

Recommendation for Stonepeak Infrastructure Fund V, L.P.

To: RISIC
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From: Thomas Lynch, CFA, Senior Managing Director
George Bumeder, Managing Director

The purpose of this memo is to provide the RISIC with a summary of Cliffwater's recommendation on Stonepeak Infrastructure Fund V, L.P. (or the "Fund"). Cliffwater has completed its investment due diligence and operational due diligence and recommends the Fund as part of ERSRI's and OPEB's Private Real Asset allocation. In addition, ERSRI has an existing co-investment allocation to prior Stonepeak funds. Currently, there is ~\$8 million uncalled from this allocation. Cliffwater recommends extending the co-investment mandate to include Stonepeak Infrastructure Fund V, L.P.

Summary of Stonepeak Infrastructure Fund V, L.P.

Fund Overview: Stonepeak Infrastructure Fund V, L.P. will make value-add investments in the upper middle-market to large market infrastructure in OECD countries in North America, Europe and APAC.

People and Organization: Stonepeak Infrastructure Partners ("Stonepeak" or the "Firm") was founded in 2011 by Michael Dorrel and Trent Vichie ("Co-Founders"). The Co-Founders had worked together for more than 20 years across their time at Macquarie, Blackstone, and in co-founding and leading Stonepeak. Stonepeak's inaugural standalone fund, Stonepeak Infrastructure Fund I ("Fund I"), achieved a final closing in October 2013 with \$1.6 billion of capital commitments. Currently, Stonepeak is managed by Dorrell as Chairman, CEO and Co-Founder. Dorrell is responsible for all day-to-day management decisions of the Firm, including monitoring and managing the capacity of the investment team. Vichie, who once split the workload with Dorrell, departed the Firm in October 2020. Dorrell is supported by eight senior managing directors, most of which Dorrell or other senior investment professionals have worked with in the past, primarily at Macquarie Capital. In total, Stonepeak employs 234 people, 118 of which are investment professionals. Stonepeak is headquartered in New York City, with additional offices in London, Hong Kong, Sydney, Houston, and Austin. The Firm is owned mostly by employees with a structured minority stake held by Landmark Partners. The Firm currently has \$57 billion in AUM.

Investment Strategy and Process: Stonepeak Infrastructure Fund V will target 15 to 20 North American middle- to large market infrastructure portfolio companies, requiring \$500 million or more of equity, that may require re-contracting, growth equity, or will have unique counter-cyclical characteristics that are undervalued by the market. Since its inception, Stonepeak has become a leading North American-focused infrastructure investor having executed 39 total investments representing \$29.8 billion of aggregate equity commitments, including co-investment, across its four prior flagship funds. Stonepeak will apply a high level of downside risk protection through contracting or investing in infrastructure assets that have monopolistic characteristics and/or high barriers to entry within the transportation & logistics, digital infrastructure, and energy/energy transition infrastructure sectors. The Firm will directly source and negotiate deals to avoid competitive auctions and will target investments through a thesis driven strategy that seeks to build relationships with owners of potential investments. After an investment has been made, Stonepeak will begin to re-position non-core infrastructure assets into core assets, then will seek to generate upside value by selling the core asset to an infrastructure fund and/or other strategic investors who have a lower cost of capital. Additionally, Stonepeak will create value through operational improvements or meaningful add-on growth investments to create a larger asset that will fall into the highly competitive large core infrastructure market.

This report reflects information only through the date hereof. Our due diligence and reporting rely upon the accuracy and completeness of financial information (which may or may not be audited by the fund manager) and other information publicly available or provided to us by the fund manager, its professional staff, and through other references we have contacted. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may not be disclosed except as required by applicable law.

Performance: Since 2012, Stonepeak has raised a total of four infrastructure funds totaling \$26.3 billion in total commitments. As of June 30, 2023, Stonepeak's prior four funds have generated an aggregate Net IRR of 13.0%, while maintaining a 0% realized loss ratio. Furthermore, of the 43 total investments, Stonepeak has fully or partially realized sixteen investments generating a gross IRR of 20.7% and 1.99 times gross invested capital, representing approximately \$6.54 billion of cash distributions.

As of June 30, 2023, the four Stonepeak flagship funds have each outperformed the Dow Jones Brookfield Global Infrastructure Index by 8.0% per year.

Investment Terms: Cliffwater finds the investment terms, taken as a whole, to be in accordance with industry standards. During the investment period, for limited partners with commitments of (i) less than \$10 million, 1.9% of commitments, (ii) at least \$10 million but less than \$200 million, 1.5% of commitments, (iii) at least \$200 million but less than \$250 million, 1.375% of commitments, and (iv) at least \$250 million, 1.25% of commitments. Thereafter, the same fee percentages are applied to invested capital. Investors admitted at the initial closing will receive a 10-basis point discount to the management fee. The General Partner will receive 20% carried interest with an 8% preferred return. The General Partner will invest at least 1.5% of total commitments.

Cliffwater Recommendation

Cliffwater recommends an investment of up to \$25 million to Stonepeak Infrastructure Fund V, L.P. as part of ERSRI's Private Real Asset allocation and an investment of up to \$2 million to Stonepeak Infrastructure Fund V, L.P. as part of OPEB's Private Real Asset allocation. Cliffwater also recommends extending ERSRI's co-investment mandate with Stonepeak to include Stonepeak Infrastructure Fund V, L.P.