

Recommendation on Paine Schwartz Food Chain Fund V Co-Investment Fund

To: RISIC
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The purpose of this memo is to provide RISIC with a summary of Cliffwater's recommendation on Paine Schwartz Food Chain Fund V Co-Investment Fund.

ERSRI committed to \$50 million to Paine Schwartz Food Chain Fund V, L.P. ("Paine V") in 2018 after investment and operational due diligence by Cliffwater. Paine V makes buyout and growth investments in companies in the agriculture and food sector. As of June 30, 2020, Paine V was approximately 9% invested and performing at expectations. Paine IV, which ERSRI committed to in 2014, is performing at expectations and generating a net IRR of 9%.

Paine Schwartz Partners, the manager of the Paine V, is proposing a co-investment fund to allow ERSRI to co-invest in future investments in Paine V that require more capital than is available based on the size and concentration limits of Paine V. The investments will be approved at the discretion of the manager however ERSRI will have veto and allocation authority to ensure that exposure to investments remain within appropriate limits. The terms of the co-investment fund will be similar to Paine V with the exception that no investment management fee or carried interest will be charged.

Cliffwater recommends a commitment of up to \$15 million or 30% of ERSRI's commitment to Paine V to the Paine Schwartz Food Chain Fund V Co-Investment Fund.

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