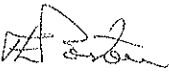


MICHIGAN STATE
UNIVERSITY

October 12, 2011

MEMORANDUM

To: Trustee Finance Committee

From: Fred L. Poston 

Subject: New Investment Manager - Denham Capital Management

RECOMMENDATION

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

BACKGROUND

Denham Capital Management (Denham) is seeking \$2.5 billion for its sixth fund, Denham Commodity Partners Fund VI, L.P. (Fund). The Fund will invest globally in a diversified group of energy companies and assets in the oil and gas, metals and mining, and power and renewables sectors.

Denham is managed by a highly skilled and experienced investment team. Denham identifies attractive investment themes in each target sector and individual transactions to fit the themes. Once Denham acquires a company or asset, the team applies its sector expertise and operating knowledge to create value. Denham distinguishes itself among private investment energy investors for its global strategy focused on the middle market and by having a dedicated risk control group involved throughout the investment process.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Denham Commodity Partners Fund VI, L.P. represents an opportunity to expand MSU's inflation hedge portfolio by investing with an experienced manager whose strategy is complementary to the existing managers. The Administration plans to invest \$7 million in the Fund.

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



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