WEDNESDAY, APRIL 21, 2004

Jordan's king pushes Bush meeting back

Concerned about U.S. role in conflict

THE ASSOCIATED PRESS

AMMAN, Jordan — The king of Jordan postponed a White House meeting with President Bush this week, questioning the United States' commitment to ending the Israeli-Palestinian conflict. The snub from King Abdullah II

is the most recent expression of Arab anger at Bush for endorsing an Israeli proposal to withdraw unilaterally from the entire Gaza Strip but only parts of the West Bank. That would leave Jewish settle ments on some West Bank land claimed by the Palestinians.

Abdullah is under pressure at home to show that his U.S. ties can further Arab positions on the Israeli-Palestinian question as well as on the occupation of Iraq.

The White House played down any hint of friction with Jordan, saying the Wednesday meeting with Abdullah was rescheduled to the first week of May "because of developments in the region." "The king decided this week it

was better for him to be in Jordan and we understand that " National Security Council spokesman Sean McCormack said

Abdullah has been touring the United States since last week, meeting in California with business leaders and information technology experts and lecturing on Middle East issues. The king was expected to return home Tuesday, according to officials who spoke on condition of anonymity.

Jordanian government spokes-woman Asma Khader told The Associated Press that Jordan wants a White House meeting but thought that more time is needed to prepare for it because "there had been urgent developments since last week, when President Bush made remarks on the Palestinian-Israeli conflict and that necessitated more consultations with the American

administration, to have it clarify its positions on Mideast issues

A statement from the palace late Monday said Abdullah had instructed his foreign minister to remain in Washington to continue discussions with officials in the

Bush administration and to prepare for the king's return to the United States in May. The Abdullah-Bush meeting

would not be held "until discus-sions and deliberations are con-cluded with officials in the American administration to clarify the American position on the peace process and the final situation in the Palestinian territories, especially in light of the latest statements by officials in the American administration," according to the palace statement.

Bush's statement after a White House meeting with Israeli Prime Minister Ariel Sharon last week constituted a historic shift in U.S. policy, and Palestinian leaders accused the administration of undercutting the possibility of a negotiated settlement. Jordan is considered a key mod-

erate ally of the United States and is one of only two of Israel's Arab neighbors to have a peace treaty with Israel. Some Jordanian citi zens question their government's relationship with the United States.

Jordan is especially concerned that a final peace settlement would come at its expense if refugees were dumped into the kingdom, exhausting its meager resources and dis-turbing its demographic balance. Roughly half of Jordan's population of 5.1 million is composed of Palestinian families who fled or were forced out of their homes in 1948 and 1967 Middle East wars.

The rift between the Bush administration and its moderate Arab allies over Bush's statement is one of the worst to emerge in years.

ment company's board of directors of his decision to step down during a special meeting April 5, Moeser confirmed.

YUSKO

"The University is bowing down to these local visions and doesn't

want to go along with this bigger

to build what I think would have

been an amazing company in the

University structure, and now, I

will go back to the 'dark side' and do it there."

Yusko informed the manage-

He added, "We tried really hard

Yusko, board clashed

Yusko said former Chancellor Michael Hooker recruited him to the University in 1998 with the vision that UNC-CH would pursue an aggressive investment strategy by recruiting a broad group of potential clients outside the University setting.

But without Hooker's guidance and a series of new board members, the vision was altered. "We have similar visions for the

short term, but for the long-term future, I don't know whether we would ever have found common ground," said Tim Burnett, chairman of the board.

"The nature of people we provide services for beyond our imme-diate University family is fairly well defined as other educational institutions who have similar aspiraand similar investment goals," added Burnett, who is also a University trustee.

"We've been pretty consistent, and I don't believe this has anything to do with his decision to

open his own shop." But Yusko said the failure to reach a favorable compromise on investment policies ultimately led to his resignation.

Yusko often butted heads with the University's investment policies and pressed the board for changes. Just recently, he was successful in convincing University's trustees to change the policy that prohibited

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campus originally scheduled to occur in the next year, the exten-sion of the airport's life could cause problems.

"The present configurations won't consist with an open air-port," Town Council member Cam investing in UNC-CH-related startup companies

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The board often disagrees with Mark, and they disagree with themselves," Moeser said. As chief investment officer, he

also recommended many investments the board did not favor. Even at the meeting in which he

resigned, he again presented the directors with a Japanese invest-ment opportunity that they turned a previous meeting. Yukso is also one of the nation's

foremost experts in the sometimes dangerous and unregulated arena of hedge funds.

He appeared before a U.S. ecurities and Exchange Securities Commission panel in July 2003 to defend the lack of regulation for hedge funds, which are investments in both safe and speculative opportunities.

Based on Yusko's investment strategy recommendations, about 50 percent of the investment fund is tied up in hedge funds, a point the Board of Trustees criticized a few years ago. By comparison, peer universities

invest an average of 20 percent of their endowments in these ventures, according to the National Association of College and University Business Officers.

Regardless of how the mone was invested, it brought solid returns. Despite down markets, UNC-CH's portfolio has outper-formed its benchmarks.

For the first quarter of 2004 it is up about 3.5 percent, while the Standard & Poor 500 index, a market benchmark, is up only 1.3 per-cent during the same time period.

UNC's outside investments

The management company's board approved of Yusko's vision for investing money for other UNC-system schools, which he began to pursue almost two years ago when the foundation became a private corporation.

The management company con-trols the endowments of UNC-Wilmington, UNC-Charlotte and three system-related entities, Hill said

"They are going to have to delay that plan."

However, University officials said they want to continue with planning for the satellite camp "(Carolina North) is something that can proceed in parallel (with the continuation of the airport),'

said Tony Waldrop, UNC's vice chancellor for research and eco-nomic development. "We share with the legislature the absolute belief of the importance of AHEC. It's important to maintain access to that

"Equally important to us is the role of Carolina North to the aco-nomic development (of the area)." Hill said that the council is not

against discussing Carolina North if the airport remains open but that it does not want to discuss plans based on the Jan. 1, 2005, closing date.

"I'm assuming Carolina North will proceed, but everyone needs to get clear about in what shape and

BOG

The BOG has 32 voting members. It also has a secretary, a student member and two emeritus members who participate in activities and discussions but do not vote

N.C. Senate Majority Leader Tony Rand, the committee's cochairman and a Democrat from Cumberland County, said he agrees with the idea that the

"The University is bowing down to these local visions and doesn't want to go along with this bigger plan."

MARK YUSKO, UNC CHIEF INVESTMENT OFFICE

including the University Press and

the Office of the President. The names of the related groups are protected by a confidentiality ement, but in request to a agre question during a January trustee meeting, Yukso named them.

The five entities contribute \$100 million to the portfolio, Yusko said during a recent interview.

Four additional entities – including UNC-Asheville, whom Yusko visited with earlier this month — were in recent negotia-tions to allow the company to manage its money, he added.

From the start. Yusko saw the potential to do business with at, least half of the other 15 schools in the UNC-system, which hold assets of about \$400 million.

By buying into the program, the endowments of the less-wealthy universities and related entities benefit from expert money management and exposure to markets they normally can't invest in, such as hedge funds, venture capital and

international equity. In return, the management company boosts the size of its investments and clout in the market. In 2003, UNC-CH's endowment was ranked 36th among university endowments, according to NACUBO.

Also, the company realizes thousands of dollars in management fees. For instance, UNC-CH paid the company about \$1.2 million to manage its money in 2002, according to the most recent IRS filings.

Not all groups were willing to hand over their funds, though.

"Some felt they had enough size to do it on their own. One had a relationship with a bank, and one just wanted alternative invest-ments and not a (diversified portfolio)," Yusko said recently.

when," he said.

"If this is something they want to talk about after the airport closes, then certainly. If that's not the case. I don't see what the big hurry is?

Insko said the airport should remain open until AHEC can be relocated, possibly to Raleigh-Durham International Airport. She said the new location needs to be acceptable to the AHEC facul-

"There's a growing consensus that we cannot close the airport until AHEC has a new home," she said.

"State legislators look very favorably upon that program and would not like to see (it) compromised."

The committee likely will meet once before the General Assembly's short session begins May 10 to discuss the issue.

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"(North Carolina has) one of the most stable, consistent systems in the nation."

AIMS MCGUINNESS, ANALYST

versities, and they found that a 32-member governing board was the best way to assuage the fears of all involved.

Still, he added, the number of groups that joined the company surpassed initial expectations. Yusko said Tuesday that the

The Daily Tar Heel

management company became more successful in attracting outside assets, and his team felt the necessity to cash in on the investment opportunities

When he signed on to his job. he said, he expected to continue to pursue similar investment opportunities.

"We decided as a University that we weren't going to continue the visions that we had set out to realize," Yusko said.

Salary a possible factor

Some said Yusko's decision to leave the University and pursue an investment company in the private world has nothing to do with investment strategy but with his goals to earn more money.

"It was purely his decision either to operate in a public environment or in a private one, and, from the way I understand it, that was the principal factor," said Nelson Schwab, a management company board member and

UNC-CH trustee. "Either you stay in the University environment and operate funds within the University system or choose the private sector. There are two worlds."

The investment officer earned a ase salary of \$170,000 from the University through the management company.

But according to IRS filings, he earned \$341,444 in 2002. "We tried really hard to com-

pensate him as well as we could," Trustee John Ellison said.

Yusko said he would have left the University long ago if he was interested in earning more money.

"I was building my dream com-pany, and everything was going along well," he added. Yusko also receives income

from his private consulting gigs. He has been running a small consulting business on the side since he came to the University and also has established a relationship with Salient Corporation Partners, an

investment group in Texas. His outside jobs were another point of contention with the management board after former Chairman Hugh McColl resigned last summer.

Yusko said the new board, under the leadership of Burnett, decided to rethink the policies that dictated his outside investment activities.

"Ultimately, it came down to the fact that they felt that if we were going to build and grow the mangoing to build and grow the man-agement company, in exchange for the ability to do that, I would have to give up those outside activities," he said. "I decided that was unfair and that I would go private."

Moving on

Yusko has avoided returning to the the private sector, where he began his career, because he said he wanted to spend time with his family.

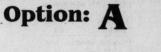
His new job managing his new private firm, Morgan Creek Capital Management, will keep him in Chapel Hill. UNC-CH's management com-

pany is an extension of a consulting relationship he brought with him when he came to Chapel Hill from the same position at Notre Dame Yusko is not sure if others in his office will leave with him. "I am leaving, and what those people do in the future, I have no control of," he said. "I don't expect to take anybody, but I did recruit that team, and I think it is a very delicate situation." Since he enlisted as the chief investment officers at UNC-CH, Yusko has created a team of 16 investment officers responsible for managing the University's endowments that provide support for scholarships, scholarships, professorships, departments and programs at UNC-CH.

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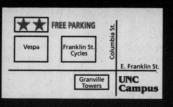




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board's membership should be reduced to about 20.

Streamlining the board would make it more effective and effi-cient, Rand said in an interview after committee adjourned. McGuinness also said that

extending BOG members' terms from four to six years would give them a greater sense of mastery over the issues facing higher education in the state.

But John Sanders, former director of the UNC-Chapel Hill School of Government, said the current number "didn't just move out of the mist."

Sanders, who was slated to speak but didn't because of time considerations, talked in an interview after the meeting about a time in 1971 when the state was consolidating its public universities under the umbrella of a single system.

Established state schools such as UNC-CH and N.C. State University were wary of incoming smaller schools such as Western Carolina University, and vice

"They were concerned about being consolidated," Sanders said. "You had to give assurance. ... (Legislators) made (the BOG) large enough so you could have a variety of people." Sanders said the politicians

who initiated the consolidation had to address the concerns of a hodgepodge group of state uni-

The number made it easier for legislators to take into account the geographic, ethnic and gender diversity of the state when electing members to the BOG.

"I think it's worked remarkably well," Sanders said, adding that the number of people on the board is about one-third that of the 100 people who governed public universities before 1971.

"If they set it at 20 in 1971, it probably would have worked. If they set it at 120, it probably would have worked. I don't think the size is the key," Sanders said. "Some people will say, 'Is the board too large?' That's like asking if the bridge is too long. It depends on the width of the river."

While McGuinness lauded the UNC system for its effectiveness, he reiterated throughout his presentation that in a competitive global marketplace, the system and the state cannot afford to stop

innovating and improving. "You've got one of the most stable, consistent systems in the nation," McGuinness told legislators near the end of his presentation.

"But if you rest around a little bit, you're going to be dead meat. What I just described will not just happen by the normal means of letting things drift along.

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Moeser said that the UNC-CH's endowment would continue to grow at its current pace without Yusko.

"Hopefully, it means no change for the endowment," said Moeser, who acknowledged that the opportunity for more money in a private business is hard to compete with.

Yusko called his resignation amicable and said he has a vested interest that the University manages the transition well.

We all like to think we are irreplaceable, but we are not," he said. "We like to think they'd be better off with me than without me.

"But this fund will do well. The process endures beyond any single individual."

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