Private Equity Fund Commitment

GoldPoint Partners Co-Investment V, L.P.

March 14, 2013

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Charles Spiller, Managing Director
Private Markets & Real Estate
GoldPoint Partners Co-Investment V, L.P. – Private Equity Fund

Overview
• New York Life Capital Partners has rebranded as GoldPoint Partners
• PSERS has been a major investor, along with SERS and New York Life Insurance Company
• GoldPoint has significant equity Co-investment deal flow and an invaluable due diligence network
• Deal flow is pre-screened by top-performing sponsors
• Investments will range from $10 million to $40 million in a single transaction
• Gross IRR targets of 20% to 25%
• Fund will not pay any management fees or carried interest on Co-investments

Fund Strategy
• Cornerstone of the strategy is Co-investing with 50 longstanding fund sponsors, the “Core Partners” that:
  ➢ Have historically produced superior returns
  ➢ Share a similar investment philosophy
  ➢ Desire to expand their relationships through Co-investments
  ➢ Provide substantive due diligence insights given targeted sector expertise
  ➢ Have been a stable source of high quality deal flow

Investment Team
• 7 Managing Principals with an average of over 17 years with New York Life
• Managing Principals supported by 10 investment professionals, with potential to add 2-3 more

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GP “Value Add”

- Depth and longevity of Core Partners relationships allows the Fund to be positioned to see the majority of the Co-investment opportunities generated by top-performing financial sponsors
- GoldPoint conducts substantial disciplined independent due diligence to assess the target company’s prospects and confirm the sponsor’s investment thesis prior to investing
- Active monitoring of portfolio companies once invested

Performance as of (9/30/2012)

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Commitment</th>
<th>Vintage Year</th>
<th>Net Multiple</th>
<th>Net IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYLCP:</td>
<td>$200M</td>
<td>1999</td>
<td>1.16x</td>
<td>2.53%</td>
</tr>
<tr>
<td>NYLCP II:</td>
<td>$200M</td>
<td>2001</td>
<td>2.71x</td>
<td>32.58%</td>
</tr>
<tr>
<td>NYLCP III:</td>
<td>$200M</td>
<td>2005</td>
<td>0.79x</td>
<td>-5.31%</td>
</tr>
<tr>
<td>NYLCP IV:</td>
<td>$100M</td>
<td>2008</td>
<td>1.24x</td>
<td>9.45%</td>
</tr>
<tr>
<td><strong>All Co-investment funds since inception:</strong></td>
<td></td>
<td></td>
<td><strong>1.50x</strong></td>
<td><strong>10.60%</strong></td>
</tr>
</tbody>
</table>

**PSERS also has two debt relationships:**

- NYLIM Mezzanine: $75M 2003 1.44x 11.82%
- NYLIM Mezzanine II: $150M 2006 1.22x 6.75%

Market Opportunity

- Increasing supply of Co-investment deal flow given the difficult fundraising environment for PE sponsors looking to put money to work in a resilient and active buyout market
- Amount of dry powder left for sponsors to invest from funds raised in the peak 2006-2008 years has decreased sharply, greatly increasing the attractiveness of co-investments

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History with PSERS
• This would be PSERS fifth Co-investment commitment with GoldPoint

Board Issues
• Pennsylvania Presence – 20 Investments, 214 Locations, 9,246 people employed, $359 million payroll, PSERS share of cost $68 million; valuation $85 million. (data as of 9.30.12)
• Placement agents –
  ➢ Konomi, Inc. – assists with marketing in Japan
  ➢ Equus Financial Consulting LLC – assists with marketing in the US and Canada
  ➢ Newcastle Distributors LLC – assists with marketing to Taft-Hartley plans and their consultants.
• PA political contributions – None
• Relationship with consultant – No investing relationship with Portfolio Advisors

Recommendation
• Staff, together with Portfolio Advisors LLC, recommends that the Board invest an amount not to exceed $50 million plus reasonable normal investment expenses
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