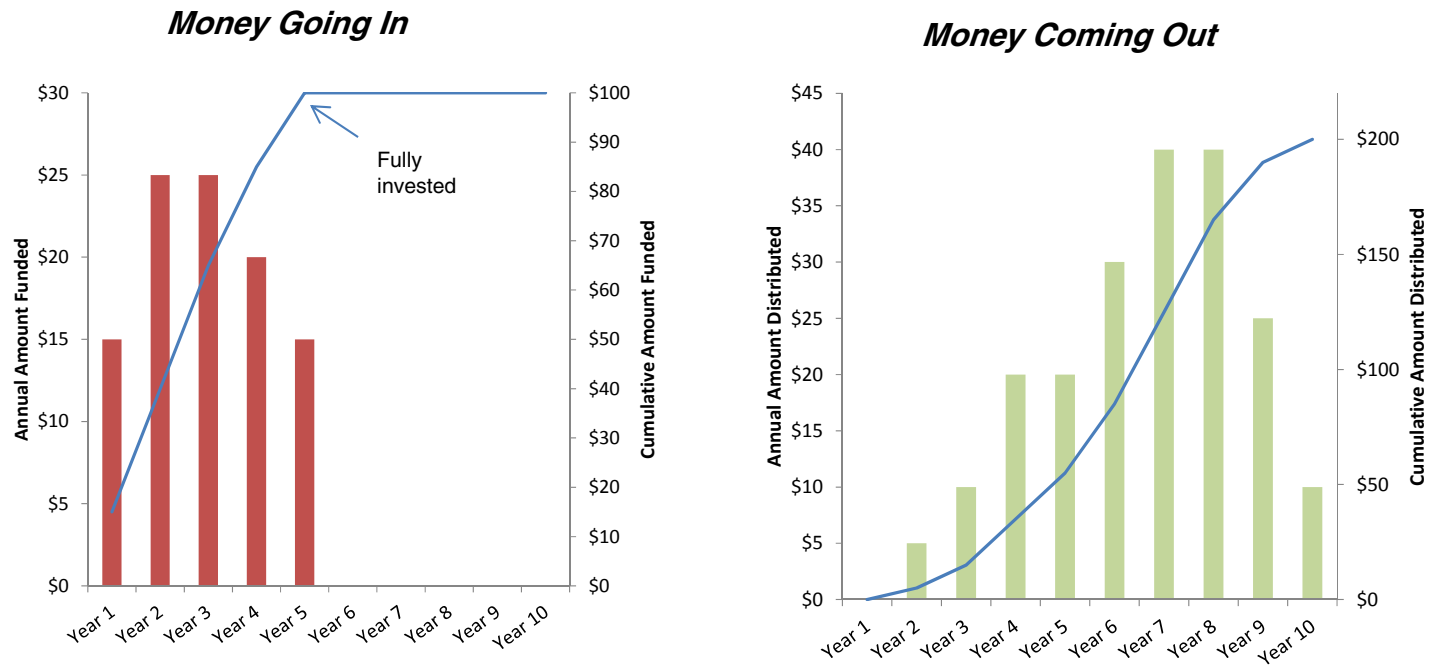




# Pacing Plan Concept

## Example Private Equity Fund Cash Flows

Bars on Left Axis and Lines on Right Axis



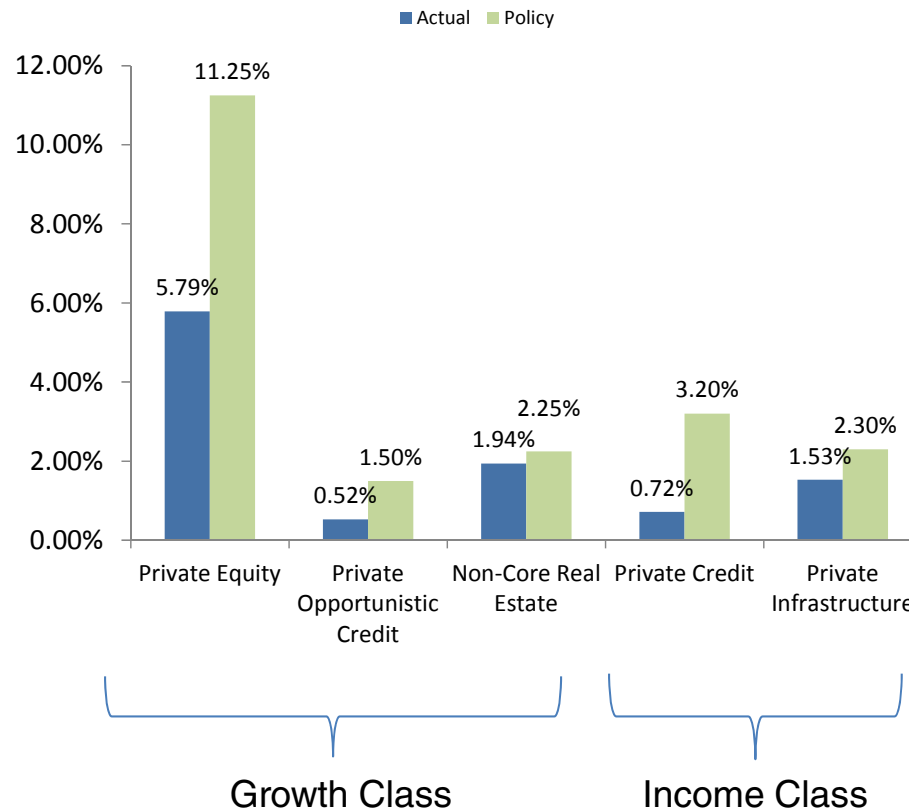
Unlike a typical liquid investment vehicle where capital is funded and returned quickly, illiquid investment vehicles are typically made on a commitment basis and funded and returned over time. Thus commitment amount does not equal invested amount but rather invested amount must be forecasted and commitments planned based on a forecast model.

Example assumes a \$100 commitment to a fund with a 10 year term and a five year investment period

# Pacing Plan Process

Pacing plan quantifies the amount and timing of capital commitments to achieve a target investment level (asset allocation policy target) over a specified period of time

Actual and Policy Targets for Illiquid Investments



# Pacing Plan Process

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Pacing Plan forecasts cash flows and market values for each legacy fund commitment and new fund commitment

Forecast of legacy fund commitments based on actual historical data and average industry experience for future cash flows

Forecast of new commitments based on average industry experience for future cash flows

Forecast depends on type of investment (e.g. buyout fund, distressed debt fund, etc.)

# Pacing Plan: Private Equity

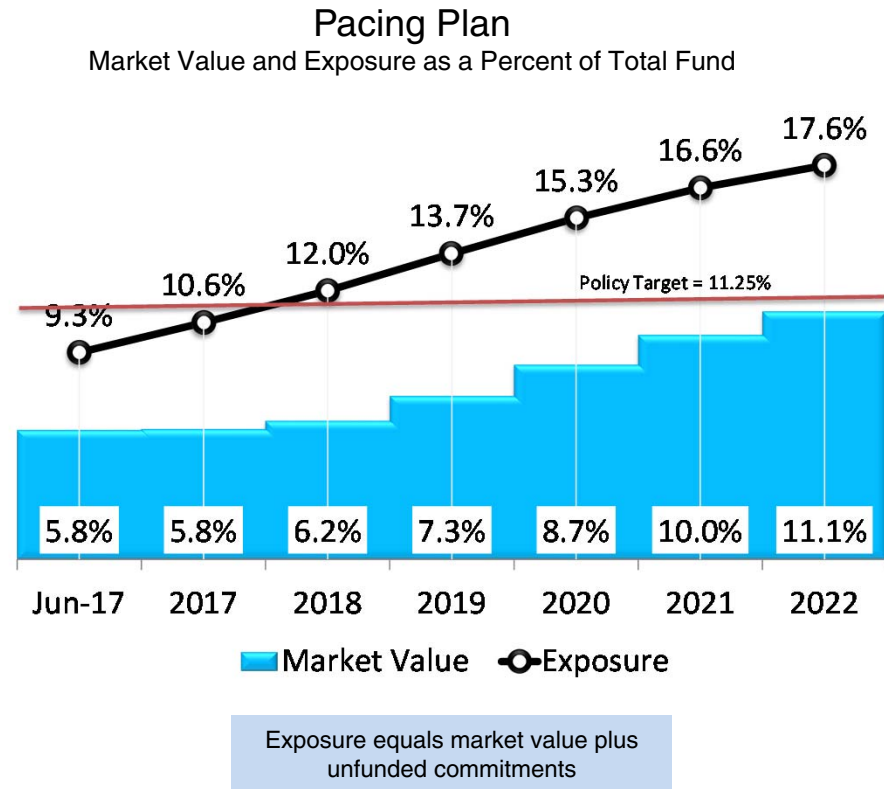
Policy target of 11.25% within Growth Class

Allocation starts at 5.8% (current allocation), increasing to 11.25% by 2022

Unfunded commitments = 4% to 7% of total fund

Opportunistic and diversified pacing:

- Vintage year
  - Maintain level vintage year commitments averaging \$265mm per year
- Funds:
  - ~5-10 funds per year/\$20-60mm per fund
- Potential Strategies:
  - US Buyouts
  - Growth Equity
  - International Private Equity
  - Venture Capital



# Private Equity Pacing Plan

<b>ERSRI - Pacing Plan</b>	6/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Forecast Plan Total Assets	8,041,060	8,160,785	8,405,608	8,657,776	8,917,510	9,185,035	9,460,586
New Commitments		220,000	265,000	265,000	265,000	265,000	265,000

Private Equity Fair Value by Sector:

<b>Private Equity Total</b>	<b>465,634</b>	<b>476,074</b>	<b>521,386</b>	<b>633,632</b>	<b>777,148</b>	<b>922,767</b>	<b>1,053,551</b>
Private Equity Fair Value as % of Total Plan Assets	5.79%	5.83%	6.20%	7.32%	8.71%	10.05%	11.14%
Private Equity Target Asset Allocation	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%
Unfunded Commitments and Fair Value	3/31/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Private Equity Unfunded Commitments	278,278	387,859	488,973	550,829	584,849	603,561	613,852
Unfunded Commitments + FV	743,912	863,933	1,010,358	1,184,461	1,361,997	1,526,328	1,667,403
Unfunded Commitments + FV as % of Assets	9.3%	10.6%	12.0%	13.7%	15.3%	16.6%	17.6%
Ratio of Unf Com + FV to Target Allocation	0.82x	0.94x	1.07x	1.22x	1.36x	1.48x	1.57x
Net Cash Flow Requirements		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Net Cash Flow to Private Equity		23,959	1,581	(60,890)	(81,102)	(69,071)	(39,890)

Total Plan Assets assumed to grow at 3.0%

# Pacing Plan: Private Opportunistic Credit

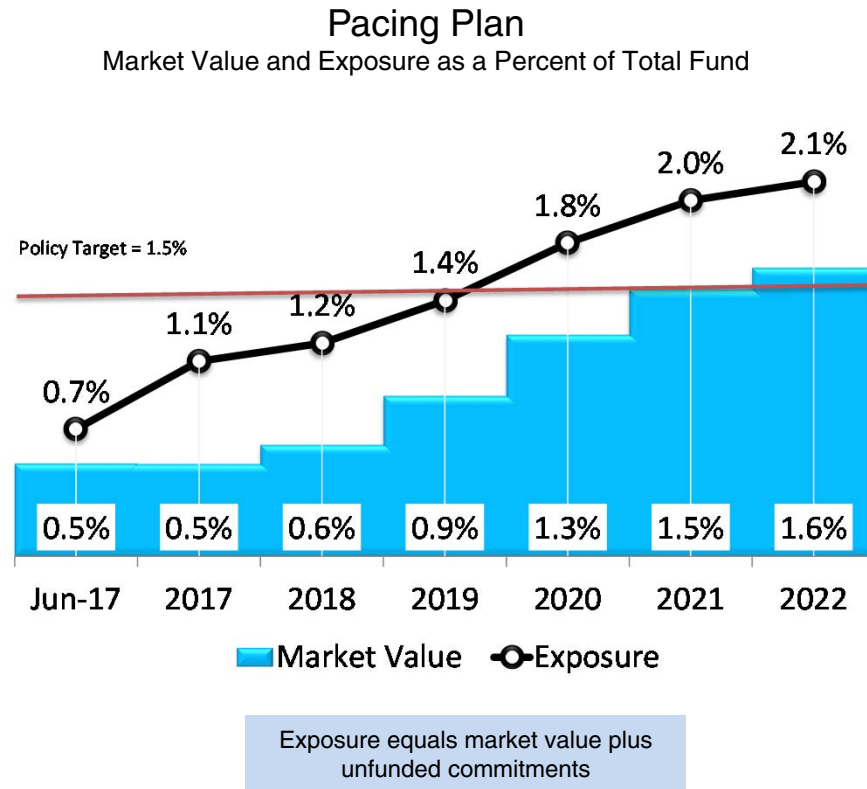
Policy target of 1.5% within Growth Class

Allocation starts at 0.5% (current allocation), increasing to 1.5% by 2022

Unfunded commitments = 0.5% to 0.6% of total fund

Opportunistic and diversified pacing

- Vintage year
  - Maintain level vintage year commitments averaging \$35mm per year
- Funds
  - ~1-2 funds per year/\$20-35 mm per fund
- Potential Strategies:
  - Distressed corporate debt
  - Distressed real estate debt
  - Other non-performing debt



# Pacing Plan Opportunistic Private Credit

<b>ERSRI - Pacing Plan</b>	6/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Forecast Plan Total Assets	8,041,060	8,160,785	8,405,608	8,657,776	8,917,510	9,185,035	9,460,586
New Commitments		50,000	35,000	35,000	35,000	35,000	35,000

Private Opportunistic Credit Fair Value by Sector:

<b>Private Opportunistic Credit Total</b>	<b>42,197</b>	<b>42,591</b>	<b>52,942</b>	<b>78,462</b>	<b>111,683</b>	<b>138,613</b>	<b>154,247</b>
POC Fair Value as % of Total Plan Assets	0.52%	0.52%	0.63%	0.91%	1.25%	1.51%	1.63%
POC Target Asset Allocation	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Unfunded Commitments and Fair Value	3/31/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Private Opportunistic Credit Unfunded Commitments	15,533	47,378	48,213	46,664	46,199	46,060	46,018
Unfunded Commitments + FV	57,730	89,969	101,156	125,126	157,882	184,672	200,265
Unfunded Commitments + FV as % of Assets	0.7%	1.1%	1.2%	1.4%	1.8%	2.0%	2.1%
Ratio of Unf Com + FV to Target Allocation	0.48x	0.73x	0.80x	0.96x	1.18x	1.34x	1.41x
Net Cash Flow Requirements		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Net Cash Flow to Private Opportunistic Credit		2,723	(6,156)	(20,305)	(25,493)	(15,929)	(1,981)

Total Plan Assets assumed to grow at 3.0%



# Pacing Plan: Non-Core Real Estate

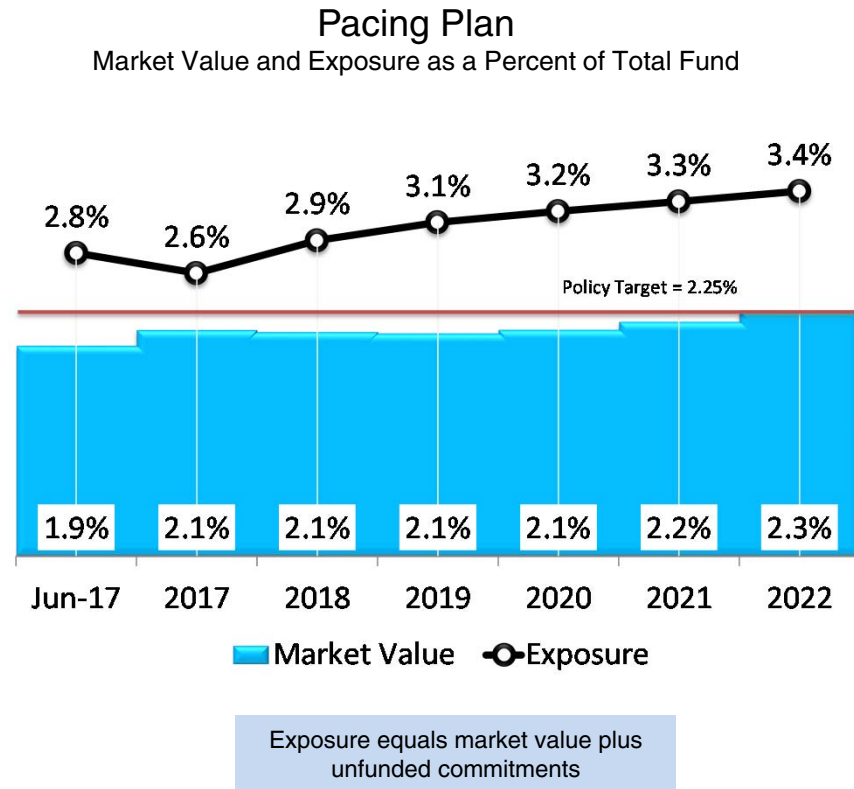
Policy target of 2.25% within Growth Class

Allocation starts at 1.94% (current allocation), increasing to 2.25% by 2022

Unfunded commitments = 1.0% to 1.2% of total fund

Opportunistic and diversified pacing

- Vintage year
  - Maintain level vintage year commitments averaging \$60 mm per year
- Funds
  - ~1-2 funds per year/\$30-60mm per fund
- Potential Strategies:
  - Distressed Real Estate
  - Value-Add Real Estate



# Non-Core Real Estate Pacing Plan

<b>ERSRI - Pacing Plan</b>	6/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Forecast Plan Total Assets	8,041,060	8,160,785	8,405,608	8,657,776	8,917,510	9,185,035	9,460,586
New Commitments		0	60,000	60,000	60,000	60,000	60,000
<b>Non-Core Real Estate at Fair Value</b>	<b>155,903</b>	<b>169,898</b>	<b>173,589</b>	<b>177,615</b>	<b>185,843</b>	<b>198,215</b>	<b>214,095</b>
Non-Core Real Estate at Fair Value as % of Total Plan Assets	1.94%	2.08%	2.07%	2.05%	2.08%	2.16%	2.26%
Non-Core Real Estate Target Asset Allocation	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Unfunded Commitments and Fair Value	3/31/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Private Equity Unfunded Commitments	68,706	42,941	70,971	88,698	97,561	101,993	104,209
Unfunded Commitments + FV	224,609	212,840	244,560	266,313	283,405	300,209	318,304
Unfunded Commitments + FV as % of Assets	2.8%	2.6%	2.9%	3.1%	3.2%	3.3%	3.4%
Ratio of Unf Com + FV to Target Allocation	1.24x	1.16x	1.29x	1.37x	1.41x	1.45x	1.50x
Net Cash Flow Requirements		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Net Cash Flow to Opportunistic Real Estate		(3,998)	10,836	10,816	6,958	3,518	1,068
Annual Commitments by Strategy		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Annual Commitments to Opportunistic Real Estate		0	60,000	60,000	60,000	60,000	60,000

Total Plan Assets assumed to grow at 3.0%

# Pacing Plan: Private Credit

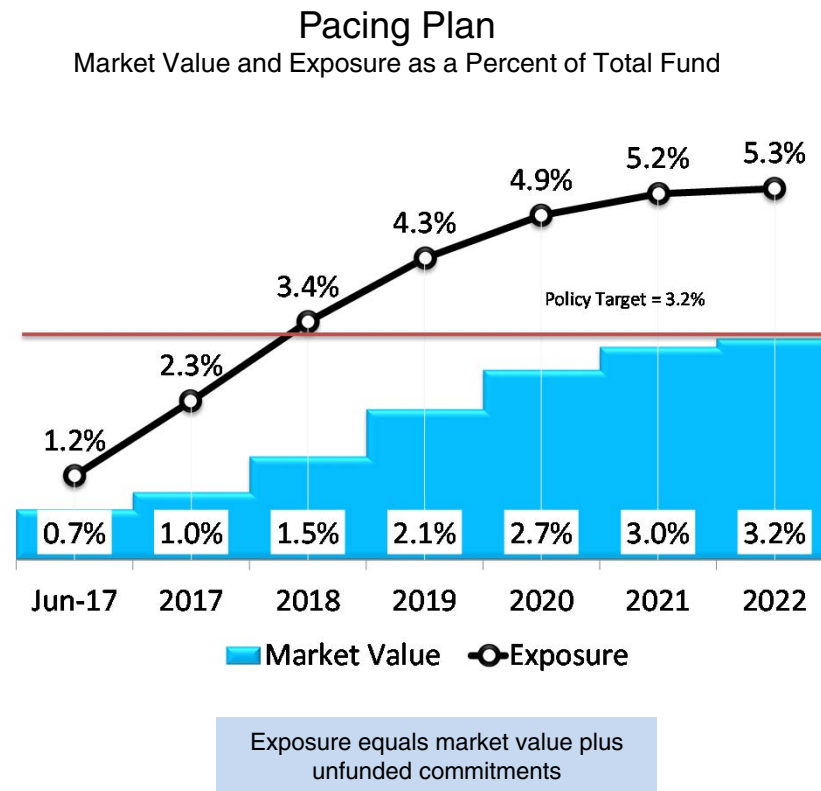
Policy target of 3.2% within Income Class

Allocation starts at 0.7% (current allocation), increasing to 3.2% by 2022

Unfunded commitments = 1.1% to 2.2% of total fund

Opportunistic and diversified pacing

- Vintage year
  - Maintain level vintage year commitments averaging \$125 mm per year
- Funds
  - ~2-3 funds per year/\$30-70mm per fund
- Potential Strategies:
  - Direct lending
  - Real estate debt
  - IP Royalties
  - Insurance linked
  - Other



# Private Credit Pacing Plan

<b>ERSRI - Pacing Plan</b>	6/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Forecast Plan Total Assets	8,041,060	8,160,785	8,405,608	8,657,776	8,917,510	9,185,035	9,460,586
New Commitments		100,000	125,000	125,000	125,000	125,000	125,000
<b>Private Credit Fair Value by Sector:</b>							
<b>Private Credit at Fair Value</b>	<b>57,836</b>	<b>78,736</b>	<b>124,004</b>	<b>185,888</b>	<b>241,672</b>	<b>279,202</b>	<b>298,823</b>
Private Credit Fair Value as % of Total Plan Assets	0.7%	1.0%	1.5%	2.1%	2.7%	3.0%	3.2%
Private Credit Target Asset Allocation	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
<b>Unfunded Commitments and Fair Value</b>							
	3/31/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Private Credit Unfunded Commitments	38,553	106,204	161,482	186,780	196,900	200,947	202,566
Unfunded Commitments + FV	96,389	184,941	285,486	372,669	438,571	480,150	501,389
Unfunded Commitments + FV as % of Assets	1.2%	2.3%	3.4%	4.3%	4.9%	5.2%	5.3%
Ratio of Unf Com + FV to Target Allocation	0.37x	0.71x	1.06x	1.35x	1.54x	1.63x	1.66x
<b>Net Cash Flow Requirements</b>							
		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Net Cash Flow to Private Credit		(17,864)	(39,756)	(53,204)	(42,771)	(20,614)	(76)
<b>Annual Commitments by Strategy</b>							
		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Annual Commitments to Private Credit		100,000	125,000	125,000	125,000	125,000	125,000
Total Plan Assets assumed to grow at 3.0%							

# Pacing Plan: Private Infrastructure

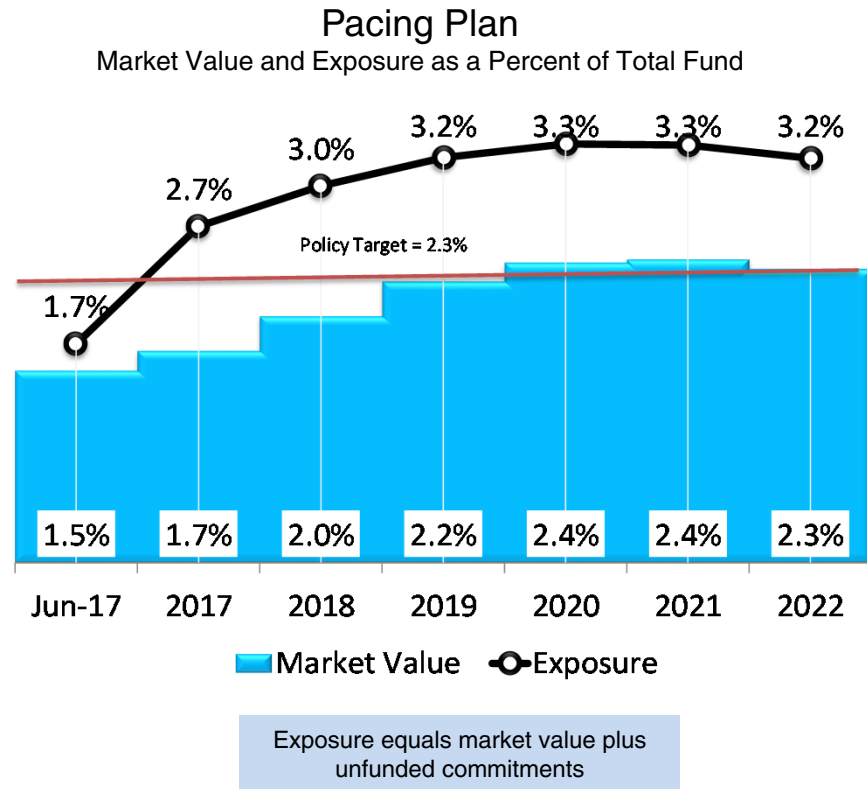
Policy target of 2.3% within Income Class

Allocation starts at 1.5% (current allocation), increasing to 2.3% by 2022

Unfunded commitments = 0.2% to 1.0% of total fund

Opportunistic and diversified pacing

- Vintage year
  - Maintain level vintage year commitments averaging \$35 mm per year
- Funds
  - ~1-2 funds per year/\$20-35mm per fund
- Potential Strategies:
  - Core infrastructure
  - Value –add
  - International



# Private Infrastructure Pacing Plan

<b>ERSRI - Pacing Plan</b>	6/30/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Forecast Plan Total Assets	8,041,060	8,160,785	8,405,608	8,657,776	8,917,510	9,185,035	9,460,586
New Commitments		75,000	35,000	35,000	35,000	35,000	35,000
<b>Private Infrastructure Fair Value by Sector:</b>							
<b>Private Infrastructure at Fair Value</b>	<b>122,773</b>	<b>137,297</b>	<b>164,517</b>	<b>193,485</b>	<b>212,659</b>	<b>221,374</b>	<b>220,817</b>
Private Infra Fair Value as % of Total Plan Assets	1.5%	1.7%	2.0%	2.2%	2.4%	2.4%	2.3%
Private Infra Target Asset Allocation	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
<b>Unfunded Commitments and Fair Value</b>							
	3/31/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Private Infra Unfunded Commitments	17,115	80,714	87,174	85,177	84,079	83,474	83,142
Unfunded Commitments + FV	139,888	218,011	251,691	278,662	296,738	304,848	303,959
Unfunded Commitments + FV as % of Assets	1.7%	2.7%	3.0%	3.2%	3.3%	3.3%	3.2%
Ratio of Unf Com + FV to Target Allocation	0.76x	1.16x	1.30x	1.40x	1.45x	1.44x	1.40x
<b>Net Cash Flow Requirements</b>							
		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Net Cash Flow to Private Credit		(5,455)	(13,696)	(12,763)	(116)	12,232	22,362
<b>Annual Commitments by Strategy</b>							
		12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total Annual Commitments to Private Infrastructure		75,000	35,000	35,000	35,000	35,000	35,000

Total Plan Assets assumed to grow at 3.0%

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