

Approved

COMMITTEE ON FINANCE  
July 17, 2008

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

**A. AUTHORIZATION FOR INCREASE OF COMMERCIAL PAPER PROGRAM**

The Committee recommends that:

- (1) The President be authorized to increase the current Commercial Paper (CP) Program from \$550 million to \$2 billion. The reauthorization of the CP Program would be issued for the following:
  - a. \$1.5 billion Commercial Paper (tax-exempt/taxable) authorization for interim financing related to capital projects, interim financing of equipment, financing of working capital for the University's teaching hospitals, and other University working capital needs; and
  - b. \$500 million Commercial Paper (taxable) authorization for standby/interim financing for gift related projects.

In addition, the following are conditions for issuance:

- a. the proceeds of the CP Program shall not be expended for any capital project until the Budget for Capital Improvements and the Capital Improvement Program have been appropriately amended, the applicable environmental review process for each project has been completed, and the specific financing for each project has been approved by the Regents;
- b. the proceeds of the CP Program shall not be expended for equipment until all applicable University procedures for equipment acquisitions have been met;
- c. the proceeds of the CP Program shall be utilized for hospital working capital in accordance with Regental policy regarding the level of working capital advances;
- d. the proceeds of the CP Program may be utilized for University working capital purposes with the approval of the President;
- e. repayment of the CP Program and the interest thereon for project acquisitions, construction and related equipment shall be from income, rentals, fees, rates, charges and other moneys derived from

- the projects so financed or from such other funds as may be approved by the Regents;
- f. repayment of the CP Program and the interest thereon for the acquisition of equipment shall be from the University's operating budget allocated for such purposes, or such other funds as may be approved by the Regents;
  - g. repayment of the CP Program and the interest thereon for hospital working capital shall be from the gross revenues of the teaching hospitals, or such other funds as may be approved by the Regents;
  - h. repayment of the CP program and the interest thereon for other working capital needs shall be from the University's operating budget allocated for such purposes, or such other funds as may be approved by the Regents; and
  - i. the general credit of the Regents shall not be pledged
- (2) Commercial paper shall be issued at such times, in such series (which may be taxable or tax-exempt), in such amounts (but not to exceed \$2 billion at any one time outstanding), and at such interest rates (not to exceed 12 percent), as may be determined by the President.
  - (3) The President be authorized to either utilize legally available cash balances in the unrestricted portion of the Short Term Investment Pool or the Total Return Investment Pool (STIP/TRIP) as liquidity support for the CP Program or if necessary negotiate a standby letter of credit, line of credit or other liquidity agreement provided that repayment of any advances shall be provided from sources identified in 1(e), 1(f), 1(g) and 1(h).
  - (4) As appropriate, the Officers of The Regents be authorized to provide a certification that interest paid by the Regents on the tax-exempt commercial paper is excluded from gross income for purposes of federal income taxation under existing law; and
  - (5) The Officers of The Regents be authorized to execute all documents and agreements that may be necessary to effect the purposes of this action and the transactions contemplated hereby, including, but not limited to, dealer agreements, an issuing and paying agent agreements, an indenture, commercial paper memorandum, and an agreement providing liquidity for the commercial paper.

**B. AUTHORIZATION TO ESTABLISH A LIMITED LIABILITY COMPANY WITH FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT FOR THE PLANNING AND EVALUATION OF A SHARED RESEARCH, DEVELOPMENT AND EDUCATIONAL FACILITY TO BE LOCATED AT NASA AMES RESEARCH CENTER, MOFFETT FIELD, CALIFORNIA, SANTA CRUZ CAMPUS**

The Committee recommends that the Regents authorize the President, in consultation with the General Counsel, to negotiate and execute all documents necessary to establish a two-member limited liability company ("Evaluation LLC") comprised of Foothill-De Anza Community College District ("Foothill-De Anza") and the University of California ("UC") for the purpose of evaluating the feasibility of, and planning for, a possible shared research, development, residential and educational park ("Shared Facility") at the NASA Ames Research Center ("NASA Ames") on Federal land designated as the NASA Research Park (NRP) provided, however, that:

- (1) The limited liability company shall not be authorized to enter into any legally binding agreement to proceed with the development of such a facility; and
- (2) Any legally binding agreement to proceed with the development of such a facility will require separate action by the Regents after all required environmental evaluations have been completed.

This action does not constitute a decision by the Regents as to whether to undertake the development of a Shared Facility at NASA Ames.

This authorization is pursuant to Standing Order 100.4(oo), which requires Regental approval of the participation of the University in the establishment of corporations, companies or partnerships.

**C. ENDORSEMENT OF CHILDREN'S HOSPITAL BOND ACT OF 2008**

The Committee recommends that the Regents endorse the Children's Hospital Bond Act and direct the President to inform University of California constituents and supporters of the benefit to the medical centers, consistent with what is allowable under current state law, Regental policy and Presidential authority.