AGENDA

UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT MANAGEMENT COMMITTEE MEETING

DATE: **Tuesday, November 15, 2011**

TIME: **1:30 p.m.**

PLACE: **Hilton University of Houston Hotel**
Waldorf Astoria Ballroom E, Second Floor
4800 Calhoun
Houston, Texas 77204

Chair:	**Mica Mosbacher**
Vice Chair:	**Jarvis V. Hollingsworth**
Members:	**Jacob M. Monty**
	Nelda Luce Blair, Ex Officio
Advisory Members:	**Carroll Robertson Ray**
	Jim P. Wise

ENDOWMENT MANAGEMENT COMMITTEE

A. Call to Order

B. Approval of Committee Minutes
- August 16, 2011, Endowment Management Committee Meeting

Action: Approval

C. Introduction of New Advisory Members – University of Houston System EM-C1

Action: Information

D. Request for approval to liquidate the Les Dames D'Escoffier Endowment and transfer the proceeds to the University of Houston Foundation – University of Houston System EM-D2

Action: Approval

E. Request for approval of portfolio adjustments. Presentation of report and recommendations from Cambridge Associates regarding Endowed and Non-Endowed Assets – University of Houston System EM-E3

Action: Information and/or Approval

F. Adjourn

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Introduction of new advisory members

DATE PREVIOUSLY SUBMITTED:

SUMMARY:
In accordance with section 5.2.4 of the Bylaws for the UH System Board of Regents, one to four advisory members may be appointed to each respective committee with the unanimous approval of the chair of the board, the chancellor, and the chair of the committee. The advisory members will serve one-year terms from September 1 through August 31 and may be reappointed each year for up to three consecutive years. They may serve again after one off year. Advisory members will not have voting authority.

Carroll Robertson Ray, immediate past chair of the UH System Board of Regents, and Jim Wise, immediate past chair of the Finance & Administration committee and immediate past vice-chair of the Endowment Management Committee, will serve as Advisory members of the Endowment Management Committee for the period September 1, 2011 through August 31, 2012.

SUPPORTING DOCUMENTATION:

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: This item is for information only.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR	Carl Carlucci	**DATE** 10/29/2011
CHANCELLOR	Renu Khator	**DATE** 11/1/11

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Request for approval to liquidate the Les Dames D' Escoffier Endowment and transfer the proceeds to the University of Houston Foundation

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

In accordance with UH System policy 3.F.02 – section 3.15, approval is requested to liquidate and transfer the Les Dames D' Escoffier Endowment, currently invested in the UH System Endowment, to the UH Foundation. The endowment contains a restriction for the awarding of scholarships based on gender, which is not permissible under Texas law.

SUPPORTING DOCUMENTATION:

FISCAL NOTE: Market value $147,868.30 as of 8/31/11.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/29/2011

CHANCELLOR Renu Khator **DATE** 11/1/11

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Request for approval of portfolio adjustments. Presentation of report and recommendations from Cambridge Associates regarding Endowed and Non-Endowed Assets

DATE PREVIOUSLY SUBMITTED:

SUMMARY:
Approval is requested for (1) revision to the endowment's interim target asset allocation as a result of the increase in private equity investments. In recognition of the fact that building a private equity program takes time, an interim target asset allocation was created in order to reflect the temporary underweight to private investments and corresponding overweight to other asset classes. (2) The withdrawal of funds from cash and the Laddered Treasuries Portfolio to meet the $16.5 million annual distribution to the universities and (3) the transfer of $67 million (or 25%) of the cash pool into a second money market fund, the Liquid Assets Portfolio, within the Invesco family of funds. As of 9-30-11, we had $268 million invested in the Invesco STIC Prime Portfolio. This investment represents 10.2% of the Prime Portfolio's total value. Our policy is to maintain no greater than a 10% ownership of any one money market fund. The STIC Prime Portfolio and Liquid Assets Portfolio are both Aaa-mf rated, the highest rating possible, and legally separate money market funds. (4) Cambridge Associates will also present an overview of the market, the endowment's current asset allocation and performance, and other analysis of the portfolio.

SUPPORTING DOCUMENTATION: Cambridge Associates discussion materials book

FISCAL NOTE: As to item (1), $16.5 million and as to item (3), $67 million transferred to the Liquid Assets Portfolio.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of items 1, 2, and 3. Item 4 is information only.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/22/2011

CHANCELLOR Renu Khator **DATE** 11/1/11

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Introduction of new advisory members

DATE PREVIOUSLY SUBMITTED:

SUMMARY:
In accordance with section 5.2.4 of the Bylaws for the UH System Board of Regents, one to four advisory members may be appointed to each respective committee with the unanimous approval of the chair of the board, the chancellor, and the chair of the committee. The advisory members will serve one-year terms from September 1 through August 31 and may be reappointed each year for up to three consecutive years. They may serve again after one off year. Advisory members will not have voting authority.

Carroll Robertson Ray, immediate past chair of the UH System Board of Regents, and Jim Wise, immediate past chair of the Finance & Administration committee and immediate past vice-chair of the Endowment Management Committee, will serve as Advisory members of the Endowment Management Committee for the period September 1, 2011 through August 31, 2012.

SUPPORTING DOCUMENTATION:

FISCAL NOTE:

RECOMMENDATION/ ACTION REQUESTED: This item is for information only.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/29/2011

CHANCELLOR Renu Khator **DATE** 11/1/11

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Request for approval to liquidate the Les Dames D' Escoffier Endowment and transfer the proceeds to the University of Houston Foundation

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

In accordance with UH System policy 3.F.02 – section 3.15, approval is requested to liquidate and transfer the Les Dames D' Escoffier Endowment, currently invested in the UH System Endowment, to the UH Foundation. The endowment contains a restriction for the awarding of scholarships based on gender, which is not permissible under Texas law.

SUPPORTING DOCUMENTATION:

FISCAL NOTE: Market value $147,868.30 as of 8/31/11.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/29/2011

CHANCELLOR Renu Khator **DATE** 11/1/11

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management

ITEM: Request for approval of portfolio adjustments. Presentation of report and recommendations from Cambridge Associates regarding Endowed and Non-Endowed Assets

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested for (1) revision to the endowment's interim target asset allocation as a result of the increase in private equity investments. In recognition of the fact that building a private equity program takes time, an interim target asset allocation was created in order to reflect the temporary underweight to private investments and corresponding overweight to other asset classes. (2) The withdrawal of funds from cash and the Laddered Treasuries Portfolio to meet the $16.5 million annual distribution to the universities and (3) the transfer of $67 million (or 25%) of the cash pool into a second money market fund, the Liquid Assets Portfolio, within the Invesco family of funds. As of 9-30-11, we had $268 million invested in the Invesco STIC Prime Portfolio. This investment represents 10.2% of the Prime Portfolio's total value. Our policy is to maintain no greater than a 10% ownership of any one money market fund. The STIC Prime Portfolio and Liquid Assets Portfolio are both Aaa-mf rated, the highest rating possible, and legally separate money market funds. (4) Cambridge Associates will also present an overview of the market, the endowment's current asset allocation and performance, and other analysis of the portfolio.

SUPPORTING DOCUMENTATION: Cambridge Associates discussion materials book

FISCAL NOTE: As to item (1), $16.5 million and as to item (3), $67 million transferred to the Liquid Assets Portfolio.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of items 1, 2, and 3. Item 4 is information only.

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci **DATE** 10/29/2011

CHANCELLOR Renu Khator **DATE** 11/1/11