The meeting officially began at 3:32 p.m.

**PUBLIC COMMENT PERIOD:** CUCFA representative Kiskis stated that the retirement plan recommendations made by the 2016 Retirement Options Task Force are inferior to UC’s current retirement plans. He indicated that it is Regents job to protect UC employees and, should the President endorse the Task Force recommendations, the Regents should reject them. He stated that the agreement with the Governor and the subsequent retirement review process was misguided and the entire enterprise should be started over from scratch. AFSCME representative Liz Perlman expressed opposition to the Task Force recommendations and noted that the provision for choice would encourage employees to opt out of the University of California Retirement Plan (UCRP). She also stated that employee turnover rate at UC is very high and the Task Force recommendations would jeopardize the recruitment of new employees. In closing, she noted that existing, lower-paid employees are expected to retire with a UCRP retirement benefit of approximately $18,000 per year, and the retirement benefit for new, lower paid employees under the proposed alternative defined contribution plan (Alternative DC Plan)) would be even less. Teamsters’ Local 2010 representative Tim Mathews
acknowledged the hard work of the Task Force but indicated that the Teamsters were opposed to benefit cuts and the option of the Alternative DC Plan.

**APPROVAL OF THE MINUTES:** Chair Michaels called for approval of the minutes from the Board meeting of November 16, 2015. The minutes were approved by acclamation.

**COMMENTS FROM THE CHAIR:** Chair Michaels indicated that the purpose of the meeting was to discuss the Task Force recommendations and to possibly share ideas and comments with the President. She noted, however, that the Board does not make any recommendations to the President.

**ITEM A. UCRS – DISCUSSION OF 2016 RETIREMENT OPTIONS TASK FORCE REPORT AND RECOMMENDATIONS:** Board member and COO Rachael Nava noted that the Academic Senate is reviewing the Task Force report and recommendations and will share its thoughts with the President by February 16, 2016. She also noted that the President has invited faculty and staff to submit comments on the Task Force recommendations via a dedicated site on UC net by February 16, 2016. She closed by noting that key concepts of the Task Force recommendations are that they: (1) ensure the competitiveness of UC retirement plans and enable the continued recruitment of talented faculty and staff; (2) maintain the financial stability of UCRP; and (3) facilitate shared responsibility for retirement readiness between UC and employees.

Executive Director Gary Schlimgen noted that a webinar on the Task Force recommendations had been held on February 1st, and it would be repeated on February 10th. Clarifying that the Task Force recommendations do not affect the retirement benefits of current employees, he briefly summarized the recommendations for the Board.

The Chair then opened the discussion for Board member comments:

Board member Michael Fehr, who is also a Task Force member, indicated that he submitted a letter of dissent concerning the Task Force recommendations. He noted that UCRP doesn’t need changes to remain solvent and the current provisions of UCRP are better at meeting the University’s recruitment needs than the plans recommended by the Task Force.

Board Vice Chair Jim Chalfant, who is also a Task Force member, stated that the 2013 Tier is preferable to the plans recommended by the Task Force, which represent a cut in UC retirement benefits. He stated that the PERPA-related cap on pensionable pay is a drastic way to reduce retirement benefits and it may have been preferable to reduce the UCRP age factors. While he feels that the concept of shared responsibility for retirement readiness is an admiral goal, he noted that UC might save some money as a result of the Task Force recommendations but new employees would be required to contribute at the same rate as current 2013 Tier members. Although he is not opposed to offering a choice of an Alternative DC Plan, he feels that the Chief Investment Officer should develop an annuity product for it that does not have the profit motive inherent in private annuities. He stated that the Academic Senate is currently reviewing the Task Force recommendations and that the first step is to document their potential consequences. He closed by indicating that he and Academic Senate Chair Hare have drafted a guide to reviewing the Task Force report, which is available on the Academic Senate website (http://senate.universityofcalifornia.edu/).
Board member David Odato, who is also a Task Force member, noted that the UC medical centers and the Lawrence Berkeley National Laboratory often recruit employees on a short-term contract basis to serve a specific purpose, such as installing a new computer system. He feels that UC should provide new employees with a choice for an Alternative DC Plan because short-term contract employees usually leave UC prior to the accruing the five years of service credit needed to vest in UCRP.

Board Member Henning Bohn indicated that the Task Force recommendations represent a severe cut in retirement benefits, up to a 40% reduction in comparison to 2013 Tier benefits, and that new faculty members would be the most severely affected. He stated that financial projections of UCRP’s future funded status do not seem all that dire, but he feels that the UC should increase its contributions to comply with the Regents funding policy (i.e., annual required contribution or ARC) and rely less on borrowing to address the unfunded liability in UCRP. He expressed disappointment that the Task Force seemed resigned to a maximum UC contribution of 14%. Finally, he feels that the one-year service requirement to vest in UC contributions to the Alternative DC Plan would discourage employees from choosing the 2016 Tier, which has a five-year vesting requirement. He questioned why the vesting requirement in UCRP could not be changed.

Board member Naomi Nakamura stated that she is opposed to the proposed retirement benefit changes for new employees. She said that the benefits currently provided by UCRP make it UC’s primary recruiting tool, and that degrading UCRP benefits would do irreparable harm to UC’s ability to attract and retain talented faculty and staff. She stated that the Task Force recommendations promote and encourage a short-term workforce and would undermine UC’s ability to deliver top quality care and train the next generation of practitioners. As a pharmacy technician, she stated that she could have worked anywhere. She chose to work at UC not only because she believes in its mission of public service but also for the secure retirement provide by the current version of UCRP. In closing, she noted that the UC community should reject the Task Force recommendations.

Board Chair Meredith Michaels stated that she thought the Task Force report was straightforward and honest. She is most concerned about the UC community reaction to the report. She indicated that comments seem to imply that employees only choose to work at UC for salary and benefits as opposed to UC’s mission of public service. She feels that little has been done to counter such comments.

Board member Lee Duffus stated that, as a retiree, the Task Force recommendations do not impact his retirement benefits. However, he indicated that retirees want to remain proud of the institution for which they worked. He also indicated that retirees would like new employees to be offered a competitive total remuneration package that provides for a secure retirement.

Board member Roger Anderson stated that while the designs of the proposed retirement plans might provide a competitive retirement benefit, they are subject to market volatility and thus do not provide for a secure, guaranteed retirement benefit. He also indicated that the one-year service requirement to vest in UC contributions to the Alternative DC Plan is too short and may result in short stays of employment. He noted that UC often invests large sums of money in new professors which may not be recouped if professors left UC employment after one year.

Meeting adjourned at 4:33 pm