

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Alternative Asset Commitment

Action Requested: Blue Water Aggregates Fund, L.P.

Background and Summary: We recommend a commitment of up to \$50 million from the Long Term Portfolio to Blue Water Aggregates Fund, L.P., a natural resources fund that invests in construction aggregates in North America.

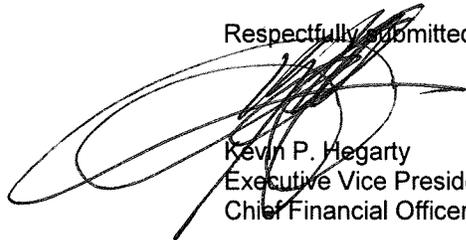
The fund has been organized by affiliates of BWW Group LLC and founded in 2017 by Mr. Whitridge and Mr. Griswold. Based in New York, NY, with an office in West Palm Beach, FL, and has twelve professionals.

Blue Water Aggregates Fund seeks to acquire portfolios of high-quality aggregates assets primarily in the southeastern United States. Aggregates are the products mined from rock quarries, sand mines, and gravel pits which become the primary inputs for other downstream construction materials such as ready-mix concrete and asphalt. The primary end markets for aggregates are residential construction, non-residential construction, and infrastructure projects which typically demand the most aggregates volume. The construction aggregates industry in the United States is typically fragmented and local in nature with high barriers to entry.

The management team is comprised of individuals who have extensive experience in acquiring, developing, and operating aggregates assets. The group intends to leverage its industry-specific knowledge to acquire high-quality aggregates assets with long-lived permitted reserves in attractive markets. Transactions will range from single-quarry family-owned operations to multi-quarry prospects. The highly fragmented nature of the aggregates industry provides for significant acquisition and consolidation opportunities in a market with resilient pricing power and favorable supply and demand dynamics.

This commitment offers the Long Term Portfolio the opportunity to invest alongside an experienced team focused on a less efficient segment of natural resources.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

October 2017