

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents  
January 17, 2008

**Subject:** Cash Overlay and Transition Manager

**Action Requested:** Approval of Standish Mellon

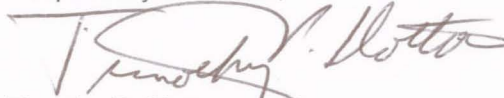
**Background and Summary:** We recommend the approval of Standish Mellon as a manager to implement overlay and transition management strategies on the University's behalf.

Standish Mellon, a subsidiary of BNY Mellon Corporation, has served the University for several years managing assets for the University Investment Pool.

In this expanded role, Standish Mellon will execute strategies that will help manage the asset allocation and minimize the effective cash exposure in the Long Term Portfolio, a mandate held since 1999 by First Quadrant which is exiting this line of business. Standish Mellon will utilize market-traded index futures, and or baskets of future contracts, swaps, and like instruments to implement this mandate. The instruments will cover both domestic and international markets. Standish Mellon has an experienced investment team that manages overlay strategies since 1991 with a sizable asset overlay book.

Standish Mellon also will assist the University with transitions between investment managers and will buy and sell securities on our behalf. The ultimate objective for this mandate is to ease transitional periods and to ensure the University's portfolios are fully invested.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

January 2008