

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the  
Regents  
May 21, 2015

**Subject:** Alternative Asset Commitment

**Action Requested:** Approval of O'Brien Staley Partners

**Background and Summary:** We recommend a commitment of \$50 million from the Long Term Portfolio to OSP Value Fund, L.P. managed by O'Brien Staley Partners based in Minneapolis, MN, which will purchase small balance commercial and industrial loans.

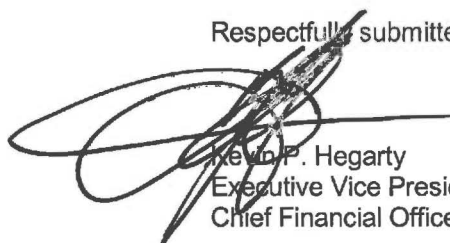
O'Brien Staley Partners (OSP) pursues a value strategy in buying what they term "overlooked" commercial and industrial loans through privately negotiated transactions. They focus on smaller deals where, for strategic or regulatory reasons, the original underwriter of a loan no longer wishes to own it. The market for such loans is inefficient and OSP represents a credible counterparty that is able to quickly and effectively underwrite potential targets.

OSP typically purchases loans at a discount to both par and intrinsic value. This provides for equity-like returns and, in combination with experienced underwriting, limits the risk of permanent impairment of capital.

OSP was founded in 2010 by Jerry O'Brien and Warren Staley. Jerry O'Brien successfully pursued a similar investment strategy for more than a decade at CarVal Investors and will be the Chief Investment Officer. Warren Staley was the Chairman and CEO of Cargill and will serve as Chairman of the General Partner.

This commitment offers the Long Term Portfolio the opportunity to invest alongside an experienced team focused on an inefficient segment of the market.

Respectfully submitted,



Kevin P. Hegarty  
Executive Vice President and  
Chief Financial Officer

May 2015