

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

**Subject:** Investment programs

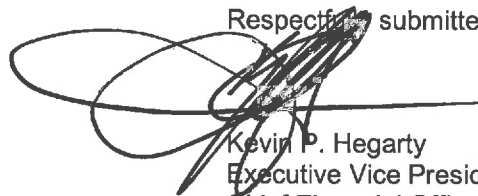
**Action Requested:** Limited authority to commit to one new investment manager or vehicle

**Background and Summary:**

The Executive Vice President and Chief Financial Officer (EVP & CFO) oversees the Office of the Chief Investment Officer which is responsible for the University's endowment and investment pools. That responsibility includes researching and recommending new investment managers and investment vehicles for the University's investment pools. With limited exceptions, all new investment managers and vehicles have been subject to approval by the Board of Regents on the recommendation of the EVP & CFO at a regularly scheduled Regents meeting prior to being engaged by the University. This practice has been preserved even as the University's investment portfolios have grown in size and complexity and the number of investment managers and vehicles has increased substantially.

On occasion an investment is of such nature that it cannot be approved by the Board of Regents prior to commitment. To ensure flexibility, we request that the Board of Regents delegate to the Executive Vice President and Chief Financial Officer limited authority to approve one such new investment manager or vehicle for the University's investment programs for investment in an amount no greater than one percent of the Long Term Portfolio.. Any such new investment manager or vehicle must meet the objectives of the University's investment programs; exhibit risk and return characteristics consistent with past investments and be appropriately sized; and will be reported to the Board of Regents in an Item of Information after the investment has closed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke.

Kevin P. Hegarty  
Executive Vice President and  
Chief Financial Officer

May 2015