

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the
Regents
March 20, 2014

Subject: Alternative Asset Commitments

Action Requested: Approval of Co-investment Opportunity with Existing Natural Resource Manager

Background and Summary: We recommend a C\$4 million commitment from the Long Term Portfolio to Aspenleaf Energy Limited, a co-investment opportunity offered by ARC Financial Corporation.

Aspenleaf Energy Limited, is a portfolio company being funded by ARC Energy Fund 7. The University has been an investor with ARC since 2006 and has committed to Funds 5, 6 and 7. Aspenleaf Energy is a Calgary-based start-up that will focus on the acquisition and development of oil-weighted opportunities in Western Canada. The team will focus on acquiring small, public companies with depressed share prices due to high leverage. Aspenleaf will target such stressed companies that it believes have quality assets and use its operating experience along with capital infusions to turn them around and achieve significant enough scale to exit either via an initial public offering or through a sale to a strategic buyer.

This commitment offers the University the opportunity to co-invest in a compelling investment with an existing manager. Terms of the co-investment are more attractive than the fund investments including no management fees or carried interest.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

March 2014