

Approved by the Board of Trustees,
January 20, 2005

Board Meeting
January 20, 2005

ROLL CALL

AUTHORIZATION FOR INVESTMENT MANAGER (Western Asset Management Company)

- Action:** Approve Retention of Western Asset Management Company to Provide Investment Management Services
- Funding:** Investment Income and Appreciation on the Endowment Pool Investment Program

The Vice President for Administration recommends establishment of an investment management contract with Western Asset Management Company for the active fixed income component of the endowment pool investment program and adoption of the attached resolution. This recommendation is made with the concurrence of University investment staff and the University's financial consultant, EnnisKnupp. A request for proposal process was utilized to produce this recommendation. The request for proposal was mailed to 34 investment managers and listed on the University's procurement web site. Responses were received from 13 investment firms. The responses were carefully evaluated and interviews were conducted with three finalists. Western Asset Management Company currently manages funds for the University and

Foundation. Western Asset Management Company has an excellent investment performance record and offered a competitive fee schedule.¹

The board action recommended in this item complies in all material respects with applicable State and Federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustee policies and directives.

The President of the University concurs.

Resolution

Be it Resolved, that the Comptroller of the Board of Trustees of the University of Illinois is authorized to enter into agreements with Western Asset Management Company to provide investment management services.

Be It Further Resolved, that the Comptroller of the Board of Trustees is authorized from time to time to designate in writing to Western Asset Management Company those officers, employees, and other agents of the University of Illinois authorized to give written or verbal instructions on behalf of the University of Illinois.

Be It Further Resolved, that each of the foregoing resolutions shall continue in force until notice of rescission or modification is received by Western Asset Management Company.

¹The annual fee is 15.0 basis points (.0015) or \$75,000 on a \$50.0 million portfolio.