20 million, (2) for projects in excess of $20 million, any modification in project cost over standard cost-rise augmentation in excess of 25%, or (3) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications.~~

~~**(q)(2)** This paragraph shall apply exclusively to capital projects for those campus entities approved by the Finance and Capital Strategies Committee for inclusion in the pilot phase of the Delegated Process for Capital Improvement Projects.~~

~~The President is authorized to approve amendments to the Capital Improvement Program for projects not to exceed $70 million. However, the following shall be approved by the Board: (1) projects with a total cost in excess of $70 million, (2) capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by The Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, or substantial program modifications. The President is authorized to approve an increase in project cost as long as the total augmented project cost remains~~

~~under $70 million; for augmented projects resulting in a total project cost in excess of $70 million, the augmented project shall be approved by the Board.~~

~~This paragraph shall become inoperative and is repealed on March 31, 2018, unless a later Regents' action, that becomes effective on or before March 31, 2018, deletes or extends the date on which it becomes inoperative and is repealed.~~

***

~~**(y)** The President is authorized to appoint and to execute necessary agreements with executive architects, executive landscape architects, and executive and consulting engineers for approved projects.~~

~~**(z)** The President is authorized to approve building plans and to solicit bids in connection with approved projects, except that the President shall not approve the design of such projects as the Board has specifically designated as requiring design approval by the Committee on Grounds and Buildings.~~

~~(aa) The President is authorized to approve the siting of individual buildings or projects, provided that their locations are generally in accordance with a long-range development plan previously approved in principle by the Board, and to approve the siting of individual buildings or projects on University properties, such as field stations and research stations, which may not be covered by approved long-range development plans.~~

***

~~(cc) Except as otherwise specifically provided in the Bylaws and Standing Orders:~~

~~The President is authorized to approve and execute on behalf of the Corporation contracts, real property rental agreements, leases, ground leases and other documents pertaining to the use of real property for University-related purposes with a term of not more than twenty years (excluding options when the University is the lessee but including options provided by the University as lessor).~~

~~As used in these Standing Orders, the term University-related purposes refers to real property and interests therein held and/or used by the University in furtherance of its mission, but excluding real property held for investment purposes.~~

~~(dd) Except as otherwise specifically provided in the Bylaws and Standing Orders, the President is authorized to execute on behalf of the Corporation all contracts and other documents necessary in the exercise of the President's duties, including documents to solicit and accept pledges, gifts, and grants, except that specific authorization by resolution of the Board shall be required for documents which involve or which are:~~

~~1. Exceptions to approved University programs and policies or obligations on the part of the University to expenditures or costs for which there is no established fund source or which require the construction of facilities not previously approved.~~

***

~~….8. Construction contracts in excess of appropriated funds.~~

***

~~(ff) The President is authorized to negotiate the sale, purchase, receipt by gift, or lease of all interests in real property used or to be used for University-related purposes, and to administer all such properties and interests~~

(gg) The ~~President is authorized to approve the sale, purchase, receipt by gift, or other acquisition of all interests in real property used or to be used for University-related purposes when the consideration does not exceed $20 million. The President is also authorized to approve the sale, purchase, receipt by gift, or other acquisition of all such interests in real property when the consideration exceeds $20 million up to and including $60 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Committee on Finance, and also provided that all actions taken for these amounts under this authority be reported at the next meeting of the Board. Such transactions with consideration exceeding $60 million require Board approval.~~

~~(hh) In furtherance of the authorities set forth in (ff) and (gg) above, the President is authorized to execute all documents, except those conveying title; provided, however, that any such documents executed prior to approval required in accordance with (gg) above, shall be conditioned upon obtaining such approval.~~

***

~~(jj) The President is authorized to approve and execute licenses, easements, and rights-of-way with respect to (1) real property used or to be used for University-related purposes or (2) University-related real property to be used by others.~~

~~(kk) The President is authorized to approve leases, assignments of leases or subleases, and related amendments of such documents for mineral rights, including gas, oil, and other hydrocarbons, or geothermal resources as to real property used or to be used for University-related purposes if the land rent does not exceed $500,000 per year during the primary lease term.~~

~~(ll) The President is authorized to take all appropriate action incident to the administration of University home loan programs as approved by The Regents, including (1) receiving and administering promissory notes, mortgages, deeds of trust, grant deeds, and deeds-in-lieu of foreclosure, (2) executing releases and satisfactions of mortgages and requests for reconveyances of deeds of trust when the University home loan program notes secured by~~

~~such mortgages and deeds of trust have been paid in full or otherwise satisfied, and (3) accepting title to real property through foreclosure, deed-in-lieu of foreclosure, or other similar actions.~~

***

~~(nn)(1) Except as provided in paragraph (nn)(2) below, the President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including $10 million for the planning, construction, acquisition, equipping, and improvement of projects. The President is also authorized to obtain external financing for amounts in excess of $10 million up to and including $20 million, provided that concurrence is obtained from the Chairman of the Board and the Chairman of the Finance and Capital Strategies Committee, and also provided that all actions taken to obtain external financing for amounts in excess of $10 million up to and including $20 million be reported at the next following meeting of the Board. External financing in excess of $20 million requires Board approval. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.~~

~~(nn)(2) This paragraph shall apply exclusively to capital projects for those campus entities approved by the Finance and Capital Strategies Committee for inclusion in the pilot phase of the Delegated Process for Capital Improvement Projects.~~

~~The President shall be the manager of all external financing of the Corporation. The President is authorized to obtain external financing for amounts up to and including $70 million for the planning, construction, acquisition, equipping, and improvement of projects. The President shall have the authority to (1) negotiate for and obtain interim financing for any external financing, (2) design, issue, and sell revenue bonds or other types of external financing, (3) issue variable rate or fixed rate debt, and execute interest rate swaps to convert fixed or variable rate debt, if desired, into variable or fixed rate debt, respectively, (4) refinance existing external financing for the purpose of realizing lower interest expense, provided that the President's authority to issue such refinancing shall not be limited in amount, (5) provide for reserve funds and for the payment of costs of issuance of such external financing, (6) perform all acts reasonably necessary in connection with the foregoing, and (7) execute all documents in connection with the foregoing, provided that the general credit of The Regents shall not be pledged for the issuance of any form of external financing.~~

~~This paragraph shall become inoperative and is repealed on March 31, 2018, unless a later Regents' action, that becomes effective on or before March 31, 2018, deletes or extends the date on which it becomes inoperative and is repealed.~~

Additions shown by underscoring; deletions shown by strikethrough

~~**Regents Policy 5302: Policy on Interest Rates for Loans from Regents' Funds**~~
~~*Approved September 16, 1988*~~

~~That effective October 1, 1988, any new loans from Regents' funds for University projects be at an interest rate equal to the Short Term Investment Pool's quarterly rate of return in effect for the quarter immediately preceding the date when the first drawdown occurs, with the loan's interest rate to be adjusted each succeeding quarter when a new quarterly STIP rate is calculated.~~

~~Regents Policy 5303: Policy on Borrowing from Combined Investment Portfolios of the Short-Term Investment Pool and the Total Return Investment Pool~~

~~Approved May 19, 1989~~
~~Revised March 18, 1999~~
~~Amended November 2008 and November 2009~~

~~A. The Commercial Paper Program:~~

~~The President is authorized to either utilize a portion of Short Term Investment Pool/Total Return Investment Pool (STIP/TRIP) as liquidity support for the Commercial Paper (CP) Program or, if necessary, negotiate standby letters of credit, lines of credit or other liquidity agreements to provide additional liquidity support for the CP Program. Repayment of advances under any such liquidity facility shall be repaid from revenue sources identified by the President so that the general credit of The Regents is not pledged.~~

~~B. Medical Centers' Working Capital Borrowing:~~

~~The President is authorized to utilize the combined investment portfolios of STIP/TRIP for medical centers' working capital borrowings. A hospital's working capital borrowings from STIP/TRIP for a month shall not exceed 60 percent of the hospital's total accounts receivable for that same month (total accounts receivable being defined as patient accounts receivable, net of allowances).~~

~~C. Mortgage Origination Program Loans:~~

~~The President is authorized to utilize the liquidity available in the combined investment portfolios of STIP/TRIP for the Mortgage Origination Program (MOP) Loans.~~

~~Regents Policy 5304: Policy on the Administration of UC Housing Facilities~~

~~Approved January 21, 1994~~

~~A. The President shall establish an annual net earnings target for the University of California Housing System (UCHS), which amount shall be at least sufficient to comply with all relevant covenants of The Regents pertaining to debt service coverage and maintenance obligations which are contained in loan documents applicable to UCHS facilities and to otherwise assure the continuing financial viability of the UCHS.~~

~~B. The President shall establish rents and other fees for use of UCHS facilities at levels which are adequate to generate the net revenues necessary to comply with such covenants and financial objectives.~~

~~C. The President shall also establish rents and other fees for use of University-operated housing facilities that are not part of the University of California Housing System (Campus Housing Facilities) which are at least sufficient to comply with debt service coverage and maintenance obligations contained in loan documents applicable to those facilities.~~

~~D. The President shall provide The Regents annually with a summary of rents to be charged in the next succeeding fiscal year for all University-operated housing facilities.~~

~~**Regents Policy 5305: Policy on University of California Mortgage Origination Program**~~

~~*Approved July 2010*~~
~~*Amended November 14, 2013*~~
~~*Amended November 20, 2015*~~
~~*Amended November 17, 2016*~~

~~A. ELIGIBILITY AND PARTICIPATION POLICIES~~

~~In all eligibility and participation policies described herein, it is understood that any appointee in a position specifically designated by the Regents as requiring Regents' approval for compensation-related matters, must be approved for Mortgage Origination Program participation by the Regents.~~

~~All references to MOP loan eligibility, participation policies, and loan policies also apply to GP-MOP and 5/1-MOP loans unless otherwise described herein.~~

~~1. The eligible population for the Mortgage Origination Program (MOP) consists of full-time University appointees with positions in the following categories:~~

~~— Academic Senate members;~~

~~— Academic titles equivalent to titles held by Academic Senate members as specified in Section 105.1 and 103.3 of the Standing Orders of the Regents of the University of California or in successor Regents Policy;~~

~~— Acting Assistant Professors;~~

~~— Senior Management Group members;~~

~~— UC Hastings College of the Law (UC Hastings) faculty members;~~

~~— University or UC Hastings employees who will be appointed to any of these eligible categories effective no more than 180 days after loan closing;~~

~~— Other appointees who have received required additional approvals to be eligible for participation.~~

~~2. From the eligible population, the Chancellor, Lawrence Berkeley National Laboratory (LBNL) Director, or the Dean of UC Hastings shall designate eligible individuals for participation in MOP based on each location's determination of its requirements for recruitment and retention. Additionally, the President is authorized to approve individuals not in the eligible population defined in Section A.1 for participation in MOP, based upon the essential recruitment and retention needs and goals of the institution. The University of California Delegation of Authority (DA) 2587, dated July 18, 2015, delegates this authority~~

~~from the President to the Chancellors, LBNL Director, Executive Vice President-Chief Operating Officer, and the Agriculture and Natural Resources Vice President for specific titles as outlined in an Appendix to the University of California Home Loan Program Corporation - Program Lending and Administrative Manual.~~

~~3. A minimum of 60% of funds allocated for MOP is designated for participants who are purchasing their first principal place of residence within a reasonable distance of their work location. These loans are further designated for participants who have not owned a principal place of residence within a reasonable distance of their work location within the 12-month period preceding the closing date of their MOP loan.~~

~~4. Up to 40% of the allocation is available to address essential recruitment or retention needs for otherwise eligible appointees for one or more of the following purposes (Limited Purpose loans):~~

~~— to refinance existing qualifying housing-related debt secured on a participant's principal residence, including related loan transaction expenses included in the prior loan balance or related to the MOP loan. MOP loans may not be used to pay off loans, secured or not secured, used for non-housing-related expenses or for any mortgages on other properties. For any debt secured on a participant's principal residence that was incurred during the five years prior to loan closing, the participant must document the purpose and use of funds as qualifying housing-related indebtedness associated with the subject property.~~

~~— to provide a new MOP loan to a current or prior MOP participant at the same work location; or~~

~~— to provide a MOP loan to a participant who has owned a home within a reasonable distance of the work location within a 12 month period prior to the funding of a MOP loan.~~

~~5. MOP participation may continue for the term of employment by the University of California or UC Hastings, as long as the property securing the loan continues to meet the specifications outlined in Section B.1, it being understood that:~~

~~— if the property securing the loan no longer meets the specifications outlined in Section B.1, the MOP loan shall be reviewed for appropriate disposition; and~~

~~— if University or UC Hastings employment is terminated or, in the case of academic appointees, there is a permanent change to an appointment status not considered to be in full-time service to the University or UC Hastings, the MOP loan is to be repaid within 180 days of such date of separation or change in status, with the understanding that:~~

~~—— participation can continue when separation is due to disability or retirement under the provisions of the University of California Retirement Plan or other retirement plan to which the University or UC Hastings contributes on behalf of the participant; or~~

~~in the event of the death of the participant, participation can continue for a surviving spouse or surviving Domestic Partner or, in the absence of a surviving spouse or surviving Domestic Partner, for a surviving Eligible Child (as the terms Domestic Partner and Eligible Child are defined by the University of California Retirement Plan); or~~

~~in hardship cases, reasonable forbearance beyond the required repayment period may be granted, provided all other terms and conditions of the loan are satisfied.~~

~~B. MOP LOAN POLICIES~~

~~1. MOP loans shall be secured, using a recorded deed of trust for residences that are:~~
~~owner-occupied single-family residences, including planned unit development and condominium units, which may include one secondary unit that does not comprise more than one-third of the total living area of the home;~~

~~the principal place of residence for the participant, other than during absences for sabbatical leave or other approved leaves of absence;~~

~~used primarily for residential, non-income producing purposes; and~~
~~50% or more participant-owned.~~

~~2. MOP loans may not be used for direct construction loans; however, MOP loans may be used to refinance commercial construction loans upon completion of a new residence or the completion of the renovation of an existing residence.~~

~~3. The maximum loan-to-value ratio (LTV) of a MOP loan is to be determined as follows:~~

~~for loans up to (including) $910,000 (indexed limit as of April 2016), the maximum LTV is 90% when the loan does not include any financing of closing costs and 92% with financing of documented closing costs;~~

~~for loans greater than $910,000 up to (including) the Indexed Program Loan Amount ($1,430,000 as of April 2016), the maximum LTV is 90%;~~

~~for loans greater than the Indexed Program Loan Amount, the maximum LTV is 80%; and~~

~~MOP loan amounts greater than the Indexed Program Loan Amount shall require the approval of the President and the concurrence of the Chair of the Finance and Capital Strategies Committee.~~

~~An increase to the 80% maximum LTV for loans in excess of the Indexed Program Loan Amount to no more than 85% may be approved upon recommendation by the President, with concurrence of the Chair of the Finance and Capital Strategies Committee. The value of the residence is, in all cases, defined as the lesser of the purchase price or current appraised value. The above dollar threshold amounts for determining the maximum LTV~~

~~and for the Indexed Program Loan Amount reflect applicable levels in effect as of April 2016, which shall be adjusted annually each April, based upon any increases in the All-Campus Average Sales Price determined by the annual zip code study performed by the Office of Loan Programs.~~

~~4. The maximum term of a MOP loan shall be 40 years. Authorization by the Chancellor or other designated official is required when offering a loan with a term greater than 30 years.~~

~~5. The standard mortgage interest rate (Standard MOP Rate) will be equal to the most recently available average rate of return earned by the Short-Term Investment Pool (STIP) for the four quarters preceding the issuance of a loan commitment letter for the mortgage loan, plus an administrative fee component of 0.25%:~~

~~– the Standard MOP Rate will be adjusted annually on the anniversary date of the loan;~~

~~– the maximum amount of adjustment up or down of the Standard MOP Rate will be 1% per year;~~

~~– for MOP and GP-MOP loans made on or after January 1, 2014, the overall cap on the adjustment of the interest rate over the term of the loan will be 10% above the initial interest rate for the loan;~~

~~– effective with loans approved on or after February 1, 2017, the minimum initial Standard MOP Rate shall be 2.75%, and the annual rate adjustment on these loans will have a floor rate of 2.75%;~~

~~– in the event a loan commitment letter is issued for a MOP or GP-MOP loan and the Standard MOP Rate subsequently decreases prior to the loan funding, the participant will receive the more favorable rate; and~~

~~– the difference between the earnings of the UC-Owned MOP and GP-MOP mortgage portfolios versus the comparable earnings if the funds had been invested in STIP will be calculated monthly, with any earnings shortfall in the combined MOP and GP-MOP portfolios being covered by the Faculty Housing Program Reserve. The 5/1 MOP earnings will not be included in this calculation during the Fixed Rate Term, as defined in this document. Following the Fixed Rate Term, the 5/1 MOP loans will be considered MOP loans for the purposes of the monthly calculation. Any earnings excess will be retained in the Faculty Housing Program Reserve. The Faculty Housing Program Reserve will reimburse STIP for any principal losses resulting from portfolio loan losses.~~

~~6. Each Chancellor, the LBNL Director, and the Dean of UC Hastings is authorized to designate eligible participants for participation in the Graduated Payment Mortgage Origination Program (GP-MOP) option, which provides for a reduction in the Standard MOP Rate in the manner described below:~~

~~— the maximum rate reduction in the Standard MOP Rate is 3.0% and the minimum resulting mortgage interest rate for such loans shall be 2.75%;~~

~~— the rate reduction amount will be decreased by a predetermined annual adjustment (ranging from 0.25% to 0.50%) until the mortgage interest rate equals the Standard MOP Rate;~~

~~— for the time period in which the rate reduction is in effect for each GP-MOP loan, the work location shall provide for a monthly transfer of funds (from available funds, including discretionary funds, as well as unrestricted and appropriate restricted gift funds) to STIP or to a third-party investor, if the loan has been sold, to provide the same yield that would have been realized under the Standard MOP Rate; and~~

~~— the President is authorized to approve an initial rate reduction greater than 3.0% and an annual adjustment amount outside the standard range of 0.25% to 0.50% based upon the essential recruitment and retention needs and goals of the institution.~~

8. ~~Participants may request a 5/1 ARM product (5/1 MOP) that has a temporary fixed-rate period (Fixed Rate Term), after which the loan converts to a standard MOP loan.~~

~~— The initial interest rate (Initial Rate) will remain fixed until the date that the 60th payment is due, resulting in a fixed payment amount for the first 60 monthly payments.~~
~~— The minimum Initial Rate will be 3.25%.~~

~~— The overall cap on the adjustment of a 5/1 MOP loan's interest rate over the term of the loan will be 10% above the Initial Rate for the loan.~~

~~— After the Fixed Rate Term, the interest rate will adjust to the Standard MOP Rate in effect at that time, subject to a 5% interest rate adjustment cap, and a 2.75% minimum interest rate.~~

~~— After the Fixed Rate Term and the initial rate adjustment at the end of the Fixed Rate Term, the maximum annual adjustment is 1%.~~

~~— The Fixed Rate Term is not renewable beyond 5 years.~~

~~8. The sum of monthly mortgage payments (principal and interest) of the MOP loan and all other loans secured by the residence may not exceed 40% of the participant's household income.~~

~~9. When administratively feasible, MOP loan payments shall be made by payroll deduction while on salary status.~~

~~10. MOP loans are not assumable.~~

~~11. MOP loans carry no prepayment penalty.~~

~~12. MOP loans carry no balloon payments.~~

~~Regents Policy 5306: Policy on University of California Supplemental Home Loan Program~~

~~Approved July 2010~~
~~Amended November 20, 2015~~
~~Amended November 17, 2016~~

~~Generally, Supplemental Home Loan Program (SHLP) loans are funded from available campus resources, which may include discretionary funds, as well as unrestricted and appropriate restricted gift funds. State funds (19900) cannot be used to fund SHLP loans. The President is authorized to designate a portion of the Faculty Housing Programs Reserve Fund (Reserve) as a centrally-available pool of funds to make SHLP loans that comply with the parameters outlined in Section C. below.~~

~~A. ELIGIBILITY AND PARTICIPATION POLICIES~~

~~In all eligibility and participation policies described herein, it is understood that any appointee in a position specifically designated by the Regents as requiring Regents' approval for compensation-related matters, must be approved for SHLP participation by the Regents.~~

~~1. The eligible population for SHLP consists of full-time University appointees with positions in the following categories:~~

- ~~Academic Senate members;~~

- ~~Academic titles equivalent to titles held by Academic Senate members as specified in Section 105.1 and 103.3 of the Standing Orders of the Regents of the University of California or in successor Regents Policy;~~

- ~~Acting Assistant Professors;~~

- ~~Senior Management Group members;~~

- ~~UC Hastings College of the Law (UC Hastings) faculty members;~~

- ~~University or UC Hastings employees who will be appointed to any of these eligible categories effective no more than 180 days after loan closing;~~

- ~~Other appointees who have received required additional approvals to be eligible for participation.~~

~~2. From the eligible population, the Chancellor, Lawrence Berkeley National Laboratory (LBNL) Director, or the Dean of UC Hastings shall designate eligible individuals for participation in SHLP based on each location's determination of its requirements for recruitment and retention. Additionally, the President is authorized to approve individuals~~

~~not in the eligible population defined in Section A.1 for participation in SHLP, based upon the essential recruitment and retention needs and goals of the institution. The University of California Delegation of Authority (DA) 2587, dated July 18, 2015, delegates this authority from the President to the Chancellors, LBNL Director, Executive Vice President-Chief Operating Officer, and the Agriculture and Natural Resources Vice President for specific titles as outlined in an Appendix to the University of California Home Loan Program Corporation-Program Lending and Administrative Manual.~~

~~3. SHLP participation may continue for the term of employment by the University of California or UC Hastings, as long as the property securing the loan continues to meet the specifications outlined in Section B.2, it being understood that:~~

~~if the property securing the loan no longer meets the specifications outlined in Section B.2, the SHLP loan shall be reviewed for appropriate disposition; and~~

~~if University or UC Hastings employment is terminated or, in the case of academic appointees, there is a permanent change to an appointment status not considered to be in full-time service to the University or UC Hastings, the SHLP loan is to be repaid within 180 days of such date of separation or change in status, with the understanding that:~~

~~participation can continue when separation is due to disability or retirement under the provisions of the University of California Retirement Plan or other retirement plan to which the University or UC Hastings contributes on behalf of the participant; or~~

~~in the event of the death of the participant, participation can continue for a surviving spouse or surviving Domestic Partner, or, in the absence of a surviving spouse or surviving Domestic Partner, for a surviving Eligible Child (as the terms Domestic Partner and Eligible Child are defined by the University of California Retirement Plan); or~~
~~in hardship cases, reasonable forbearance beyond the required repayment period may be granted, provided all other terms and conditions of the loan are satisfied.~~

~~B. SHLP LOAN POLICIES~~

~~1. SHLP loans shall be used primarily for the purchase of a participant's primary principal residence. At the discretion of the authority designating participation, SHLP loans may also be used to refinance existing qualifying housing-related debt secured on a participant’s principal residence, including related loan transaction expenses included in the prior loan balance or related to the SHLP loan. SHLP loans may not be used to pay off loans, secured or not secured, used for non-housing-related expenses or for any mortgages on other properties. For any debt secured on a participant's prinicipal residence that was incurred during the five years prior to loan closing, the participant must document the purpose and use of funds as qualifying housing-related indebtedness associated with the subject property.~~

~~2. SHLP loans shall be secured, using a recorded Deed of Trust for residences that are:~~
~~— owner-occupied single-family residences, including planned unit development and condominium units, which may include one secondary unit that does not comprise more than one-third of the total living area of the home;~~

~~— the principal place of residence for the participant, other than during absences for sabbatical leave or other approved leaves of absence;~~

~~— used primarily for residential, non-income-producing purposes; and~~
~~— 50% or more participant-owned.~~

~~3. The maximum loan-to-value ratio (LTV) of a SHLP loan, either alone or in combination with other loans, is to be determined as follows:~~

~~— for loans totaling up to (including) the Indexed Program Loan Amount ($1,430,000 as of April 2016), the maximum combined LTV is 95%;~~

~~— for loans totaling more than the Indexed Program Loan Amount, the maximum combined LTV is 90%;~~

~~— SHLP loan amounts greater than the Indexed Program Loan Amount shall require the approval of the President and the concurrence of the Chair of the Finance and Capital Strategies Committee.~~

~~The value of the residence is in all cases defined as the lesser of the purchase price or current appraised value. The above dollar threshold amounts for determining the maximum LTV and for the Indexed Program Loan Amount reflect applicable levels in effect as of April 2016, which shall be adjusted annually each April, based upon any increases in the All-Campus Average Sales Price determined by the annual zip code study performed by the Office of Loan Programs.~~

~~4. The maximum term of a SHLP loan shall be 40 years, with repayment schedules designed to accommodate the needs of SHLP participants as well as any requirements of the funding source. Authorization by the Chancellor or other designated official is required when offering a loan with a term greater than 30 years.~~

~~5. Each location shall determine the mortgage interest rate to be charged on a given loan, with the understanding that maximum rates may be established to comply with federal and State lending and tax laws and regulations. All SHLP interest rates must include a service fee component of .25%. The minimum SHLP interest rate shall be equal to the most recently available average rate of return earned by the Short-Term Investment Pool (STIP) for the four quarters preceding the issuance of a loan commitment letter for the mortgage loan, plus a margin of 25 basis points (.25%).~~
~~6. For adjustable rate SHLP loans approved on or after February 1, 2017, the overall cap on the adjustment of the interest rate over the term of the loan will be 10% above the initial interest rate for the loan.~~

~~7. The sum of monthly mortgage payments (principal and interest) of the SHLP loan and all other loans secured by the residence may not exceed 40% of the participant's household income.~~

~~8. When administratively feasible, SHLP payments shall be made by payroll deduction while on salary status.~~

~~9. SHLP loans are not assumable.~~

~~10. SHLP loans carry no prepayment penalty.~~

~~C. CENTRALLY FUNDED SHLP LOAN PROGRAM~~

~~The parameters of the loans made from the Reserve will fall within the guidelines as outlined in Sections A. and B. with the following additional restrictions:~~

~~1. Loans must be in second position.~~

~~2. The maximum loan amount will be the lesser of 5.0% of the purchase price or $75,000. The maximum loan amount will be indexed to any increase in the All-Campus Average Sales Price determined by the annual zip code study performed by the Office of Loan Programs.~~

~~3. The maximum term is 15 years (180 months).~~

~~4. The loans will have a fixed interest rate equal to the most recently available 4-quarter average rate of return of STIP, plus a .25% servicing fee. The minimum interest rate will be 2.75%.~~

~~D. INTEREST-ONLY SHLP (IO-SHLP) LOAN PROGRAM~~

~~The Campuses have the option to offer IO-SHLP loans using authorized Campus funding sources. There are no central funds available for the IO-SHLP loans. All loan parameters must fall within the guidelines outlined in Sections A. and B., with the following additional terms:~~

~~1. The Interest-Only Term (IO-Term) is available for 5, 7, or 10 years. Following the IO-Term, the loan will convert to a fully amortizing loan with an overall term as follows:~~

~~– 5 year IO-Term: 15 year fully amortizing (20 year total amortization)~~

~~– 7 year IO-Term: 23 year fully amortizing (30 year total amortization)~~

~~– 10 year IO-Term: 30 year fully amortizing (40 year total amortization)~~

~~2. The Chancellor or other designated official will be required to acknowledge and accept any regulatory risk or potential litigation associated with making IO-SHLP loans, which are non-Qualified Mortgages, according to the CFBP's definition.~~

~~Regents Policy 5503: Policy on Bonding Requirements for Construction Contracts~~

~~Approved June 15, 1973~~
~~Amended October 21, 1977~~

~~That the President be authorized to set requirements for bid bonds or other forms of bid security, performance bonds, and payment bonds for construction contracts unless such requirements would be inconsistent with the requirements of a funding agency for a funded project or with mandatory requirements established by State law.~~

~~Regents Policy 8101: Policy on Campus and Community Planning and Development~~

~~Approved October 22, 1965~~
~~Amended November 12, 1970~~
~~Updated September 22, 2005~~

~~The Regents of the University of California have adopted and maintain for each campus a Long Range Development Plan, as a guide to orderly development, and every effort is being made to develop campuses of academic distinction and physical beauty;~~

~~Each campus and its surrounding community are highly interdependent with respect to housing, traffic, commercial services, community facilities, and environmental design, and The success of the University's efforts is greatly affected by the compatibility of the community development.~~

~~The Regents declare as policy an objective to secure the development of each campus community to the highest and best standards of contemporary planning and design responsible to and compatible with unique campus requirements.~~

~~In implementation of the above, the administration requests that appropriate community authorities strive vigorously and continuously for the development of a distinctive community in the environs of each campus compatible with the requirements of that campus.~~

~~The Regents acknowledge concern with social and economic conditions in the environs of the several campuses and encourage appropriate consultations with community interests and offer campus resources and leadership for community planning and development.~~

~~Regents Policy 8102: Policy on Approval of Design, Long Range Development Plans, and the Administration of the California Environmental Quality Act~~

~~Approved July 16, 1993;~~
~~Amended and Renamed January 16, 2003;~~
~~Amended September 18, 2008, January 21, 2010, January 20, 2011, January 23, 2014, January 22, 2015, and January 26, 2017~~

~~(1) The Regents designate the following categories of projects as requiring design approval by the Finance and Capital Strategies Committee:~~

~~Building projects with a total project cost in excess of $10,000,000, except when such projects consist of the following:~~

~~alterations or remodeling where the exterior of the building is not materially changed;~~

~~buildings or facilities located on agricultural, engineering, or other field stations; or~~

~~agriculture-related buildings or facilities located in areas of a campus devoted to agricultural functions.~~

~~Capital improvement projects of any construction cost when, in the judgment of the President, a project merits review and approval by the Regents because of budget matters, fundraising activities, environmental impacts, community concerns, or other reasons.~~

~~(2)This paragraph shall apply exclusively to eligible projects for those campus entities approved by the Finance and Capital Strategies Committee for inclusion in the pilot phase of the Delegated Process for Capital Projects. The President of the University is authorized to approved the project's design. This subparagraph shall become inoperative and is repealed on March 31, 2018, unless a later Regents' action, that becomes effective on or before March 31, 2018, deletes or extends the date on which it becomes inoperative and is repealed.~~

~~(3) The approval of building projects other than those subject to approval by the Finance and Capital Strategies Committee as set forth above is governed by applicable Bylaws, Standing Orders, and delegations.~~

~~(4) Consistent with applicable Bylaws and Standing Orders, the President shall determine the responsibility for unique project approvals and other actions significantly affecting land use that, given their nature, do not involve a design approval.~~

~~(5) All building project approvals shall be generally in accordance with an applicable Long Range Development Plan. Adoption by the Regents is required for new and substantially updated LRDPs. All LRDP amendments or actions having the practical effect of an LRDP amendment shall be approved at the following level:~~

~~The Finance and Capital Strategies Committee shall consider for approval all LRDP amendments except those delegated in b. below;~~

~~The President is authorized to approve minor LRDP amendments, provided that the amendment preserves the fundamental planning principles of the LRDP and is limited to:~~

~~siting a building project of $10,000,000 or less;~~

~~shifting less than 30,000 gross square feet of allocated building space; and/or~~

~~changing land-use boundaries and designations for 4 acres or less of land.~~

~~(6) The President has the responsibility for the administration of the University's compliance with the California Environmental Quality Act. As provided by CEQA, the certification or adoption of environmental documents is undertaken at the level of the associated project approval. The modification of environmental documents, including mitigation measures, may occur at the same level as the original certification or adoption, provided that the President is authorized to modify an environmental document certified or adopted by the Regents so long as the modification does not result in new or increased significant impacts.~~

~~(7) Notwithstanding the foregoing, the approval of the Finance and Capital Strategies Committee, or in appropriate circumstances the Regents, may be required for any project or other action addressed by this policy when, in the judgment of the President, an action merits review and approval by the Regents because of budget matters, fundraising activities, environmental impacts, community concerns, or other reasons.~~

Final Action on Finance and Capital Strategies item F5.

Approval of Undergraduate Nonresident Supplemental Tuition and Adjustments of the Employer Contribution to the University of California Retirement Plan

The Committee recommends:

1. Approval of the increase in undergraduate Nonresident Supplemental Tuition shown in Display 1, to be effective with the 2018-19 academic year. The University will advocate to the State that the 2018-19 State budget provide funding to buy out this increase, over and above the University's other funding requests, in which case the Regents will vote on rescission of the increase. The University will also advocate to the State that the University be allowed to offer financial aid to nonresident students in need as defined by the University.

2. Rescission of the prior Regents' approval in the July 2017 action, *Authorization to Increase the University Employer Contribution Rate and Make Additional Contributions to the University of California Retirement Plan*, to increase the University's contribution rate for the Campus and Medical Centers segment of the University of California Retirement Plan ("UCRP" or "Plan"), effective July 1, 2018, to 15 percent (from 14 percent) for all member classes and tiers, other than Tier Two and 7.5 percent (from seven percent) for Tier Two members.[3]

3. Rescission of an increase in the employer assessment to seven percent (from six percent) for Savings Choice Participants in the Defined Contribution Plan.

DISPLAY 1: Proposed Increases to Undergraduate Nonresident Supplemental Tuition

	2017-18 Charges	*Proposed Adjustment*	*Proposed % Change*	Charges Effective 2018-19
Nonresident Supplemental Tuition				
Undergraduate	$28,014	*$978*	3.5%	$28,992

[3] The UCRP member class known as "Tier Two" is a frozen group. As of July 1, 2017, it had three active members.

Regents Policy 7709: Senior Management Group Automobile Allowance

(Additions shown by underlining; deletions shown by strikethrough)

University of California – Regents Policy 7709

Senior Management Group Automobile Allowance

Approved February 9, 2009
Amended September 16, 2010 and September 18, 2013
Amended XX, 2018

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: ~~November 14, 2013~~Date

Next Review Date: The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.

Who Is Covered: The following designated Senior Management Group members:[1]

- President
- Executive Vice Presidents
- Senior Vice Presidents
- Principal Officers of The Regents
- Chancellors
- Laboratory Director
- Executive Vice Chancellor or Chief Academic Officer
- Vice Chancellors for Development (or equivalent Vice Chancellor position)
- Medical Center Directors
- Individuals in an Acting Role for the President, Chancellors, or Laboratory Director positions

CONTENTS

[1] Includes all incumbent employees who currently receive an automobile allowance but whose title is not designated for an allowance under this policy.

I. POLICY SUMMARY

This policy provides direction and authority for granting automobile benefits to designated Senior Management Group (SMG) members.

II. POLICY DEFINITIONS

Acting Role: An individual assuming 100% of the role and responsibilities of one of the covered positions under this policy.

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under any policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

Executive Officer: The University President, Chancellor, ~~or~~ Laboratory Director, or Vice President – Agriculture and Natural Resources.

Top Business Officer: Executive Vice President–~~Business Operations~~Chief Operating Officer for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

A. ~~Approval of Automobile Allowance by the Regents~~ Eligibility

~~Any SMG position that is recommended to receive an automobile allowance must be submitted by the President to the Regents for approval.~~ The University no longer offers automobile allowances to new SMG hires or new SMG appointees. Subject to the limitations under policy, designated SMG members who currently receive automobile allowances may continue to receive these allowances until they separate from their current positions or change positions within the University. To be eligible for an automobile allowance, a designated SMG member must currently hold an SMG appointment that was approved as required by policy before March 1, 2017.

B. Automobile Allowance

~~Designated SMG members[2] receive a monthly cash allowance from the University, the amount of which will be announced annually by the Vice President–Finance in accordance with changes in the Consumer Price Index. For the current maximum cash allowance, see *Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances*.~~ Any changes in the amount of the monthly cash allowance will be announced by the Vice President–Systemwide Human Resources. The cash

[2] ~~Includes all incumbent employees who currently receive an automobile allowance but whose title is not designated for an allowance under this policy.~~

allowance is paid to the SMG member as additional taxable wages~~ in accordance with the procedures contained in *Accounting Manual E-821, Senior Management Automobile Policy and Procedures, Section III*~~.

C. Reimbursement for Use of Privately-Owned Vehicle

Designated SMG members who receive an automobile allowance will not receive additional reimbursement for the first 12,000 business miles traveled in a calendar year. Only business miles in excess of 12,000 miles a year will be reimbursed. The SMG member must provide mileage log documentation that the maximum yearly mileage has been exceeded.

Bridge and road tolls, parking fees, and other expenses set forth in *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* may be reimbursed.

Procedures for reimbursement of University business travel and mileage reimbursement rates, as well as procedures required for insurance coverage and the reimbursement of collision damage costs related to the use of a privately-owned vehicle for official University business, are set forth in *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel*, *Section VII.C.* and *Appendix A*.

D. Funding

Each location is responsible for funding its SMG automobile program. Laboratory SMG automobile allowances are provided by the ~~Laboratory Administration Office.~~office of the UC National Laboratories. General Funds (19900) may not be used to support the SMG automobile program.

E. Treatment for Benefit Purposes

Amounts that are treated as wages under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of "EAA" has been established for paying automobile allowances approved in accordance with this policy.

F. Tax Treatment and Reporting

Under Internal Revenue Service (IRS) Regulations, payment of an automobile allowance must be included in the employee's income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and the Regents in the *Annual Report on Executive Compensation.*

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources will work with the Responsible Officer of each policy to implement each policy.

B. Revisions to the Policy

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President~~–Business Operations~~Chief Operating Officer has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

C. Approval of Actions

All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). All actions that are ~~applicable to members of the Senior Management Group or Officers of the University that are~~ exceptions to policy or not expressly provided for under any policy must be approved by the Regents.

V. COMPLIANCE

A. Compliance with the Policy

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to this policy, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with The Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

REVISION HISTORY

As a result of the issuance of this policy, the following document is rescinded as of the effective date of this policy and is no longer applicable:

- *Senior Management Group Automobile Allowance* (Regents Policy 7709), dated August 1, 2009

The following document was rescinded as of August 1, 2009, the original effective date of this policy, and is no longer applicable:

- *Revised University Policy Concerning Senior Management Automobiles*, issued by President Dynes on January 29, 2007

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

RELATED DOCUMENTS

- ~~*Accounting Manual E-821, Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances* (referenced in Section III.B. of this policy)~~
- ~~*Accounting Manual E-821, Senior Management Automobile Policy and Procedures, Section III* (referenced in Section III.B. of this policy)~~
- *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel*, and *Appendix A* (referenced in Section III.C. of this policy)
- *Principles for Review of Executive Compensation* (Regents Policy 7201) (referenced in Section IV.B. of this policy)
- *Senior Management Group Appointment and Compensation* (Regents Policy 7701) (referenced in Section IV.C. of this policy)
- *Guidelines for Corrective Actions Related to Compensation Practices* (referenced in Section V.B. of this policy)
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews* (referenced in Section V.B. of this policy)

Regents Policy 7710: Senior Management Group Moving Reimbursement

(Additions shown by underlining; deletions shown by strikethrough)

University of California – Regents Policy 7710

Senior Management Group Moving Reimbursement

Approved February 9, 2009
Amended September 16, 2010 and September 18, 2013
Amended Month Day, Year

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: ~~November 14, 2013~~ Date

Next Review Date: The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.

Who Is Covered: Members of the Senior Management Group, including those with underlying academic appointments.

The Senior Management Group Moving Reimbursement policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL). See *LBNL Regulations and Procedures Manual §4.01- Relocation Assistance Policy*.

CONTENTS

I. POLICY SUMMARY

This policy describes requirements and process for the reimbursement of moving and/or relocation expenses for Senior Management Group members. It clarifies who is eligible to receive reimbursement of moving and relocation expenses, defines what types of expenses are reimbursable, and outlines the process for obtaining reimbursement. ~~The~~ This policy supports the University's objective to attract and retain talented individuals by offering competitive and fair benefits to help offset the costs associated with moving a Senior Management Group appointee to a new location.

II. POLICY DEFINITIONS

Common Carrier: A company that offers its services to the public to transport goods from one place to another.

Domestic Partner: An individual designated as an employee's domestic partner under one of the following methods:

1) Registration of the partnership with the State of California;
2) Establishment of a same-sex legal union, other than marriage, formed in another jurisdiction that is substantially equivalent to a State of California-registered domestic partnership; or
3) Filing of a Declaration of Domestic Partnership form with the University.

If an individual has not been designated as an employee's domestic partner by any of the foregoing methods, the following criteria are applicable in defining domestic partner:

- each individual is the other's sole domestic partner in a long-term, committed relationship with the intention to remain so indefinitely;
- neither individual is legally married, a partner in another domestic partnership, or related by blood to a degree of closeness that would prohibit legal marriage in the State of California;
- each individual is 18 years of age or older and capable of consenting to the relationship;
- the individuals share a common residence; and
- the individuals are financially interdependent.

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

Executive Officer: The University President, ~~or the~~ Chancellor, Laboratory Director, or Vice President – Agriculture and Natural Resources.

Members of the Household: ~~The Internal Revenue Service (IRS)~~Treasury Regulation Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

Moving Expenses: Reasonable expenditures for transporting the appointee, members of his or her household, household goods and personal effects from his or her former primary residence to his or her new primary residence.

Primary Residence: The principal dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

Reasonable Costs (or expenses): Treasury Regulation Section 1.217-2(b)(2) includes as reasonable costs those costs or expenses that are reasonable under the circumstances of a particular move.

Relocation: A change in the location of a current employee or new appointee's primary residence due to a new appointment with the University. To be considered a qualified moving expense and not reportable as additional taxable income, the distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance between the appointee's previous primary place of work and his or her former primary residence.

Relocation Expenses: Reasonable expenditures other than moving expenses incurred in the process of relocating the appointee and members of his or her household to the location of the appointee's new appointment (e.g. house hunting trips, return trips to the employee's former residence, etc.).

Top Business Officer: Executive Vice President~~–Business Operations~~Chief Operating Officer for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

A. Eligibility for Reimbursement of Moving and/or Relocation Expenses

Reimbursement of moving and/or relocation expenses is at the sole discretion of the University. Reimbursement of moving and/or relocation expenses should be offered when necessary to attract a potential appointee to the University or to encourage a current employee to accept an appointment at a new location. Before offering reimbursement of moving and/or relocation expenses, the employing department must confirm the availability of funds and the presence of the specific determinative criteria cited in this policy. The appropriate approval authority should be consulted before the hiring unit offers such benefits.

Moving and/or relocation expenses that are not specifically addressed in this policy may be reimbursed or paid by the University only if approved by the Regents.

To be eligible for reimbursement of moving and/or relocation expenses, an appointee must meet *all* of the following criteria:

- The appointee must be a new hire or a current employee being assigned to a new location;
- The appointee must be qualified for and have accepted and intend to fulfill his or her new appointment for at least one year from the date the appointment commences;
- The appointee must be in active status in the payroll system prior to reimbursement of moving and/or relocation expenses, unless the appointee has been approved for an advance to cover anticipated expenditures pursuant to Section III.G (Advances) of this policy; and
- The appointee must be relocating his/her primary residence in order to accept the new appointment.

B. Reimbursable Moving Expenses

All or part of the following moving expenses may be reimbursed, subject to the required approvals and availability of funds:

1. Moving of Household Goods and Personal Effects

Household goods and personal effects are limited to one household move per appointee. However, if the University appoints both an individual and his or her spouse or domestic partner, both appointees may be eligible for reimbursement of moving expenses from a former primary residence to the new primary residence. All moves of the ~~employee~~appointee and members of his or her household should be completed within one year of the date an appointee first reports to the new job, even if his or her appointment date was effective prior to the report date.

The University will reimburse actual and reasonable expenses for common carrier transportation related to moving household goods and personal effects from the former primary residence to the new primary residence for the appointee and members of his or her household, including packing, crating, transporting, unpacking, and uncrating household goods and personal effects. The appointee must use a common carrier from the University's preferred vendors list. Assembly and disassembly of unusual items such as swing sets, swimming pools, satellite dishes, etc. may also be reimbursed if authorized by the hiring authority.

Expenses related to moving professional/scholarly books, records and equipment, including laboratory supplies, should be documented separately. Prior to incurring these expenses, the appointee should discuss with the appropriate hiring authority whether these expenses are reimbursable and what documentation is required for reimbursement.

If the appointee elects to move household goods and personal effects on his or her own, costs of renting a moving van, truck, or trailer and moving equipment (e.g., hand truck) are reimbursable, as are moving supplies (e.g., packing materials and boxes).

Costs associated with moving the following items are not reimbursable:

- Animals (except for household pets consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence),
- Plants,
- Motorized recreational vehicles, including boats, kayaks, canoes, airplanes, camping vehicles, trailers, snow machines, jet skis,
- Canned, frozen, and bulk foodstuffs,
- Building supplies,
- Storage sheds,
- Farm equipment, and
- Firewood.

2. Transportation of Motor Vehicles

   The University will reimburse actual and reasonable expenses related to moving two personal motor vehicles per household (which may include motorcycles but excludes vehicles listed in the preceding section). The vehicles may be shipped or driven. If the vehicle is driven by the appointee or a member of the appointee's household, the appointee will be reimbursed in accordance with *Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*.

3. Storage and Insurance

   The University will reimburse actual and reasonable expenses related to:

   - Insurance for the household goods and personal effects while in transit, if incurred within ~~any~~ thirty (30~~-day period~~) days after removal of the household goods and effects from the former primary residence.
   - ~~The University will also reimburse actual and reasonable~~ Storage costs for household goods and personal effects for up to 90 days immediately after their removal from the former primary residence.

4. En Route Travel Expenses for the Appointee and Members of the Household

   The University will reimburse actual and reasonable expenses related to traveling to the new primary residence by the appointee and members of his or her household.

   Meals and lodging while en route to the new primary residence are reimbursable, including one day's lodging in the area of the former primary residence if the residence is not suitable for occupancy due to the move, and one day's lodging on the date of arrival to the new primary residence. Reimbursement of these costs is made in accordance with *Business and Finance Bulletin G-28, Travel Regulations*.

5. Household Pets

   The University will reimburse reasonable expenses related to transportation of household pets (consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence) but not those associated with kenneling such pets.

6. Utilities

   The University will reimburse expenses for connecting and disconnecting utilities but not for associated refundable deposits.

7. Appointee's Passport Processing Expenses

   The University will reimburse the filing fee and cost of photos for a non-U.S. Citizen appointee when passport expenses are incurred in connection with the commencement of his or her work in the United States.

C. Reimbursable Relocation Expenses

The University may reimburse ~~limited~~the following relocation expenses actually and reasonably incurred by the appointee and his or her spouse or domestic partner~~.~~ ~~The following relocation expenses may be reimbursable:~~ after receiving appropriate supporting documentation (see section III.D., below):

1. House-Hunting Trips

   The University may reimburse actual and reasonable expenses associated with looking for new living accommodations for the appointee and his or her spouse or domestic partner for:

   - Cost of transportation (e.g., coach airfare, car rental, parking fees, tolls, gas),
   - Meals, and
   - Lodging.

   The appointee and his or her spouse or domestic partner are limited to two house hunting trips in total.~~each.~~ The maximum number of nights of reimbursable lodging is (10) ten. Travel must be in accordance with *Business and Finance Bulletin G-28, Travel Regulations.* ~~The maximum number of nights of reimbursable lodging is (10) ten.~~

2. ~~Limited~~Temporary Housing-Related Expenses

   The University may reimburse the following ~~limited~~temporary housing-related expenses, if actually and reasonably incurred while the appointee and/or members of his or her household seek permanent housing:

- ~~Penalty paid to terminate the contract (e.g. lease or mortgage) on the appointee's former primary residence if the termination was a result of relocation,~~
- Cost of furnished temporary lodging (e.g., hotel, apartment, short-term rentals), up to 90 days,
- Reasonable residential parking fees, up to 90 days, and
- Meals for the first 30 days of residence in temporary quarters that do not have cooking facilities.

Temporary lodging and meal expenses will be reimbursed in accordance with *Business and Finance Bulletin G-28, Travel Regulations*. ~~At the discretion of the University, the University may provide a temporary cash allowance to the relocating employee to offset limited housing-related expenses in lieu of reimbursement. This allowance would be paid through the University payroll system and would be subject to withholding for income and FICA taxes.~~

3. Return Trips to Former Primary Residence

The University may reimburse actual and reasonable costs of transportation if an appointee needs to return to his or her former primary residence to help with a move or because the appointee has been separated from household members for more than one month. The appointee is limited to two return trips.

Reimbursable expenses related to transportation costs may include coach airfare or other actual costs of transportation (e.g. car rental, parking fees, tolls, gas). Return trips made in an appointee's personal vehicle will be reimbursed in accordance with *Business and Finance Bulletin G-28, Travel Regulations*.

4. Professional Relocation Services

The University may reimburse actual and reasonable expenses related to professional relocation services which may include providing local destination information, home sale assistance, home search at destination, and location of rental or temporary housing.

5. Sale of Residence Costs

The University may reimburse actual and reasonable costs directly associated with the sale of the appointee's former primary residence, if the residence must be sold to relocate to the new assignment. The amount of the reimbursement will depend on prevailing practices within the area of the sale and subject to the limitations, below. The sale of the residence must occur within twelve (12) months of the appointee's start date.

Actual and reasonable selling costs may include:

- Brokerage commission, not to exceed 3% of the final sales price or $30,000, whichever is less.
- Non-recurring closing costs not to exceed 2% of the selling price, not to exceed $20,000, whichever is less.

- Mortgage prepayment penalties not to exceed $15,000,
- Miscellaneous seller's costs customary to the area that may be reimbursed if determined appropriate by the University, not to exceed $10,000.

The University will not reimburse income taxes, property taxes or assessments associated with the sale of the residence, or the cost of physical improvements intended to enhance salability by improving the condition or appearance of the residence.

6. Settlement of a Residential Lease

The University may reimburse actual and reasonable costs directly associated with the settlement of an unexpired lease of a former primary residence if an appointee must settle that lease to relocate to the new assignment. The amount of the reimbursement will not exceed six (6) months of the lease or $25,000, whichever is less, including any penalty paid to terminate the lease.

The University will not offer reimbursement if the appointee knows or reasonably should have known that relocation was imminent prior to entering a lease agreement. The University will not reimburse the cost of physical improvements intended to enhance marketability of the leasehold by improving the condition or appearance of the residence.

D. Supporting Receipts and/or Documentation

~~In order t~~To be eligible for reimbursement, all expenses must be supported by ~~original~~ receipts and/or documentation. An appointee should submit supporting receipts and/or documentation as soon as is reasonably possible, but in all cases, receipts and/or documentation must be submitted within twelve (12) months of the appointee's start date.

E. Tax Treatment and Reporting of Moving and Relocation Expenses

~~IRS rules determine whether payment of moving and relocation expenses by an employer is includable as taxable income that must be reported. Some reimbursements and advances of "qualified moving expenses" are not reportable as additional income. To be considered a qualified moving expense and not reportable as additional taxable income, an expense must meet the following criteria:~~

- ~~The move must be made in connection with the commencement of work at a new job location and the moving expenses must be incurred within one year from the time the appointee first reports to the new job,~~
- ~~During the 12-month period immediately following the move, the individual must be employed full time for at least 39 weeks,~~
- ~~The distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance~~

~~between the appointee's previous primary place of work and his or her former primary residence,~~

- ~~The expenses must be for transportation of household goods and personal effects, including packing, insurance and in-transit storage for periods of up to 30 days from the former primary residence to the new primary residence, and~~
- ~~The expenses must be for travel and lodging costs (but excluding meals) incurred in traveling from the former primary residence to the new primary residence.~~

~~Detailed IRS rules determine whether~~The Tax Cuts and Jobs Act (P.L. 115-97) was signed into law on December 22, 2017. The qualified moving expense reimbursement allowed under Internal Revenue Code Section 132(a)(6) and 132(g)(1) was modified with new Code Section 132(g)(2). Effective January 1, 2018, any fringe benefit that qualifies as a qualified moving expense reimbursement is suspended for taxable years 2018 through 2025. Thus, the University must report ~~certain~~ all moving-related expenses and reimbursements as taxable income. Taxable reimbursements made by the University are subject to withholding for payroll taxes, which will be deducted from the employee's regular wages. ~~For additional information regarding tax treatment and reporting requirements, please refer to the Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation.~~ Appointees should consult a personal tax advisor with questions about these requirements.

Any payments to SMG members under this policy will be subject to reporting to the President and the Regents in the *Annual Report on Executive Compensation.*

F. Repayment Provisions

An appointee who voluntarily separates from the position prior to completing one year of service, or accepts an appointment at another University of California location within 12 months from his or her initial date of appointment, will be required to pay back 100 percent of the moving and relocation expenses.

This provision will be included in the offer letter of the appointee.

G. Advances

The University, in its sole discretion, may elect to advance an amount to cover anticipated expenditures. Advances may only be used to cover reimbursable expenses and must be approved by the Executive Officer. An appointee receiving such an advance must sign an agreement for repayment ~~as described in the Implementation Procedures for this policy.~~in accordance with local procedures.

The hiring unit is responsible for ensuring that advances are accounted for within a reasonable period of time after the move is completed. See *Business and Finance Bulletin G-28, Travel Regulations* for procedures applicable to recording uncleared advances.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.

B. Revisions to the Policy

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President~~–Business Operations~~Chief Operating Officer has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

C. Approval of Actions

All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). All actions that are exceptions to this policy ~~applicable to members of the Senior Management Group or Officers of the University that are~~ or not expressly provided for under any policy must be approved by the Regents.

V. COMPLIANCE

A. Compliance with the Policy

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and results will be reported to senior management and the Regents.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with The Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

REVISION HISTORY

Policy changes effective as of Month Day, 2018:

- To be added

As a result of the issuance of this policy, the following documents are rescinded as of the effective date of this policy and are no longer applicable:

- *Senior Management Group Moving Reimbursement* (Regents Policy 7710), dated February 9, 2009

As a result of the issuance of this policy, p~~P~~rovisions of this policy pertaining to SMG members which~~that~~ appear in the following document ~~shall~~ will be superseded by this policy, effective the date of this policy~~August 1, 2009~~:

- *UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

Attachment 14

PPSM II-71: Senior Management Supplemental Benefit Program

(Additions shown by underlining; deletions shown by strikethrough)

PPSM II-71 Senior Management Supplemental Benefit Program

Responsible Officer:	VP - Human Resources
Responsible Office:	HR - Human Resources
Issuance Date:	~~1/23/2006~~Date
Effective Date:	1/23/2006
Scope:	Members of the Senior Management Group.

Contact:	Christopher Simon
Email:	Christopher.simon@ucop.edu
Phone #:	(510) 987-0503

I. POLICY SUMMARY

This policy describes provisions by which University contributions can be made to the Retirement Savings Program Plans in lieu of the benefit provided under the Senior Management Severance Pay Plan.

II. DEFINITIONS

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception.

Executive Officer: The University President, Chancellor, ~~or~~ Laboratory Director, or Vice President – Agriculture and Natural Resources.

Senior Management Group (SMG): Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% and an appointment to a Senior Management Group position will ~~shall~~ be considered to possess a career appointment in the Senior Management Group.

Top Business Officer: Executive Vice President~~—Business Operations~~Chief Operating Officer for the Office of the President, Vice Chancellor Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

A. General

The Senior Management Supplemental Benefit Program (Supplemental Benefit Program) provides for contributions to be made to the Retirement Savings Program Plans (RSP Plans)[1] in lieu of the benefit provided under the Senior Management Severance Pay Plan (SMSPP) in effect as of December 31, 2004. The SMSPP has been amended to comply with requirements of the Internal Revenue Code and related guidance from the Internal Revenue Service.

B. Eligibility

The University no longer offers participation in the Supplemental Benefit Program to new SMG hires or new SMG appointees. Subject to the limitations under policy, current participants may continue to participate in the Supplemental Benefit Program until they separate from their current positions or change positions within the University.

~~Senior Managers~~An SMG member whose current ~~in~~ full-time (100%) SMG appointment~~s~~ was approved as required by policy before May 25, 2017 is ~~are~~ eligible to participate in the Supplemental Benefit Program. An ~~Senior Manager~~SMG member is not eligible to participate in the Supplemental Benefit Program if the ~~Senior Manager~~SMG member:

1. holds an SMG appointment that was approved as required by policy on or after May 25, 2017;
~~1.~~2. holds a dual tenured academic appointment;[2]
~~2.~~3. is appointed at less than full-time; or
~~3.~~4. is appointed in an acting or interim capacity.

Eligible ~~Senior Managers~~SMG members ~~automatically~~ participating~~e~~ in the Supplemental Benefit Program ~~and~~ are precluded from participating concurrently in the Health Sciences Severance Pay Plan Program.

C. Contributions

No participant in the SMSPP, other than an eligible SMG member~~Senior Manager~~ who separates from University-paid service in 2005, shall accrue additional pay-based credits under the SMSPP after 2004. In lieu of such pay-based credits, under the Supplemental Benefit Program the University will make a contribution to one or more of the RSP Plans on behalf of each eligible ~~Senior Manager~~SMG member equal to the

---

[1] The RSP Plans include the University of California Defined Contribution Plan, the University of California Tax-Deferred 403(b) Plan, and the University of California 457(b) Deferred Compensation Plan.

[2] A Senior Manager who was in the Executive Program and who held a dual academic appointment as of June 30, 1996 shall continue participation in the Supplemental Benefit Program, provided that the SMG member~~Senior Manager~~ is otherwise eligible pursuant to Section B.

percentage rate of compensation established for such manager's base salary and appointment level grade (3% for Grade A appointments; 5% for Grades B and higher), subject to any limitations in the applicable RSP Plans. If an individual resigns from an eligible Senior Management position, but continues employment with the University, the employee will no longer be eligible for a contribution to the RSP Plan in lieu of pay-based credits.

In addition, the University may make one or more contributions in a flat dollar amount (Fixed Contribution) on behalf of an eligible individual. A Fixed Contribution shall be in an amount designed to offset credits, if any, previously accrued under the SMSPP plus imputed interest and other adjustments determined by the Plan Administrator of the RSP Plans, in the administrator's sole discretion, as indicated in order to provide the individual a benefit reasonably equivalent to the benefit that would have been provided under the SMSPP formula in effect as of December 31, 2004, subject to the limitations of the RSP Plans. The amount of a Fixed Contribution, if any, shall be stated in the applicable RSP Plans. Any benefit accrued by an individual under the SMSPP shall be reduced to the extent offset by a Fixed Contribution in a corresponding amount made to the RSP Plans on the individual's behalf, and the individual shall have no further right or claim to a benefit under the SMSPP with respect to the offset amount.

D. Residual Benefits

An individual's residual benefit in the SMSPP shall be credited with earnings at the Short-Term Investment Pool (STIP) rate each calendar quarter until such time as the benefit is offset by a contribution to the RSP Plans or distributed to the individual. The STIP rate shall be at the most current quarterly rate used to calculate interest amounts except that the rate for the third calendar quarter shall also be used for the fourth calendar quarter. Contributions made to the RSP Plans shall be credited with earnings and reduced for losses as described in the RSP Plans, consistent with the individual's investment choices.

E. Payment of Residual Benefit

Any residual SMSPP benefit that is not offset in a year prior to, or during which, an individual separates from University-paid service will be paid in a lump sum to the individual when his or her University-paid service ends. Such benefits, to the extent not offset, also will be paid out if a ~~Senior Manager~~SMG member is granted a leave of absence without pay with no reappointment to the same position or appointment to another University position. A residual SMSPP benefit that has not been offset or paid out at the death of an individual will be paid in a lump sum to the deceased individual's statutory beneficiary.

Payment of the residual SMSPP benefit will be subject to federal and state withholding taxes. If an employee has Social Security coverage, contributions for Social Security will be deducted from the payment up to the Social Security wage base.

F. Authority

The Chancellor, Laboratory Director or Executive Vice President – Chief Operating Officer~~Senior Vice President – Business and Finance~~, as appropriate, designates the fund source(s) that the campus or Laboratory, or Office of the President accounting office shall use to make contributions under the Supplemental Benefit Program and to pay an individual's residual SMSPP benefit. General Funds shall not be used for either type of benefit.

G. Assignment

Neither the employee nor the beneficiary may assign or otherwise encumber an SMSPP benefit. Benefits provided under the RSP Plans are subject to the restrictions on alienation and assignment set forth in the plans.

H. Limitations

Except to the extent inconsistent with the terms of the Supplemental Benefit Program, any terms and conditions governing the benefit provided under the SMSPP in effect as of December 31, 2004 shall also govern the determination of an individual's benefit under the Supplemental Benefit Program.

IV. COMPLIANCE / RESPONSIBILITIES

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

The Chancellor is authorized to establish local procedures necessary to implement this policy. The Chancellor and the Vice President–Human Resources determine secondary administrative level responsibilities and authorities to establish such local procedures.

B. Approval of Actions

~~See Section III.F. for the authority to approve actions authorized by this policy.~~

All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). All actions ~~applicable to Senior Management Group members that exceed~~that are exceptions to this policy~~,~~ or ~~that are~~ not expressly provided for under any policy~~,~~ must be ~~endorsed by the President and~~ approved by the Regents.

C. Compliance with the Policy

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms and ensuring that monitoring procedures and reporting capabilities are established.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Director–HR Compliance may periodically monitor compliance to this policy.

D. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with the Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews.*

E. Revisions to the Policy

The President is the Policy Approver and has the authority to approve policy revisions upon recommendation by the Vice President–Human Resources. The Regents is the Policy Approver for policy revisions that affect the compensation of Senior Management Group members.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President~~–Business Operations~~Chief Operating Officer has the authority to ensure that policies are regularly reviewed, updated, and consistent with other governance policies.

V. PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

VI. RELATED INFORMATION

- *Guidelines for Corrective Actions Related to Compensation Practices* (referenced in Section IV.D. of this policy)
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews* (referenced in Section IV.D of this policy)

VII. FREQUENTLY ASKED QUESTIONS

Not applicable.

VIII. REVISION HISTORY

Administrative note: The President is no longer recommending or approving participation in the Senior Management Supplemental Benefit Program for new hires or new appointees. Subject to the limitations under policy, current participants may continue to participate in the Senior Management Supplemental Benefit Program until they step down from their current positions or change positions.

October 17, 2017: This Policy was remediated to meet Web Content Accessibility

Guidelines (WCAG) 2.0.

October 1, 2012: This policy was reformatted into the standard University of California policy template.

Attachment 15

Regents Policy 7711: Senior Management Group Relocation Allowance

(Deletions shown by strikethrough)

~~University of California – Regents Policy 7711~~

~~Senior Management Group Relocation Allowance~~

~~Approved February 9, 2009~~
~~Amended September 16, 2010 and September 18, 2013~~

~~Administrative note: The President is no longer recommending or approving cash relocation allowances for new hires or new appointees.~~

~~**Responsible Officer:** Vice President–Human Resources~~

~~**Responsible Office:** Human Resources~~

~~**Effective Date:** November 14, 2013~~

~~**Next Review Date:** The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.~~

~~**Who Is Covered:** Members of the Senior Management Group (SMG) and external candidates for Senior Management Group positions.~~
~~The Senior Management Group Relocation Allowance policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL) or candidates for Senior Management Group positions at LBNL. See *LBNL Regulations and Procedures Manual §4.01 – Relocation Policy.*~~

~~CONTENTS~~

~~I. POLICY SUMMARY~~

~~This policy provides the direction and authority for granting a relocation allowance to offset a portion of an external or internal Senior Management Group (SMG) candidate's costs associated with accepting the University's employment offer or with relocating at the request of the University. A relocation allowance supports the University's objective to attract and retain talented candidates who might otherwise decline the University's employment or relocation offer.~~

~~II. POLICY DEFINITIONS~~

~~Executive Officer:~~ ~~The University President or the Chancellor.~~

~~Exception to Policy:~~ ~~An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.~~

~~Primary Residence:~~ ~~The dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.~~

~~Relocation:~~ ~~A change in the location of an appointee's primary residence due to a new appointment with the University.~~

~~Top Business Officer:~~ ~~Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.~~

~~III. POLICY TEXT~~

~~A. Eligibility~~

~~To be eligible for a relocation allowance, a candidate for a Senior Management Group position must meet the following eligibility conditions:~~

1. ~~The candidate must be a new hire or a current employee being assigned to a new location; and~~
2. ~~The candidate must be qualified for and have accepted and intend to fulfill his/her new appointment for at least one year from the date the appointment commences; and~~
3. ~~The candidate is expected to incur costs associated with accepting the University's employment offer or with relocating at the request of the University.~~

~~Consult the appropriate hiring authority before offering a relocation allowance. See Section IV. (Approval Authority) of this policy.~~

~~*B. Relocation Allowance Amounts*~~

1. ~~A relocation allowance is granted at the sole discretion of the University, is dependent on the availability of funds, is not guaranteed to be made available to all eligible candidates, and is not guaranteed to offer total reimbursement for all increased costs that may be incurred by the candidate's acceptance of the appointment and the candidate's relocation.~~
2. ~~Allowance amounts will vary based on specific circumstances including the following:~~

   a. ~~amount of costs associated with the appointee's relocation that are not covered by the policy, *Senior Management Group Moving Reimbursement*.~~

   b. ~~market prevalence for these allowances within specific occupations.~~
3. ~~The relocation allowance amount cannot exceed a maximum of 25% of the proposed starting base salary for the SMG position. If both a hiring bonus, as set forth in the policy, *Senior Management Group Hiring Bonus*, and relocation allowance are offered to a potential candidate, the combined amount cannot exceed 30% of the proposed starting base salary. Direct moving and relocation expenses are to be reimbursed in accordance with the policy, *Senior Management Group Moving Reimbursement*.~~

~~*C. Payment Provisions*~~

~~Granting of a relocation allowance is at the sole discretion of the University. Before offering a relocation allowance, the employing department must confirm the availability of funds and the specific determinative criteria cited in Section III.B.2 of this policy. Any relocation allowance amount granted along with payment and repayment provisions shall be detailed in the candidate's offer letter. By signing such agreement, the candidate agrees to all payment and repayment provisions of this policy.~~

~~The relocation allowance payments are payable in either a lump sum payment (e.g., within 30 days of hire date) or as installment payments spread over a period of two, three or four years. Installment payments are generally advisable. If a recipient separates from UC, all future installment payments will be forfeited. If a lump sum payment is provided, then repayment provisions are required, as described in Section D. of this policy.~~

~~*D. Repayment Provisions*~~

1. ~~The candidate's offer letter shall contain the specific details of the repayment provisions, including the number of years of service that must be completed and the amount (percentage or actual amount) of repayment if separation occurs prior to the completion of each year of service.~~
2. ~~If the employee receives a lump sum relocation allowance and separates from UC prior to completing the agreed upon period of service (at least two years), the employee will be required to pay back a pro-rata portion of the relocation allowance payment.~~

3. ~~Any unpaid relocation allowance amounts are forfeited at the time of separation of employment.~~

~~E. Funding Sources~~

~~Relocation allowance payments, if approved, are funded by the hiring department.~~

~~F. Treatment for Benefit Purposes~~

~~Relocation allowance amounts under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of "RIP" has been established for paying relocation allowances approved in accordance with this policy.~~

~~G. Tax Treatment and Reporting~~

~~Under Internal Revenue Service Regulations, payment of a relocation allowance must be included in the employee's income as wages subject to withholding in the year paid for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.~~

~~Any payments to SMG members under this policy will be reported to the President and the Regents in the *Annual Report on Executive Compensation*.~~

~~H. Relation With Other Policies~~

~~Senior Management Group appointees who hold an academic appointment and receive a relocation allowance under the terms of this policy are not eligible for *The Faculty Recruitment Allowance Program* as set forth in *Academic Personnel Manual (APM) 190 – Appendix E*.~~

~~IV. APPROVAL AUTHORITY~~

~~A. Implementation of the Policy~~

~~The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources will work with the Responsible Officer of each policy to implement each policy.~~

~~B. Revisions to the Policy~~

~~The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.~~

~~The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.~~

~~The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.~~

~~*C. Approval of Actions*~~

~~All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). All actions that are applicable to members of the Senior Management Group or Officers of the University that are not expressly provided for under any policy must be approved by the Regents.~~

~~V. COMPLIANCE AND REPORTING~~

~~*A. Compliance with the Policy*~~

~~The following roles are designated at each location to implement compliance monitoring responsibility for this policy:~~

~~The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.~~

~~The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.~~

~~The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.~~

~~The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.~~

~~*B. Noncompliance with the Policy*~~

~~Noncompliance with the policy is handled in accordance with The Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews.*~~

~~Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.~~

~~REVISION HISTORY~~

~~As a result of the issuance of this policy, the following document is rescinded as of the effective date of this policy and is no longer applicable:~~

- ~~*Senior Management Group Relocation Allowance* (Regents Policy 7711), dated August 1, 2009~~

~~Provisions in the following document that are applicable to SMG employees were rescinded as of August 1, 2009:~~

- ~~*UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*~~

~~IMPLEMENTATION PROCEDURES~~

~~The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.~~

PRIMARY REPORT

Proposed 2018 Market Reference Zones
SMG Level I

- The table below provides the **proposed 2018 MRZs for the SMG Level I positions**.

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
President of the University	$600.2	$813.0	$884.9	$1,022.8	$1,372.1
Chancellor (Campuses with Health Services)	$577.2	$809.8	$921.4	$1,111.1	$1,479.8
Chancellor (Campuses without Health Services)	$504.2	$692.4	$778.3	$929.1	$1,234.6
Executive Vice President - Chief Operating Officer	$323.0	$409.5	$435.3	$498.3	$614.2
Executive Vice President and Chief Financial Officer	$326.8	$479.3	$511.1	$566.0	$659.6
General Counsel and Vice President - Legal Affairs	$330.8	$453.0	$481.5	$534.0	$616.3
Laboratory Director (LBNL)	$363.4	$456.6	$491.3	$543.4	$544.8
Provost and Executive Vice President - Academic Affairs	$356.3	$405.4	$469.9	$514.4	$607.9
Secretary and Chief of Staff to the Regents	$223.7	$274.0	$297.8	$333.7	$417.2
Senior Vice President - Chief Compliance and Audit Officer	$267.2	$320.7	$352.4	$399.1	$438.1
Senior Vice President - External Relations	$253.5	$330.4	$352.3	$392.8	$489.3
Senior Vice President - Government Relations	$245.1	$266.0	$276.6	$298.7	$373.3
Senior Vice President - Innovation and Entrepreneurship	$316.9	$383.4	$424.0	$490.8	$568.3
Senior Vice President - Public Affairs (Communications)	$224.2	$267.0	$286.4	$317.7	$364.6
Vice President - Agriculture and Natural Resources	$275.3	$299.8	$322.7	$356.7	$380.5
Vice President for National Labs	$265.5	$363.2	$396.9	$447.5	$562.8

Proposed 2018 Market Reference Zones
SMG Level II

- The table below and on the following pages provides the **proposed 2018 MRZs for the SMG Level II positions**.

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Assistant Vice President - Institutional Advancement	$207.0	$248.2	$270.7	$304.4	$327.4
Associate Laboratory Director	$325.3	$360.8	$405.2	$471.7	$570.7
Associate Vice President - Academic Programs and Strategic Initiatives (ANR)	$187.2	$221.5	$234.4	$254.3	$278.8
Associate Vice President - Budget Analysis and Planning	$204.1	$250.1	$264.2	$289.9	$334.8
Associate Vice President - Business Operations (ANR)	$212.2	$260.3	$272.1	$300.6	$379.6
Associate Vice President - Capital Financial Planning and Analysis	$228.8	$320.0	$337.0	$368.3	$433.4
Associate Vice President - Chief Procurement Officer	$225.2	$273.1	$297.0	$326.6	$381.8
Associate Vice President - Energy and Sustainability	$221.0	$245.8	$270.3	$307.1	$344.0
Associate Vice President - Federal Government Relations	$229.7	$281.8	$311.4	$355.6	$407.3
Associate Vice President for National Labs	$225.6	$308.7	$337.4	$380.4	$478.4
Associate Vice President - Systemwide Controller	$205.8	$271.6	$307.3	$362.0	$433.2
Associate Vice President and Director - State Government Relations	$203.4	$237.8	$253.1	$282.1	$312.1
Chief Campus Counsel (Campuses with Health Services)	$258.7	$325.9	$346.6	$386.9	$437.8
Chief Campus Counsel (Campuses without Health Services)	$224.1	$277.0	$293.5	$322.4	$381.3
Chief Financial Officer (LBNL)	$269.5	$363.4	$414.7	$491.7	$614.3
Chief Laboratory Counsel (LBNL)	$265.2	$333.2	$365.1	$413.0	$518.8

PRIMARY REPORT

Proposed 2018 Market Reference Zones
SMG Level II

- The **proposed 2018 MRZs for the SMG Level II positions** (continued).

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Chief Operating Officer (LBNL)	$249.0	$320.6	$348.0	$389.1	$560.3
Chief Risk Officer	$214.7	$246.9	$260.6	$281.4	$380.7
Dean - University Extension (Campuses with Health Services)	$234.4	$261.9	$283.1	$321.7	$351.1
Dean - University Extension (Campuses without Health Services)	$203.2	$229.0	$241.4	$262.6	$301.3
Deputy General Counsel	$231.2	$281.4	$296.5	$329.3	$370.5
Deputy Laboratory Director (Research)	$321.7	$367.8	$393.3	$431.6	$466.3
Director - Contracts Management (National Labs)	$211.8	$224.0	$237.8	$258.6	$278.2
Executive Vice Chancellor and Provost (Campuses with Health Services)	$439.5	$466.8	$497.5	$604.1	$707.8
Executive Vice Chancellor and Provost (Campuses without Health Services)	$369.8	$407.0	$417.3	$472.5	$591.5
University Librarian (Campuses with Health Services)	$219.9	$249.7	$263.5	$285.7	$321.2
University Librarian (Campuses without Health Services)	$184.1	$213.6	$225.4	$246.3	$292.7
Vice Chancellor - Academic Personnel (Campuses with Health Services)	$218.2	$273.3	$282.6	$331.9	$358.3
Vice Chancellor - Academic Personnel (Campuses without Health Services)	$182.1	$221.2	$225.5	$258.8	$293.2
Vice Chancellor - Budget and Planning (Campuses with Health Services)	$192.7	$232.3	$248.6	$276.5	$320.0
Vice Chancellor - Budget and Planning (Campuses without Health Services)	$172.0	$204.0	$220.5	$246.6	$288.6
Vice Chancellor - Business Administration (Campuses with Health Services)	$225.6	$301.2	$324.3	$374.9	$463.0

Proposed 2018 Market Reference Zones
SMG Level II

- The **proposed 2018 MRZs for the SMG Level II positions** (continued).

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Vice Chancellor - Business Administration (Campuses without Health Services)	$191.9	$254.7	$271.9	$306.7	$385.9
Vice Chancellor - Chief Financial Officer (Campuses with Health Services)	$276.1	$345.3	$370.4	$412.0	$496.7
Vice Chancellor - Chief Financial Officer (Campuses without Health Services)	$240.4	$295.1	$312.9	$347.9	$418.8
Vice Chancellor - Development/University Relations (Campuses with Health Services)	$376.2	$460.2	$483.7	$543.8	$597.1
Vice Chancellor - Development/University Relations (Campuses without Health Services)	$312.1	$377.0	$402.0	$444.2	$501.8
Vice Chancellor - Equity and Inclusion (Campuses with Health Services)	$211.3	$258.0	$282.4	$321.8	$381.5
Vice Chancellor - Equity and Inclusion (Campuses without Health Services)	$188.6	$229.6	$251.3	$285.8	$335.1
Vice Chancellor - Graduate Studies and Dean - Graduate Division (Campuses with Health Services)	$227.6	$282.1	$292.7	$314.8	$356.8
Vice Chancellor - Graduate Studies and Dean - Graduate Division (Campuses without Health Services)	$195.2	$232.8	$248.9	$269.5	$306.7
Vice Chancellor - Information Technology (Campuses with Health Services)	$266.4	$307.9	$332.6	$372.9	$438.5
Vice Chancellor - Information Technology (Campuses without Health Services)	$251.7	$297.0	$316.7	$345.5	$390.4
Vice Chancellor - Marine Sciences and Dean - Graduate School of Marine Sciences (Campuses with Health Services)	$358.9	$368.7	$387.1	$414.7	$445.1
Vice Chancellor - Research (Campuses with Health Services)	$311.6	$366.1	$389.4	$426.1	$483.3
Vice Chancellor - Research (Campuses without Health Services)	$283.8	$334.2	$356.2	$391.8	$445.0
Vice Chancellor - Student Affairs (Campuses with Health Services)	$268.2	$310.2	$323.8	$339.4	$355.4
Vice Chancellor - Student Affairs (Campuses without Health Services)	$222.7	$252.4	$269.0	$288.3	$314.2

Proposed 2018 Market Reference Zones
SMG Level II

- The **proposed 2018 MRZs for the SMG Level II positions** (continued).

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Vice Chancellor - Undergraduate Education (Campuses with Health Services)	$254.6	$306.6	$339.7	$408.0	$486.9
Vice Chancellor - Undergraduate Education (Campuses without Health Services)	$206.7	$226.7	$244.9	$285.2	$363.0
Vice Chancellor and Dean - School of Medicine (Campuses with Health Services)	$564.4	$775.6	$781.5	$804.3	$956.0
Vice Chancellor and Dean - School of Medicine (Campuses without Health Services)	$476.2	$628.4	$648.6	$693.9	$832.2
Vice President - Budget and Capital Resources	$224.0	$274.9	$290.4	$318.7	$368.6
Vice President - Information Technology and Chief Information Officer	$274.4	$369.2	$399.0	$437.9	$511.5
Vice President - Institutional Research and Academic Planning	$229.7	$279.9	$309.5	$346.2	$405.1
Vice President - Research and Graduate Studies	$373.9	$439.3	$467.3	$511.3	$580.0
Vice President - Student Affairs	$194.6	$281.3	$323.2	$346.2	$381.8
Vice President - Systemwide Human Resources	$237.3	$313.4	$348.9	$392.4	$461.5
Vice Provost - Academic Information and Strategic Services	$281.0	$306.3	$324.2	$390.9	$450.1
Vice Provost - Academic Personnel	$235.7	$295.1	$305.2	$358.4	$386.9
Vice Provost - Education Partnership	$281.0	$306.3	$324.2	$390.9	$450.1

Additions shown by underscoring; deletions shown by strikethrough

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~~Consent Responsibilities. The Committee shall ~~have plenary authority to approve~~ be charged with recommending action on the following matters which, on approval ~~by the Committee or the Investments Subcommittee (see Paragraph F below)~~, shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any Regent for separate consideration.~~require no further action or authorization from the Board or any other committee:~~

- Determination of asset classes (exercised through the Investments Subcommittee)
- Asset and risk allocation policy (exercised through the Investments Subcommittee)
- Selection of benchmarks (exercised through the Investments Subcommittee.)

D. Other Oversight Responsibilities. In addition to the ~~authority delegated~~ consent responsibilities assigned 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~~ consent responsibilities 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 though policy and to monitoring and reporting investment results.

4. Subcommittee consent Responsibilities. Unless otherwise specified in the Committee Charter, the Subcommittee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board, on the terms specified in section C, above, as though approved by the Standing Committee, unless any Regent requests that the matter be taken up for discussion and/or action by the Standing 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 and risk allocation policy
    - Selection of benchmarks

~~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~~ responsibilities assigned to the ~~C~~Subcommittee described above, and to the extent not otherwise within such ~~authority~~responsibilities, 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
- Endowment administration cost recovery
- Endowment total return expenditure
- Campus Foundations investment 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. The Subcommittee shall include at least three and no more than five non-voting advisory members (in addition to Chancellors) with expertise relevant to the work of the Subcommittee. One advisory member shall be a represented employee of the University of California with expertise in investments and one shall be from a campus foundation. 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.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN
INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement ("Policy" or "IPS") is to define the objectives and policies established for the management of the investments of the University of California Retirement Plan ("UCRP"). The management of UCRP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document. The investment policy statement consists of the following sections:

- Investment Objectives
- Monitoring and Reporting
- Conflicts of Interest
- Disclosures
- Policy Maintenance

This policy reflects the Governance Framework outlined in Bylaws 22 and 23 of the University and the Finance and Capital Strategies Committee Charter

The Board defines the goals and objectives of UCRP and is responsible for establishing and approving changes to this IPS. The Finance and Capital Strategies Committee and Investments Subcommittee are responsible for establishing the Asset and Risk Allocation Policy (with approval by the Board on a consent agenda), which defines the strategic asset allocation, risk tolerance, asset types and benchmarks of the portfolio.

The Chief Investment Officer (or "Office of the Chief Investment Officer") is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of UCRP assets.

POLICY TEXT

INVESTMENT OBJECTIVES

1. Overall Objective

The objective of UCRP is to provide retirement benefits, as described in the Plan document, to its participants and their beneficiaries. The overall investment goal of UCRP is to maximize the probability of meeting the Plan's liabilities subject to the Regents' funding policy.

2. Return Objective

UCRP seeks to maximize its return on investment, consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of UCRP. The performance of UCRP will be measured relative to its objectives (e.g. actuarial rate, funded status, inflation) and policy benchmarks found in the Asset and Risk Allocation Policy.

Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective. The Board acknowledges that over short time periods (i.e. one quarter, one year, and even three to five year time periods), returns will vary from performance objectives and the investment policy thus serves as a buffer against ill-considered action.

3. Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve UCRP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored and tied to responsible parties; and risk should be taken consistent with UCRP's objectives and the expectations for return from the risk exposures.

UCRP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. The expected level of UCRP funded status volatility (i.e. surplus risk, or volatility of the change in UCRP assets relative to the change in UCRP liabilities) should be monitored and the Board seeks to minimize the probability of loss of funded status over a full market cycle.

4. Sustainability Objective

The Office of the Chief Investment Officer (OCIO) shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

The OCIO uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. The OCIO manages the UCRP consistent with these sustainability principles. The Framework can be found on the OCIO's website in the sustainability section.

MONITORING AND REPORTING

The OCIO is responsible for monitoring the portfolio and investment managers on an ongoing basis. The OCIO should monitor and report to the Investments Subcommittee, Finance and Capital Strategies Committee, and Board of Regents on the following items.

1. Asset and Risk Allocation

2. Investment Performance and Attribution (against benchmarks identified in the **UCRP Asset and Risk Allocation Policy**)

3. Material Changes to Organization and Investment Strategy

4. Potential Material Issues and Risks

While short-term results will be monitored, it is understood that UCRP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

DISCLOSURES

The Chief Investment Officer provides investment-related information on the UCRP to the Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on the Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. Other disclosures that will be posted on the Chief Investment Officer's website are:

1. A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a lagged quarterly basis.

2. The fees and expenses paid directly to the alternative investment vehicle, the fund manager, or related parties.

a. The name, address, and vintage year of each alternative investment vehicle, the dollar amount of the total commitment, and the following information related to fees and expenses paid directly to the alternative investment vehicle, the fund manager or related parties (as defined in AB2833);

b. Fees and expenses paid directly to the alternative investment vehicle, the fund manager or related parties;

c. Pro rata share of fees and expenses not included above that are paid by the alternative investment vehicle to the fund manager or related parties;

d. UCRP's pro rata share of carried interest distributed to the fund manager or related parties; and

e. UCRP's pro rata share of aggregate fees and expenses paid by portfolio companies to the fund manager or related parties.

3. As soon as practicable after each fiscal year, a complete listing of all assets held by the UCRP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer.

4. Each External Manager[1] proposing an investment to be made by or on behalf of the University of California Retirement System must comply with one of the following two requirements:

a. If the External Manager will not use any Placement Agents[2] in connection with the proposed investment, the External Manager must provide the Chief Investment Officer with a written statement to that effect.

b. If the External Manager will use a Placement Agent in connection with the proposed investment, the External Manager must disclose the following information in writing to the Chief Investment Officer:

i. A description of the relationship between the External Manager and any Placement Agents for the investment for which funds are being raised.

ii. Whether the Placement Agent's mandate includes the Regents of University of California as trustee/custodian.

iii. A description of the services performed by the Placement Agent.

---

[1] "External Manager" means a (i) person who is seeking to be, or is, retained by the Regents to manage a portfolio of securities or other assets for compensation or (ii) a person managing an investment fund who offers or sells, or has offered or sold, an ownership interest in the investment fund.

[2] "Placement Agent" means a person directly or indirectly hired, engaged or retained by, or serving for the benefit of or on behalf of, an External Manager or an investment fund managed by an External Manager, who acts, or has acted, for compensation as a finder, solicitor, marketer, consultant, broker or other intermediary in connection with the offer or sale to the Regents of either the investment management services of the External Manager or an ownership interest in an investment fund managed by the External Manager. Any exceptions to this definition of "Placement Agent" available under Sections 7513.8 or Section 82047.3 of the California Government Code will apply under this Policy.

iv. A description of any and all payments of any kind provided or agreed to be provided to a Placement Agent by the External Manager with regard to investments by the Regents as a plan trustee or custodian of retirement or savings plan assets.

v. Upon request, the resume for each officer, partner or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses, and investment and work experience.

vi. A statement as to whether the Placement Agent, or any of its affiliates, is registered with the Securities Exchange Commission.

vii. A statement as to whether the Placement Agent, or any of its affiliates, is registered as a lobbyist under California law.

c. The Chief Investment Officer will only enter into agreements to invest in or through External Managers that agree to comply with the provisions of this policy with regard to Placement Agents. The Chief Investment Officer will rely on the written statements made by the External Manager.

RESTRICTIONS

The Regents have restricted that purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

COMPLIANCE/DELEGATION

The UCRP Investment Policy Statement should be reviewed at least annually and updated as necessary. Revisions may be recommended by the Office of the Chief Investment Officer, Investments Subcommittee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

UCRP Asset and Risk Allocation Policy (add links)
Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN
ASSET AND RISK ALLOCATION POLICY

POLICY SUMMARY/BACKGROUND

The purpose of this Asset and Risk Allocation Policy ("Policy") is to define the asset types, strategic asset allocation, risk management, benchmarks, and rebalancing for the University of California Retirement Plan ("UCRP"). The Investments Subcommittee has consent responsibilities over this policy

POLICY TEXT

ASSET CLASS TYPES

Below is a list of asset class types in which the UCRP may invest so long as they do not conflict with the constraints and restrictions described in the UCRP Investment Policy Statement. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of UCRP
- Widely recognized and accepted among institutional investors
- Low cross correlations with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. **Public Equity**

Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of the public equity portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. **Fixed Income**

Fixed Income includes a variety of income related asset types. The portfolio will invest in interest bearing and income based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. The portfolio can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the income portfolio is to provide necessary liquidity for payment obligations and portfolio rebalancing needs, while investing in higher yielding and less liquid income opportunities with excess liquidity.

3. **Private Equity**

Private equity includes, but is not limited to, venture capital and buyout funds, direct investments, and co-investments in private companies. This includes investments in privately held companies and private investments in public entities which are illiquid. The objective of the portfolio is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

4. **Private Real Estate**

Private real estate includes, but is not limited to, core, value-add, opportunistic strategies that are characterized by development, repositioning and leverage. Investments are typically comprised of commercial properties in various operating segments (e.g. office, retail, hotel, industrial, student housing and multi-family). The objective of the real estate portfolio is to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and protect long-term purchasing power.

5. **Real Assets**

Real assets includes, but is not limited to, natural resources, timberland, energy, royalties, infrastructure, and commodities related equity and debt related investments. The objective of the real assets portfolio is to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

6. **Absolute Return / Strategic Opportunities**

Absolute return investments are expected to generate long-term real returns by exploiting market inefficiencies. The portfolio invests in a collection of strategies that includes, but is not limited to, strategy types such as Relative Value, Event Driven, and Strategic Opportunities. The objective of the portfolio is to provide diversification and generate capital appreciation.

7. **Derivatives**

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited, except for specific strategies only. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

RISK MANAGEMENT

There are three principal factors that affect a pension fund's financial status: 1) contributions, 2) benefit payments, and 3) investment performance. Only the last factor is dependent upon the investment policy and guidelines contained herein. However, the Subcommittee's level of risk tolerance will take into account all three factors. At certain levels of funded status, it could be impossible for the investments to achieve the necessary performance to meet the promised liabilities. The result is that either benefits have to be reduced, contributions increased, or risk tolerance changed.

There are different types of risk important at each level of investment management for UCRP and tied to various responsible parties thus different risk metrics are appropriate at each level.

There are different types of risk tied to various responsible parties at each level of UCRP investment management. Thus, different risk metrics are appropriate at each level.

The **principal risks** that impact the UCRP, and the parties responsible for managing them are as follows:

- Capital market risk is the risk that the investment return associated with the Subcommittee's asset allocation policy is not sufficient to provide the required returns to meet the UCRP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and Subcommittee.

- Investment style risk is associated with an active management investment program. It is the performance differential between an asset category's market target and the aggregate of the managers' benchmarks within the asset category weighted according to a policy allocation specified by the Chief Investment Officer. This risk is an implementation risk and is the responsibility of the Chief Investment Officer.

- Manager value-added risk is also associated with an active management investment program. It is the performance differential between the aggregate of the managers' actual (active) portfolios and the aggregate of the managers' benchmarks. This risk is an implementation risk and is the responsibility of the Chief Investment Officer (and indirectly the investment managers retained by the Chief Investment Officer).

- Tactical/strategic risk is the performance differential between (1) policy allocations for UCRP's asset categories and its investment managers and (2) the actual allocations. This risk is the responsibility of the Chief Investment Officer.

- Total active risk refers to the volatility of the difference between the return of the UCRP policy benchmark and the actual return. It incorporates the aggregate of the risks above, and is thus the responsibility of the Chief Investment Officer.
- Surplus risk refers to the volatility of the change in the dollar value of UCRP assets versus the change in the dollar value of the liabilities. The latter represents the ultimate investment objective of the Plan. Because the asset allocation articulates the Regents' risk

tolerance, and because the Regents determine the Plan's benefits and liabilities, this risk is the joint responsibility of the Board and the Subcommittee.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer. The Chief Investment Officer shall report on risk exposures and the values of the several risk measures to the Board.

UCRP Product level (Board, Investments Subcommittee, and Office of the Chief Investment Officer)

- Surplus Risk (insufficient assets to meet liabilities)
    - Measures the risk of inappropriate investment policy and strategy
- Total Investment Risk (volatility of total return)
    - Measures the risk of asset allocation policy

Implementation level (Office of the Chief Investment Officer)

- Active Risk or "Tracking Error" (volatility of deviation from style or benchmark)
    - Measures the risk of unintended exposures or ineffective implementation

Risk Measures: UCRP will use various risk analysis tools (e.g. factor analysis, simulation modeling) to measure the portfolio risks noted below. These metrics are intended to be used as one of many inputs in the asset and risk allocation process and are not intended to be used as benchmarks to measure actual results.

- **Funded Ratio:** Funded Ratio, defined as the ratio of plan assets to liabilities. Plan assets shall be measured at current market value as well as using actuarially smoothing. Liabilities shall be measured as the actuarial accrued liability (AAL). Liabilities, and hence this metric, are formally re-estimated only annually, but should be reviewed quarterly (change in liabilities estimated using liability duration and change in bond yields, as well as accruals for service cost and benefits paid).
    - The funded ratio projected over a ten year forecast period, using an actuarial model of assets and liabilities
    - The expected shortfall, defined as the expected loss experienced in worst case market scenarios

The Office of the Chief Investment Officer (OCIO) is responsible for managing both total and active risk and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands. Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, the OCIO may allocate risk exposures within and between asset types in order to optimize return.

STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation is to reflect UCRP's long-term purpose and objectives, as well as the investment beliefs and organizational capability of the OCIO. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value adding activities of the OCIO. This is underpinned by the recognition that investment opportunities come and go, values rise and fall and, that implementation must be dynamic in order to benefit from this fluctuation. This belief is critical to add value to UCRP. We follow a risk allocation process to ensure that the attractiveness of all opportunities is assessed on a consistent basis and that will meet the objectives set.

The investment strategy of UCRP will be based on a financial plan that will consider:

- The financial condition of the Plan, i.e., the relationship between the current and projected assets of the Plan and the projected benefit payments, and the current Funding Policy.

- Future growth of active and retired participants; expected service costs and benefit payments; and inflation and the rate of salary increases. (Together these are the principal factors determining liability growth.)

- The expected long-term capital market outlook, including expected volatility of and correlation among various asset classes.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Target Allocation		Allowable Ranges	
			Minimum	**Maximum**
Global Equity	50.0		40.0	60.0
US Fixed Income	13.0		10.0	16.0
High Yield Fixed Income	2.5		0.0	5.0
Emerging Mkt Fixed Income	2.5		0.0	5.0
TIPS	2.0		0.0	4.0
Private Equity	10.0		5.0	15.0
Absolute Return	10.0		0.0	20.0
Real Assets	3.0		0.0	6.0
Real Estate	7.0		2.0	12.0
Liquidity	0.0		0.0	10.0
TOTAL	**100%**			
Combined Public Equity	50.0		40.0	60.0
Combined Fixed Income	20.0		10.0	30.0
Combined Other Investments*	30.0		20.0	40.0

* Other Investments category including, but not limited to: Real Estate, Private Equity, Real Assets, and Absolute Return

BENCHMARKS

The following criteria have been adopted for the selection of benchmark indices. It is understood that not all benchmarks will meet the entire list of criteria, but ideally, benchmarks that meet most of the criteria will be selected. There may be instances where tradeoffs are made between benchmarks that meet some of the criteria but not others.

1. **Unambiguous**: the names and weights of securities comprising the benchmark are clearly delineated.

2. **Investable**: is possible to replicate the benchmark performance by investing in the benchmark holdings.

3. **Measurable**: possible to readily calculate the benchmark's return on a reasonably frequent basis.

4. **Appropriate**: the benchmark is consistent with investment preferences or biases.

5. **Specified in Advance**: the benchmark is constructed prior to the start of an evaluation period.

6. **Reflects Current Investment Opinion**: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction.

Benchmarks are a tool against which to measure the effectiveness of investment strategy either at a total fund level, at an investment class or strategy level, or at the mandate level. Based on the benchmark selection criteria, the following strategic policy benchmarks have been chosen:

Table 2

Asset Class	**Benchmark**
Global Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco Free - Net Dividends
Core Fixed Income	Barclays US Aggregate Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index
Emerging Market Fixed Income	JP Morgan Emerging Markets Bond Index Global Diversified
Treasury Inflation Protected Securities (TIPS)	Barclays US TIPS Index
Private Equity	Russell 3000 + 3%[1]
Absolute Return / Strategic Opportunities	HFRI Fund of Funds Composite
Real Assets	Actual Real Assets Portfolio Return
Real Estate	NCREIF Funds Index – Open End Diversified Core Equity (ODCE), lagged 3 months

The **Total UCRP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages. The policy benchmarks may differ from the target allocations in Table 1 until implementation reaches the long-term strategic asset allocation.

REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of UCRP. Accordingly, UCRP may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

The OCIO will monitor the actual asset allocation. The Board directs the OCIO to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that UCRP achieves its long-term risk and return objectives.

[1] As the OCIO transitions the benchmark into the portfolio, it will use 150 basis points illiquidity premium for the first year starting in July 2017.

The OCIO shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of UCRP.

COMPLIANCE/DELEGATION

The UCRP Asset and Risk Allocation Policy Statement should be reviewed at least annually and updated as necessary. The Investments Subcommittee may recommend action which will be placed on the Consent Agenda for approval by the Board.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Regents Policy 6102: Investment Policy Statement for GEP
Proposed Amended Version

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives and policies established for the management of the investments of the University of California General Endowment Pool (“GEP”). The management of the GEP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document. The IPS is approved by the Board of Regents. The investment policy statement consists of the following sections:

- Investment Objectives
- Monitoring and Reporting
- Total Return Expenditure (Spending) Rate
- Endowment Administration Cost Recovery
- Conflicts of Interest
- Disclosures
- Restrictions
- Policy Maintenance

This policy reflects the Governance Framework outlined in Bylaws 22 and 23 of the University and the Finance and Capital Strategies Committee Charter.

The Board defines the goals and objectives of the GEP and is responsible for establishing and approving changes to this IPS. The Finance and Capital Strategies Committee and Investments Subcommittee are responsible for establishing the Asset and Risk Allocation Policy (with approval by the Board on a consent agenda), which defines the strategic asset allocation, risk tolerance, asset types and benchmarks of the portfolio.

The Chief Investment Officer (or “Office of the Chief Investment Officer”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of the GEP assets.

POLICY TEXT

INVESTMENT OBJECTIVES

1. Overall Objective

The GEP provides a common investment vehicle, which will generate a stable and growing income stream, for (most but not all of) the University's endowments and quasi-endowments, for which the University is both trustee and beneficiary.
The overall investment goal of the GEP is to preserve the purchasing power of the future stream of endowment payout for those funds and activities supported by the endowments, and to the extent this is achieved, cause the principal to grow in value over time. GEP seeks to maintain liquidity needed to support spending in prolonged down markets to maximize the value of the endowment.

2. Return Objective

GEP seeks to maximize its return on investment, consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of the GEP. The performance of GEP will be measured relative to its objectives (e.g. spending, inflation, growth) and policy benchmarks found in the asset and risk allocation policy.

3. Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve the GEP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore, investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored and tied to responsible parties as identified in the Asset and Risk Allocation Policy; and risk should be taken consistent with the GEP's objectives and the expectations for return from the risk exposures. GEP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. GEP should limit the probability of loss of capital and/or a loss of purchasing power over a full market cycle (typically 4-8 years). Another important risk objective is limiting declines in purchasing power over the spending policy rolling period, currently 60 months (i.e. 5 years).

4. Sustainability Objective

The Office of the Chief Investment Officer shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

The Office of the Chief Investment Officer uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. The Office of the Chief Investment Officer manages the GEP consistent with these sustainability principles. The Framework can be found on the Office of the Chief Investment Officer website in the sustainability section.

MONITORING AND REPORTING

The Office of the Chief Investment Officer (OCIO) is responsible for monitoring the portfolio and investment managers on an ongoing basis. The OCIO should monitor and report to the Investments Subcommittee, Finance and Capital Strategies Committee and Board of Regents on the following items.

1. Asset and Risk Allocation

2. Investment Performance and Attribution (against benchmarks identified in the **GEP Asset and Risk Allocation Policy**)

3. Material Changes to Organization and Investment Strategy

4. Potential Material Issues and Risks

While short-term results will be monitored, it is understood that GEP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

TOTAL RETURN EXPENDITURE (SPENDING) RATE

The endowment spending rate provides University programs with a source of income that is perpetual, growing (at least as fast as inflation) and predictable. The spending rate should balance the needs of current and future generations (equalize real value of per unit distributions over time), and preserve the purchasing power (real value) of the endowment, net of annual spending distributions.

The objective of the spending rate is to allow the principal or core assets to grow on a total return basis (total return = change in market value + income generated from the securities held) while "smoothing" the payout from the endowment assets in order to mitigate disruptions to the budgets of the endowed activities throughout economic and market cycles. Total return expenditure rates permit the spending of realized portfolio gains. The Spending Rate is a percent of unit value (or average unit value) distributed to programs each year and uses a smoothing formula that mediates between volatile market returns and program needs for predictable income.

The total return expenditure (spending) policy for eligible assets in the General Endowment Pool is 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP.

ENDOWMENT ADMINISTRATION COST RECOVERY

Endowment cost recovery is taken from the endowment payout each year and is used to defray, in part, the cost of the campuses and at the system-wide offices of administering and carrying out the terms of the Regents' endowments. The funds released by this mechanism are used by the campuses and the Office of the President as support for incremental fundraising activities. The endowment administration cost recovery rate of 55 basis points (0.55 percent) is to recover reasonable and actual costs related to the administration of gift assets invested in the General Endowment Pool.

DISCLOSURES

The Chief Investment Officer provides investment-related information on the GEP to The Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. Other disclosures that will be posted on the Chief Investment Officer's website are:

1. A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a lagged quarterly basis.

2. As soon as practicable after each fiscal year, a complete listing of all assets held by the GEP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer.

RESTRICTIONS

The Regents have restricted that purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

COMPLIANCE/DELEGATION

The GEP Investment Policy Statement should be reviewed at least annually and updated as necessary. Revisions may be recommended by the Office of the Chief Investment Officer, Investments Subcommittee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

GEP Asset and Risk Allocation Policy (add links)

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
ASSET AND RISK ALLOCATION POLICY

POLICY SUMMARY/BACKGROUND

The purpose of this Asset and Risk Allocation Policy ("Policy") is to define the asset types, strategic asset allocation, risk management, benchmarks, and rebalancing for the University of California General Endowment Pool ("GEP"). The Investments Subcommittee has consent responsibilities over this policy

POLICY TEXT

ASSET CLASS TYPES

Below is a list of asset class types in which the GEP may invest so long as they do not conflict with the constraints and restrictions described in the GEP Investment Policy Statement. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of GEP
- Widely recognized and accepted among institutional investors
- Low cross correlations with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. **Public Equity**

   Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of the public equity portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. **Liquidity (Income)**

   Liquidity includes a variety of income related asset types. The portfolio will invest in interest bearing and income based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. The portfolio can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the income portfolio is to provide necessary liquidity for payment obligations and portfolio rebalancing needs, while investing in higher yielding and less liquid income opportunities with excess liquidity.

3. **Private Equity**

Private equity includes, but is not limited to, venture capital and buyout funds, direct investments, and co-investments in private companies. This includes investments in privately held companies and private investments in public entities which are illiquid. The objective of the portfolio is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

4. **Real Assets**

Real assets includes, but is not limited to, natural resources, real estate, timberland royalties, energy, infrastructure, and commodities related equity and debt related investments. The objective of the real assets portfolio is to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

5. **Absolute Return / Strategic Opportunities**

Absolute return investments are expected to generate long-term real returns by exploiting market inefficiencies. The portfolio invests in a collection of strategies that includes, but is not limited to, strategy types such as Relative Value, Event Driven, and Strategic Opportunities. The objective of the portfolio is to provide diversification and generate capital appreciation.

6. **Derivatives**

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

RISK MANAGEMENT

There are four principal factors that affect an endowment fund's financial status:

- Contributions
- Annual payout to endowment recipients
- Inflation
- Investment performance

The level of risk tolerance will take into account all four factors. At certain levels of assets and a given spending policy, it could be impossible for the investments to achieve the necessary performance to meet the desired spending. The result is that either spending policy has to be changed, contributions increased or risk tolerance changed.

There are different types of risk tied to various responsible parties at each level of GEP investment management. Thus, different risk metrics are appropriate at each level.

The **principal risks** that impact the GEP, and the parties responsible for managing them are as follows:

- Capital market risk is the risk that the investment return associated with the Subcommittee's asset allocation policy is not sufficient to provide the required returns to meet the GEP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and Subcommittee.

- Investment style risk is associated with an active management investment program. It is the performance differential between an asset category's market target and the aggregate of the managers' benchmarks within the asset category weighted according to a policy allocation specified by the Chief Investment Officer. This risk is an implementation risk and is the responsibility of the Chief Investment Officer.

- Manager value-added risk is also associated with an active management investment program. It is the performance differential between the aggregate of the managers' actual (active) portfolios and the aggregate of the managers' benchmarks. This risk is an implementation risk and is the responsibility of the Chief Investment Officer (and indirectly the investment managers retained by the Chief Investment Officer).

- Tactical/strategic risk is the performance differential between (1) policy allocations for the GEP's asset categories and its investment managers and (2) the actual allocations. This risk is the responsibility of the Chief Investment Officer.

- Total active risk refers to the volatility of the difference between the return of the GEP policy benchmark and the actual return. It incorporates the aggregate of the risks above, and is thus the responsibility of the Chief Investment Officer.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer. The Chief Investment Officer shall report on risk exposures and the values of the several risk measures to the Board.

GEP Product level (Board, Investments Subcommittee, and Office of the Chief Investment Officer)

- Spending Risk (insufficient assets to meet planned spending)
    - Measures the risk of inappropriate investment policy and strategy
    - Loss of purchasing power and loss of capital
- Total Investment Risk (volatility of total return)
    - Measures the risk of asset allocation policy

Implementation level (Office of the Chief Investment Officer)

- Active Risk or "Tracking Error" (volatility of deviation from style or benchmark)
    - Measures the risk of unintended exposures or ineffective implementation

Risk Measures: GEP will use various risk analysis tools (e.g. factor analysis, simulation modeling) to measure the portfolio risks noted below. These metrics are intended to be used as one of many inputs in the asset and risk allocation process and are not intended to be used as benchmarks to measure actual results.

- **Loss of Purchasing Power**: Loss of purchasing power is defined by the portfolio value losing value, after adjusting for inflation. To measure this risk, GEP will estimate the expected probability that the Portfolio's ***real*** return will be less than 0.0% (i.e. a loss) over the spending policy period.

- The Office of the Chief Investment Officer (OCIO) will evaluate the **probability of "ruin,"** where the plan's spending, combined with market losses, incorporating the **loss of capital** (portfolio losing value after adjusting for inflation over a full market cycle) result in the plan being unable to recover its purchasing power over a full market cycle. The probability of ruin should be minimal, and the OCIO should report on any concerns about the feasibility of achieving its return objectives without a material probability of ruin.

The OCIO is responsible for managing both total and active risk, and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands. Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, the OCIO may allocate risk exposures within and between asset types in order to optimize return.

STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation is to reflect GEP's long-term purpose and objectives, as well as the investment beliefs and organizational capability of the OCIO. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value adding activities of the OCIO. This is underpinned by the recognition that investment opportunities come and go, values rise and fall, and that implementation must be dynamic in order to benefit from this fluctuation. This belief is critical to add value to the GEP. The OCIO follows a risk allocation process to ensure that the attractiveness of all opportunities is assessed on a consistent basis and that will meet the objectives set.

The investment strategy of the GEP will incorporate the risk tolerance of the Board, Committee, and Subcommittee, the relationship between current and projected assets, evolution of the University's financial needs, namely GEP Spending Policy, contributions, and growth expectations.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Strategic Asset	Allowable Ranges	
	Allocation	**Minimum**	**Maximum**
Public Equity	**30.0**	**20.0**	**52.5**
Private Equity	**22.5**	**10.0**	**32.5**
Absolute Return (Strategic Opportunities)	**25.0**	**15.0**	**32.0**
Real Assets	**12.5**	**3.0**	**17.5**
Liquidity (Income)	**10.0**	**0.0**	**17.5**
TOTAL	**100.0%**		

BENCHMARKS

The following criteria have been adopted for the selection of benchmark indices. It is understood that not all benchmarks will meet the entire list of criteria, but ideally, benchmarks that meet most of the criteria will be selected. There may be instances where tradeoffs are made between benchmarks that meet some of the criteria but not others.

1. **Unambiguous**: the names and weights of securities comprising the benchmark are clearly delineated.

2. **Investable**: is possible to replicate the benchmark performance by investing in the benchmark holdings.

3. **Measurable**: it is possible to readily calculate the benchmark's return on a reasonably frequent basis.

4. **Appropriate**: the benchmark is consistent with investment preferences or biases.

5. **Specified in Advance**: the benchmark is constructed prior to the start of an evaluation period.

6. **Reflects Current Investment Opinion**: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction.

Benchmarks are a tool against which to measure the effectiveness of investment strategy either at a total fund level, at an investment class or strategy level, or at the mandate level. Based on the benchmark selection criteria, the following strategic policy benchmarks have been chosen:

Table 2

Asset Class	Benchmark
Global Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco Free - Net Dividends
Private Equity	Russell 3000 + 3%[1]
Absolute Return (Strategic Opportunities)	HFRI Fund of Funds Composite
Real Assets (non Real Estate) **Real Assets (Real Estate)**	Actual Real Assets Portfolio Return NCREIF Fund Index - Open End Diversified Core Equity (ODCE), lagged 3 months
Income (Liquidity)	Barclays US Aggregate Index

The **Total GEP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages. The policy benchmarks may differ from the target allocations in **Table 1** until implementation reaches the long-term strategic asset allocation.

REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of the GEP. Accordingly, the GEP may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

The OCIO will monitor the actual asset allocation. The Board directs the OCIO to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that the GEP achieves its long-term risk and return objectives.

[1] As the Office of the CIO transitions the benchmark into the portfolio, 150 basis points illiquidity premium will be used for the first year starting in July 2017.

The OCIO shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of the GEP.

COMPLIANCE/DELEGATION

The GEP Asset and Risk Allocation Policy should be reviewed at least annually and updated as necessary. The Investments Subcommittee may recommend action which will be placed on the Consent Agenda for approval by the Board.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Regents Policy 6108: TRIP Policy Statement
Proposed Amended Version

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement ("Policy" or "IPS") is to define the objectives and policies established for the management of the investments of the University of California Total Return Investment Pool ("TRIP"). The management of TRIP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document. The investment policy statement consists of the following sections:

- Investment Objectives
- Monitoring and Reporting
- Conflicts of Interest
- Disclosures
- Policy Maintenance

This policy reflects the Governance Framework outlined in Bylaws 22 and 23 of the University and the Finance and Capital Strategies Committee Charter. The Board defines the goals and objectives of TRIP and is responsible for establishing and approving changes to this IPS. The FCS Committee and Investments Subcommittee are responsible for establishing the Asset and Risk Allocation Policy (with Board approval on a consent agenda), which defines the strategic asset allocation, risk tolerance, asset types and benchmarks of the portfolio.

The Chief Investment Officer (or "Office of the Chief Investment Officer") is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of TRIP assets.

POLICY TEXT

INVESTMENT OBJECTIVES

1. Overall Objective

TRIP is an investment pool established by the Regents and is available to UC Campuses and certain other related entities. TRIP allows UC organizations to maximize return on their intermediate-term working capital, subject to risk tolerance and liquidity management practices established with the Office of the President and Campuses, by taking advantage of the economies of scale of investing in a larger pool and investing across a broad range of asset classes.

2. Return Objective

The Objective of TRIP is to generate a rate of return, after all costs and fees, in excess of the policy benchmark, and consistent with liquidity, cash flow requirements, and risk budget as defined in the Asset and Risk Allocation policy.

3. Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve TRIP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore, investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored and tied to responsible parties; and risk should be taken consistent with TRIP's objectives and the expectations for return from the risk exposures.

TRIP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions.

4. Sustainability Objective

The Office of the Chief Investment Officer shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

The Office of the Chief Investment Officer uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. The Office of the Chief Investment Officer manages TRIP consistent with these sustainability principles. The Framework can be found on the Office of the Chief Investment Officer website in the sustainability section.

MONITORING AND REPORTING

The Office of the Chief Investment Officer (OCIO) is responsible for monitoring the portfolio and investment managers on an ongoing basis. The OCIO should monitor and report to the Investments Subcommittee, Finance and Capital Strategies Committee and Board of Regents on the following items.

1. Asset and Risk Allocation

2. Investment Performance and Attribution (against benchmarks identified in the **TRIP Asset and Risk Allocation Policy**)

3. Material Changes to Organization and Investment Strategy

4. Potential Material Issues and Risks

While short-term results will be monitored, it is understood that TRIP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

DISCLOSURES

The Chief Investment Officer provides investment-related information on TRIP to the Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website.

RESTRICTIONS

The Regents have restricted that purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

COMPLIANCE/DELEGATION

The TRIP Investment Policy Statement should be reviewed at least annually and updated as necessary. Revisions may be recommended by the Office of the Chief Investment Officer, Investments Subcommittee, Finance & Capital Strategies Committee, and approved by the Board of Regents.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

TRIP Asset and Risk Allocation Policy (add links)

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL ASSET AND RISK ALLOCATION POLICY

POLICY SUMMARY/BACKGROUND

The purpose of this Asset and Risk Allocation Policy ("Policy") is to define the asset types, strategic asset allocation, risk management, benchmarks, and rebalancing for the University of California Total Return Investment Pool ("TRIP"). The Investments Subcommittee has consent responsibilities over this policy.

POLICY TEXT

ASSET CLASS TYPES

Below is a list of asset class types in which TRIP may invest so long as they do not conflict with the constraints and restrictions described in the TRIP Investment Policy Statement. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of TRIP
- Widely recognized and accepted among institutional investors
- Low cross correlations with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. **Growth**

   Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of the growth portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. **Income**

   Income includes a variety of income related asset types. The portfolio will invest in interest bearing and income based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. The portfolio can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the income portfolio is to provide necessary liquidity for payment obligations and portfolio rebalancing needs, while investing in higher yielding and less liquid income opportunities with excess liquidity.

3. **Absolute Return / Strategic Opportunities**

Absolute return investments are expected to generate high long-term real returns by exploiting market inefficiencies. The portfolio invests in a collection of strategies that includes, but is not limited to, strategy types such as Relative Value, Event Driven, and Strategic Opportunities. The objective of the portfolio is to provide diversification and generate capital appreciation.

4. **Derivatives**

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited, except for specific strategies only. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

RISK MANAGEMENT

There are three principal factors that affect TRIP's financial status: 1) annual payout, 2) inflation, and 3) investment performance. The level of risk tolerance will take into account all three factors. At certain levels of assets and a given payout policy, it could be impossible for the investments to achieve the necessary performance to meet the desired spending. The result is that either spending policy has to be changed or risk tolerance changed.

There are different types of risk tied to various responsible parties at each level of TRIP investment management. Thus, different risk metrics are appropriate at each level.

The **principal risks** that impact the TRIP, and the parties responsible for managing them are as follows:

- Capital market risk is the risk that the investment return associated with the Subcommittee's asset allocation policy is not sufficient to provide the required returns to meet the TRIP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and Investments Subcommittee.

- Investment style risk is associated with an active management investment program. It is the performance differential between an asset category's market target and the aggregate of the managers' benchmarks within the asset category weighted according to a policy allocation specified by the Chief Investment Officer. This risk is an implementation risk and is the responsibility of the Chief Investment Officer.

- Manager value-added risk is also associated with an active management investment program. It is the performance differential between the aggregate of the managers' actual (active) portfolios and the aggregate of the managers' benchmarks. This risk is an implementation risk and is the responsibility of the Chief Investment Officer (and indirectly the investment managers retained by the Chief Investment Officer).

- Tactical/strategic risk is the performance differential between (1) policy allocations for the TRIP's asset categories and its investment managers and (2) the actual allocations. This risk is the responsibility of the Chief Investment Officer.

- Total active risk refers to the volatility of the difference between the return of the TRIP policy benchmark and the actual return. It incorporates the aggregate of the risks above, and is thus the responsibility of the Chief Investment Officer.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer. The Chief Investment Officer shall report on risk exposures and the values of the several risk measures to the Board.

TRIP Product level (Board, Investments Subcommittee, and Office of the Chief Investment Officer)

- Spending Risk (insufficient assets to meet planned spending)
  - Measures the risk of inappropriate investment policy and strategy
  - Loss of purchasing power and loss of capital
- Total Investment Risk (volatility of total return)
  - Measures the risk of asset allocation policy

Implementation level (Office of the Chief Investment Officer)

- Active Risk or "Tracking Error" (volatility of deviation from style or benchmark)
  - Measures the risk of unintended exposures or ineffective implementation

Risk Measures: TRIP shall be managed so that its annualized tracking error budget shall not exceed 200 basis points. This budget is consistent with the ranges around the combined asset classes and incorporates asset / sector allocation and security selection differences from the aggregate benchmark. Each Manager or asset class segment will have a unique active risk budget, relative to its asset class benchmark, which is appropriate to its individual strategy, and specified in its guidelines,

The Office of the Chief Investment Officer (OCIO) is responsible for managing both total and active risk and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands. Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, the OCIO may allocate risk exposures within and between asset types in order to optimize return.

STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation is to reflect TRIP's purpose and objectives, as well as the investment beliefs and organizational capability of the OCIO. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value adding activities of the OCIO. This is underpinned by the recognition that investment opportunities come and go, values rise and fall and, that implementation must be dynamic in order to benefit from this fluctuation. This belief is critical to add value to TRIP. We follow a risk allocation process to ensure that the attractiveness of all opportunities is assessed on a consistent basis and that will meet the objectives set.

The investment strategy of TRIP will incorporate the risk tolerance of the Board, Committee, and Subcommittee, the relationship between current and projected assets, evolution of the University's financial needs, namely TRIP Payout, contributions, and growth expectations.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Strategic Asset	**Allowable Ranges**	
	Allocation	**Minimum**	**Maximum**
Growth	**35.0**	**30.0**	**40.0**
Income	**50.0**	**45.0**	**55.0**
Absolute Return	**15.0**	**5.0**	**25.0**
TOTAL	**100.0%**		

TRIP has the flexibility to invest up to ten percent of the portfolio in private investments. While the program will generally invest in liquid, marketable securities, there will at times be a trade-off of illiquidity for higher expected return.

BENCHMARKS

The following criteria have been adopted for the selection of benchmark indices. It is understood that not all benchmarks will meet the entire list of criteria, but ideally, benchmarks that meet most of the criteria will be selected. There may be instances where tradeoffs are made between benchmarks that meet some of the criteria but not others.

1. **Unambiguous**: the names and weights of securities comprising the benchmark are clearly delineated.

2. **Investable**: is possible to replicate the benchmark performance by investing in the benchmark holdings.

3. **Measurable**: it is possible to readily calculate the benchmark's return on a reasonably frequent basis.

4. **Appropriate**: the benchmark is consistent with investment preferences or biases.

5. **Specified in Advance**: the benchmark is constructed prior to the start of an evaluation period.

6. **Reflects Current Investment Opinion**: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction.

Benchmarks are a tool against which to measure the effectiveness of investment strategy either at a total fund level, at an investment class or strategy level, or at the mandate level. Based on the benchmark selection criteria, the following strategic policy benchmarks have been chosen:

Table 2

Asset Class	**Benchmark**
Growth	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco Free - Net Dividends
Income	Barclays US Aggregate Index
Absolute Return (Strategic Opportunities)	HFRX Absolute Return Index

The **Total TRIP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages.

REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of TRIP. Accordingly, TRIP may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

The OCIO will monitor the actual asset allocation. The Board directs the OCIO to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that TRIP achieves its risk and return objectives.
The OCIO shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of TRIP.

COMPLIANCE/DELEGATION

The TRIP Asset and Risk Allocation Policy Statement should be reviewed at least annually and updated as necessary. The Investments Subcommittee may recommend action which will be placed on the Consent Agenda for approval by the Board.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Regents Policy 6109: STIP Investment Guidelines
Proposed Amended Version

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement ("Policy" or "IPS") is to define the objectives and policies established for the management of the investments of the University of California Short Term Investment Pool ("STIP"). The management of STIP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document. The investment policy statement consists of the following sections:

- Investment Objectives
- Monitoring and Reporting
- Conflicts of Interest
- Disclosures
- Policy Maintenance

This policy reflects the Governance Framework outlined in Bylaws 22 and 23 of the University and the Finance and Capital Strategies Committee Charter. The Board defines the goals and objectives of STIP and is responsible for establishing and approving changes to this IPS. The Finance and Capital Strategies Committee and Investments Subcommittee are responsible for establishing the Asset and Risk Allocation Policy (with Board approval on a consent agenda), which defines the strategic asset allocation, risk tolerance, asset types, and benchmarks of the portfolio.

The Chief Investment Officer (or "Office of the Chief Investment Officer") is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of STIP assets.

POLICY TEXT

INVESTMENT OBJECTIVES

1. Overall Objective

STIP is a cash investment pool established by the Regents and is available to all University groups and affiliates. STIP allows fund participants to maximize income on their short-term cash balances by taking advantage of the economies of scale of investing in a larger pool and investing in a broader range of maturities.

2. Return Objective

The Objective of STIP is to maximize returns consistent with safety of principal, liquidity, and cash flow requirements.

3. Risk Objective

The Program shall be managed to preserve capital and avoid negative returns over any one-year time horizon. The volatility of the plan should be consistent with this objective and the yield level of the fund.

4. Sustainability Objective

The Office of the Chief Investment Officer (OCIO) shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

The OCIO uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. The OCIO manages STIP consistent with these sustainability principles. The Framework can be found on the OCIO's website in the sustainability section.

MONITORING AND REPORTING

The OCIO is responsible for monitoring the portfolio and investment managers on an ongoing basis. The OCIO should monitor and report to the Investments Subcommittee, Finance and Capital Strategies Committee, and Board of Regents on the following items.

1. Asset and Risk Allocation

2. Investment Performance and Attribution (against benchmarks identified in the **STIP Asset and Risk Allocation Policy**)

3. Material Changes to Organization and Investment Strategy

4. Potential Material Issues and Risks

DISCLOSURES

The Chief Investment Officer provides investment-related information on STIP to the Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on the Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website.

RESTRICTIONS

The Regents have restricted that purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

COMPLIANCE/DELEGATION

The STIP Investment Policy Statement should be reviewed at least annually and updated as necessary. Revisions may be recommended by the OCIO, Investments Subcommittee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

STIP Asset and Risk Allocation Policy (add links)

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL ASSET AND RISK ALLOCATION POLICY

POLICY SUMMARY/BACKGROUND

The purpose of this Asset and Risk Allocation Policy ("Policy") is to define the asset allocation, risk guidelines, and benchmark for the University of California Short Term Investment Pool ("STIP"). The Investments Subcommittee has consent responsibilities over this policy.

POLICY TEXT

ASSET CLASS TYPES

STIP will primarily invest in short duration US dollar-denominated bonds and cash equivalents.

The following list is indicative of the investment classes, which are appropriate for STIP, given its Benchmark and risk budget. This is not an exhaustive list of "allowable" asset types.

Security types and/or strategies not specifically enumerated, but which the Chief Investment Officer believes are appropriate and consistent with the Investment Policy may also be held, subject to policy restrictions.

The Program may purchase securities on a when-issued basis or for forward delivery.

1. Fixed income instruments

    a. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal Agencies or U.S. government-sponsored corporations and agencies

    b. Obligations of U.S. and foreign corporations such as corporate bonds, notes and debentures, and bank loans

    c. Mortgage-backed and asset-backed securities

    d. Obligations of international agencies, supranational entities, and foreign governments (or their subdivisions or agencies)

    e. Obligations issued or guaranteed by U.S. local, city and State governments and agencies

    f. Private Placements or Rule 144A securities, issued with or without registration rights

2. Short term fixed income instruments (having maturity of less than 13 months)

    a. US Treasury and Agency bills and notes

    b. Certificates of deposit

    c. Bankers acceptances

    d. Commercial paper

    e. Repurchase and reverse repurchase agreements (must be fully collateralized with approved collateral, using approved counterparties only)

    f. Eurodollar CD’s, TD’s, and commercial paper

    g. US and Eurodollar floating rate notes

    h. Money market funds managed by the custodian

Restrictions

The following security types are **not** permitted:

a. Interest rate derivative contracts, including options and futures

b. Equity like securities, including but not limited to convertible bonds, preferred stocks, warrants, equity linked notes, and commodities

c. Securities issued in currencies other than US Dollar

d. Foreign currency linked notes

e. Buy securities on margin

f. Sell securities short

g. Buy party-in-interest securities

h. Buy securities restricted as to sale or transfer, except for 144A securities, which are permitted

i. Buy or write structured (“levered”) notes

j. Employ economic leverage in the portfolio through borrowing or derivatives, or engage in derivative strategies that conflict with the Derivatives Policy

k. Purchase or sell foreign exchange contracts

l. Below investment grade securities, but we maintain the ability to hold up to 5% below investment grade in the event of ratings downgrades

STRATEGIC ALLOCATION

The portfolio will be invested primarily in marketable, publicly traded, investment grade short term fixed income instruments, notes and debentures denominated in U.S. dollars.

STIP will be invested in a diversified portfolio of fixed income securities, subject to policy restrictions.

RISK MANAGEMENT

STIP's investments will be appropriately diversified to control overall risk. The following limitations apply in order to manage risk within acceptable ranges:

1. Interest rate risk

   a. No security may have a maturity of more than 5 ½ years, excluding internal notes receivable

   b. The effective duration of the investment program, excluding internal note receivables, should be less than 3 years

2. Credit risk

   a. Commercial Paper must have a rating of at least A-1, P-1, D-1, or F-1

   b. The Program's investments should exhibit an average credit quality of A (or equivalent) or better. Split-rated credits are considered to have the higher credit rating as long as the higher rating is given by one of the NRSRO's

   c. No more than 5% of the Program's allocation to commercial paper may be invested in any single issuer. This guideline may be exceeded on a temporary basis due to unusual cash flows, up to a limit of 10%, for a period not to exceed one month.

   d. Except for securities issued by the US Treasury or Agencies of the US Government, no more than 3% of the Program's market value (exclusive of commercial paper) may be invested in any single issuer.

3. Liquidity risk

   a. No more than 10% of the Program's market value may be invested in Private Placements or Rule 144A securities

   b. The Programs' investments in aggregate of any security may not exceed 20% of that security's outstanding par value at time of purchase, without a written exception approved by the Chief Investment Officer.

BENCHMARKS

The following criteria have been adopted for the selection of benchmark indices. It is understood that not all benchmarks will meet the entire list of criteria, but ideally, benchmarks that meet most of the criteria will be selected. There may be instances where tradeoffs are made between benchmarks that meet some of the criteria but not others.

1. **Unambiguous**: the names and weights of securities comprising the benchmark are clearly delineated.

2. **Investable**: is possible to replicate the benchmark performance by investing in the benchmark holdings.

3. **Measurable**: it is possible to readily calculate the benchmark's return on a reasonably frequent basis.

4. **Appropriate**: the benchmark is consistent with investment preferences or biases.

5. **Specified in Advance**: the benchmark is constructed prior to the start of an evaluation period.

6. **Reflects Current Investment Opinion**: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction.

Benchmarks are a tool against which to measure the effectiveness of investment strategy either at a total fund level, at an investment class or strategy level, or at the mandate level. Based on the benchmark selection criteria, the STIP Benchmark will be a weighted average of the income return on a constant maturity two (2) year US Treasury note and the return on US 30 day Treasury Bills. The weights for the two constituents will be the actual average weights of the bond and cash equivalent components of the pool. The Benchmark will be rebalanced monthly.

COMPLIANCE/DELEGATION

The STIP Asset and Risk Allocation Policy Statement should be reviewed at least annually and updated as necessary. The Investments Subcommittee may recommend action which will be placed on the Consent Agenda for approval by the Board.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Regents Policy 6111: Investment Policy Statement for UC Retirement Savings Program Proposed Amended Version

UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM DEFINED CONTRIBUTION PLAN, TAX DEFERRED 403(B) PLAN, AND 457(B) DEFERRED COMPENSATION PLAN INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives and policies established for the management of the investments of the University of California Retirement Savings Program (“RSP”). The management of RSP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

This policy reflects the Governance Framework outlined in Bylaws 22 and 23 of the University and the Finance and Capital Strategies Committee Charter.

The Chief Investment Officer (or “Office of the Chief Investment Officer”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of RSP assets.

POLICY TEXT

The Board has designated the Office of the Chief Investment Officer (OCIO) as the primary fiduciary for investment functions of RSP, including the selection of asset classes and Fund Options and the monitoring of investment performance.

All transactions undertaken on behalf of the Fund Options are undertaken solely in the interests of the Program’s participants and their beneficiaries.

The Regents have delegated responsibilities to the OCIO as follows:

a. Develop and implement criteria for selecting appropriate asset classes and specific Fund Options within those classes for the Program, after consultation with the Retirement Savings Program Advisory Committee (“RSPAC”) and the appropriate constituent groups in the University community.

b. Create and implement a process to monitor and evaluate the Program’s investment structure and the Fund Options and, based on such periodic evaluations and consultation with appropriate parties, make changes to either the asset classes or Fund Options.

c. Select investment professionals (“managers”) with demonstrated experience and expertise who are responsible for managing specific portfolios.

d. Select fund options as needed to provide the required diversification within an asset class, taking into account value and fees.

e. Establish and implement procedures for the selection, monitoring, evaluation, and termination of investment managers.

The Regents have delegated responsibilities to the RSPAC as follows:

RSPAC was established by the Regents to obtain feedback from the University community on RSP and to discuss coordination of issues that arise between the administrative and investment functions. RSPAC is comprised of the Chief Investment Officer (CIO), the Plan Administrator (UC Human Resources), and other members who serve at the request of the Executive Vice President – Chief Operating Officer (COO). RSPAC includes representatives from the Office of the CIO, Office of the COO, and the Office of the General Counsel. External consultants are invited to provide advice and counsel on an as-needed basis. Members serve on RSPAC without compensation. An appointed committee member can resign at any time.

RSPAC responsibilities include:

- Assessing the quality of services provided by vendors against established criteria and/or benchmarks;
- Reviewing Program fees and expenses;
- Providing input on the annual report to the Regents;
- Retaining consultants necessary to assist in reviewing administrative and investment performance.

The RSP Investment Policy Statement will be updated as necessary. Revisions may be recommended by the Office of the Chief Investment Officer, Investments Subcommittee, Finance & Capital Strategies Committee or RSPAC, and approved by Board of Regents.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

PROCEDURES AND RELATED DOCUMENTS

Investment Managers and Fund Options (add links)

Investment Implementation Manual (add links)

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

Additions shown by underscoring; deletions shown by strikethrough

Policy # will be assigned by the SCOS office

Regents Policy 6201: Investment Reporting for the University of California Campus Foundations

Approved: [Date, Link to Minutes (Including Final Action), Link to Background Materials (Item)];
Revised: [Date, Link to Minutes (Including Final Action), Link to Background Materials (Item)]

POLICY SUMMARY/BACKGROUND

The Regents authorize the ~~Committee on~~ Investments Subcommittee to ~~review the investment policies and practices of campus foundations and~~ conduct an annual review of ~~statements of investment policy and reports of~~ investment performance ~~in a format approved by the Committee on Investments, together with the annual financial reports of campus foundations as audited by certified public accountants~~. The Office of the Chief Investment Officer of t~~T~~he Regents is available to provide investment management services, without charge, for any campus foundation which requires such service.

POLICY TEXT

Delegation to Campus Foundations and Statement of Policy

The Administrative Guidelines for Campus Foundations provide that each Campus Foundation Board of Directors has the duty to develop an appropriate investment policy for such Foundation. It is the policy of the Regents that each Campus Foundation shall develop and follow an appropriate investment policy, and shall act as a prudent investor in accordance with applicable law, using a portfolio approach in making investments and considering the risk and return objectives of the endowment funds. A Campus Foundation may hold and invest endowments and funds functioning as endowments on a long-term basis. All such investments must be consistent with the terms of the gift instrument. Investment operations shall be conducted in accordance with prudent, sound practices to ensure that gift assets are protected and enhanced and that a reasonable return is achieved, and with due regard for the fiduciary responsibilities of the Foundation's governing Board and the Regents. Financial activities of a Campus Foundation shall be administered and reported in accordance with prudent business practices and generally accepted accounting principles.

~~Reporting from Campus Foundations~~

~~The Regents' generalist investment consultant shall review investment procedures and results annually and report the findings to the Regents. The Administrative Guidelines for Campus Foundations require the following reports from the Campus Foundations to the generalist investment consultant:~~

- ~~A Campus Foundation's enabling documents (e.g., articles of incorporation, bylaws, constitution) shall be provided, and any amendments shall be forwarded promptly following any revision.~~

- ~~Within 90 days of the close of each fiscal year, a Campus Foundation shall submit a detailed report comparing budgeted to actual administrative expenditures by fund source.~~

- ~~Copies of the Foundation's report to the State Registry of Charitable Trusts, tax returns, and a current list of Foundation officers, directors or trustees, and legal counsel shall be provided promptly each year.~~
- ~~The external auditor shall furnish a copy of the audit report, including the letter to management with management's response, promptly following the completion of the audit each year.~~

- ~~A copy of each Foundation's investment policy shall be provided, and any amendments thereto shall be forwarded promptly following any revision.~~

- ~~A copy of each investment performance report shall be provided 45 days following the close of each quarter.~~

Annual Performance Review and Reporting ~~by Investment Consultant~~

The ~~Regents' generalist~~ investment consultant of the Office of the Chief Investment Officer shall review, annually, as well as upon initial adoption of, and upon any change to~~initially and at the time of any change~~, each Foundation's investment policy~~, asset allocation policy,~~ and performance~~ on an annual basis~~, including:

- Asset allocation relative to its policy~~, and~~

- Performance by asset class and relative to its benchmarks, and provide a report to the ~~Committee on~~ Investments Subcommittee annually on their findings.

- In addition, on an annual basis, beginning with the Fiscal Year 2006-2007, the ~~Regents'~~ investment consultant of the Office of the Chief Investment Officer will review the written investment policies and governance structure of each Foundation to ensure that each set of written policies includes, at a minimum:

  - Asset allocation target percentages~~,~~
  - Ranges for each asset class~~,~~
  - Policy benchmarks for each asset class and in total~~, and~~
  - Investment guidelines for each asset class~~.~~

The ~~Regents' generalist~~ investment consultant of the Office of the Chief Investment Officer will raise any issues of concern with the campus foundations, Office of the Chief Investment Officer, and subsequently, if necessary, with the ~~Committee on~~ Investments Subcommittee.

If any Foundation approves changes to its investment policy (including but not limited to asset allocation targets and policy benchmarks), it must communicate such change to the ~~Regents' generalist investment consultant prospectively before the effective date of such change.~~ Office of the Chief Investment Officer.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

Additions shown by underline; deletions shown by strikethrough.

Policy # will be assigned by the SCOS office

Regents Policy 6104: Policy on Conflict of Interest Regarding Assets

Managed by the Chief Investment Officer

Approved: [Date, Link to Minutes (Including Final Action), Link to Background Materials (Item)];
Revised: [Date, Link to Minutes (Including Final Action), Link to Background Materials (Item)]

POLICY SUMMARY/BACKGROUND

In order to maintain the highest fiduciary standards and to align with institutional investment best practices, the roles and responsibilities of various UC fiduciaries are explicitly separated to ensure the continuance of sound investment practices and the protection against real or perceived conflict of interest, especially with regard to the selection of individual investments or investment managers. By separating the duties of investment policy-making and investment implementation, The Regents' created an institutional framework to uphold the California Political Reform Act of 1974, which provides that public officials shall not make, participate in making, or influence a governmental decision in which the official has a financial interest.

POLICY TEXT

Individual Regents, advisory members, and expert advisors of Regents Committees or Subcommittees are prohibited from contacting the Chief Investment Officer, including any officer of the OCIO of the Regents, to offer advice or recommendations with respect to the selection of specific investments, investment managers, or investment management firms in which the official has a financial interest.

COMPLIANCE/DELEGATION

The General Counsel is responsible for determining, pursuant to the following procedures, that the Chief Investment Officer's responsibilities for selecting investment managers have been exercised free of any such prohibited efforts to influence the Chief Investment Officer.

The Chief Investment Officer will advise the General Counsel if any employee of that office is contacted by a Regent, advisory member, or expert advisor in connection with the choice of investments, investment managers, or investment management firms. The Office of the General Counsel will then determine whether the communication was prohibited pursuant to this policy. In the event such a prohibited effort to influence the Chief Investment Officer's selection of investments, investment managers, or investment management firms is identified, the General Counsel shall immediately bring the matter to the attention of the Chair of the Investments Subcommittee

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

Regents Policies on Investment Matters Recommended for Amendment and Rescission

The following Regents Policies will be significantly amended as shown in the Attachments.

6101: Investment Policy Statement for University of California Retirement Plan (UCRP) (See Attachment 3 for amended Policy)

6102: Investment Policy Statement for General Endowment Pool (See Attachment 18 for amended Policy.)

6108: Total Return Investment Pool (TRIP) Policy Statement (See Attachment 22 for amended Policy.)

6109: Short Term Investment Pool (STIP) Investment Guidelines (See Attachment 24 for amended Policy.)

6111: Investment Policy Statement for UC Retirement Savings Program (See Attachment 26 for amended Policy.)

The Regents Policies, below, will be rescinded and incorporated into the appropriate Investment Policy Statements.

6105: Policy on Disclosure of UCRP and GEP Investments-Related Information

6106: Policy on Total Return Expenditure on Regents' General Endowment Pool Assets

6107: Policy on Endowment Administration Cost Recovery on Regents' Assets

6110: Policy on Disclosures Regarding Use of Placement Agents for the University of California Retirement System Investments

6301: Policy to Exclude Securities of Companies Manufacturing Tobacco Products from Index Funds and to Continue Existing Exclusion from Actively Managed Funds

6302: Policy on Divestment of University Holdings in Companies with Business Operations in Sudan

~~Regents Policy 6105: Policy on Disclosure of University of California Retirement Plan and General Endowment Pool Investment-Related Information~~
~~Approved May 26, 2005~~
~~Amended March 29, 2012~~

~~This document sets forth the policy of The Regents on disclosure of information relating to the investments of the University of California Retirement Plan (the UCRP) and the General Endowment Pool (the GEP). The purpose of this policy statement is to make clear how and what investment-related information will be routinely disclosed to participants in the UCRP and the general public.~~

1. ~~The Chief Investment Officer provides investment-related information on the UCRP and the GEP to The Regents' Committee on Investments and the Investment Advisory Committee in a manner consistent with the requirements outlined in the Investment Policy Statement for the University of California Retirement Plan approved by The Regents on November 18, 2004 and the Investment Policy Statement for the General Endowment Pool approved by The Regents on March 17, 2005. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule.~~

2. ~~A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a quarterly basis.~~

3. ~~The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. The report provides asset allocation and performance of the UCRP, the GEP, and other UC investment funds.~~

4. ~~As soon as practicable after each calendar year, a complete listing of all assets held by the UCRP and the GEP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer.~~

~~Regents Policy 6106: Total Return Expenditure Policy on Regents' General Endowment Pool Assets~~

~~Approved March 20, 1998~~

~~The Regents adopt in principle a total return expenditure (spending) policy for eligible endowment gift assets in the General Endowment Pool.~~

~~**Regents Policy 6107: Policy on Endowment Administration Cost Recovery on Regents' Assets**~~

~~Approved March 20, 1998~~

~~The Regents adopt a policy to recover reasonable and actual costs related to the administration of gift assets invested in the General Endowment Pool.~~

~~Regents Policy 6110: Policy on Disclosures Regarding Use of Placement Agents for University of California Retirement System Investments~~
~~Approved July 14, 2011~~
~~Amended March 29, 2012~~

~~Each External Manager proposing an investment to be made by or on behalf of the University of California Retirement System must comply with one of the following two requirements:~~

1. ~~If the External Manager will not use any Placement Agents in connection with the proposed investment, the External Manager must provide the Chief Investment Officer with a written statement to that effect.~~

2. ~~If the External Manager will use a Placement Agent in connection with the proposed investment, the External Manager must disclose the following information in writing to the Chief Investment Officer:~~
    - ~~A description of the relationship between the External Manager and any Placement Agents for the investment for which funds are being raised.~~
    - ~~Whether the Placement Agent's mandate includes the Regents of University of California as trustee/custodian.~~
    - ~~A description of the services performed by the Placement Agent.~~
    - ~~A description of any and all payments of any kind provided or agreed to be provided to a Placement Agent by the External Manager with regard to investments by the Regents as a plan trustee or custodian of retirement or savings plan assets.~~
    - ~~Upon request, the resume for each officer, partner or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses, and investment and work experience.~~
    - ~~A statement as to whether the Placement Agent, or any of its affiliates, is registered with the Securities Exchange Commission.~~
    - ~~A statement as to whether the Placement Agent, or any of its affiliates, is registered as a lobbyist under California law.~~

~~The Chief Investment Officer will only enter into agreements to invest in or through External Managers that agree to comply with the Regents' Policy on Disclosures Regarding the Use of Placement Agents for University of California Retirement System Investments. The Chief Investment Officer will rely on the written statements made by the External Manager.~~
~~For purposes of this Policy:~~
~~"External Manager" means a (i) person who is seeking to be, or is, retained by the Regents to manage a portfolio of securities or other assets for compensation or (ii) a person managing an investment fund who offers or sells, or has offered or sold, an ownership interest in the investment fund.~~
~~"Placement Agent" means a person directly or indirectly hired, engaged or retained by, or serving for the benefit of or on behalf of, an External Manager or an investment fund managed by an External Manager, who acts, or has acted, for compensation as a finder, solicitor, marketer, consultant, broker or other intermediary in connection with the offer or sale to the Regents of~~

~~either the investment management services of the External Manager or an ownership interest in an investment fund managed by the External Manager. Any exceptions to this definition of "Placement Agent" available under Sections 7513.8 or Section 82047.3 of the California Government Code will apply under this Policy.~~

~~Regent Policy 6301: Policy to Exclude Securities of Companies Manufacturing Tobacco Products from Index Funds and to Continue Existing Exclusion from Actively Managed Funds~~

~~Adopted January 18, 2001~~
~~Amended March 29, 2012~~

1. ~~The Chief Investment Officer, using the standards established for the Russell 3000 Tobacco Free Index and the MSCI EAFE Tobacco Free Index, shall continue the current practice of not directly investing in tobacco products companies.~~

2. ~~The Russell 3000 Tobacco Free Index and the MSCI EAFE Tobacco Free Index, which exclude the stocks of tobacco products companies, be adopted as the index funds authorized by the Asset Allocation Plan.~~

3. ~~Should the Chief Investment Officer determine at any time that The Regents' investment objectives are compromised by this policy, a report describing the circumstances shall be prepared by the Chief Investment Officer with appropriate recommendations.~~

~~Regents Policy 6302: Policy on Divestment of University Holdings in Companies with Business Operations in Sudan~~

~~Approved March 16, 2006~~

~~Amended November 20, 2008, March 19, 2009 and March 29, 2012~~

~~A.~~ ~~Divest all shares of the following nine companies: Bharat Heavy Electricals Ltd., China Petroleum and Chemical Corp. (Sinopec), Oil & Natural Gas Co. Ltd., PECD Bhd., PetroChina Company Ltd., CNPC Hong Kong, MISC Berhad (Petronas), Lundin Petroleum, and AREF Investment Group held within separately managed equity portfolios of the University of California Retirement Plan (UCRP) and the General Endowment Pool (GEP). The proposed policy would apply to both indexed and actively managed, publicly-traded equity portfolios~~

~~B.~~ ~~Prohibit future purchase of shares in the above nine companies until such time as the Chief Investment Officer reports to the Committee on Investment that either there is compelling information that a company has materially improved its operation and is no longer thought to be contributing to the suffering in the Darfur region of Sudan, or that the situation in the Darfur region has improved to such a point that the prohibition on investment is no longer thought to be in the best interests of the people of Sudan.~~

~~C.~~ ~~Condition implementation of the proposed divestment policy upon enactment by the California legislature and signature by the Governor of legislation providing indemnification for past, present, and future individual Regents, and the University, its officers, agents, and employees, for all costs and defense of any claim arising from the decision to divest.~~

~~D.~~ ~~Instruct the Chief Investment Officer to contact the management of several other companies identified by the Sudan Divestment Study Group to ask them to ensure that their business operations in Sudan, while providing beneficial effects for the people of Sudan, do not inadvertently contribute to the campaign of genocide.~~

~~E.~~ ~~Instruct the Chief Investment Officer to report on the status of this policy to the Committee on Investments as part of the annual review of the Investment Policies for the UCRP and GEP.~~

~~F.~~ ~~Divest all shares held in the nine companies within an 18-month period commencing once indemnification legislation has been enacted.~~

~~G.~~ ~~Communicate the decision to divest shares held in the nine companies to the managers of commingled accounts in which assets of the UCRP and GEP are invested, with a request that they consider the University's stand on this issue as they make their investment decisions.~~

H. ~~Communicate the decision to divest shares held in the nine companies to the Investment Committees of the Campus Foundations so that they may consider adopting similar policies for their Fund~~

Proposed Market Reference Zones

Title	Incumbent Data as of December 1, 2017		Entity	Market Base Salary Data Effective July 1, 2017				
	Name	Salary		P25	P50	P60	P75	P90
Executive Vice President	Stobo	$633.8	UCOP	$576.0	$780.2	$816.1	$869.8	$1,118.9
CEOs								
Chief Executive Officer	Laret	$1,072.8	UCSF	$1,051.8	$1,215.2	$1,322.7	$1,484.0	$1,651.6
Chief Executive Officer	Spisso	$1,028.6	UCLA	$1,051.8	$1,215.2	$1,322.7	$1,484.0	$1,651.6
Chief Executive Officer	Rice	$904.8	UCD	$809.0	$993.1	$1,075.7	$1,199.5	$1,358.9
Chief Executive Officer	Maysent	$880.8	UCSD	$760.7	$882.8	$967.9	$1,095.5	$1,250.0
Chief Executive Officer	Federoff	$824.0	UCI	$679.5	$844.4	$904.9	$995.7	$1,199.5
COOs								
Chief Operating Officer	Vacant	$0.0	UCSF	$620.5	$672.6	$745.8	$855.7	$1,026.7
Chief Operating Officer	Vacant	$0.0	UCLA	$620.5	$672.6	$745.8	$855.7	$1,026.7
Chief Operating Officer	Simmons	$592.3	UCD	$502.2	$589.4	$625.4	$679.5	$842.9
Chief Operating Officer	Vacant	$0.00	UCSD	$449.5	$556.6	$594.9	$652.2	$751.2
Chief Operating Officer	Gannotta	$600.0	UCI	$381.5	$504.6	$539.7	$592.3	$752.4

Proposed Market Reference Zones

Title	Incumbent Data as of December 1, 2017		Entity	Market Base Salary Data Effective July 1, 2017				
	Name	Salary		P25	P50	P60	P75	P90
CNOs								
Chief Nursing Officer and Assistant Dean in the School of Nursing	Grimley	$391.4	UCLA	$378.7	$407.7	$434.1	$473.5	$510.4
Chief Nursing Officer	Marsh	$358.4	UCD	$332.0	$378.7	$396.5	$423.1	$477.0
Chief Nursing Officer	Patton	$315.0	UCI	$319.3	$329.3	$346.3	$371.9	$410.8
CMOs								
EVP, Physician Services and Vice Dean-Clinical Affairs	Adler	$648.9	UCSF	$584.2	$645.7	$696.0	$771.5	$1,002.2
Chief Medical Officer	Kirk	$546.8	UCD	$472.0	$509.5	$534.6	$572.3	$677.5
Chief Medical Officer	Sciascia	$464.9	UCSD	$429.1	$492.8	$518.1	$556.1	$622.1
Chief Medical Officer	Wilson	$470.0	UCI	$439.0	$483.5	$498.5	$520.9	$583.4
CIOs								
Chief Information Officer	Vacant	$0.0	UCD	$414.3	$435.6	$459.8	$496.0	$564.1
Chief Information Officer	Podesta	$421.8	UCI	$363.7	$404.0	$429.9	$468.6	$502.5
CFOs								
Chief Financial Officer	Strickland	$736.0	UCSF	$567.0	$692.5	$730.4	$787.1	$900.6
Chief Financial Officer	Staton	$662.9	UCLA	$567.0	$692.5	$730.4	$787.1	$900.6
Chief Financial Officer	Sial	$574.8	UCI	$376.5	$499.7	$529.3	$573.8	$701.2
Chief Financial Officer	Maurice	$466.0	UCD	$477.5	$554.9	$591.4	$646.2	$808.9
Chief Financial Officer	Donaldson	$373.9	UCSD	$423.5	$525.0	$545.0	$574.9	$697.7

SullivanCotter
AND ASSOCIATES, INC.

Proposed Market Reference Zones

Title	Incumbent Data as of December 1, 2017		Entity	Market Base Salary Data Effective July 1, 2017				
	Name	Salary		P25	P50	P60	P75	P90
UCOP								
Associate VP, Chief Medical Officer - Self Insured Plans	Louie	$346.8	UCOP	$290.3	$319.9	$332.3	$351.0	$494.9
Medical Director, Student Health Insurance Plan	Buchman	$397.9	UCOP	$203.6	$273.5	$301.8	$344.2	$399.5
Associate VP, UC Health	Nation	$269.7	UCOP	$174.9	$219.7	$262.2	$326.0	$428.4
Associate VP, Chief Strategy Officer, UC Health	Engel	$385.0	UCOP	$384.0	$520.2	$544.0	$579.9	$746.0
Chief Legal Counsel for Health Services	Nosowsky	$303.6	UCOP	$413.6	$486.5	$531.4	$598.7	$725.9
Chief Procurement Officer	Vacant	$0.0	UCOP	$281.7	$332.8	$348.9	$373.0	$392.0
Chief Transformation Officer	Vacant	$0.0	UCOP	$361.0	$459.8	$481.4	$513.7	$608.2
Other Roles								
SVP, Clinical Practice and Ambulatory Care	Vacant	$0.0	UCSD	$295.1	$406.5	$448.9	$512.6	$522.7
SVP UCSF Health Affiliates	Vacant	$0.0	UCSF	$389.5	$476.8	$492.8	$516.8	$583.7
SVP, Adult Services/President-UCSFMC	Antrum	$697.0	UCSF	$504.5	$597.9	$651.4	$731.7	$863.2
SVP, Children's Services/President of Benioff Children's Hospital	Anderson	$946.0	UCSF	$625.2	$730.8	$779.1	$851.5	$994.6
Chief Clinical Officer	Baggett	$390.1	UCSD	$250.3	$319.1	$354.1	$406.4	$458.9
VC, Business Development, Innovation and Partnerships	Selick	$420.0	UCSF	$323.1	$392.1	$408.4	$432.8	$581.2
Chief Administrative Officer, Santa Monica	Watkins	$404.7	UCLA	$304.9	$364.8	$383.1	$410.5	$487.3

SullivanCotter
AND ASSOCIATES, INC.