

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the
Regents
July 16, 2015

Subject: Alternative Asset Commitments

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 investments with the previously approved partnerships listed below.

ARC Energy Fund 8, L.P., is a Calgary, Canada, based natural resources 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 C\$50 to C\$225 million (~\$40 million to \$182 million) and the fund will be diversified among 8 to 12 portfolio companies.

In April 2015 the University committed C\$30 million (~ \$24.2 million) to ARC Energy Fund 8, L.P.

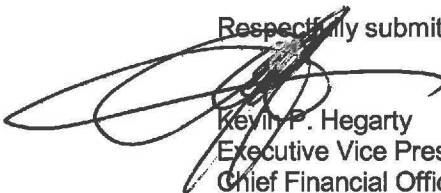
Kayne Private Energy Income Fund, is a Houston, TX, based natural resources private equity fund sponsored by Kayne Anderson Capital Advisors. The Fund will take advantage of increased long-term demand for natural gas driven by persistently low prices and make investments in four to six high-quality management teams that will acquire large, long-life gas assets located on-shore North America. Assets will contain a meaningful percentage of proved developed producing reserves and the remainder in low-risk development upside. Investments will range from \$250 and \$500 million and will be diversified by resource basin. Returns will come from both current income and capital appreciation.

In April 2015 the University committed \$50 million to Kayne Private Energy Income Fund.

H. Barton Venture Select II, LLC, is a venture capital fund of funds based in Menlo Park, CA, which will invest in early stage venture capital limited partnerships. The fund will commit capital to limited partnerships sponsored by a select group of highly respected and successful venture capital firms which have demonstrated an ability to identify high potential investment opportunities; are sought out by entrepreneurs seeking sponsorship by leading, value-added venture firms; and have achieved among the highest investment returns within this asset class.

In May 2015 the University committed \$20 million to H. Barton Venture Select II, LLC.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

July 2015