



### **Financial Affairs Advisory Committee (FAAC)**

Minutes of Meeting: 1/17/24

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Approved: 2/21/24

Present: James Gulvas (Chair), Julie Boland, Amir Jawed, Romesh Saigal, Vilma Mesa (SACUA Liaison), Francine Dolins, Geoffrey Chatas (VP and CFO), Ruth Carlos, Hsiao Sung, Daniel Nemser

Absent: Ruth Person, Ragini Vittal, Pamela Wong, Samuel Konigbagbe

Guests: Chief Investment Officer Erik Lundberg

*Development Advisory Committee Members:* John Mansfield, Kimberly McKee, Gabriel Rauterberg (Chair), Alexander Zaslavsky, Silvia Pedraza (SACUA Liaison)

Rick Miller (guest of VP Chatas)

Faculty Senate Office: Eric Vandenberghe, Luke McCarthy

**11:05am-11:08am:** Call to Order, Approval of Agenda and Minutes, Announcements

The agenda was approved. The minutes for the November FAAC meeting were approved. This meeting is joined by members of the Development Advisory Committee.

**11:08am-12:04pm: Discussion regarding the endowment with Chief Investment Officer Erik Lundberg**

Summary: CIO Lundberg shared with the committee slides regarding the endowment's recent performance. The discussion today was centered on the long-term portfolio. The different portfolios were discussed. The endowment has grown significantly over the last 25 years.

The investment strategies are discussed. There are two endowment pools: long-term and short-term. We are only talking about the long-term today. The investments are managed with external fund managers. UM develops a portfolio and monitors.

A collection of investment strategies are utilized. Specifics of the investment strategy is discussed.

A question about donations to the University is asked. Some donations go to the endowment, with a larger portion going to direct spending. UM's endowment growth rate compared to other peer institutions is examined.

Issues that can negatively impact the endowment are reviewed. Inflation is a large factor that can negatively impact the endowment.



A discussion regarding how the initial investing in venture capital took place. There is consideration made for venture capital and private equity for enterprises coming out of the University of Michigan.

This presentation can be shared later with the committee.

UM works hard to get good asset managers to manage funds. The team talks to other fund managers to ensure their strategy is sufficient. Managers are picked for their expertise, and UM does not want to interfere too much. As long as they stay within their guidelines, UM is hands off.

How are ethical decisions considered? Hiring of fund managers pay consideration to how companies are funded. A point is made that we want to be good corporate citizens.

Could there be a faculty oversight committee on investments? VP Chatas said formal investment review is something that is a possibility. The Board of Regents make policy regarding the investment. The FAAC can advocate for the SA or SACUA to talk with the President on this subject. Having transparency is important. A request is made for more information on the specifics on the endowment.

The discussion turned to the directive given by the Regents for the campus to be carbon neutral by 2050.

Action: Presentation and discussion

**12:04pm-12:09pm: Discussion on an upcoming Senate Assembly resolution vote**

Summary: VP Chatas requested discussion on the upcoming Senate Assembly vote regarding a resolution calling for University divestment from “companies that profit from Israel’s ongoing military campaign in Gaza.” Some initial thoughts are shared, and a call for another meeting is made.

Action: Discussion

**12:09pm: Adjournment**

Respectfully submitted,

Eric Vandenberghe  
Faculty Governance Coordinator  
Faculty Senate Office