UCRS Advisory Board

Meeting of November 10, 2011

AGENDA ITEM D

UCRP - Additional Contributions Towards the Annual Required Contribution - Update

As mentioned at the last two UCRS Advisory Board meetings, The Regents provided the President with authority and flexibility to perform asset transfers to UCRP to pay the unfunded portion of UCRP's Normal Cost as well as the interest on UCRP's unfunded liability, characterized as the modified annual required contribution or "modified ARC" payment. In addition to improving the Plan's funded status, the additional funding should also help to reduce the amount of long-term UCRP employer contributions.

The flexibility granted by The Regents allowed the President to transfer proceeds to UCRP garnered through one or a combination of the following options:

1. Transfers from the Short-Term Investment Pool (STIP)
2. Proceeds garnered through the sale of debt as part of a general taxable borrowing, or
3. Restructuring existing debt to allow previously budgeted revenues to be used for partial payment of the modified ARC

As previously discussed by Vice President and Chief Financial Officer Taylor, the first asset transfer of $1.1 billion to UCRP occurred on April 1, 2011 and was taken from the STIP. Associate Director Anguiano will provide an overview of the second transfer of $935 million to UCRP that occurred on July 27, 2011 and was accomplished through the issuance of general revenue bonds.

Attachment