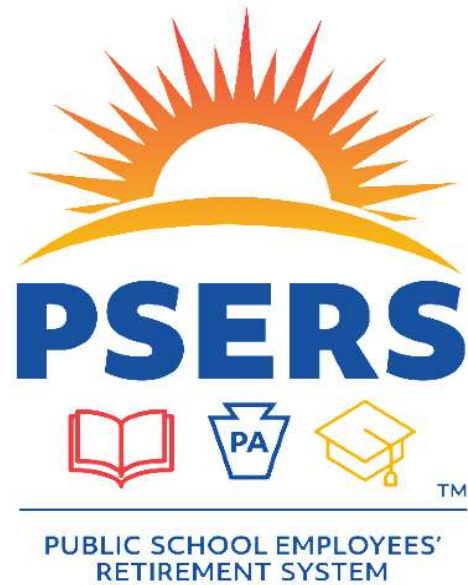




**PSERB Resolution 2024-46**  
**Re: Blackstone Infrastructure Partners Europe (CYM) L.P.**  
**August 16, 2024**

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to (i) commit an amount not to exceed €200,000,000 plus reasonable and normal investment expenses, to Blackstone Infrastructure Partners Europe (CYM) L.P. and/or related investment vehicles, and (ii) authorizes the Investment Office in its discretion to commit additional sums to Blackstone Infrastructure Partners, L.P., Blackstone Infrastructure Partners Europe (CYM) L.P. and/or related investment vehicles provided that at the time of any such commitment, the NAV of these vehicles together with the additional commitment amount, does not exceed the greater of (a) \$1,000,000,000 or (b) 25% of the Private Infrastructure Portfolio's NAV, until such time as otherwise approved or amended.

The final terms and conditions of the investment are subject to legal due diligence and must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contracts.



# Blackstone Infrastructure Partners Europe (CYM) L.P. Private Infrastructure Recommendation

**Cody Steele**

Portfolio Manager

**July 2024**

# Today's Presentation

*Blackstone Infrastructure Partners Europe (CYM) L.P. ("BIP Europe")*

## Main Presentation

### 1. Asset Class Considerations

- *Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning*

### 2. Recommendation Overview

- *PSERS IO and Aksia recommend committing €200 million to Blackstone Infrastructure Partners Europe (CYM) L.P.*

### 3. Strategy & Expertise

- *Demonstrated expertise in Europe with deal sourcing and execution.*

### 4. Investment Considerations

- *Investment expected to face risks consistent with infrastructure investments and staff believes that Blackstone has identified appropriate mitigants to those risks*

### 5. Investment Highlights

- *Strong historical performance and complementary fit with PSERS Private Infrastructure portfolio*

## Appendix

- Investment Committee Disclosure
- Private Infrastructure Dashboard

# 1. Asset Class Considerations

*Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning*

## PSERS SAA and Pacing

1. PSERS SAA has established a long-term target of 5.0% to Private Infrastructure.
2. The current underweight in Private Infrastructure is balanced by an overweight in Public Infrastructure.
3. PSERS' and Aksia's pacing analysis suggests \$700M – 900M of annual commitments to reach the targets exposure to Private Infrastructure in 2027.

SAA Allocation	
Private Infrastructure Target	5.0%
Private Infrastructure Actual <sup>1</sup>	2.9%
Pacing Budget	
	<b>2024</b>
Pacing Budget Range	\$700 - 900M
Primary Fund Commitments	
YTD Commitments	\$300M
August Recommendations	\$315M
Co-Investments	
YTD Commitments	\$25M
Total Primary and Co-Investments	
	<b>\$640M</b>
Remaining Budget <sup>2</sup>	\$160M
Est. Remaining Primary Fund Recommendations	\$200M
Expected to be in Target Budget Range?	Yes

1. Private Infrastructure Actual taken from Verus 2023 4Q – Total Fund Report  
 2. Remaining to the mid-point of pacing budget

## 2. Recommendation Overview

*PSERS IO and Aksia recommend committing €200 million to Blackstone Infrastructure Partners Europe (CYM) L.P.*

Key Term	
Fund Name	Blackstone Infrastructure Partners Europe (CYM) L.P.
Firm Name	Blackstone Group
Net Target Return	10-12%
Investment Professionals / Employees	60 / 7,400
Strategy Invested Capital <sup>1</sup>	\$44 Billion
Target Fund Size / Hard Cap	€5.0 Billion / Evergreen
Recommended Commitment Amount	€200 Million
GP Commitment	2.25%
PSERS Existing Relationship	Yes
Notable Investment Committee Disclosure <sup>2</sup>	None

# 3. BIP Europe Fund Strategy & Expertise

*Demonstrated expertise across traditional infrastructure sectors.*

- 1. High Conviction Themes:** Portfolio weighted toward sectors within transportation, digital infrastructure, and energy transition that are growing faster than GDP while maintaining downside protection from true underlying infrastructure assets
- 2. Leading Platforms:** Focused on largest or leading platforms with irreplaceable and essential hard assets. BIP Europe will access deal flow through five existing scaled European platforms as well as new platform acquisitions.
- 3. Evergreen Capital Base:** Open-end structure supports longer duration, value-added approach to investment. BIP's flagship fund has a demonstrated track record of sourcing large transactions through proprietary channels – and this structure has been a key differentiator for many corporate and governmental partners.

# 4. Investment Considerations

*Investment expected to face risks consistent with infrastructure investments and staff believes that Blackstone has identified appropriate mitigants to those risks*

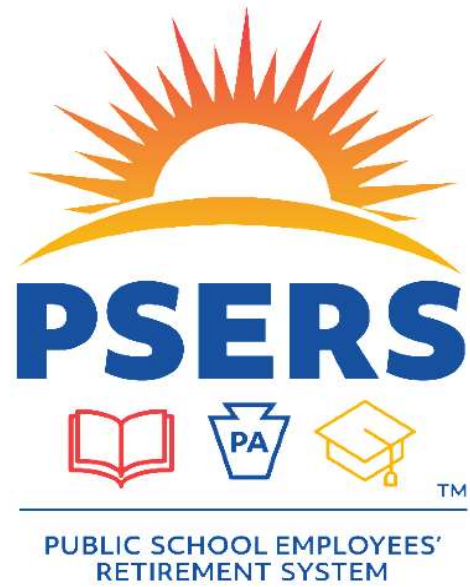
Risk	Detail	Mitigating Factors
Infrastructure Market Risk	Infrastructure investments are subject to a variety of market risks, including changes in demand profile, pricing power, commodity price changes, and changes in regulatory structure or applicable laws.	The Fund's senior investment professionals (and Blackstone overall) have significant experience over decades managing the risks of investing in infrastructure assets.
Limited European Track Record	BIP Flagship only concluded three European investments, plus one short-term investment in a European listed stock. Two out of those three transactions involved the same controlling shareholder, a relationship that was primarily originated outside of the BIP team.	Blackstone makes extensive use of local advisors and has a large network of local offices that are primarily focused on other business lines (real estate, private credit) but can be leveraged for sourcing, portfolio monitoring and local market mapping / intelligence As the Fund grows and the number of portfolio companies increases, additional local staff are expected to join the team.
Investment Allocation	Blackstone is a global and diversified asset manager with a variety of business lines and investment products. Historically, BIP has transacted with and partnered alongside other Blackstone funds which could result in potential conflicts of interest.	Blackstone has policy requirements that for any transaction that could potentially pose a potential conflict, Blackstone would consult with the limited partner advisory board and its own compliance function. Blackstone has demonstrated an ability to properly mitigate concerns surrounding potential conflicts in the past and has the proper infrastructure and procedures in place to ensure proper management going forward.

# 5. Investment Highlights

*Strong historical performance and complementary fit with Private Infrastructure portfolio*

Highlight	Detail
Experienced Senior Leadership Team	<p>BIP is led by Blackstone veteran Sean Klimczak who, prior to the formation of the strategy, led the Firm's investment activities in power generation, transmission, and natural resources while part of the energy group. During that time, Klimczak executed some of the largest transactions in the sector, including several international and domestic development projects. Klimczak receives direct investment support from nine Senior Managing Directors who collectively bring nearly 100 years of private equity and infrastructure investment experience.</p>
European Transport and Digital Infrastructure Exposure	<p>Blackstone has 5 existing flagship BIP portfolio companies in the transportation and digital infrastructure spaces that BIP Europe is expected to invest in, reducing the blind pool risk associated with the proposed commitment.</p> <p>Further, Blackstone has a robust forward pipeline of new platform opportunities such that initial investors capital is expected to be deployed promptly into fund investments, minimizing potential J-curve impact and supporting ongoing deployment of PSERS Private Infrastructure portfolio.</p>
Open Ended Fund Structure	<p>Given the long-term nature of infrastructure investments, the evergreen structure of the Fund may appeal to asset sellers – mainly founder and family-owned enterprises – that seek a longer duration partnership approach to their ongoing investments.</p> <p>Equally, following the initial lock-up period, the open-end structure offers a quarterly redemption window where PSERS (and other investors) can seek liquidity on a portion of their investment to facilitate traditional portfolio management activities.</p>





# Appendix

# Investment Committee Disclosure

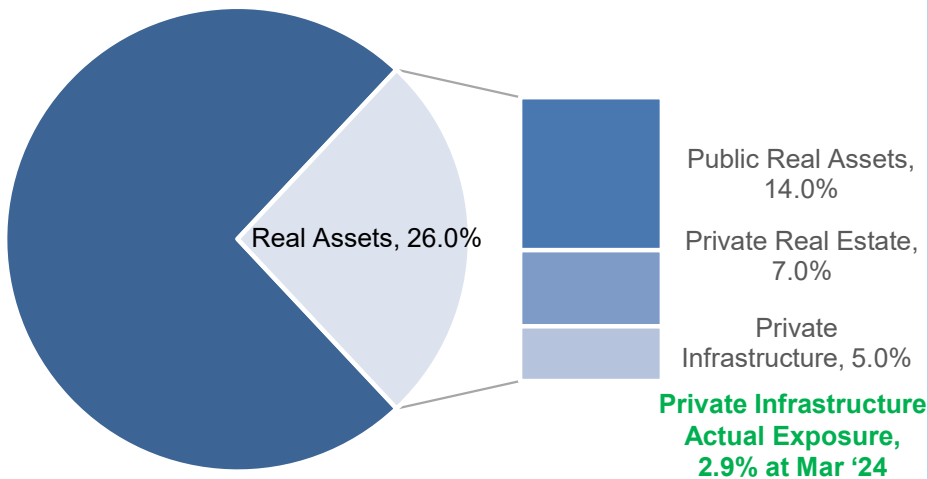
*Detail on PA presence and political contributions included in confidential memo*

Disclosure	Response
Relationship with Aksia	As of March 31, 2024, eighteen (18) current Aksia advisory and investment management clients have made total aggregate subscriptions and commitments of \$14.4 billion across investments managed by Blackstone Group, including sixteen (16) current advisory accounts (\$14.3 billion) and two (2) current investment management accounts (\$72.0 million). As of July 8, 2024, there are no other Aksia clients considering a commitment to BIP Europe.
Introduction Source	Aksia / PSERS IOP
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on July 26, 2024, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	None Disclosed
PA Presence	Yes, one active investment.
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	Blackstone 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 the sponsor's knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on the Firm or the Fund.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of 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.

# Private Infrastructure Portfolio Dashboard

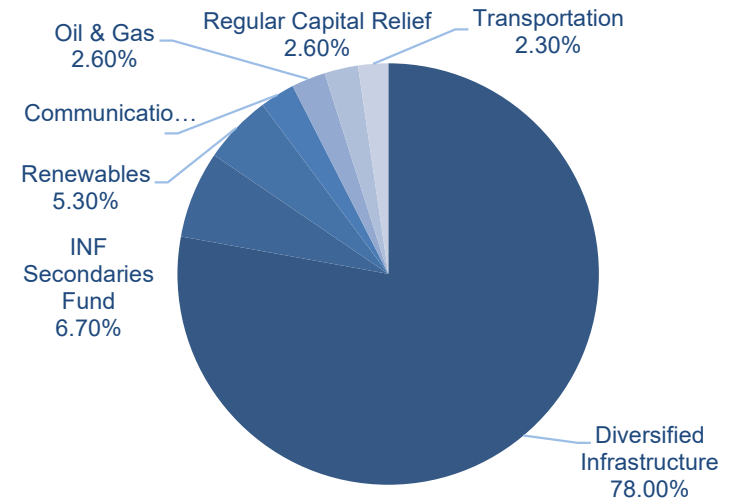
As of December 31, 2023

## Target Allocation to Real Assets In Long-Term Strategic Asset Allocation



Note: 2.9% figure sourced from Verus 2023 4Q – Total Fund Report

## Sector Diversification<sup>3</sup>



<sup>3</sup> Sector Diversification as of December 31, 2023

## Recent Fund Commitments (\$M)

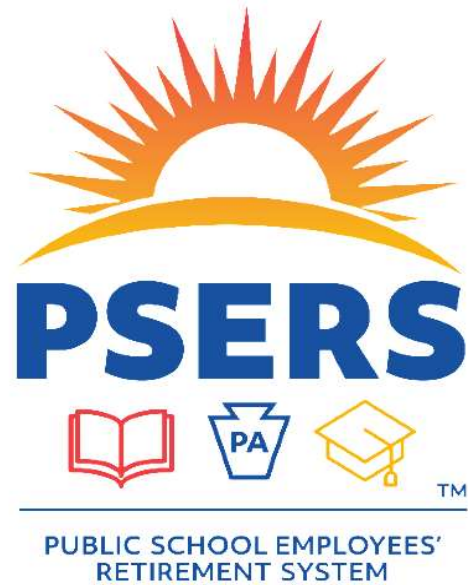
2023	
DIF Infrastructure VII	€200
LS Power V	\$200
2024	
CION Grosvenor Infrastructure Interval Fund, LP	\$300

## Portfolio Performance

	Time-Weighted					Dollar-Weighted		
	1-YR	3-YR	5-YR	10-YR	ITD	KS PME <sup>1</sup>	Direct Alpha	ITD
Total Portfolio	19.9%	21.2%	16.8%	N/A	15.0%	1.23x	10.9%	15.7%
Benchmark <sup>2</sup>	2.4%	5.8%	7.0%	7.5%	---	---	---	---

Color-coding: **outperformance** or **underperformance** vs. benchmark.

<sup>1</sup> KS PME and Direct Alpha are calculated compared to Private Infrastructure's policy benchmark.



# Blackstone Infrastructure Partners Europe (CYM) L.P. Private Infrastructure Recommendation

**Cody Steele**

Portfolio Manager

**July 2024**

July 9, 2024

Board of Trustees  
Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")  
5 North Fifth Street  
Harrisburg, PA 1710

Re: Blackstone Infrastructure Partners Europe F (CYM) L.P.

Aksia LLC ("Aksia"), having been duly authorized by Board of PSERS, has evaluated and hereby recommends, in line with PSERS' Investment Policy Statement and Guidelines, an amount not to exceed EUR 200 million in Blackstone Infrastructure Partners Europe F (CYM), L.P. ("BIP Europe" or the "Fund"). PSERS is expected to receive preferred economics as part of this commitment.

The Blackstone Group ("Blackstone" or the "Firm") was established in 1985 by Stephen A. Schwarzman, who serves as Chairman and CEO, and the late Peter G. Peterson, who retired in 2008. Since its inception, Blackstone has expanded from a private equity firm to a publicly traded global asset manager with a range of offerings in real estate, private equity, infrastructure, life sciences, growth equity, credit, real assets, secondaries, and hedge funds. Collectively, these areas have accumulated as of December 31, 2023, to approximately \$1 trillion in assets under management. The Firm is headquartered in New York and employs over 4,700 professionals across 28 offices worldwide. Blackstone's infrastructure business currently manages over \$41 billion in assets and is led by Sean Klimczak who is supported by a team that includes eight Senior Managing Directors, three Managing Directors, eight Principals, and 26 Associates and Analysts.

In June 2018, Blackstone held the initial closing for Blackstone Infrastructure Partners L.P. ("BIP Global"), the Firm's open-ended, global infrastructure strategy. BIP Global has historically allocated ~20-30% of its capital to Europe and Blackstone launched BIP Europe, a similarly constructed open-ended fund to co-invest in European assets alongside BIP Global on a pari-passu basis, based on a pre-determined allocation policy. The Fund is expected to pursue a mix of Core+ and Core infrastructure investments, primarily in the energy, transportation and digital infrastructure sectors. The Fund seeks to build a diversified portfolio of quality, large-scale assets generating stable, predictable and inflation resilient cash flows.

Aksia's recommendation to commit as described above is based upon the following analytical factors and is made within the context of PSERS' investment guidelines:

- Due diligence of the Fund's investment process, including a review of the sponsor, investment strategy, market positioning, investment personnel, and risk management;
  - Most recent investment due diligence review conducted July 2024
- Due diligence of the Fund's operations, including a review of its organizational structure, service providers, regulatory and compliance, and financial statement analysis;
  - Most recent operational due diligence review conducted June 2024
- Consideration of the Fund's strategy within the context of the current investment environment; and
- Consideration of the Fund's strategy as a component of PSERS' portfolio

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives, and circumstances may not be identical to those of PSERS. In addition, please consult your tax, legal and/or regulatory advisors before allocating to any private investment fund.

Please feel free to contact us should you have any questions about this recommendation.

Respectfully,



Thomas Martin  
Partner, Head of Private Equity and Real Assets Strategies



Simon Fludgate  
Partner, Head of Operational Due Diligence