

CSFB Picks Up \$50M In-State Mandate From Ohio Public Employees

7/22/2005 - Credit Suisse First Boston's customized fund investment group has snapped up yet another in-state fund of funds mandate, this time on behalf of the Ohio Public Employees Retirement System, or OPERS.

The Ohio pension fund has selected the New York-based CSFB to build a \$50 million portfolio of commitments to partnerships managed by Ohio-based firms or earmarked for investments in Ohio and other parts of the Midwest.

Assuming contract negotiations are successful, the new fund of funds would appear to be the sixth such regional mandate that CSFB's customized fund investment group has secured to date, according to a presentation the firm gave at OPERS' July board meeting. The group, led by managing directors Michael W. Arpey and Kelly M. Williams, also manages regionally focused programs on behalf of Oregon State Treasury, New York State Common Retirement Fund, Montana Board of Investments, as well as Venture Michigan Fund and Indiana Future Fund, two regionally focused funds of funds raised from multiple investors.

OPERS, which manages more than \$64 billion in assets, initially approved the in-state mandate last year, as part of an overall plan to invest up to 5% of the pension fund's total assets with Ohio-based firms or firms investing in Ohio and other parts of the Midwest.

Although historically Ohio's economy has depended on traditional industries such as iron, steel, aerospace and defense, and motor vehicles, in the presentation CSFB points to several other research-intensive industries that have gained strength in recent years, including advanced electronics, advanced materials, biosciences, and power and propulsion.

Pending successful contract negotiations, CSFB aims to commit the Ohio money to five to 10 partnerships, including buyout funds, venture capital funds and growth capital funds, according to the presentation. The firm aims to limit individual commitments to no more than 20% of the total portfolio, or \$10 million.

CSFB's customized fund investment group plans to open an office in Ohio and may consider adding an additional investment professional to serve as a point person there, according to a source familiar with the effort.

The customized fund investment group expects to finalize contract negotiations by August 1 and begin interviewing prospective managers before year-end.

At least two Ohio-based venture firms - Cleveland-based Morgenthaler Ventures and Cincinnati-based Blue Chip Venture Co. - are marketing a new fund or expect to begin marketing one later this year.