

4Q2016 IAC Meeting Materials

IAC Meeting – February 13, 2017

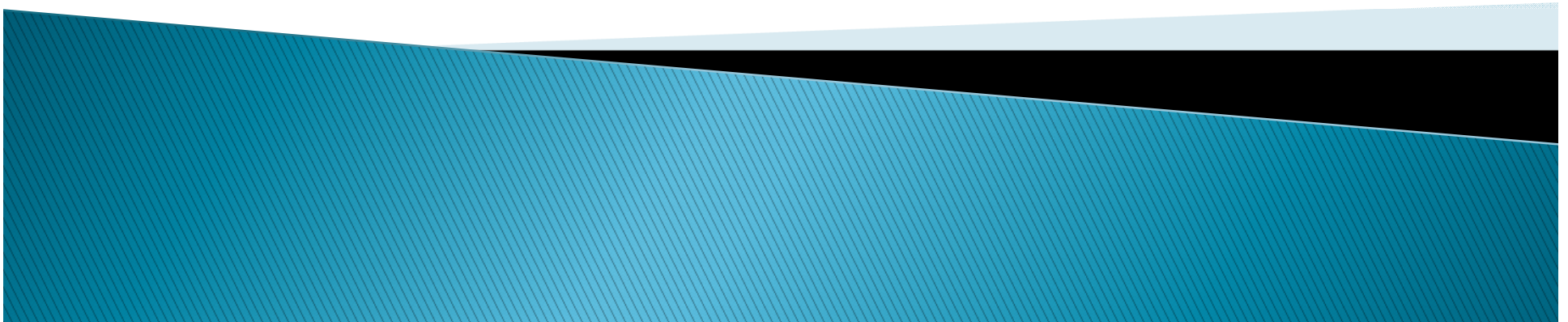
Private Markets Presentation





Private Markets Program Update and Recommendations

February 13, 2017



Agenda

- ▶ Program Update
- ▶ Recommendations for New Investments
 - Adams Street, an existing Private Equity manager
 - KKR, an existing Private Equity manager
 - Silver Lake, an existing Private Equity manager
 - Vestar, an existing Private Equity manager



Private Markets Program Update

As of December 31, 2016

Private Markets Portfolio

as of December 31, 2016

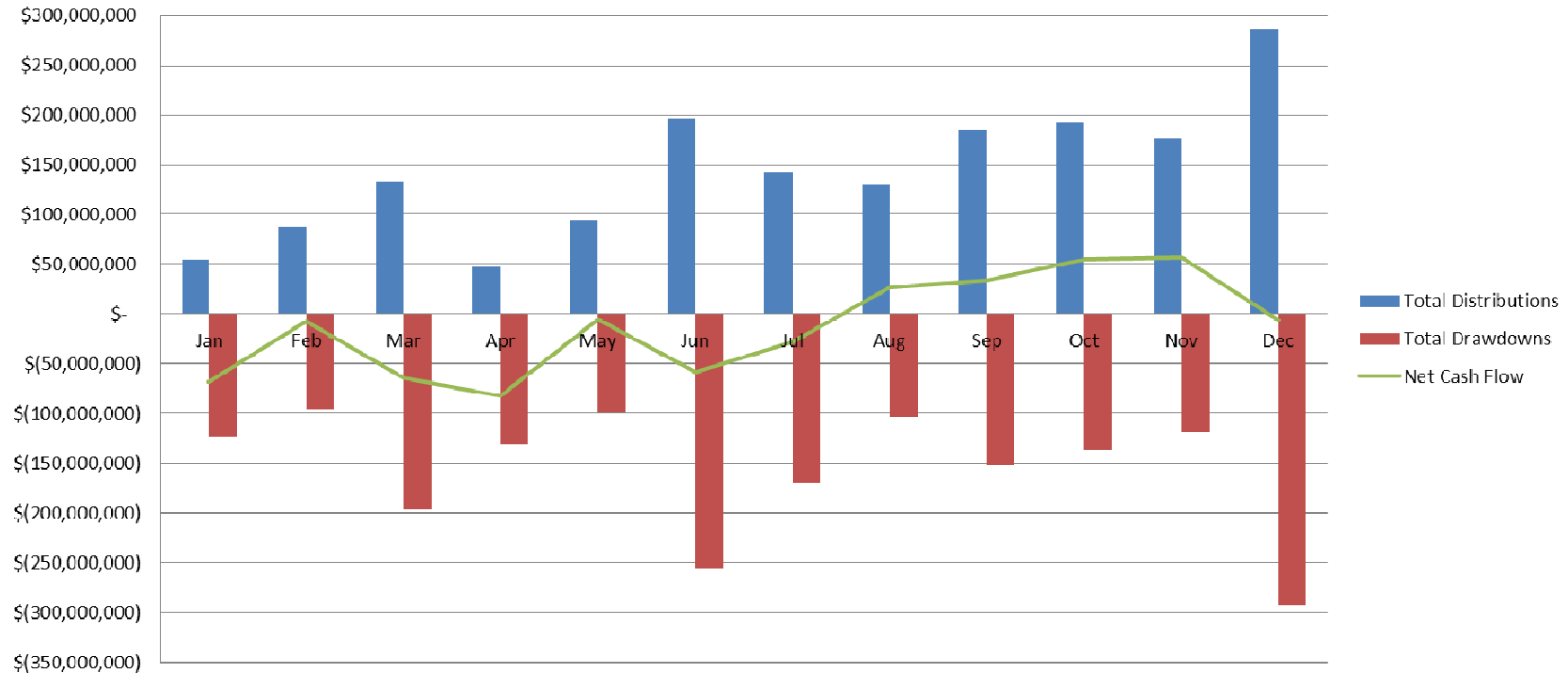
	Current Level	Target Level	Difference
Market Value	\$7,753,145,487	\$11,987,910,833	\$4,234,765,346
MV + Unfunded	\$13,700,945,106	\$20,978,843,958.42	\$7,277,898,853

Asset Class	Market Value	Unfunded Commitment	Total
Private Equity	\$4,748,232,248	\$3,732,771,787	\$8,481,004,035
Resource	\$1,413,506,765	\$802,626,819	\$2,216,133,584
Yield-Oriented	\$982,077,255	\$867,763,405	\$1,849,840,660
Real Estate	\$609,329,219	\$544,637,607	\$1,153,966,827
Total	\$7,753,145,487	\$5,947,799,618	\$13,700,945,106

Private Markets Portfolio:

- 12.9% of Combined Funds (by MV) as of 12/31/2016
- 12.8% of Combined Funds (by MV) as of 09/30/2016

Alternative Investments Cash Flow Analysis Calendar Year 2016



Calendar Year to Date Cash Flows

	Drawdowns	Distributions	Net Cash Flow
Private Equity	\$ (921,082,392)	\$ 1,125,843,267	\$ 204,760,874
Credit	\$ (177,399,105)	\$ 145,877,282	\$ (31,521,823)
Resource*	\$ (616,847,012)	\$ 248,907,573	\$ (367,939,439)
Real Estate	\$ (158,991,629)	\$ 207,739,236	\$ 48,747,606
Total	\$ (1,874,320,138)	\$ 1,728,367,357	\$ (145,952,781)

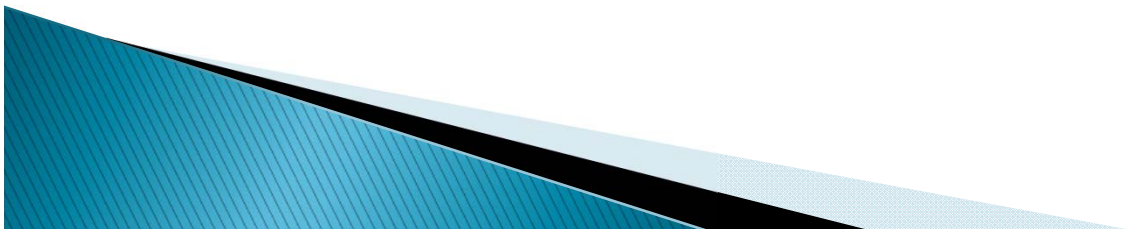
* Includes Merit Energy

Investment Recommendations

- ✓ Four existing Private Equity managers

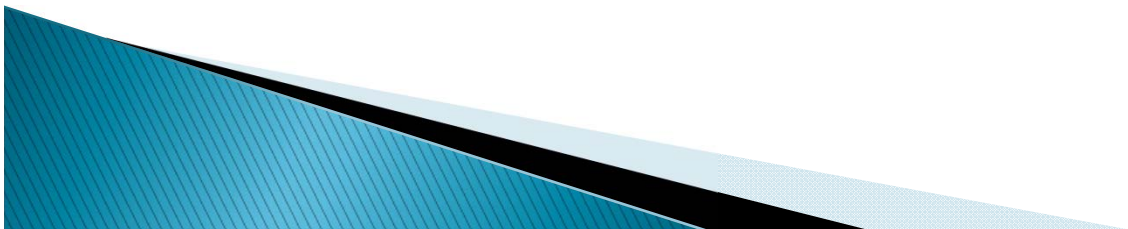
Adams Street Global Secondary Fund 6, LP

- ▶ Adams Street Partners was formed in 2001
- ▶ Primary, Secondary, Venture, Credit and Co-investment teams
- ▶ Investment Strategy
 - Thematic
 - Target specific funds and exposures
 - High quality managers
 - Attractive valuations
- ▶ Market Environment
 - High levels of primary commitments 2012-2015
 - Volatility



Adams Street Global Secondary Fund 6, LP

- ▶ SBI has invested in three previous funds
- ▶ \$1.2 billion target
- ▶ Staff recommends a commitment of up to \$100 million to Adams Street Global Secondary Fund 6



KKR Asian Fund III

- ▶ KKR has over four decades of global private equity investing experience
- ▶ Over \$9 billion in Pan Asia private equity investments made since 2005*
- ▶ Investment Strategy
 - Local team paired with global resources
 - Flexible investment approach
 - Exposure to six geographic regions

*As of December 2016

KKR Asian Fund III

- ▶ Solid performance
- ▶ Existing partner
- ▶ Staff recommends a commitment of up to \$150 million to KKR Asian Fund III



Silver Lake Partners V

- ▶ Firm was founded in 1999
- ▶ Invested over \$20 billion since inception*
- ▶ Investment Strategy
 - Sector expertise
 - Thematic approach
 - Value creation

*As of December 2016

Silver Lake Partners V

- ▶ Experienced and cohesive team
- ▶ Strong performance across multiple cycles
- ▶ Existing partner
- ▶ Staff recommends a commitment of up to \$150 million to Silver Lake Partners V



Vestar Capital Partners VII, LP

- ▶ Firm was formed in 1988
- ▶ Vestar has invested \$6.8 billion across six prior funds
- ▶ Investment Strategy:
 - Middle market buyout
 - Focus on enterprise value below \$500 million
 - Targeting four sectors:
 - Consumer
 - Healthcare
 - Industrial Products
 - Business Services
 - Add value through operational and strategic expertise

Vestar Capital Partners VII, LP

- ▶ Cohesive and extremely experienced team
- ▶ Focus on attractive middle market business
- ▶ Strong track record in target market
- ▶ Staff recommends a commitment of up to \$150 million to Vestar Capital Partners VII

