

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

**REQUEST FOR ACTION**

**Subject:** Alternative Assets Commitment

**Action Requested:** Upsize of Aplomado Partners I, L.P.

**Background and Summary:** We recommend upsizing our \$50 million March 2021 commitment to Aplomado Partners I, L.P. (the “Fund”), by \$25 million for a total of \$75 million from the Long Term Portfolio. Aplomado Partners is a Dallas, TX, based manager that facilitates the development of solar energy, with particular emphasis on Texas. Aplomado Partners is an independently-run manager, which is an affiliate of PetroCap, an oil and gas manager. PetroCap formed Aplomado in partnership with U-M and other investors seeking ways to accelerate a transition to a lower-carbon economy.

The Fund utilizes its expertise in land and minerals to serve as a land acquisition partner with solar developers across the United States. Solar developers generally do not have extensive expertise in land leases that involve mineral rights and do not wish to use project equity to acquire land. Having a third party partner focused on this part of the solar development process enables developers to utilize their capital and time more efficiently, hastening their ability to build additional projects.

This commitment offers the Long Term Portfolio the ability to invest in a niche strategy with a team that has the requisite skill set to implement it well. The investment is expected to offer an attractive risk-adjusted return and be consistent with the university’s broader focus on renewable energy and more efficient resource utilization. The request to increase the commitment size reflects ongoing confidence in the strategy and its execution to date.

Respectfully submitted,



Brian Smith  
Interim Executive Vice President and  
Chief Financial Officer

September 2021