

LP CORNER

Oregon Targets Its Backyard

Oregon is the latest state to sink money into its area private equity groups with the goal of spurring local business development.

The **Oregon Investment Fund (OIF)**, a \$105 million state program developed in 2004, has committed \$34 million to four private equity funds: buyout firms **Evergreen Pacific Partners**, with offices in Seattle and Portland, Ore., as well as Portland-based **Riverlake Partners**. Also receiving disbursements are the venture firms **Buerk Dale Victor** and **Cascadia Partners**.

"These are simply the first four that we've identified in the process," says **David Almodovar**, a spokesman with **Credit Suisse First Boston**, which is spearheading the effort for OIF "There are going to be others that follow."

OIF, in its application, cited a number of objectives in starting the fund. The pension aims to foster the creation and growth of companies in Oregon and the Pacific Northwest, encourage the development of an Oregon-based private equity community, attract other regional and national PE funds to invest in the region and facilitate public and private partnerships within the state.

While the initiative is designed to spur development in Oregon, CSFB's mandate is to find funds that will generate "the best possible returns" for OIF, according to Almodovar.

"Our foremost responsibility is to get the best returns we can," he says. "There needs to be a commitment to this region, but we're not requiring

firms to make all of their investments here. There just needs to be an attempt on the part of the general partner to look at all of the opportunities in the region on a best-efforts basis."

However, he notes that it is important for the candidates to have a prior track record in the state and a reputation throughout the region.

Almodovar would not breakdown how much of a role that venture or buyout investments would play in the initiative. Nor would he say if there is a particular allocation to the asset class. He notes that he expects there will be a "few more" VC funds that receive commitments, but he says that could change.

In the past, the pension has invested in **Leonard Green & Partners**, **Providence Equity Partners**, **First Reserve Corp.** and **Oaktree Capital Management**, among other firms. —K.M.

CalPERS Commits \$425M to PE

The **California State Employees' Retirement System (CalPERS)** continued its commitment to the private equity class last week with a series of commitments worth as much as \$425 million. The \$183 billion pension system made up to \$410 in commitments to five private equity funds. In a separate announcement, CalPERS advanced its Environmental Investment Program with a \$15 million commitment to a clean technology venture fund.

CalPERS made the following commitments:

- The pension system agreed to commit up to \$70 million for Audax Private Equity Fund II, managed by Boston-based **The Audax Group**. The buyout fund will target U.S.-based companies with annual sales between \$25 million and \$350 million. The fund has goal of \$700 million.

- CalPERS pledged to increase its commitment to **Aurora Capital Partners' Aurora Equity Partners III** to up

to \$125 million. The fund has closed on about \$430 million for the fund, which is targeted at \$900 million. Aurora plans to invest the fund in middle market buyout deals in companies with enterprise values between \$150 million and \$1 billion. Aurora Capital Partners is based in Westwood, Calif.

- The system committed up to \$50 million to Lexington Middle Market Investors, managed by New York-based secondary firm **Lexington Partners**. The fund has a goal of \$500 million and received a \$150 million cornerstone commitment from the **New York State Teachers' Retirement System**. The firm will acquire limited partner stakes in younger funds that have invested less than 50% of their committed capital.

- CalPERS committed \$100 million to Quadrangle Capital Partners II, managed by New York-based **Quadrangle Group**. The fund has a goal of \$1.6 billion. It held a first close in Feb-

ruary with \$850 million and plans to have a final close by the end of Q2 2005. The fund will invest in mature and high-growth media companies in the United States and Europe. **Monument Group** and **UBS Financial Services** are advising Quadrangle.

- CalPERS pledged \$65 million to Weston Presidio V, a \$1 billion buyout fund managed by Boston-based **Weston Presidio**. The fund closed in April and will make late-stage growth investments and middle-market buyout investments ranging between \$10 million and \$100 million.

Separately, CalPERS announced the first investment from its Environmental Technology Program, when it committed up to \$15 million to **NGEN Partners**. NGEN Partners is a Santa Barbara, Calif.-based venture fund that specializes in investing in clean technology companies. CalPERS announced last year that it was launching the \$200 million Environmental Technology Program to invest in environmental technology such as renewable energy resources and the recycling of water and other materials. —M.S.