UCRS Advisory Board

Meeting of November 16, 2015

AGENDA ITEM B

UCRP – Borrowing to Fund UCRP's Annual Required Contribution for Three Fiscal Years

Executive Vice President and Chief Financial Officer Nathan Brostrom will discuss an item that will be presented to the Regents on November 19, 2015 requesting authorization for internal borrowing in amounts that, when added to actual University and Member contributions, result in the full annual required contribution (ARC) to UCRP for Fiscal Years (FY) 2015-2016, FY 2016-2017 and FY 2017-2018. The full ARC payment to UCRP is the amount required to fund UCRP's Normal Cost plus the annual, amortized amount to pay down UCRP's unfunded actuarial accrued liability (UAAL).

The request for internal borrowing over the next three years coincides with the infusion of $436 million of state funding specifically designated to help pay down UCRP's UAAL as part of the budget agreement reached with the Governor last May. It is envisioned that the source of the internal borrowing will be the UC Short Term Investment Pool (STIP), provided that the STIP maintains sufficient liquidity for internal means and to satisfy rating agency requirements.

A link to this Regents item will be sent to the Board as soon as it is posted on the Regents website.