

IC 1

Office of the Treasurer
October 13, 2008

Members, Investment Committee

AUTHORIZATION FOR INVESTMENT STAFF TO PERFORM ON-SITE VISITS
OF THREE ABSOLUTE RETURN MANAGERS AND SUBSEQUENTLY AUTHORIZE
THE PURCHASING DIVISION TO ENTER CONTRACT NEGOTIATIONS WITH
THE MANAGERS IF RESULTS OF ON-SITE VISITS ARE SATISFACTORY

Recommendation: that the Investment Committee authorize the investment staff to perform on-site visits of three absolute return managers and subsequently authorize the University's Purchasing Division to enter into contract negotiations with the new managers if the results of the on-site visits are satisfactory.

Background: The Investment Committee approved a revised asset allocation and manager structure on June 16, 2008, which includes a new allocation to the absolute return asset class of 10%. Investment staff and R. V. Kuhns & Associates ("RVK") issued a Request for Proposals for absolute return fund-of-funds managers in July 2008 and received proposals from 24 firms on 27 different strategies. Staff and RVK performed the evaluation of proposals and selected three finalist firms: two for a core allocation of 4% each and one for an opportunistic allocation of 2%.

The recommendation of the three absolute return managers, along with a description of the RFP process, is included in a confidential memo from RVK dated October 1, 2008, which was distributed to the Investment Committee. Disclosure of the names of the managers could jeopardize the contract negotiations with these firms.

Action Taken: Approved Disapproved Other _____