

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Report of the Investment Committee  
**Date:** December 1, 2004

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**Recommended Action:**

Receive the report and consider recommendations of the Investment Committee.

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**Executive Summary:**

**Minutes** At its meeting on December 15, 2004, the Board of Regents' Investment Committee is expected to approve the minutes from the September 14, 2004, Committee meeting (INV 1).

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**Fund Managers** The Investment Committee is expected to recommend that the Board approve:

- Termination of Seneca Capital Management.
- Selection of Artisan Partners as the new small capitalization domestic fund manager (INV 2).

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**Quarterly Investment Report** The Investment Committee is expected to receive the Investment and Cash Management Report on the operating and endowment portfolios for the quarter ended September 30, 2004 (INV 3).

The Regent institutions maintain two investment portfolios — operating and endowment/Quasi-endowment. Both portfolios include restricted and unrestricted funds.

As of September 30, 2004, the Regent combined operating and endowment portfolios total nearly \$1.4 billion.

The market value of the combined operating portfolios, as reported by the Regent institutions, total \$957.5 million as of September 30, 2004, and represent a point in time during operations.

Wilshire Associates, the Board's investment advisor, prepares the summary report on the endowment/quasi-endowment portfolio, which totaled \$396.2 million for the quarter.

The combined investment managers' returns for the quarter were -0.6% for SUI and -0.8% for ISU, while the blended asset allocation benchmark posted returns of -0.2%.


The SUI quasi-endowment totaled \$93.0 million and returned 3.1% for the quarter ended September 30, 2004, which slightly underperformed the benchmark of 3.2%.

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Performance Review	The Investment Committee is expected to accept the Performance Review of Wilshire Associates, the Board's investment advisor (INV 4).
Variable Rate Bonds	The Investment Committee is expected to receive the report on variable and fixed rate bonds presented by Barry Fick of Springsted, Inc., the Board's financial advisor (INV 5).
Modification of Banking Relationship	The Investment Committee is expected to recommend that the Board approve the requested University of Iowa banking relationship with Bank of America. The University of Iowa is requesting that Bank of America – Des Moines be added to the list of approved financial institutions for purposes of establishing a bank account for retail lock box operations. Bank of America, partnering with Communications, Data Services of Des Moines, was the successful bidder for retail lock box services. The maximum account balance is estimated at under \$50,000,000 (INV 6).
Policy Manual Modifications	The Investment Committee is expected to recommend that the Board consider, as a first reading, the changes to the Board's investment policies regarding soft dollars as outlined in the memorandum (INV 7).

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Pamela M. Elliott

Approved:   
Gregory S. Nichols

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