

Contact: Patrice Sayre

FUND MANAGER ISSUES

Action Requested: Receive the recommendation to add Metropolitan Real Estate Partners Global III Fund as a manager for Private Real Estate investments.

Executive Summary: At the September 2008 Audit/Compliance and Investment Committee, the Board approved a new asset allocation for the endowment portfolio. Wilshire Consulting's recommendation included increasing the asset allocation of Private Real Estate from 5% to 10%. Following an analysis of Private Real Estate candidates with distinct strategies, Wilshire recommends adding Metropolitan Real Estate Partners Global III Fund as a fund manager for private real estate assets.

Wilshire worked collaboratively with members of this Committee, investment staff at the universities, and Board office staff to arrive at this selection. The process considered several factors including investment vehicle and fees, organizational quality, and other important factors. Metropolitan Real Estate Partners is a fund of funds with strategies spanning distressed real estate and global real estate to traditional strategies employing a value-added approach. If Metropolitan Real Estate Partners Global III Fund is approved by the Board of Regents, Wilshire will continue to work with staff at the universities to efficiently transition assets.

Approval of Metropolitan Real Estate Partners Global III Fund will result in approximately \$8 million being invested with this manager, adding to the \$21.7 million invested as of March 31, 2009 in Principal Group and Commonfund Natural Resource Partners VIII (CF NR Partners VIII has total commitments of \$10M).