

April 18, 2023  
Board of Trustees  
Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")  
5 North Fifth Street  
Harrisburg, PA 17101

Re: LS Power Equity Partners V, 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, Objectives, and Guidelines, an amount not to exceed \$200 million in LS Power Equity Partners V, L.P. (the "Fund" or "Fund V").

LS Power (the "Firm", or "LS Power") was founded by Michael Liebelson and Mike Segal (the "Founders") in 1990 as a power plant development firm. The origins of LS Power can be traced back to 1978 when Mike Segal, an electrical engineer and native of Ukraine, immigrated to the United States. He settled in St. Louis, MO, and was hired as the general manager of power generation and systems planning at LEMCO Engineers, an electrical engineering and consulting firm that primarily served utility companies. After leaving LEMCO Engineers, Mr. Segal and three former colleagues left to join an insurance company that was developing power projects in upstate New York. It was during this time that Mr. Segal met Mr. Liebelson and the two decided to start LS Power.

Fund V is targeting \$2.5 billion of capital commitments with a hard cap of \$3 billion, a slight step up from its predecessor which was capitalized at \$2.3 billion in commitments. The Fund intends to make equity and equity-linked investments in the U.S. power sector and is expected to focus on large transactions that are complex in nature from an operational, regulatory, financial, legal and/or tax perspective. Target investments include conventional power generation assets such as natural gas-fueled power plants, renewable generation, renewable fuels, battery storage, electrification infrastructure, distributed energy resources, and their respective value chains. The Firm is expected to play an active role in the management of the assets, typically through board representation and working to add value post-investment by leveraging its in-house team of more than 300 professionals. The Fund is seeking 10 to 15 platform investments with equity checks ranging from \$100 million to \$500 million per transaction diversified by power market, fuel source, and counterparty.

Aksia's recommendation 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 March 2023
- 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 March 2023
- 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. Aksia manager recommendation memos should be reviewed with other Aksia due diligence materials, including the due diligence reports. This recommendation is made in the context of the attached Due Diligence Reports for the Fund. 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 & Real Assets Research



Simon Fludgate  
Partner, Head of Operational Due Diligence