


MICHIGAN STATE  
UNIVERSITY

April 6, 2011

**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** New Investment Manager - CrossHarbor Capital Partners

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select CrossHarbor Capital Partners as an investment manager.

**BACKGROUND**

CrossHarbor Capital Partners (CrossHarbor) is seeking \$600 million for CrossHarbor Institutional Partners Fund II, L.P. (the Fund). The Fund will make equity and debt investments in transitional, distressed and complex real estate assets primarily in the U.S.



The Fund will make investments of \$10 million to \$50 million across the real estate capital spectrum including equity, preferred equity, high yield debt/equity and senior loans. The Fund will focus on 1) fundamentally strong real estate assets that are experiencing a distressed situation, 2) high margin scenarios, such as off-market transactions, mispriced or out-of-favor credit, or rapid funding requirements and 3) compelling business plan-driven strategies such as new development, redevelopment, repositioning, conversion or adaptive reuse. Leverage of 50% of the fair market value of investments is expected.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that CrossHarbor Institutional Partners Fund II, L.P. represents an opportunity to expand MSU's real estate portfolio by investing with an experienced real estate manager whose strategy is complementary to existing managers. The Administration plans to invest \$3 million in the Fund.

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

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