

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents
December 15, 2006

Subject: Alternative Asset Commitment

Action Requested: Approval of NCD IV, L.P.


Background and Summary: We recommend a commitment of up to \$15.0 million from the Long Term Portfolio to NCD IV, L.P., a venture capital fund that will be managed by Northgate Capital Group.

Northgate Capital Group, a California based investment management organization, will invest NCD IV, L.P. in expansion stage companies. The investments will be diversified by sector and are expected to include companies in the information technology, biotechnology, and energy fields. The fund will invest primarily in domestic companies which have proven technologies, thus reducing the technology risks associated with venture capital investments.

Northgate's investment strategy is to build a diversified portfolio of companies managed by experienced entrepreneurs and management teams. In addition, Northgate seeks to invest alongside well regarded, successful early stage venture capitalists. Northgate's experience managing a number of funds of funds with commitments to many top-tier venture capital funds is expected to be beneficial, affording Northgate access to later stage investment opportunities sponsored by venture capital firms with which Northgate has an existing investment relationship.

This commitment to a fund investing in later stage companies further diversifies the University's primarily early stage venture capital investment portfolio.

Respectfully submitted,


Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

December 2006