

Contact: Andrea Anania

**BOARD OF REGENTS, STATE OF IOWA
AUDIT/COMPLIANCE AND INVESTMENT COMMITTEE
LIED MULTIPURPOSE COMPLEX – MULTIPURPOSE ROOM
IOWA SCHOOL FOR THE DEAF
COUNCIL BLUFFS, IOWA**

MINUTES OF SEPTEMBER 17, 2009

Committee Members

Jack Evans (Chair)
Bonnie Campbell
Robert Downer

Michael Gartner
Ruth Harkin (absent)
Greta Johnson

Craig Lang
David Miles
Rose Vasquez

Staff Members

Andrea Anania, Bob Donley, Patrice Sayre, Todd Stewart

Others

Mike Dudkowski, Wilshire Consulting

The corresponding docket memorandum for each agenda item, an integral component of the minutes, is available on the Board of Regents website: <http://www.regents.iowa.gov/>. Copies of these memoranda can also be obtained from the Board Office by calling 515-281-3934.

Chair Evans called the meeting to order at 9:05 a.m.

Approve Minutes from the June 10, 2009, Committee Meeting

- MOVED by LANG, SECONDED by CAMPBELL, to approve the minutes of the August 5, 2009, meeting. MOTION APPROVED.

Investment and Cash Management Report for the Quarter Ended June 30, 2009

Mike Dudkowski from Wilshire Consulting: (1) discussed the performance report for the quarter and fiscal year ended June 30, 2009; (2) updated the Board on performance through the end of August; and (3) highlighted current market conditions and the economic forecast.

Mr. Dudkowski reported that the institutions are slowly migrating endowment assets to the new asset allocation structure and that the policy benchmark will change as of July 1, 2009, to reflect the new composition.

Mr. Dudkowski highlighted two noteworthy events that Wilshire will continue to monitor closely: (1) BlackRock's acquisition of BGI from Barclays, which is a large-scale transaction. He said it would create the largest investment manager in the world; and (2) Macquarie Group's (an Australian bank) acquisition of Delaware Investments from Lincoln National Corp., an insurance company.

- The Committee received the report by GENERAL CONSENT.

Fund Manager Issues

Mike Dudkowski: (1) reported that a number of opportunities in private real estate were evaluated, including an opportunistic real estate fund, a value-added fund of funds offering global exposure, and a green real estate fund; (2) said that Wilshire Consulting recommends adding Metropolitan Real Estate Partners Global III Fund (MREPGF) as a fund manager for private real estate assets; and (3) elaborated on the reasons why this manager was recommended.

Chair Evans reported that he participated in all of the fund manager interviews.

Regent Campbell asked for an example of an international private real estate investment. Mr. Dudkowski said examples include office, industrial, retail, multi-family, or apartment sectors, and investments are where the manager sees value without being skewed to any geographic region or country. He reported that MREPGF seeks to identify investments where opportunities exist to improve cash flows and returns or to reposition and/or redevelop properties.

Chair Evans said this would be more in compliance with the asset allocation policy.

- MOVED by MILES, SECONDED by JOHNSON, to recommend that the Board approve Metropolitan Real Estate Partners Global III Fund as a manager for Private Real Estate Investments. MOTION APPROVED UNANIMOUSLY.

Overview of Internal Audit Personnel

Internal Audit Director Todd Stewart provided an overview on internal audit personnel and staffing at the Regents universities.

Chair Evans thanked Director Stewart for his report and thanked him and his staff for their work.

- The Committee received the report by GENERAL CONSENT.

Modification of Banking Relationships

Chair Evans provided a brief overview of the proposed modifications.

- MOVED by MILES, SECONDED by CAMPBELL, to recommend that the Board approve revisions to the Banking Relationships as proposed in the memorandum. MOTION APPROVED; Regent Downer ABSTAINED.

Regent Gartner requested that university or Regent officials disclose any relationship(s) with the financial institutions proposed in the memo. Chair Evans explained that no new financial institutions were added, just modifications to maximum amounts as well as the addition of a bank at one Regent institution that had been previously approved for other Regent institutions.

Chair Evans adjourned the meeting at 9:45 a.m.