


MICHIGAN STATE
UNIVERSITY

April 7, 2010

MEMORANDUM

To: Trustee Finance Committee

From: Fred L. Poston 

Subject: New Investment Manager – J.H. Whitney Capital Partners, LLC

RECOMMENDATION

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees authorize the Administration to select J.H. Whitney Capital Partners, LLC as an investment manager.

BACKGROUND

J.H. Whitney Capital Partners, LLC (Whitney) is seeking \$700 million for its seventh fund, J.H. Whitney VII, L.P. (the Fund). The Fund will pursue a strategy of investing in small and middle market U.S. companies with strong growth prospects. The transactions are focused on recapitalizations, investments in underperforming companies and transforming business strategies. Target portfolio companies typically have revenues between \$50 and \$500 million.



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Whitney focuses on business services, consumer and retail, healthcare and specialty manufacturing industries. Whitney identifies investment opportunities through its research, an extensive network and from monitoring competitive sales. Of its six previous funds, four funds have had top quartile performance and one has had second quartile performance.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that J.H. Whitney VII, L.P. represents an opportunity to invest with an experienced lower middle market growth buyout firm with impressive performance. The Administration plans to invest \$5 million in the Fund.

cc: D. Brower, N. Carter, G. Klein, K. Lindahl