

Date: September 21, 2015

To: Employees Retirement System of Rhode Island (“ERSRI”)

From: Pension Consulting Alliance, LLC (“PCA”)

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

PCA has conducted due diligence on Stonepeak Infrastructure Partners Fund II (the “Fund”) on behalf of ERSRI. This summary details the findings of PCA’s review and recommendation.

Fund Overview: The Fund targets middle-market infrastructure assets in North America, with no more than 20% of total commitments outside of the U.S., Canada, and the Caribbean, in the following sectors: power, water, energy, communications, renewable, and transportation. The Fund seeks a net IRR of 12% (15% gross) and a 4% net cash yield (6% gross). The Fund will have a 5-year investment period and 12-year term and its underlying investment philosophy will be to target a balance of returns from both income, in the form of yield, and overall capital appreciation as to deliver an attractive IRR.

Investment Team: Stonepeak has built a team of 21 individuals, which includes 14 investment professionals and seven finance, legal and administrative support staff. The team is led by Michael Dorrell and Trent Vichie, who have worked together for 16 years, previously at The Blackstone Group and Macquarie, focused on principal investment in infrastructure assets across North America. The Firm works on an exclusive basis with six affiliated operating partners, who each possesses more than 25 years of experience in senior level management across infrastructure and related industry sectors. *Investment Strategy and Process:* The Firm will seek long-lived, essential and difficult-to-replicate hard asset business, seeking to identify investments with stable, visible cash flows typically underpinned by long-term contract or sustainable competitive advantage. Stonepeak focuses on exclusive sourcing for its deals and looks for opportunities to negotiate “one-off” deals with strategies selling non-core assets, in partnerships with existing players, and with development teams.

The target level of equity for each investment is \$75 million to \$300 million, across a balance between 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.

The Fund targets control / majority stakes but will take a minority stake with strong governance rights. The Fund expects to have 10 to 15 portfolio companies, with no more than 20% of total commitments invested in a single company.

Firm Track Record: Fund I began formal fundraising in October 2011 with a \$1 billion target. Fund I achieved an initial close in October 2012 with \$740 million of LP capital commitments and a final close in October 2013 with \$1.65 billion of capital commitments. Fund I has

completed eight investments at total equity commitments of \$1.3 billion as of June 30, 2015. Fund I returned 42% on a gross basis and 23% on a net basis. Additionally, the team has executed \$170 million in co-investment opportunities.

Investment Terms: The Fund is seeking \$2.5 billion of capital commitments with a \$3.5 billion hard cap which could be subject to further changes. General Partner's commitment is \$20 million and will all be funded in cash. Carried interest is 15% for LPs admitted on the initial closing date and 20% for LPs admitted after the initial closing date, with a preferred return of 8%. For commitments less than \$250 million, management fees are 1.5% on capital commitments and 1.5% on invested capital.

PCA Recommendation

PCA believes ERSRI's consideration of a \$50 million commitment to the Fund is reasonable and appropriate.

Disclosures: This document is provided for informational purposes only. It does not constitute an offer of securities of any of the issuers that may be described herein. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified. The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the investment in question will achieve comparable results or that the Firm will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments (if any) will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which any current unrealized valuations are based.

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.

Neither PCA nor PCA's officers, employees or agents, make any representation or warranty, express or implied, in relation to the accuracy or completeness of the information contained in this document or any oral information provided in connection herewith, or any data subsequently generated herefrom, and accept no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) in relation to any of such information. PCA and PCA's officers, employees and agents expressly disclaim any and all liability that may be based on this document and any errors therein or omissions therefrom. Neither PCA nor any of PCA's officers, employees or agents, make any representation of warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this document, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views or terms contained herein are preliminary only, and are based on financial, economic, market and other conditions prevailing as of the date of this document and are therefore subject to change.

The information contained in this report may include forward-looking statements. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the Firm, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect PCA's current judgment, which may change in the future.

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.