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 previously approved one energy partnership, two real estate partnerships, two venture capital partnerships, and one absolute return partnership listed below.

Sentient Global Resources Fund II, L.P., is an Australian based energy private equity fund that invests directly in hard assets including metals, minerals, oil, gas or coal, or takes strategic positions in the parent company to the underlying asset. The portfolio is expected to be diversified by type of asset, stage of development, and location with investments located in Australia, North America, South America and Asia. Sentient is known as a sophisticated financial buyer and is considered an attractive partner for natural resources industry participants.

This is the University’s second commitment to Sentient Global Resources. The University committed $20 million to Sentient Global Resources Fund II, L.P. in May 2008. The University committed $20 million to the prior Sentient Global Resources fund.

Orion European Real Estate Fund III, C.V. Orion Capital will make opportunistic real estate investments in all property types primarily in France, Germany, Italy, Spain and the UK. The team will target properties where they can use their expertise to create value by focusing on the physical, leasing, financial, operating, legal and structural aspects of the property.

Orion has demonstrated the ability to identify and invest ahead of market trends, generating strong returns by taking advantage of changing markets and inefficiencies. During the investment period for Fund III, Orion believes there will be an opportunity to buy real estate loan portfolios at meaningful discounts from European banks that face pressure to maintain their capital ratios and liquidity. Orion has positioned itself to take advantage of this opportunity.

This is the University’s second investment with Orion Capital. The University committed €20.0 million (~$29 million) to Orion European Real Estate Fund III, C.V. in June 2008. The University committed a total of €20.0 million to the prior Orion fund.

SSC III, L.P., a fund sponsored by Spear Street Capital, a San Francisco based real estate firm, will exploit office investment opportunities in technology corridors primarily in San Francisco, Silicon Valley, Seattle, Bellevue, WA, Northern Virginia, Northern New Jersey, Boston, Cambridge, MA, Denver and Austin.

Spear Street focuses on assets which are out of favor due to significant leasing risk, concentrated near-term tenant rollover, tenants with credit issues, inappropriate capital structures, dysfunctional ownership or located in markets with unusually high vacancy rates. The Fund will target buildings with competitive advantages that allow for quicker lease-up and better tenant retention. Property returns will come from both current cash flow and capital appreciation. Upon repositioning, the properties will most likely be sold to institutional buyers.

This is the University’s third investment with Spear Street Capital. The University committed $25 million to SSC III, L.P. in May 2008. The University committed a total of $40 million to prior Spear Street funds.

IDG-Accel China Capital, L.P., a venture capital fund with offices in Beijing and Shanghai, will invest in later stage technology-oriented manufacturing, clean technology, internet, media, and consumer sector companies in China. The investment strategy is similar to that of its companion fund, IDG-Accel China Growth Fund II, L.P., another UM investment, except the China Capital Fund’s transactions will be larger
and will require more capital than that available under Growth Fund II's mandate. A special team of investment managers with operating, investment banking, and legal skills will work alongside the core IDG-Accel China investment team to find and manage expansion stage companies that have proven business models or technologies and are at or near profitability.

This is the University's third investment with IDG Accel China. The University committed $20 million to IDG Accel China Capital, L.P. in May 2008. The University previously committed $27.5 million to prior IDG Accel China Growth funds.

TPG Biotechnology Partners III, L.P., a venture capital fund located in Palo Alto, CA, will invest in early and late stage companies in the biotechnology and life sciences sectors, including companies focused on drug discovery and development, personalized medicine, medical devices, pharmaceutical services, and industrial biotechnology with applications in clean technology and renewables. The fund is affiliated with TPG, a global private equity firm, which facilitates TPG Biotechnology's access to investments on a broad geographic scale. The investment team has strong scientific, medical, operating and investing skills from experience working with the venture capital, biotechnology, pharmaceutical and medical device industries.

This is the University's third investment with TPG Biotechnology Partners. The University committed $25 million to TPG Biotechnology Partners III, L.P. in April 2008. The University previously committed $29.5 million to prior TPG Biotechnology funds.

The Värde Fund IX, L.P., an absolute return fund with offices in Minneapolis, MN, and London, England, will continue Värde’s strategy of investing in a wide variety of U.S. and non-U.S. financial assets, debt obligations and securities that are inefficiently priced as a result of business, financial, market or legal uncertainties. The fund will invest in both public and private securities.

This is the University's third investment with Värde Partners. The University committed $50 million to The Värde Fund IX, L.P. in March 2008. The University previously committed $80 million to prior Värde Partners Funds.

Respectfully submitted,

Timothy P. Stelton
Executive Vice President and Chief Financial Officer

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