

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH	MOTION	Neuman
		Maynard
	ACT	APPROVED BY THE REGENTS
		DEC 15 2005

**Subject:** Absolute Return Investment

**Action Requested:** Approval of NGP Income Co-Investment Opportunities Fund II, L.P.

**Background and Summary:** We recommend the approval of NGP Income Co-Investment Opportunities Fund II, L.P., with a commitment of \$40 million from the University Investment Pool (UIP).

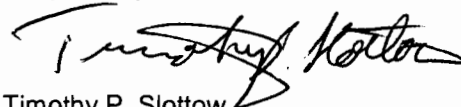
**NGP Income Co-Investment Opportunities Fund II** is a \$250 million fund that will invest in steady income-producing investments including royalty and mineral interests and non-operated working interests in oil and gas assets.

The NGP Income Co-Investment Opportunities Fund II, L.P., is being formed by Natural Gas Partners, L.L.C., (NGP), a private equity group which primarily invests in North American energy companies. Over the years, the University has invested in four NGP private equity funds.

NGP Income Co-Investment Opportunities Fund II, L.P., seeks high-quality income producing investments. The Fund's emphasis is on royalty, mineral interests and non-operated interests derived from acquisitions of oil and gas properties with proved developed producing reserves. As these investments are producers of current cash flow, they involve the least amount of risk in the energy space. Most investments made by NGP can reach full realization within two to five years after the initial funding. Typically, a number of exit strategies are pursued including sales to industry buyers, recapitalizations and public market transactions.

This investment, will better balance the University Investment Pool's risk exposures and act as a diversifier to the overall portfolio as the proposed fund focuses on energy related investments.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

December 2005