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P O R T L A N D

EXCLUSIVE REPORTS

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State investment funds stay local

Andy Giegerich

Business Journal staff writer

The first equity firms selected to receive state-directed venture funds share a firmly embedded Portland stamp.

Credit Suisse First Boston, charged with allotting \$105 million in money earmarked through the Oregon Investment Fund program, gave the first \$34 million round to four equity investment companies that are either based in Portland or that host local offices. Buerk Dale Victor, Cascadia Partners, Evergreen Pacific Partners and Riverlake Partners will in turn invest the dollars in promising local companies.

Terms of the agreements, including how much each company received, have yet to be finalized.

David Almodovar, a CSFB vice-president, said a total of nine companies will likely be selected to dole out the funds. CSFB will announce another round this summer; the final round will occur early next year.

The venture firms were selected from 27 applicants.

"We were delighted to find that there's a high-quality group of funds we could invest with now and in the more immediate future," Almodovar said.

Almodovar further raved about the diversity of the four selected funds.

"Two are buyout funds, one's more of a small market fund and another is more of a mid-market fund," he said. "We'll do similar things in the next couple of rounds."

The Oregon Investment Fund is capitalized by cash drawn from the Oregon Public Employees Retirement Fund. The idea is that it provides capital to private equity and venture capital funds; those funds will in turn invest in companies located primarily in Oregon and the Northwest region.

Credit Suisse First Boston's Customized Fund Investment Group, the fund's manager, has committed \$5 million of its own capital toward the project.

Credit Suisse will give 80 percent of the money to venture capitalists and private funds managers and co-invest 20 percent itself.

The fund stemmed from state legislative action in 2003. Those receiving funds say they'll first look to make investments with companies within the state.

Almodovar said the process has taught him plenty about Northwest investors.

"I've invested in lots of different markets all over the world, and investors here are proud of this region and of making investments here," he said. "Not to say others aren't, but it's evident here. When you talk to folks in Seattle or Washington, they're very proud of the area, even though it's less mature than Silicon Valley or other places."

Cascadia, for instance, is a fund that seems committed to area companies.

"They're investing in areas that this state and region have a lot of resources in, and their record has been in very early-stage companies," he said. "So that's a fund that can work with the universities' tech transfer offices or young growing companies that want to commercialize their technologies. Or, they can take small companies and help them grow over time."

Contact Andy Giegerich at agiegerich@bizjournals.com.

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