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To the editor:

It is disappointing that, after weeks of reporting and scores of questions about the University of California's pension fund reforms, the East Bay Express publishes a story based solely on innuendo, old newspaper clippings, and unproved allegations by disgruntled former employees. The story fundamentally betrays a lack of understanding about the fiduciary responsibility of the Board of Regents, the role of outside investments consultants, and the University's investment process.

The Regents did not "farm out control" of the pension fund to "an army of consultants." Like a majority of large institutional funds, UC uses management firms with greater expertise in specific investment areas than could be employed in-house. The University maintains control of its investment funds and makes the decisions about the direction, diversification and risk profile of the University's assets. In fact, the assistance of outside firms, while expensive, is actually a more cost-effective approach in managing UC's \$71 billion portfolio.

Most egregious is the character assassination of Regent Gerald L. Parsky, who outside the pages of the East Bay Express has a well-deserved reputation as an honest, fair and wise consensus-builder, and whose leadership is especially valued in addressing complex, difficult investment challenges. It is this record of service and success that led the governor to ask him recently to serve on the state's new pension commission, an appointment widely appreciated by Democrats, Republicans and union leaders.

The bottom line ignored by the East Bay Express is this: The Regents unanimously adopted a series of investment policy and management guideline changes strictly for the purpose of increasing portfolio diversification, reducing risk exposure and improving reporting procedures to maintain the long-term strength of the University's assets. Had they not taken these actions, the UC Retirement Plan's assets today would be approximately \$2.7 billion lower than if UC had remained in a traditional 60/40 S&P 500/Lehman Aggregate mix.

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