

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Subject: Alternative and Public Equity 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.

Alternative Asset Commitments

Accel London V, L.P., a venture capital fund located in London, U.K., will invest in early and growth stage technology companies. Investments will be in industry sectors where the investment team has prior experience, including mobile marketplace and consumer sectors, online financial services, and cloud-based computing businesses. The focus will be on companies in Europe and on U.S. businesses looking to expand into Europe.

In March 2016 the University committed \$15 million to Accel London V, L.P.

Advent International GPE VIII-B, L.P., a global private equity fund headquartered in Boston, MA, with affiliated offices in Europe, will invest in private mid-market to upper mid-market companies in the developed markets of Europe and North America. Investments will include control buyouts of private companies or non-core divisions of large corporations, minority or majority recapitalizations, and growth financings. The fund invests in industries in which the investment team has particular expertise, including business and financial services, technology, media, telecom, industrial, retail, and healthcare services. In all cases, Advent seeks to invest in companies with proven management teams, leading market positions, unexploited market opportunities, and significant growth prospects.

In March 2016 the University committed \$30 million to Advent International GPE VIII-B, L.P.

AH Bio Fund I, L.P., a venture capital fund located in Menlo Park, CA, will invest in early-stage healthcare focused information technology companies. This Andreessen Horowitz sponsored fund will be led by Vijay Pande, Ph.D. who joined the firm in 2014. The fund is an extension of the firm's early-stage information technology investment program, but differs in its focus on the healthcare sector. Investments will be in software companies which can benefit from the dramatic reduction in the costs of data storage, computational power, sensors to measure biological data, and genetic sequencing. AH Bio has identified computational medicine, cloud biology, and digital health as areas of specific investment interest.

In November 2015 the University committed \$7 million to AH Bio Fund I, L.P.

Carmel Partners Investment Fund VI, L.P., a real estate fund headquartered in San Francisco, CA, will make multi-family investments in select supply-constrained, high barrier-to-entry U.S. markets including the San Francisco Bay Area, Los Angeles, Denver, Seattle, Honolulu, Washington DC, and New York City. The fund may acquire existing multi-family properties for renovation or develop new multi-family properties when market conditions support new construction. Carmel will then use its vertically integrated company to implement a value-add program in the case of existing assets or complete the new development.

In April 2016 the University committed \$50 million to Carmel Partners Investment Fund VI, L.P.

Yorktown Energy Partners XI, L.P., an energy fund based in New York, NY, will continue the team's strategy of making private equity investments in a broad range of energy companies primarily in the exploration and production, transportation, marketing and other midstream and manufacturing sectors. The fund will target companies that are market leaders in their sector or that have a specific geographical or geological expertise. Criteria for investments include demonstrated cash flow, audited financial statements and significant management ownership. The firm's philosophy is to invest in companies with proven management teams that often have prior experience in a Yorktown portfolio company and work with the companies to increase operating cash flows and income.

In April 2016 the University committed \$25 million to Yorktown XI, L.P.

Terra Energy Partners is a co-investment opportunity offered by Kayne Private Energy Income Fund, a Houston, TX, based natural resources fund. Terra Energy will acquire a large, natural gas asset located in the Piceance Basin in Colorado. Terra will use its expertise in the area to implement a drilling program to increase production and prove up additional reserves. The economics of this co-investment are more favorable than those of Kayne Private Energy Income Fund.

In March 2016 the University committed \$20 million to Terra Energy Partners.

Public Equity Commitment

Coliseum Co-Invest Debt Fund, L.P., a distressed debt fund located in Stamford, CT, is being formed to co-invest with Coliseum Capital Partners L.P. Coliseum Capital Partners is a focused, value-oriented investor in equity and equity like securities. This co-invest fund will allow Coliseum to take larger positions in the debt instruments of companies in which they have a full position in their main fund.

In March 2016 the University committed \$30 million to Coliseum Co-invest Debt Fund, L.P.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over a horizontal line.

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

July 2016