

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

**Subject:** 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.

**Alternative Asset Commitments**

**Cresta** is a Dallas, TX, based manager focused on reducing carbon emissions, sequestering carbon dioxide and developing and supporting lower carbon fuel sources such as sustainable aviation fuel, renewable diesel and renewable biogas. The manager is utilizing its extensive experience in contracting and developing infrastructure projects to be a leader in the transition to a lower carbon economy.

In August 2021, the university committed \$190 million to a Cresta-sponsored investment.

**8VC** is a San Francisco, CA, based venture capital firm that invests in early-stage U.S. technology startups. Areas of investment focus typically will be sectors in which the investment team has prior experience, such as the "smart enterprise" sector, where companies analyze data to solve problems in a wide range of sectors, including banking, healthcare, and the growing and emerging crossover between information technology and life sciences.

In June 2021, the university committed up to \$75 million to two 8VC-sponsored investments.

**Accel** is a Palo Alto, CA, based venture capital firm that invests across stages of company development, including growth equity investments in late-stage U.S. based technology startups. Areas of investment focus will typically be in sectors where the investment team has prior experience, including but not limited to consumer internet, software and services, cloud-based computing, enterprise infrastructure, and mobile businesses. The investment team has considerable startup operational knowledge, significant venture capital investing experience, and a network of industry relationships for sourcing investments.

In June 2021, the university committed up to \$50 million to three Accel-sponsored investments.

**Y Combinator** ("YC"), a venture capital firm based in Mountain View, CA, 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, including customer introductions, advice, and firm resources, batch companies work on their respective business ideas to position themselves to secure follow-on financing. Each fund will invest in seed stage, early growth-stage, and selectively in later-stage growth companies. YC expects to invest the majority of the funds' committed capital in growth-stage companies. While YC invests across a wide range of sectors, earlier investments have focused on information technology, mobile, and consumer 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 June 2021, the university committed \$25 million to a YC-sponsored investment vehicle.

Respectfully submitted,

  
Brian Smith  
Interim Executive Vice President and  
Chief Financial Officer

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