

Date: September 21, 2017

To: Employees Retirement System of Rhode Island ("ERSRI")

From: Pension Consulting Alliance, LLC ("PCA")

RE: Stonepeak Infrastructure Partners Fund III L.P. Partnership Review Summary

PCA has conducted due diligence on Stonepeak Infrastructure Partners Fund III L.P. (the "Fund") sponsored by Stonepeak Partners LP ("Stonepeak") on behalf of ERSRI. This summary details the findings of PCA's review and recommendation.

Fund Overview: The Fund is seeking capital commitments of \$5 billion (hard cap of \$7 billion) to make middle-market infrastructure investments primarily in North America in the power, renewables and utilities, midstream, communications, water, and transportation sectors across brownfield and greenfield opportunities, continuing the strategy of the Firm's prior funds. The Fund seeks a net IRR of 12% (15% gross IRR) and a 4% net cash yield (6% gross). The Fund aims to secure a controlling stake or a position with strong minority shareholder governance rights for each investment.

Investment Team: Stonepeak has built a team of 37 professionals, which includes 24 investment professionals and 13 operations professional across finance, legal and administrative support staff. The Firm works on an exclusive basis with eight affiliated operating partners, who each possess more than 25 years of experience in senior level management across infrastructure and related industry sectors, and two senior advisors who bring similar experience. The team is led by Michael Dorrell and Trent Vichie, who have worked together for 16 years prior to forming Stonepeak in 2011. The team operates out of Stonepeak's New York, NY and Houston, TX offices.

Investment Strategy: The Fund targets middle-market infrastructure assets in North America, with no more than 20% of total commitments to be invested outside of the US, Canada, and the Caribbean, in the following sectors: power, water, energy, communications, renewable, and transportation. The Fund is expected to be diversified with no single sector accounting for more than 40% of total commitments. The target level of equity for each investment is \$100 million to \$1 billion, across a balance of brownfield and greenfield investments. Stonepeak targets no more than 50% of the total Fund commitments for construction projects, and no more than 25% of the Fund to be committed to construction projects at any given time. Stonepeak prudently employs leverage both at the portfolio level and for each individual investment.

The Fund seeks control / majority stakes but will take a minority stake with strong governance rights. The Fund expects to have 8 to 12 portfolio companies, with no more than 15% of total commitments invested in a single company. The expected holding period for investments is between five and seven years. Stonepeak seeks to source and negotiate deals on an exclusive basis with sellers, strategic partners, and management/development teams.

Firm Track Record: Stonepeak's prior funds, Fund I and Fund II, have generated strong performance. Fund I achieved a final closing in October 2013 with \$1.65 billion of capital commitments. As of June 30, 2017, Fund I generated a gross IRR of 19.6% and net IRR of 13.0% with a net multiple of 1.3x and 4.6% annualized gross cash yield. Fund II achieved a final closing in January 2016 with \$3.5 billion of capital commitments. As of June 30, 2017, Fund II has generated a 29.2% gross IRR and 20.0% net IRR with a net multiple of 1.2x and 4.9% annualized gross cash yield.

Partnership Terms: The Fund is targeting \$5 billion of capital commitments with a hard cap of \$7 billion. The General Partner commitment in the Fund will total 1% of the aggregate capital commitments. The investment period is five years. The term of the partnership is 12 years. Carried interest is 15% for LPs admitted on the first closing date and 20% for LPs admitted after the initial closing date, with a preferred return of 8%. Concentration limits are set at 15% for any single investment. A Key Man Event will be triggered if either Trent Vichie or Michael Dorrell, the Co-Founders, depart the Firm. The management fees are as follows: for commitments < \$200 million, 1.5% on capital commitments and 1.5% on invested capital.

PCA Recommendation

PCA believes ERSRI's consideration of a \$35 million commitment to the Fund is reasonable and appropriate. The commitment is contingent upon the negotiation of fees and terms and the successful completion of legal documents.

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While PCA reviewed the terms of this partnership and other accompanying financial information on predecessor partnerships, this desk review does not constitute a formal legal review of the partnership terms and other legal documents pertaining to this partnership. PCA recommends that its clients retain separate legal counsel to review the legal aspects and risks of investing in the Fund.

Information contained in this report was gathered from documents provided by the Firm, including but not limited to, the private placement memorandum and related updates, due diligence responses, marketing presentations, limited partnership agreement and other supplemental materials. Analysis of information was performed by PCA.

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Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate investment performance for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

An investment in the Fund is speculative and involves a degree of risk and no assurance can be provided that the investment objectives of the Fund will be achieved. Investment in the Fund is suitable only for sophisticated investors who are in a position to tolerate such risk and satisfy themselves that such investment is appropriate for them. The Fund may lack diversification, thereby increasing the risk of loss, and the Fund's performance may be volatile. As a result, an investor could lose all or a substantial amount of its investment. The Fund's governing documents will contain descriptions of certain of the risks associated with an investment in the Fund. In addition, the Fund's fees and expenses may offset its profits. It is unlikely that there will be a secondary market for interests in the Fund. There are restrictions on redeeming and transferring interests in the Fund. In making an investment decision, you must rely on your own examination of the Fund and the terms of the offering.