



Domestic Private Equity Fund Commitment

Evergreen Pacific Partners II, L.P.

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Evergreen Pacific Partners II, L.P.

Domestic Private Equity

Overview

- Fund size is \$400 million with a \$550 million hard cap
- Middle market buyouts and growth equity investments with annual revenues between \$50 million and \$350 million
- Focus on four traditional industry segments: manufacturing and distribution, packing, media (radio and cable) and consumer products

Fund Strategy

- A disciplined investment process to generate direct deal flow, successfully execute transactions, partner with management teams to double cash flow in less than five years, and exit investments efficiently
- Control investor
- Fund's geographic focus is Western North America, including the 13 Western states and two Western Canadian provinces with significant emphasis on the Pacific Northwest
- Pennsylvania Presence – N/A

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Investment Team

- Three Managing Partners have worked together for ten years
- At least two vice presidents and two associates will be added to leverage existing partners for Fund II

GP “Value Add”

- Superior returns are generated by employing a focused strategy (geography, size, and industry)
- Disciplined transaction execution process results in well-underwritten, appropriately-structured deals
- Strategic Limited Partners have extensive networks in operating segments consistent with the firm’s investment strategy and are excellent sources of deal flow and management talent

Performance

- Gross IRR of 32.39% and a net IRR of 18.4% (net of expenses and carried interest)
- The net IRR of 18.4% ranks the fund in the top quartile for 2005 buyout funds

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Market Opportunity

- Fund provides PSERS with middle market buyout opportunities in the Pacific Northwest

History with PSERS

- This would be PSERS second fund relationship with Evergreen Pacific Partners

Recommendation

- Staff, together with Portfolio Advisors, recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$100 million plus reasonable normal investment expenses

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