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Office of the Treasurer  
June 8, 2010

Members, Investment Committee

## AUTHORIZATION TO ENTER CONTRACT NEGOTIATIONS WITH NEW MANAGERS OF REAL ESTATE DEBT STRATEGIES

Recommendation: that the Investment Committee authorize the Executive Vice President for Finance and Administration, or his designee, to enter into contract negotiations with new managers of real estate debt strategies.

Background: At its June 16, 2008 meeting, the Investment Committee approved a revised asset allocation and manager structure, which includes new value-added and opportunistic real estate allocations of 4% each. University investment staff and consultant, R.V. Kuhns & Associates (“RVK”), developed an implementation plan to hire managers for the new value-added and opportunistic allocations over several years in order to ensure appropriate vintage year diversification. At its December 9, 2008 meeting, the Committee approved commitments to value-added managers, Wrightwood Capital and T.A. Associates. At its September 15, 2009 meeting, the Committee authorized staff to issue a Request for Proposals (“RFP”) for a value-added manager.

University investment staff and RVK issued an RFP for a value-added manager in October 2009 and received proposals from five firms. Staff and RVK evaluated the proposals and eliminated all firms for various deficiencies. A second RFP was issued in January 2010 and 11 proposals were received. Staff and RVK evaluated the proposals and selected complimentary managers that deploy real estate debt strategies appropriate for the current market environment. The commitment amount for each manager will be determined by staff and RVK in conjunction with the asset allocation study currently underway.

The premature disclosure of the names of the managers could jeopardize the contract negotiations with these firms.

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Action Taken:      Approved      Disapproved      Other \_\_\_\_\_