

ITEM FOR INFORMATION

Subject: Alternative Asset Commitments

Background and Summary: Under a May 1994 Request for Action, the University may commit to follow-on investments in a new fund sponsored by a previously approved partnership provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the University's follow-on investments with the two previously approved private equity partnerships and one previously approved absolute return partnership listed below.

Roark Capital Partners III, L.P., an Atlanta, GA based fund, will invest in lower middle market companies headquartered in North America. Roark will invest in the franchising/multi-unit, consumer products and services, environmental services and business services sectors.

The firm's strategy is to identify businesses which have defensible market positions that can be improved with industry insight and operating experience. The companies should be readily understandable, have strong customer appeal, offer organic and acquisition growth opportunities and provide the potential for free cash flow generation. Roark's specific industry focus is a competitive advantage that allows the investment team to better understand opportunities and risks, to access proprietary or less competitive deal flow, and to create operating improvements more readily. Roark prefers to use low leverage in its initial company acquisitions. This allows management teams to focus on operating efficiency and growth rather than be distracted by pressures that can accompany an aggressively leveraged business.

This is the University's second investment with Roark Capital. The University committed \$20.0 million to Roark Capital Partners III, in December 2011. The University committed a total of \$20.0 million to a prior Roark sponsored fund.

Ford Financial II, L.P., a Dallas, TX based private equity fund, will invest in banks and financial services companies. The investment team, led by Mr. Gerald Ford, has significant expertise investing in banks and financial services companies which required in-depth knowledge of banking and insurance industry regulations, loan valuation methodologies, and accounting rules specific to lenders and insurance companies. Understanding the complexities related to these two sectors is a competitive advantage for Ford Financial's investment professionals when they evaluate and compete for investment opportunities.

This is the University's second investment with Ford Financial. The University committed \$15.0 million to Ford Financial II in February 2012. The University previously committed a total of \$9.4 million to a prior Ford Financial sponsored fund.

Avenue Europe Special Situations Fund II, L.P. is a fund that has been formed by Avenue Capital Group, a New York based global distressed debt manager, specifically to invest in European companies experiencing financial distress. Avenue uses a theme-driven, concentrated investment strategy that is analytically intensive and relies upon individual credit, industry and macro research and analysis. Once an opportunity is identified, Avenue will invest within the company's capital structure in the most undervalued security relative to fundamental value and investment risk.

This is the University's sixth investment with Avenue Capital. The University committed \$40 million to Avenue Europe Special Situations Fund II, in November 2011. The University previously committed \$190 million to prior Avenue Capital sponsored funds.

Respectfully submitted,



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Executive Vice President and
Chief Financial Officer