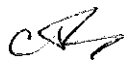


Commonwealth of Pennsylvania  
Public School Employees' Retirement System

**DATE:** December 9, 2010  
**SUBJECT:** Crestview Partners II (PF) LP  
**TO:** PSERS Finance Committee/Board  
**FROM:** Charles J. Spiller   
Managing Director of Private Markets and Real Estate

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At the September 2007 Board meeting, the Board approved a \$200 million commitment to Crestview Partners II, L.P. Crestview established Crestview Partners II (PF) LP, a Parallel Fund wherein PSERS was the sole limited partner.

In 2010 the GP requested PSERS, in their Advisory Committee role, approve an investor's late entry into the Crestview Fund. We were told the investor had no special deal terms. Based on our MFN rights, PSERS reviewed the investor's Side Letter and learned the investor, along with two other LPs, had received a management fee discount based on their fund commitment which was equal to or smaller than PSERS' fund commitment.

As a result of the Fund's investment success to date, I am recommending the Board approve moving the PSERS' investment to the main Fund structure to recoup the management fee reduction, which will be paid to PSERS by reducing future management fee payments until PSERS receives the full savings.

**Proposed  
PSERS Resolution 2010-  
Re: Crestview Partners II (PF) LP  
December 9, 2010**

RESOLVED, that the Finance Committee of the Public School Employees' Retirement Board (the "Board") hereby recommends moving the \$200 million investment currently in Crestview Partners II (PF) LP to Crestview Partners II LP in accordance with the recommendation of Charles J. Spiller, Managing Director of Private Markets and Real Estate, dated December 9, 2010. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel and the Executive Director, as evidenced either by the appropriate signatures on the implementing investment contract or by a memo to that effect appended to the implementing investment contract.