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 five previously approved private equity partnerships listed below.

Advent International Global Private Equity V, L.P., a $3.3 billion private equity fund with offices in Boston, MA and London, U.K., makes later-stage investments in middle market companies in the U.S. and Western Europe. Investment types include control buyouts of private companies or non-core divisions of large corporations, minority or majority recapitalizations, and internal or acquisition-led growth financings. This is a sector-focused fund to invest in industries in which the investment team has particular expertise. These sectors include business services, chemicals, financial services, retail, and healthcare services. In all investments, Advent seeks to invest in companies having proven management teams, a leading market position, unexploited market opportunities, and significant growth prospects. The equity invested per transaction is generally between $30 million and $150 million in companies with enterprise values from $50 million and $500 million.

This is the University’s third investment with Advent International Global Private Equity. The University committed $25.0 million to Advent International Global Private Equity V, L.P. in December 2004. In 2000 the University committed $15.0 million to Advent International Global Private Equity IV, L.P. In 1997 the University committed $10.0 million to Advent International Global Private Equity III, L.P.

Bain Capital Fund VIII, L.P., a $3 billion private equity fund located in Boston, MA, invests both mid-sized and large buyout transactions. Depending on economic conditions, Bain executes distressed, growth, turnaround and leveraged buyout transactions. Investments are diversified by sector and include industrial, media, retail, financial services, healthcare, and energy companies.

Bain Capital evaluates investment opportunities using a consulting-based due diligence process to analyze a company’s financial performance, market growth potential, industry attractiveness and competitive position. Post-investment, the investment team works closely with company management to implement business plans that may include add-on acquisitions, capital restructuring, and strategies to improve operating earnings.

This is the University’s third investment with Bain Capital private equity. The University committed $30.0 million to Bain Capital Fund VIII, L.P. in June 2004. In 2000 the University committed $20.0 million to Bain Capital Fund VII, L.P. In 1998 the University committed $4.0 million to Bain Capital Fund VI, L.P.

CHS Private Equity V, L.P., a $1.3 billion private equity fund based in Chicago, IL, makes control equity investments in domestic middle-market companies. While CHS may from time to time invest in larger transactions, valuations for companies in which the fund invests are below $500 million, with approximately $80 million of equity invested per company. The firm’s industry focus is limited to manufacturing, distribution, and service companies. CHS’s investment approach is to acquire platform companies, followed by add-on acquisitions. Deal sources include recapitalization of family businesses, corporate divestitures, public companies seeking to go private, and acquisitions from other financial sponsors. The investment holding period is generally three to seven years, with exits via initial public offerings or sale to strategic or other financial buyers.
This is the University’s second investment with Code Hennessy & Simmons. The University committed $30.0 million to CHS Private Equity V, L.P. in November 2004. In 1999 the University committed $15.0 million to Code Hennessy & Simmons IV, L.P.

J. H. Whitney VI, L.P., a $650 million private equity fund located in Stamford, CT, invests in small to middle market buyouts of domestic companies operating below their revenue and profit potential. Generally the companies have from $50 million to $500 million in revenue, and Whitney invests $20 million to $100 million of equity per company to acquire majority ownership. The investment team finds opportunities in family-owned businesses where owners are seeking liquidity, in companies needing operational improvements, and in growth companies in sectors undergoing change. Whitney uses a theme-driven approach, and actively restructures and reorganizes businesses to create value. The investment team’s industry expertise is in healthcare, specialty manufacturing, and consumer products. Exit opportunities include initial public offerings or sales to strategic or other financial buyers.

This is the University’s third investment with J.H. Whitney. The University committed $25.0 million to J.H. Whitney VI, L.P. in April 2005. In 2000 the University committed $15.0 million to J.H. Whitney V, L.P. In 1999 the University committed $15.0 million to J.H. Whitney IV, L.P.

Wind Point Partners VI, L.P., a $700 million private equity fund with offices in Southfield, MI and Chicago, IL, invests in middle market buyouts. A key strategy for Wind Point is to partner with accomplished and successful CEOs in the selection, acquisition, and subsequent management of companies. Wind Point invests in businesses with enterprise values of $100 million to $300 million in the business services, consumer products, healthcare products and services, and industrial products and services industries sectors. The firm’s focus is on medium sized companies or divisions of larger companies where Wind Point is a control investor. The average equity invested per company will be $50 million to $70 million, with approximately fourteen companies in the fund. After a holding period of four to six years, exit options include sale to a strategic buyer, recapitalization with another financial buyer, or an initial public offering.

This is the University’s second investment with WindPoint Partners. The University committed $20.0 million to Wind Point Partners VI, L.P. in March 2005. In 1997 the University committed $5.0 million to Wind Point Partners III, L.P.

Respectfully submitted,

Timothy P. Slatton
Executive Vice President and
Chief Financial Officer

May 2005