



OFFICE OF THE PRESIDENT

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CHANCELLORS

Dear Colleagues:

In accordance with our discussion at last week's Council of Chancellors meeting, certain administrative procedures currently in place will change effective with the closing process for fiscal year 2008. The specific changes are:

- UCHS reserves currently maintained at UCOP will be returned to each campus; and
- effective June 30, 2008, the practice of annually transferring campus net housing revenues to UCOP will be discontinued.

For housing projects that are financed, UCOP Corporate Accounting will continue to pay the debt service to the trustees then charge the appropriate campus through financial control consistent with the process used for most all other campus projects that are financed.

There are not any substantive changes to other administrative practices currently in place. For example, UCOP will continue to consolidate actual and projected financial information in order to monitor the financial performance and health of the University's housing and dining, not only on a campus-by-campus basis, but also on a systemwide basis. Housing Directors will continue their oversight of the system, implement best practices and seek new opportunities for systemwide cost efficiencies.

With this change in administrative practices, it is imperative that the University has the continuing ability of the UCHS Reserve to support emerging needs at growth campuses and to respond to catastrophic emergencies that might arise. An important priority is to utilize the reserves in a manner that protects the long-term financial integrity of student housing and dining as well as the quality of our housing system which has supported our students and instructional mission effectively for so many years.

Sincerely,

Robert C. Dynes

cc: President-designate Yudof
Executive Vice President Lapp
Vice President Broome