The Regents of the University of California

COMMITTEE ON INVESTMENTS
March 13, 2002

The Committee on Investments met on the above date at UCSF-Laurel Heights, San Francisco.

Members present: Regents Atkinson, Davies, T. Davis, Hopkinson, Lansing, Lee, Moores, Parsky, and Pattiz; Advisory member Ligot-Gordon

In attendance: Regents Blum, Johnson, Kozberg, Lozano, Marcus, Montoya, Morrison, Preuss, Saban, and Seymour, Regents-designate Sainick and Terrazas, Faculty Representatives Binion and Viswanathan, Associate Secretary Shaw, General Counsel Holst, Treasurer Russ, Provost King, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome and Gurtner, Chancellors Berdahl, Bishop, Cicerone, Dynes, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellor Warren, and Recording Secretary Nietfeld

The meeting convened at 1:47 p.m. with Committee Chair Hopkinson presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of November 14, 2001 were approved.

2. PORTFOLIO ANALYSES AND INVESTMENT TRANSACTIONS (QUARTERLY REPORT)

Committee Chair Hopkinson informed the Committee that at the May meeting there would be a proposal regarding the asset allocation plan for the University of California Retirement Plan and the General Endowment Pool, as well as recommendations regarding additional policies and procedures for the campus foundations.

Treasurer Russ reported that, for the quarter ended December 31, 2001, positive performance resulted in a gain of $2.7 billion for The Regents’ portfolios. Total assets at quarter end totaled $54.6 billion. This positive performance was the result of the rebalancing of the portfolios to 65 percent equities and 35 percent bonds. He emphasized that long-term results remain high relative to their benchmarks.

Mr. Dennis Sugino of Wilshire Associates recalled that Mr. Russ had joined the University as Treasurer in June 2001, and thus the results for the second half of the calendar year represent his performance. Wilshire believes that Treasurer Russ had performed in an outstanding manner during this period, with all of the funds doing better than the benchmarks. Equally important, the Treasurer has done an excellent job of implementing the asset allocation plan.
Regent Lee drew attention to the fact that the period includes the losses suffered as a result of the collapse of Enron.

(For speakers’ comments, see the minutes of the March 13, 2002 Committee of the Whole.)

The Committee went into Closed Session at 1:55 p.m.

The meeting adjourned at 2:20 p.m.

Attest:

Associate Secretary