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Office of the Treasurer  
December 16, 2013

Members, Investment Committee:

AUTHORIZATION TO ENTER CONTRACT NEGOTIATIONS  
WITH THREE NEW REAL ESTATE MANAGERS

Recommendation: that the Investment Committee authorize investment staff to enter into contract negotiations with three new real estate managers for the management of non-core strategies. One manager is subject to final approval by investment staff and R. V. Kuhns & Associates (RVK) subject to further due diligence.

Background: In June 2013, the Investment Committee increased the allocation to the real estate asset class from 8% to 12% in conjunction with approval of a new asset allocation strategy designed to generate a 7.5% average annual long-term return. Phase 1 of the new asset allocation, consisting of various liquid strategies, is expected to be implemented by January 1, 2014. Phase 2, consisting of illiquid private equity and private real estate strategies, will be implemented over several years to ensure appropriate vintage year diversification.

Investment staff and RVK issued a request for proposals to hire one or more non-core real estate managers in September 2013 and received 18 proposals. Staff and RVK evaluated the proposals and selected three managers that employ non-core real estate strategies. The University plans to commit \$50,000,000 to the managers: \$20,000,000 to two managers and \$10,000,000 to one manager.

The names of the managers cannot be disclosed as it could jeopardize contract negotiations.

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