Subject: Absolute Return and Alternative Asset Commitments

Background and Summary: Under a May 1994 Request for Action, the university may commit to follow-on investments in a new fund sponsored by a previously approved partnership, provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the university’s follow-on investments with the previously approved partnerships listed below.

Absolute Return Commitments

RF Investment Partners, an investment firm in New York, NY and Chicago, IL, will invest in privately negotiated, structured credit instruments in U.S. lower middle-market companies. The fund will invest in companies with positive cash flows and proven business models, will be senior in the capital structure, and will frequently be the companies’ only institutional investor. The fund is expected to earn an attractive risk-adjusted return through a combination of contractual return, equity participation, and low-cost Small Business Administration leverage.

In January 2022, the university committed $40 million to a RF Investment Partners-sponsored investment.

Alternative Asset Commitments

Cresta Energy Partners (“Cresta”), is a Dallas, TX, based firm that focuses on building infrastructure needed to support the growth of renewable energy and to mitigate, reduce, or replace carbon used in essential industries. These investments are expected to offer an attractive risk-adjusted return as well as to be consistent with the university’s broader focus on renewable energy and more efficient resource utilization.

In October 2021 and March 2022, the university committed up to $135 million to two Cresta-sponsored investments.

Eclipse Venture Capital, is a Palo Alto, CA, based venture capital firm that will make equity investments in early-stage U.S.-based technology startups. Targeted companies will be hardware and core technology companies domiciled or with substantial operations in the United States, Canada, and Israel. Areas of investment focus will typically be in sectors where the investment team has prior experience. The primary area of focus will be hardware solutions, which Eclipse Ventures believes remains an essential factor in developing important businesses.

In January 2022, the university committed up to $15 million to an Eclipse Ventures-sponsored investment.

MaC Venture Capital (“MaC”), is an early-stage venture capital firm formed in Los Angeles and San Francisco, CA, in 2019 by the merger of teams from Cross Culture Ventures (“CCV”) and M Ventures (“MV”). MaC invests in pre-seed, seed, and early Series A investments in technology companies and founders benefiting from seismic shifts in cultural trends. The firm is well-positioned to apply its founders’ diverse backgrounds in venture capital, consulting, media, entertainment, and public service to create a highly differentiated investment program. We expect the team’s expertise as C-level technology executives, entrepreneurs, and investors to drive distinctive sourcing and value add for the fund’s investee companies, including access to investment opportunities in enterprises founded by women and underrepresented minorities and businesses addressing under-served markets.

In February 2022 the University committed $25 million to a MaC Venture Capital sponsored vehicle.

Hackman Capital Partners (“HCP”), is a Los Angeles, CA, based real estate firm that invests in global studio assets. HCP is affiliated with the MBS group, a dominant studio operator. In partnership with the MBS
group, HCP is involved in all aspects of the value creation process, from ground-up construction or redevelopment of existing assets to leasing and marketing to asset and property management. HCP differentiates itself from other studio investors due to the depth and scale of its platform, outstanding reputation, and unique relationship with MBS, which allows for turn-key service for studio clients in the U.S. and in select European and Canadian markets.

In December 2021, the university committed up to $10 million to an HCP-sponsored investment.

**Rubicon Point Partners** ("Rubicon Point"), is a San Francisco, CA, based real estate firm that invests in creative office and mixed-use real estate in the San Francisco Bay Area and Pacific Northwest. Rubicon Point is a vertically integrated real estate firm that uses an extensive data platform to identify acquisition targets in up-and-coming sub-markets as well as to identify underutilized assets in prime locations at discounted values. The firm utilizes its vertical integration to execute adaptive re-use and repositioning and has a demonstrated ability to deliver creative office space on-time and on budget.

In January 2022, the university committed up to $15 million to a Rubicon Point-sponsored investment.

**Y Combinator** ("YC"), is a Mountain View, CA, based venture capital firm that provides funding for startups throughout their lifecycle, starting at their earliest stages. YC funds startups in groups referred to as batches. With the support of YC, batch companies work on their respective business ideas to position themselves to secure follow-on financing. Each fund will invest in the seed stage, early growth stage, and selectively in later-stage growth companies. This investment is expected to provide the university with significant exposure to high-quality companies starting at the seed and early stage that can generate meaningful investment returns as companies develop.

In December 2021 and January 2022, the university committed $30 million to two YC-sponsored investment vehicles.

**Subject:** Direct Private Equity Investment

**Background and Summary:** Under a limited delegation granted in July 2015, the Executive Vice President and Chief Financial Officer may approve new investments representing less than one percent of the Long Term Portfolio’s assets that advance the portfolio’s objectives and meet its risk and return targets. Pursuant to that policy, this item reports on the university’s recent closing of a direct investment.

**Equity Group Investments, L.L.C.** ("EGI"), is a Chicago, IL, based investment fund that opportunistically invests in both public and private companies. The university invested with EGI in a company that provides end-to-end supply chain services including temperature-controlled and ambient warehousing, transportation, and centralized exam services for Customs & Border Patrol. The investment is expected to earn an attractive risk-adjusted return through equity participation in a company with highly predictable cash flows operating in a less cyclical industry.

In January 2022, the university invested $10 million in an EGI-sponsored vehicle.

Respectfully submitted,

Geoffrey S. Chatas  
Executive Vice President and  
Chief Financial Officer

May 2022