

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents
March 15, 2007

Subject: Alternative Asset Commitment

Action Requested: Approval of Camcor Oil Sands Opportunity Fund

Background and Summary: We recommend a commitment of C\$12 million (~\$10.3 million) from the Long Term Portfolio to Camcor Oil Sands Opportunity Fund, a C\$120 million Calgary-based fund established to make private equity investments in companies focused on the oil sands activity in Western Canada.

Camcor Investments Inc. was founded in 1997 by Cameron McVeigh to make private equity investments in Canadian exploration and production start-up companies. To date, Camcor has raised in excess of C\$300 million through four funds for its start-up strategy. This will be the first fund for Camcor focused exclusively on the oil sands opportunity.

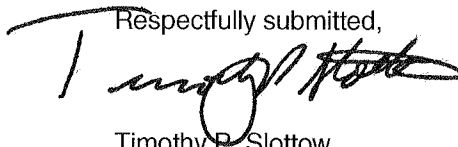
Kayne Anderson Energy Fund III, an energy private equity fund in which the University is an investor, is committing C\$30 to Camcor Oil Sands Opportunity Fund and will become a 25% owner in the General Partner, Camcor Investments Inc. Kayne Anderson will appoint two members to the Fund's eight member Investment Committee.

Oil sands are massive known accumulations of a mix of heavy oil, sand, water and other mineral matter located in three areas of northern Alberta, Canada, covering approximately 54,000 square miles. It is difficult and expensive to extract the oil from the sand deposits, and is only economical in a sustained higher price environment. In-place reserves are estimated to be 1.7 trillion barrels of which approximately 174 billion barrels are recoverable in today's price environment and with existing technology. Any future technological advances in the recovery of oil sands will have a dramatic impact on the number of recoverable barrels.

Industry participation in oil sands projects is expected to significantly increase, providing multiple investment opportunities across the oil sands value chain. The Fund is expected to invest in a portfolio of 8 to 12 private companies whose businesses are influenced by oil sands activity including services, technology, transportation, real estate, environmental services, upgrading, infrastructure and exploration and production.

This commitment further diversifies the University's private equity energy portfolio by adding Canadian oil sands exposure with an experienced, Canadian private equity firm.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

March 2007