

## Recommendation for Stonepeak Opportunities Fund, L.P.

To: RISIC  
Prepared: April 17, 2023  
From: Thomas Lynch, CFA, Senior Managing Director

---

The purpose of this memo is to provide RISIC with a summary of Cliffwater's recommendation on Stonepeak Opportunities Fund, 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.

### Summary of Stonepeak Opportunities Fund

**Fund Overview:** Stonepeak Opportunities Fund will make value-add investments in middle-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 204 people, 102 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 \$52 billion in AUM.

**Investment Strategy and Process:** The Stonepeak Opportunities Fund will seek to invest in middle-market infrastructure assets and will actively seek to drive operational value-add through a hands-on local and sector-led approach to portfolio management. Stonepeak's traditional target sectors include digital infrastructure, transportation & logistics, energy transition and social infrastructure. The Fund will target equity investments of \$75 million to \$250 million similar to the target size of its earlier flagship funds but now below target size of the recent flagship funds. Stonepeak has differentiated itself from most other infrastructure managers with its direct and early sourcing methodology and non-core to core strategy. The Firm pursues a thematic research-driven approach to help identify niche and misunderstood investment opportunities within the broader infrastructure landscape. Stonepeak will target high quality, defensive and low-risk infrastructure assets that deliver inflation linked cash flow yield across the communications, energy transition, transportation and logistics, and power and utilities sectors. Within the Fund, Stonepeak will employ a hands-on, active approach to asset management by utilizing their 25-person team of Operating Partners, Senior Advisors, and Industrial Specialists to add value through operational enhancements. The Fund expects to make 15 to 20 investments in OECD countries in North America, Europe and APAC.

**Performance:** Since its inception in 2011, Stonepeak has invested approximately \$15.0 billion across 41 platform investments within its four flagship North American Infrastructure Funds. The Stonepeak North American Infrastructure Funds have demonstrated strong performance across vintage and sector, with all funds delivering on or above target, with an aggregate since-inception gross return of 1.6 times invested

---

*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.*

capital and a gross IRR of 20.35% as of September 30, 2022. Across the Firm's four flagship funds, the Firm has exited fifteen platform investments, generating a gross realized return of 2.1 times invested capital, a 23.4%, gross and a 0.0% loss ratio. As of September 30, 2022, the four Stonepeak flagship funds have generated an aggregate net IRR of 15.3%, outperforming the Dow Jones Brookfield Global Infrastructure Index by 12.5%.

*Investment Terms:* Cliffwater finds the investment terms, taken as a whole, to be in accordance with industry standards. The Fund will charge a 1.55% management fee on committed capital during the five-year investment period and 1.55% of invested capital thereafter. The General Partner will receive 20% carried interest with an 8% preferred return. The General Partner will invest at least 1% of total commitments.

#### Cliffwater Recommendation

Cliffwater recommends an investment of up to \$25 million to Stonepeak Opportunities Fund, L.P. as part of ERSRI's Private Real Asset allocation and an investment of up to \$2 million to Stonepeak Opportunities Fund, L.P. as part of OPEB's Private Real Asset allocation.