

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Received by the Regents  
July 19, 2012

ITEM FOR INFORMATION

**Subject:** Alternative Asset Commitment

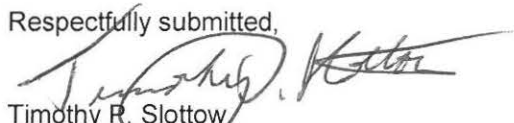
**Background and Summary:** Under a May 1994 Request for Action, the University may commit to follow-on investments in a new fund sponsored by a previously approved partnership provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the University's follow-on investment with the previously approved natural resources partnership listed below.

**ARC Energy Fund 7, L.P.**, is a Calgary-based energy private equity fund that will make investments in early stage, high growth companies involved in the exploration, development or acquisition of conventional or unconventional energy resources and related services and facilities. ARC participates in the growth of the companies, bringing significant technical knowledge, industry and operating experience, strong corporate governance principles, strategic and financial expertise and a strong network of industry contacts. The fund is expected to be invested entirely in Canadian oil and gas companies, with approximately 80 percent in exploration and development companies and 20 percent in equipment and services. Targeted investment sizes will range between \$25 and \$100 million and the fund will be diversified among 10 to 15 portfolio companies.

This is the University's third investment with ARC Energy. The University committed C\$20 million (~\$19.4 million) to ARC Energy Fund 7, L.P. in April 2012. The University previously committed a total of C\$28.4 million (~\$27.6 million) to prior ARC sponsored funds.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

July 2012