

Public Investment Memorandum

LS Power Equity Partners V, L.P.

Private Infrastructure Commitment

Allocation Implementation Committee
Approval Date: May 17th, 2023



Executive Summary

Cody Steele, Senior Investment Professional, William P. Stalter, Senior Portfolio Manager, and Aksia recommend that the Board commit an amount not to exceed \$200 million, plus reasonable normal investment expenses, to LS Power Equity Partners V, L.P. (the “Fund”, or “LSP V”), and/or related investment vehicles.

Fund Name	LS Power Equity Partners V, L.P.
Firm Name	LS Power Group (the “Firm”, or “LS Power”)
Target Fund Size / Hard Cap	\$2.5 billion / \$3.0 billion
Recommended Commitment Amount	\$200 million
Existing Relationship	No
Asset Class / Sub Asset Class	Real Assets / Private Infrastructure
Investment Office Professionals Due Diligence Team (“IOP”)	William P. Stalter Cody E. Steele
Investment Office Oversight	William P. Stalter Cody E. Steele
External Consultant Oversight	Aksia

Firm Overview:

LS Power Group was founded in 1990 and is a development, investment, and operating company focused on power generation, electric transmission and energy infrastructure in North America. The Firm employs over 320 professionals operating across offices in New York, New Jersey, Missouri, Texas, California, and remotely.

In total, LS Power Group has successfully developed in excess of 14,000 megawatts¹ (“MW”) of greenfield gas, coal, and solar power generation projects, as well as battery energy storage and multiple high voltage transmission projects spanning over 680 miles.

In 2005, LS Power Equity Advisors was created as the Firm’s private equity investment arm. The Firm has subsequently acquired power generation and related assets through LS Power Equity Partners Fund I to IV representing over 33,000 MW of generation capacity, enough to provide electricity to over 30 million single family homes.

LS Power provides the operations management functions for the power generation projects acquired through the fund vehicles. Operations management services provided by the Firm include the control and direction of commercial, operational, financial, and regulatory matters affecting the projects. Currently, LS Power manages 17,000 MW of generation capacity.

Market Opportunity:

The power industry is a large component of the U.S. economy that includes 24,644 utility-scale electric generators, representing 1,241,578 MW of installed generation capacity as of September 2022.

In addition to being extremely large and capital intensive, the power industry is known for complexity, which stems from: (i) its regulated origins and patchwork of regulatory regimes (state, regional, and federal); (ii)

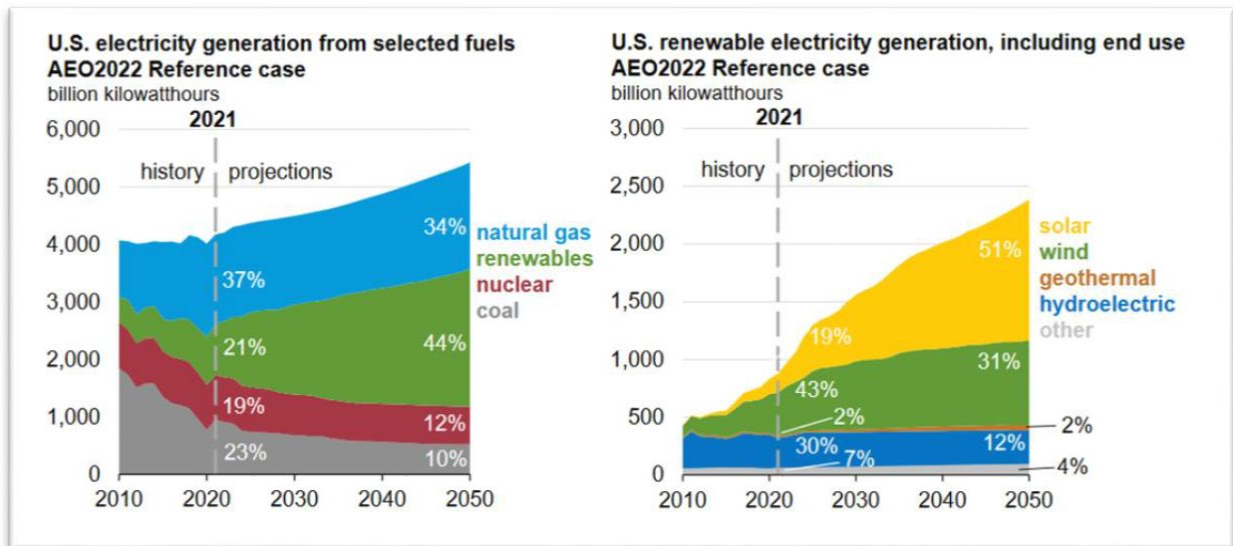
¹ Watts are a measurement of power, describing the rate at which electricity is being used at a specific moment. For example, a 15-watt LED light bulb draws 15 watts of electricity at any moment when turned on. One megawatt (MW) = 1,000,000 watts.

the multifaceted and often inconsistent deregulation process at state and federal levels; (iii) the fragmented and opaque nature of the power markets; (iv) a diversity of fuel types; (v) operational and technical issues; and (vi) the unique physical aspects of electricity as a commodity (e.g., expensive to store for long durations).

Since 2010, there have been significant and rapid changes in the power and energy infrastructure sectors, brought about by (i) natural gas price volatility; (ii) more stringent emissions standards; (iii) declining costs for renewables; (iv) further deregulation of electricity markets; (v) state and federal policy initiatives through rule making and tax incentives; and (vi) evolving consumer preferences.

As a function of these changes, coal has declined materially as a percentage of generation capacity, down from 48% in 2010 to 23% in 2021, with corresponding increases in conventional natural gas-fired generation (which overtook coal as the primary energy source in 2015) and renewable generation.

Going forward, renewables are projected to represent the fastest growing source of power generation through 2050, benefitting from technology advances and scale production. Coal is projected to further decline, while natural gas is projected to remain roughly one-third of generation capacity.²



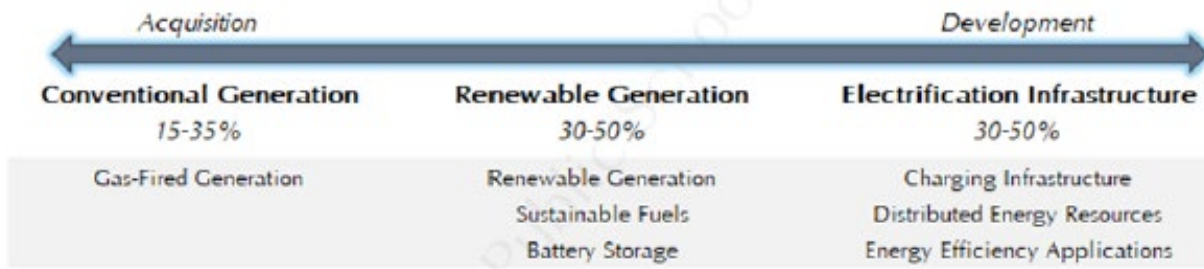
² United States Energy Information Administration (US EIA) Annual Energy Outlook 2022. Inclusive of chart below footnote.



Fund Investment Strategy:

LSP V will focus on complex opportunities with compelling asset and market fundamentals where LS Power believes it has a distinct competitive advantage. LS Power anticipates that targeted investments will: (i) involve high quality assets, platforms, and companies that may be acquired or built at meaningful discounts to fundamental value; (ii) be complex from an operational, regulatory, or commercial perspective; and (iii) benefit from post-acquisition optimization through creative restructuring and active management, leveraging LS Power's extensive resources and platform.

LS Power expects to deploy the Fund across a diversified portfolio of approximately 10-15 investments, with investment sizes ranging between \$100 million and \$500 million.



PSERS Portfolio Fit

LSP V is a core-plus infrastructure fund with a strong U.S. Power heritage that is expected to complement PSERS existing private markets infrastructure portfolio, including the Board's March 31, 2023, approval of a commitment to DIF Infrastructure VII, L.P, which is more focused on European middle-market transactions.

From a sector perspective, LSP V will be focused on the U.S. Power sector, which is a relatively narrower slice of the overall infrastructure market, but one where the LS Power team has demonstrated expertise. This relatively narrow focus can be accommodated within PSERS broader diversified infrastructure portfolio which maintains exposure to other infrastructure sectors such as transportation and digital and communications infrastructure. LSP V will target investments on the relatively smaller end of the spectrum for infrastructure with expected equity commitments of \$100-500 million per transaction.

Asset Class	Market Value ³	Unfunded ^{3,4}	Total Exposure		Pending Current Recommendations			
					June 2023		Total Exposure	
					\$m	%	\$m	\$m
Infrastructure	1,425.5	1,410.0	2,835.5	nm	200.0	3,035.5	nm	
Infrastructure	1,425.5	1,410.0	2,835.5	100%	200.0	3,035.5	100%	

³ As of 12/31/2022

⁴ Including all commitments through most recent board meeting



Investment Highlights

- Proven, Consistent Strategy and Track Record
- Experienced Senior Leadership Team
- Exposure Profile

Investment / Risk Considerations

- General Investment Risks & Mitigation in Practice
- Evolving Energy Landscape
- Merchant Power Prices
- Geographic Expansion

Investment Committee Disclosure

Relationship with Aksia:	Two Aksia non-discretionary clients committed \$370 million to LS Power funds/vehicles. Please note that this information, which is available to PSERS upon request, is subject to change pending further review and decision making between Aksia and its clients.
Introduction Source:	Aksia / PSERS IOP
Compliance with Placement Agent Policy:	As confirmed by PSERS' Office of Chief Counsel on May 12 th , 2023, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions:	\$349 across 4 candidates, detail in confidential memo
PA Presence:	See the confidential memo
Potential Conflicts:	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure:	LS Power receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business and, to the best of their knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on LS Power or LSP V.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Due Diligence Costs:	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the Fund.