

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents  
December 17, 2009

**Subject:** Alternative Asset Commitment

**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 investment with the previously approved venture capital, real estate and energy partnerships listed below.

**Matrix Partners IX, L.P.** and **Matrix Partners IX Special Opportunities Fund, L.P.** are a pair of venture capital funds raised by Matrix Partners, a long established venture capital firm with offices in Waltham, MA, and Menlo Park, CA. In a continuation of firm's prior strategy, Matrix Partners IX will invest in early stage technology companies in a number of categories, including consumer internet, software, mobile communications, and systems ventures, while the Special Opportunities partnership will fund later stage venture capital investments in technology companies in sectors and companies Matrix knows well.

Matrix takes an active role with its portfolio companies; helping and guiding entrepreneurs through all stages of company development. Matrix's general partners serve on all portfolio company boards and facilitate access to customers, management teams, and information technology professionals in the internet, service provider, equipment, and enterprise marketplaces. The firm's emphasis is on companies with strong management and technologically advanced product concepts that offer a competitive advantage and limit duplication by competitors.

The University committed a combined total of \$25 million to Matrix Partners IX, L.P. and Matrix Partners IX Special Opportunities Fund, L.P. in July 2009. The University has previously committed \$90.1 million to seven Matrix partnerships since 1995.

**Brookdale Investors Six, L.P.**, a real estate fund based in Atlanta, Georgia, will make investments in distressed office properties located in the mid-Atlantic, Southeast, and Southwest regions of the United States. The fund will target existing, high-quality, individual office properties or office portfolios in the traditionally high-growth submarkets of the Sunbelt region. Properties will generally be in excellent condition but may have high levels of vacancy. Underwriting assumptions will include Brookdale's expectation that there will continue to be deterioration in both the real estate and capital markets for an extended period.

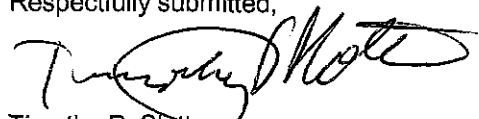
This is the University's sixth commitment to The Brookdale Group. The University committed \$20 million to Brookdale Investors Six, L.P. in August 2009. The University has previously committed \$165 million to five real estate funds managed by The Brookdale Group.

**Lime Rock Resources Fund II, L.P.**, is an energy fund based in Houston, Texas. The parent company to Lime Rock Resources is Lime Rock Management, based in Westport, CT with offices in Houston, Aberdeen, and Dubai. Lime Rock Resources will acquire a diverse set of lower-risk, currently producing oil and gas properties located on-shore United States. Lime Rock Resources directly operates most of its oil and gas properties and creates value through drilling development wells targeting undeveloped reserves and drilling infill wells near existing wellbores to improve production.

This is the University's second commitment to Lime Rock Resources. The University committed \$15 million to Lime Rock Resources Fund II, L.P. in August 2009. The University previously committed \$25 million to Lime

Rock Resources Fund I. In addition, the University has committed \$113.8 million to a series of Lime Rock Partners' funds, private equity energy funds sponsored by Lime Rock Management.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Timothy P. Slottow". The signature is stylized with a large, sweeping initial "T" and a long, horizontal flourish extending to the right.

Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

December 2009