

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Alternative Asset Commitment

Action Requested: Approval of BCP Energy Services Fund

Background and Summary: We recommend a commitment of \$50 million from the Long Term Portfolio to BCP Energy Services Fund L.P., a natural resources fund which will invest in North American service companies across the energy value chain.

Bernhard Capital Partners, based in Baton Rouge, LA, was formed in 2013 by James Bernhard, Jeffery Jenkins and George Bevan. The three previously worked together at Shaw Group, a Fortune 500 company focused on energy services, which was sold in 2013 to Chicago Bridge and Iron. Bernhard Capital has a total of sixteen employees, many recruited from Shaw Group.

Bernhard Capital will build and grow platform investments in North American energy service companies. The fund will back world-class management teams pursuing attractive strategies with an emphasis on companies providing vital services to the downstream and power sectors. They seek purely proprietary sales processes and make investments ranging from \$25 million to \$150 million for control positions. Comparatively, many private equity funds have specialized and adopted a fragmented market philosophy, targeting investments solely in one energy segment. BCP intends to approach energy investing differently by investing in companies across the energy services spectrum and will make relative value judgments between sectors mitigating the inherent cyclicity of each vertical. The fund is expected to be invested primarily in the U.S. with a small exposure to Canada or Mexico.

This commitment offers the Long Term Portfolio the opportunity to invest alongside an experienced operating team with a dedicated platform investing in diversified service companies.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

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