MICHIGAN STATE
UNIVERSITY

January 22, 2014

MEMORANDUM

To: Trustee Finance Committee

From: Mark P. Haas *Mark P. Haas*
Vice President for Finance and Treasurer

Subject: New Investment Manager - The Blackstone Group L.P.

RECOMMENDATION
BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select The Blackstone Group L.P. as an investment manager.

BACKGROUND
The Blackstone Group L.P. (Blackstone) is seeking $3.5 billion for the sixth fund offered by its Strategic Partners investment team, Strategic Partners Fund VI, L.P. (Fund). The Fund will make secondary investments primarily in funds managed by North American and Western European sponsors.

The Fund will purchase secondary interests in mature, high-quality leveraged buyout funds from investors seeking liquidity prior to the termination of these funds, and will purchase diversified secondary interests in mezzanine, venture capital, distressed securities, fund of funds, and other asset classes. Buyout investment transaction sizes are expected to be less than $50 million while the more diversified investments will be sized from $500 million to $1 billion.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Blackstone represents an opportunity to diversify MSU's private equity portfolio by investing with a firm whose strategy is complementary to existing managers. The Administration plans to invest $25 million in the Fund.

cc: N. Carter, G. Klein

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