

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Alternative Asset Commitment

Action Requested: Waterton Mining Parallel Fund, LLC

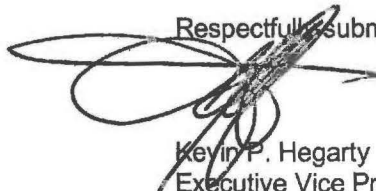
Background and Summary: We recommend a commitment of \$30 million from the Long Term Portfolio to Waterton Mining Parallel Fund, LLC, a Toronto, Ontario, based natural resources fund organized by Waterton Global Resource management that will invest in gold and copper mining opportunities in North America.

Waterton Global Resource Management was founded in 2009 and has a full team of technical and investment professionals, enabling it to review all aspects of a potential mine acquisition and operation in-house.

This fund is the third in the Waterton series and will invest alongside the Waterton Precious Metals Fund II, which has \$1 billion in commitments. The fund will target gold and copper mines in North America, with a focus on buying mines from distressed companies at attractive valuations. These opportunities arise from the financial distress of mining companies who took on significant amounts of debt for M&A activity prior to the collapse in commodity prices since 2011. Now looking to strengthen their balance sheets, these financially distressed companies are selling assets to raise cash and reduce debt levels. Waterton will primarily focus on pre-production mines.

This commitment offers the Long Term Portfolio the opportunity to invest alongside an experienced team focused on a dislocated segment of the mining sector.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

May 2016