

The Regents of the University of California

**COMMITTEE ON FINANCE
COMMITTEE ON INVESTMENTS**

May 19, 2010

The Committees on Finance and Investments met jointly on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Representing the Committee on Finance: Regents Bernal, Island, Makarechian, Schilling, and Varner; Ex officio members Gould and Yudof; Advisory members DeFreece and Simmons; Staff Advisors Abeyta and Martinez
Representing the Committee on Investments: Regents De La Peña, Kieffer, Makarechian, Nunn Gorman, and Schilling; Ex officio members Gould and Yudof; Advisory members Cheng, DeFreece, and Powell; Staff Advisors Abeyta and Martinez

In attendance: Regents Lansing, Maldonado, O’Connell, Reiss, Stovitz, and Zettel, Regent-designate Hime, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Broome, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 11:35 a.m. with Committee on Finance Vice Chair Varner presiding.

ADOPTION OF EXPENDITURE RATE FOR THE GENERAL ENDOWMENT POOL

The President recommended that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2010-11 fiscal year remain at a rate of 4.75 percent of a 60-month moving average of the market value of a unit invested in the GEP.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President Brostrom recalled that, every year since 1998, the Committees on Finance and Investments have jointly approved an expenditure or payout rate for the General Endowment Pool (GEP). Initially, in 1998, the target rate of 4.75 percent of a 60-month moving average was adopted, with a first-year payout set at 4.35 percent. The payout rate was increased over several years in order to provide for a gradual increase in the GEP payout. For the past several years, the payout rate has been 4.75 percent of the moving average. Both the Office of the President and the Treasurer’s Office recommend that this rate be maintained for the 2010-11

fiscal year. Mr. Brostrom explained that this recommendation was being made primarily to provide a payout for expenditure which is estimated to be slightly higher than that distributed for the previous year.

Upon motion duly made and seconded, the Committees on Finance and Investments approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 11:40 a.m.

Attest:

Secretary and Chief of Staff