How Universities Invest in Fossil Fuels Through Wall Street Funds

Today:

1. Get a basic understanding of private equity

2. Go over research strategies to uncover university investments in fossil fuels made through private equity funds

3. Go over how to power map and strategize around university PE fossil fuel investments

4. Questions/discussion about all this
Private equity & university investment portfolios

Some ways schools invest in fossil fuels:

1. Publicly-held stocks
2. Real assets (land, etc)
3. Index (passive) and mutual (managed) funds
4. Private equity funds

From 2016 (Source: Forbes)
What is private equity?

- PE firms create “funds” in which wealthy people and institutional investors (pension funds, endowments, etc) commit money.

- PE firms aggressively invest those funds in private companies with the aim of raking in big profits, even if it destroys their companies.

- PE firms charge very high fees, which makes their executives some of the wealthiest and most powerful people in the world.

- PE is widely invested in fossil fuel companies, and its ruthless profiteering model has accelerated oil & gas production.

- PE executives are major campaign and philanthropic donors, advise elected officials, and sit on prestigious boards (including colleges!).

- Movements across areas - housing, retail, tech, climate, etc - often have a common foe in PE.

NOTE: email me at derek@littlesis.org and for some news stories & reports on how private equity’s destructive impact.
Example: **Blackstone Group**

- **Biggest** PE firm in world ($571B)
- Stephen Schwarzman worth ~$20B
- Chaired Trump’s CEO Council
- Top U.S. landlord until very recently
- Target of multiple activist campaigns
- Billions **invested** in fossil fuel companies
Get to know these names!

PRIVATE INFRASTRUCTURE MANAGERS
- Macquarie Infrastructure & Real Assets
- Brookfield Asset Management
- Global Infrastructure Partners
- IFM Investors
- Stonepeak Partners
- iSquared Capital

ENERGY-FOCUSED PRIVATE EQUITY MANAGERS
- Kayne Anderson Capital Partners
- Riverstone Holdings
- Encap Investments
- Energy Capital Partners
- ArcLight Capital Partners
- NGP Energy Capital Management (owned by Carlyle Group)
- Quantum Energy Partners

ASSET MANAGERS COVERED
- Blackstone Group
- Apollo Global Management
- Carlyle Group
- KKR & Co
- Ares Management
- Oaktree Capital (part of Brookfield Asset Management)
- TPG Capital
- CVC Capital
- Warburg Pincus

And many more...

Link to report
One way to ID funds is to search PE firms in the Investment Adviser Public Disclosure database (free). We’ll discuss this more later.
1. How PE tied UMich to a Toxic Oil Billionaire

Google: “crownrock”

Lime Rock Partners IV AF

site:bloomberg.com “crownrock”
Googling “Lime Rock Partners IV AF”

Google search tips:

- Combos of key words
- Filetype:____
- Site:____

So, let’s try...

- “Lime Rock Partners IV AF” + “endowment”
- “Lime Rock Partners IV AF” + filetype:PDF
- site:www.regents.umich.edu “Lime Rock Partners”
- site:www.pionline.com “Lime Rock Partners”

An example of a single asset deal occurred in May when the University of Michigan committed $26 million to Lime Rock Partners IV AF, a natural resources fund that will invest in a single asset, CrownRock Resources, a joint venture between Lime Rock and CrownQuest Operating LLC. CrownRock Resources had been an investment of energy fund Lime Rock Partners IV.

The university had invested in Lime Rock Partners IV in 2006 and now the fund is at the end of its life with the single remaining asset. Lime Rock executives think there is still a potential upside in the remaining asset, according to a university report. So the university rolled over its interest in Lime Rock Partners IV into the new fund and increased its commitment to Fund IV AF by an additional $25 million.
So… who else invests in Lime Rock Partners IV AF?

Search Form 990s (more on these in a minute!)

1. Use **Citizenaudit** (but you need a sub after a few free tries)
2. Use the **Propublica Nonprofit Explorer** (try “full text search” - but generally better if you know where you’re looking)
3. Google wisely! (e.g., “Lime Rock Partners IV” filetype:pdf “form 990” “university of”)

**Important to remember: Lime Rock Partners IV AF was preceded by another fund, Lime Rock Partners IV LP. Many investors rolled over from the old fund into the new one.**
Now time to power map it all out!

**Power map**: visually map out power people & entities to see relationships and to see where you have leverage to strategize around (**we put together an introductory toolkit on power research & power mapping**)

← This map was made with the [LittleSis.org Oligrapher](http://LittleSis.org) (free and easy to use!)

This info got into the *Intercept* & the UMich student paper. UMich CAM was able to effectively use in its divestment campaign.
How UMich CAM used this info

- Divestment: one prong of larger campaign for a “just transition to true carbon neutrality”

- Strategy: ensure every person knows UMich has $1B in FF
  - “Natural Resources” category in Report of Investments
  - Investment approvals in Regents’ meeting minutes

- Admin refrain:
  - “The endowment is not political”
  - “Divestment is symbolic”

Feel free to reach out to CAM-contact@umich.edu with questions
How UMich CAM used this info

LimeRock connection: all about the message

- Made consequences of investment/divestment personal, with direct impacts on people
- Clearly refuted “apolitical” claim
- Looked really bad, when paired with refusal to invest in Flint and Dearborn campuses (collaboration with 1University campaign)

Feel free to reach out to CAM-contact@umich.edu with questions
Recap: Research strategies from this case study

1. Obsessive & targeted Googling!
   ○ Keywords to combine include: university, college, [name of school], endowment, private equity, energy fund, natural gas, oil and gas, [name of PE firm], + more (try with site: and filetype: searches too)
     i. Sometimes, just [school] + “endowment” + “portfolio” works: Eg, Univ of Washington

2. site: and filetype: searches
   ○ filetype:PDF can be useful
   ○ site: [university] or [business press] or [database] + key terms can be useful

3. Look at the business/industry press!

4. Power research & power map (check out the LittleSis power research toolkit, database, & Oligographer power mapping tool)

Be patient & scour/search relentlessly! Follow the money! Power map & strategize!
2. Natural Gas Partners is a big hit with universities

Form 990 search

990 Forms: IRS forms non-profits need to complete to provide financial information to the public

Also look at 990-T forms (reporting “unrelated business income”)

Propublica 990 search → database
- Can do “Full Text Searches” of specific fund
- (Citizen Audit even better, though you need to a subscription)
- Can also search Guidestar.org & the IRS site: https://apps.irs.gov/app/eos/

Pitt’s 990-T form

Most recent: “Partnerships” XYZ
But in 2017: Names of the funds
Univ. of Illinois 990-T

UNIVERSITY OF ILLINOIS FOUNDATION
BLACKSTONE REAL ESTATE PARTNERS VI
TE 2, L.P. 20-8081716
24,964.
BLACKSTONE REAL ESTATE PARTNERS VI
TE 2-NO, L.P. 26-1129052
10,240.
BLACKSTONE RG5 CAPITAL PARTNERS V,
L.P. 20-8866363
<10,306.>
BANKRAZY CREDIT OPPORTUNITIES III,
L.P. 20-5805141
<23,457.>
FORTESS INVESTMENT FUND V (FUND
A), L.P. 98-0534591
37,398.
MAKENA CAPITAL ASSOCIATES U.S.,
L.P. 20-4310816
322,356.
TGP PARTNERS VI, L.P. 26-1684644
49.
TGP V VE-AIV 2, L.P. 27-1363255
<5,238.>
TGP VI GC AIV I, L.P. 98-0623118
<394.>
TGP VI VE-AIV 2, L.P. 27-1366685
<3,859.>
TGP VI DR AIV II, L.P. 27-3553169
22,423.
TA XI AM-A AIV, LP 36-4716201
<680.>
TA XI ECM AIV, LP 27-4015229
2,005.
TA XI PS-B FEEDER, LP 45-2793765
<352.>
TA XI SMH AIV, LP 45-1652389
<2,163.>
TCV VII, L.P. 75-3267956
156,162.
TGP VI CAYPIR AIV II, LP 27-5035585
7,516.
TA XI FLS AIV, L.P. 30-3971457
<3,972.>
TA XI NS-A FEEDER, L.P. 30-0867819
<4,954.>
COUNCIL CAPITAL III LP 47-2168854
<59,236.>
BLUE ROAD CAPITAL LP 46-4196871
<4,156.>
JUNIPER CAPITAL II, LP 36-4797749
<469,008.>
TA XI PC AIV, L.P. 37-1656550
1,802.
VIA SEED TECHNOLOGY PARTNERS II LP,
80-0561538
<53.>
ZELL EQUITY INTERNATIONAL FUND VI,
LP 98-1202826
999,276.
ARCHLIGHT ENERGY PARTNERS FUND VI,
L.P. 61-1736207
<4,345,038.>
BLUE ROAD VANGUARD AIV, L.P.
<236,657.>
ROSE GROVE PARTNERS I, L.P.
5,181.
BRC VANGUARD CO-INVEST, L.P.
<235,223.>
NORTHWOOD REAL ESTATE PARTNERS L.P.
50,793.
NW EUROPE(NO.2) LIMITED PARTNERSHIP
5,325.
TA XI DO AIV, L.P.
<283.>

Univ. of Nebraska 990-T

FORM 990T - LINE 5 - INCOME (LOSS) FROM PARTNERSHIPS

COMMCPFUND CAPITAL INTERNATIONAL PARTNERS IV, LP
1,883.
ENDOWMENT PRIVATE EQUITY PARTNERS IV, LP
-2,104.
ENDOWMENT VENTURE PARTNERS V, LP
18.
GSO CAPITAL SOLUTIONS FUND II AIV-2, LP
-49,959.
KAYNE ANDERSON ENERGY FUND VI, LP
-85,744.
LIQUID REALTY PARTNERS IV, LP
911.
MCCARTHY CAPITAL FUND V, LP
-98,384.
NEBRASKA GLOBAL INVESTMENT COMPANY, LLC
2,358.
SILVER LAKE PARTNERS IV DE (AIV III), LP
-17,127.
SILVER LAKE PARTNERS CAYMAN (AIV III), LP
394.
STATE ST BK & TRUST CO. SSQA MSCI RAFE IN. NL QP
337.
TAILWATER ENERGY FUND II, LP
243,303.
WESTBROOK REAL ESTATE FUND IX, LP
223,064.
INSIGHT VENTURE PARTNERS IX, LP
-10,037.
SILVER LAKE PARTNERS IV DE (AIV II), LP
5,566.
SILVER LAKE PARTNERS IV DE (AIV), LP
5,559.
HELLMAN & FRIEDMAN CAPITAL PARTNERS VIII, LP
-36,512.
POLARIS PARTNERS VII (AIV), LP
12,466.
POLARIS PARTNERS VII (AIV II), LP
4,048.
SUMMIT PARTNERS GROWTH EQUITY FUND IX-A, LP
-24,561.
DAVIDSON KEMPER INSTITUTIONAL PARTNERS, LP
1,407.
HERALDVEST INVESTMENT FUND II, LLC
3.
KKR AMERICAS FUND XII (FREYA), LP
-6,204.
KKR AMERICAS FUND XII (INDIGO), LP
-5,147.
KKR AMERICAS FUND XII (FREYA), LP
-131,951.
SILVER LAKE PARTNERS IV DE (AIV IV), LP
475.
TCV IX, LP
-44,632.
INCOME (LOSS) FROM PARTNERSHIPS
-12,184.
Just searching around randomly.... Carleton College

Carleton 2019 audit (also on Propublica 990 database)
So who is Natural Gas Partners anyways?

1. What they say:
   a. Their website shows their active portfolio companies
   b. I Google: "natural gas partners" filetype:pdf → lots of info like this

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**Flagship Energy Funds**

**Recently Launched Fund**
- NGP Natural Resources X, L.P.

**Fully-Invested & Actively Managed Funds**
- $13.3B in 2006
- $18.8B in 2007
- $20.7B in 2009
- $29.6B in 2011
- $32.4B in 2012

Effective 2007,
- NGP Natural Resources X, L.P.
- NGP Natural Resources XI, L.P.

**Fully-Exited Funds**
- $21B in 2006
- $19B in 2007
- $12B in 2008

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**Active Portfolio Companies**

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**THE CARLYLE GROUP**

- Strategic partnership with The Carlyle Group, one of the largest global alternative asset managers with $158 billion of assets under management as of 12/31/2016
Wait... Carlyle Group?!?

Carlyle > NGP
- Carlyle owns between 50-75% of NGP Management Company, which owns 75% or more of NDP Energy Capital (see NDP’s IAPD filing, p. 77-78)
- Carlyle raises money for NDP funds, conducts its North America energy investing through NGP, receive 55% of the management fee-related revenue” + other income, according to Carlyle’s most recent 10-K SEC filing (SEC database)

Important info on Carlyle:
- World’s 3rd biggest PE fund ($224 billion AUM)
- Co-founder David Rubenstein - very influential
- Has come under fire for its ruthless profiteering:
  - Increased rents & evictions for mobile homes
  - Bankrupted biggest east coast oil refinery
  - Took over nursing homes with horrible results
  - Lobbied for carried interest loophole

David Rubenstein’s private equity firm is pushing poor people out of their homes

Refiner goes belly-up after big payouts to Carlyle Group

Overdoses, bedsores, broken bones: What happened when a private-equity firm sought to care for society’s most vulnerable

Press Advisory: FRIDAY DC Activists Take on Trump and the Carlyle Group to Close the Carried Interest Loophole
Mr. Hersh currently serves as Senior Advisor to The Carlyle Group’s natural resources division. In addition, Mr. Hersh serves on the board of Overseers of the Relations, the National Council of the American Enterprise Institute, and the Dean’s Council of the Harvard Kennedy School. Mr. Hersh served on the Advisory Council of Stanford University’s Graduate School of Business from 2009 through 2015. In 2014, he was recognized as Master Entrepreneur of the Year for the Southwest Region by Ernst & Young during its Entrepreneur of the Year program, and in 2017 received the Oil & Gas Council’s Lifetime Achievement Award. In 2020, Mr. Hersh will receive the L. Frank Pitts Energy Leadership Award conferred by the SMU Cox School of Business for demonstrating outstanding leadership and innovation in the field of energy.

He is the Co-Founder and former CEO of NGP Energy Capital Management, a premier private equity investment franchise in the natural resources industry managing over $20.6 billion of cumulative committed capital since inception in 1988. Until 2016, Mr. Hersh served as NGP’s Chief Executive Officer. From 1986 through 2015, under his leadership, NGP invested over $12 billion and earned a 27-year gross rate of return of 80%, making it one of the nation’s leading investment firms during that period.

Mr. Coburn serves on the investment committees of Carlyle’s three principal Energy & Natural Resource funds: Carlyle International Energy Partners (CIEP), Carlyle Power Partners (CPP) and the Carlyle Global Infrastructure (CGI) fund. Additionally, he represents Carlyle on the investment committee of the firm’s strategic partner for North American energy investing, NGP Energy Capital Management. He also serves on the investment committees of Carlyle’s Europe and Asia Real Estate funds.
David Rubenstein’s LittleSis profile
1. Pitchbook
   - Easiest way → subscription needed, but you probably can get access through your school or through an ally
   - You can find the specific fund, some investors & the companies it finances

2. Google
   - [name of fund] + “about us”
   - [name of fund] + “operations”

3. IAPD database search for NGP
   - You can find names of funds + related entities

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**Black Mountain Oil and Gas Announces Partnership with Natural Gas Partners**

February 10, 2016 09:00 AM Eastern Standard Time

DALLAS—(BUSINESS WIRE)—Black Mountain Oil & Gas, LLC (“Black Mountain” or the “Company”) is pleased to announce the closing of a $150 million equity commitment from Natural Gas Partners (“NGP”) through NGP Natural Resources XI, L.P., the most recent NGP private equity fund focused on natural resources.

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**Luxe Energy LLC Announces Partnership With NGP**

October 11, 2016 (Press Release) - AUSTIN, TX - Luxe Energy LLC (“Luxe”) is pleased to announce it has raised approximately $524 million of new equity commitments from NGP through NGP Natural Resources XI, L.P., the most recent NGP private equity fund focused on natural resources, and the Luxe management team. Luxe’s strategy is to acquire

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**Colgate Energy Announces Partnership with Pearl Energy Investments and Natural Gas Partners**

Colgate Energy, LLC (“Colgate”) is pleased to announce it has raised $75 million of equity commitments from lead investor Pearl Energy Investments (“Pearl”), alongside Natural Gas Partners through its affiliate, NGP Natural Resources XI, L.P. (“NGP”) and the Colgate management team. Based in Midland, Texas, Colgate is an exploration and production company focused on acquiring and developing oil
So, what other universities invest in these funds?

<table>
<thead>
<tr>
<th>Fund</th>
<th>School(s) invested according to most recent filings or news stories</th>
<th>Oil &amp; gas companies fund bankrolls</th>
</tr>
</thead>
</table>
| NGP Natural Resources X              | Auburn  
Carleton College  
Penn St  
Rice University (2014)  
Southern Methodist University  
Texas A&M  
West Virginia University (2015)  
Oberlin College  
Pomona College | ● World Energy Partners  
● Petrus Resources  
● **Steward Energy**  
(via [Pitchbook](https://www.pitchbook.com)) |
| NGP Natural Resources XI             | Agnes Scott College  
Penn St  
Texas A&M  
Texas Wesleyan University  
Wellesley  
West Virginia University  
University of the Ozarks (2016)  
Wichita State University (2017)  
Pomona College  
University of South Carolina | ● **Luxe Energy**  
● Colgate Energy  
● Black Mountain Sand  
(Via [Pitchbook](https://www.pitchbook.com)) |

Databases:
1. [Citizenaudit](https://citizenaudit.org)  
2. [Pitchbook](https://www.pitchbook.com)  
3. [Propublica 990 search](https://projects.propublica.org/990)
Further questions:

Are there relationships or points of leverage worth thinking and strategizing around here?

Are there groups or communities opposing the operations, health impacts, etc., of the companies that these schools are investing in via PE funds?

Who are the executives of NDP Energy Capital? Who do they donate to? What boards do they sit on? Do they or Carlyle have any ties to the universities that invest in their funds? Etc.

Alliances between - say - Duke, Harvard & Chicago + Carleton, Oberlin, Wellesley, etc. movements?

What other campaigns are going after Carlyle?
Final thoughts & takeaways:

- Researching + mapping the investments of specific schools can lend itself to campus-specific or intra-campus strategizing & campaigning.
- Just researching this stuff + being public about it is empowering and can create pressure on higher-ups.
- Notes of caution:
  - These research tactics don’t apply everywhere - with some schools it’ll be really hard to find anything.
  - Claims are based on most recent available public filings or news stories. Ask them to be transparent about fossil fuel investments.
  - We’ve looked at the “investment research” side in this webinar - just one part of a larger just transition project (see resources)
- These are probably the top research tactics from this webinar:
  1. Google wisely: strategic word combos; site: + filetype: searches
  2. Business + financial press: search them + do site searches
  3. Databases
     a. Public & free: IAPD; Propublica 990 search; SEC
        i. **990s & 990-Ts - really important!
     b. Subscription: Pitchbook; CitizenAudit (**may be able to access through schools)
  4. Try LittleSis.org + Oligographer mapping tool for researching networks + visual power mapping
  5. Most of all… be patient, be relentless, work together, try to verify everything as much as you can with credible sources
Resources

Starting your campaign:

**Fossil Free Toolkit**: A Campus Guide to Fossil Fuel Divestment

**Trainings and graphics resources** for divestment organisers from 350.org

**Database of resources** from Divest Ed including information on: messaging, anti-oppression movement work, campaign strategy, base building, climate justice and intersectionality, financial literacy, etc. -- basically just a great place to start if you’re just getting going!
Resources

Researching the Finances:

- [Report](#) from Harvard’s Prison Divestment campaign on how they went about identifying public holdings in the Prison-Industrial Complex

- [Private Equity overview](#)

- [Power mapping toolkit](#): form a research pod with the abilities to investigate and organize against corporate bodies

Databases to search: [IRS](#), [GuideStar](#), [LittleSis](#), [NonProfit Explorer](#), [Citizen Audit](#)

Data Visualization: Network visualization tool
Resources

Reinvestment in Community Wealth:
- Reinvestment Toolkit from Divest Ed
- Reinvest in Our Power Campaign from the Climate Justice Alliance
- Boston Ujima Project: Example of a Community Wealth Fund

Collaborations: Get in touch with these groups for trainings; shared examples of campaign strategies; template petitions, letters, op-eds; action plans; etc.
- Divest Ed
- College Climate Coalition
- Power Shift Network