

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents  
November 15, 2012

REQUEST FOR ACTION

**Subject:** Alternative Asset Commitment

**Action Requested:** Approval of White Rock Oil and Gas Partners I, L.P.

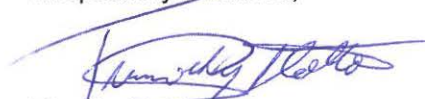
**Background and Summary:** We recommend a commitment of \$15 million from the Long Term Portfolio to White Rock Oil and Gas Partners I, L.P., a \$125 million natural resources fund that will invest in producing oil and gas properties in the United States.

White Rock Oil and Gas, General Partner of the Fund, was founded in 2012 by Robert Matejek and Charles Bray, each with over thirty years of experience in the energy industry. This will be the first fund for the Dallas, Texas-based firm, although three of the four initial team members worked together for almost twenty years at Merit Energy, one of the University's existing natural resources managers. White Rock intends to grow the team as the fund makes acquisitions.

White Rock Oil and Gas Partners will make investments in producing oil and gas properties with a goal of providing attractive returns, strong quarterly cash distributions and long-term exposure to oil and gas prices. The team will target investments in areas of the continental United States where it has experience. White Rock intends to increase the value of the investments through improvements in production capacity and operational efficiencies. The Fund may use commodity risk management products to hedge production and enhance returns. Typical acquisitions will range from \$5 million to \$50 million which is a less efficient segment of the market. It is expected that the portfolio will be diversified across multiple oil and gas basins in the United States. Exits might include a portfolio sale or a sale of individual assets to buyers focused on smaller properties.

This investment fits within the University's natural resources investment strategy to invest with experienced managers that have demonstrated an ability to add value.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

November 2012