



PSERS PRIVATE INVESTMENT PROGRAM

Recommendation for Investment in Blue Point Capital Partners II, L.P.

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Blue Point Capital Partners II, L.P.

EXECUTIVE SUMMARY

Blue Point Capital Partners II, L.P. (“Fund II”) is being established by Blue Point Capital Partners, LLC (including its predecessor, “Blue Point” or the “Firm”) to continue a 16-year strategy of making investments in middle market manufacturing, service, and distribution companies that are well-positioned for growth through internal expansion and/or strategic add-on acquisitions. Blue Point utilizes a regional deal sourcing and portfolio management approach executed through its three integrated offices in Cleveland, Seattle, and Charlotte to build equity value in portfolio companies located in North America. Blue Point is seeking total capital commitments for Fund II of \$500 - \$625 million, with BPCP Management II, L.P. (the “General Partner”) and its affiliates expecting to commit at least 2% of total commitments and 10.0% of any commitment from PSERS.

Blue Point is led by David P. Given, John F. Kirby, and Shannon G. Smith (the “Managing Principals”) who began investing together at the predecessor to Blue Point, Key Equity Capital (“KEC”), the private equity investment group of KeyCorp, a publicly-traded bank holding company based in Cleveland. The Managing Principals sought to expand their regionally-focused approach beyond the Midwest to include the Pacific Coast and the Southeast regions, and the Firm subsequently opened offices in Seattle (1996) and Charlotte (1998). Blue Point’s senior investment professionals also include Charles “Chip” M. Chaikin, Julianne Marley, Mark E. Morris, and Sean P. Ward (collectively with the Managing Principals, the “Principals”). The Blue Point team comprises 18 investment professionals with over 120 years of successful investment experience in the middle market and with diverse backgrounds in finance, operations, and consulting. The Principals’ experiences working together at Blue Point for the last ten years have forged a cohesive group of investment professionals that consistently executes the Firm’s investment practices.

While at KEC, the Principals invested approximately \$315 million in 28 middle market companies (the “Legacy Investments”) primarily located within the Midwest, Pacific Coast, and Southeast regions (the “Regions”). In the late 1990s, the Firm’s investment opportunities exceeded KeyCorp’s annual investment targets. As a result, the investment team spun out of KeyCorp in a friendly transaction in 2000 to form Blue Point Capital Partners, L.P. (together with its affiliates, “Fund I”) with \$415 million of capital commitments. Fund I invested in 20 portfolio companies and has generated to date a gross annual compounded internal rate of return before reductions for management fees, expenses, and carried interest (“IRR”) of 29.7% and a 2.6x multiple of capital invested on realized investments.

STRATEGY

Fund II is a continuation of the middle market investment strategy that has been executed by the Firm since 1990. Blue Point focuses primarily on control investments in middle market companies located in the Regions that generate between \$30 million and \$200 million in revenue and \$5 million and \$40 million in EBITDA and that require total equity investments between \$15 million and \$50 million. The Firm’s longevity and strong franchise within the Regions provide it with an ability to source many investment opportunities — often unavailable to non-local investors — in less competitive processes. Since inception, 80% of the Firm’s portfolio companies have been headquartered in the Regions, and 75% of its investments were sourced in less competitive processes. This approach has enabled the Firm to maintain a conservative valuation discipline, which is critical to generating attractive returns while

minimizing risk of loss. As a result of the Firm's regional approach and valuation discipline, Fund I's weighted average EBITDA purchase price multiple has been less than 5.0x, as compared to the middle market industry average of approximately 6.2x, between 2000 and 2004 (*source: W.Y. Campbell & Company*).

Blue Point has developed a strong common culture and business practices that are executed consistently in each of its fully-staffed offices. The key element of the Firm's strategy is a "one firm, one culture" philosophy — a belief that each investment is the responsibility of the entire Firm, rather than the responsibility of a specific office. Investment decisions are based solely on the merits of each opportunity — the Firm does not allocate capital to each Region. Consistent with their practice over the past 10 years, the Principals are committed to maintaining an integrated multi-region approach. This strategy differentiates Blue Point from other firms focused on a single region by virtue of Blue Point's ability to provide companies with the strategic and economic resources of a large national firm while enjoying the benefits of regional deal sourcing and portfolio management.

The Principals utilize numerous resources in partnering with management to improve operations and increase the long-term equity value of the Firm's portfolio companies. Blue Point improves its portfolio companies' business models through (i) strategic planning to identify growth opportunities and operating efficiencies, (ii) add-on acquisitions of complementary businesses, (iii) profitability and balance sheet enhancements, and (iv) the creation of active boards of directors with seasoned industry executives. The Principals have found that the Firm's close proximity to its portfolio companies enables Blue Point to more effectively implement these strategies.

To complement its expertise, Blue Point has developed a network of approximately 20 seasoned operating executives that comprises the Firm's Operating Executive Group. These executives work with the Firm on due diligence, serve on boards of directors, and act as mentors to senior executives of Blue Point portfolio companies. The Firm also currently retains one Operating Executive Group member as a Senior Operating Advisor. In addition to the activities of a typical Operating Executive Group member, this individual regularly participates in Blue Point's internal communications and actively participates in the Firm's portfolio management activities.

In addition to strong operating resources, Blue Point also provides its portfolio companies with a unique perspective on Asia. Asia has become one of the most significant strategic developments for North American-based manufacturing businesses. However, the typical middle market management team lacks the experience and resources to develop and execute an Asian strategy. As a result, Blue Point established a liaison office in Shanghai, China in 2004 ("China Liaison Office"). While Blue Point has not and does not intend to make direct investments in Asia, the China Liaison Office provides the Firm with a proprietary perspective on Asia as it relates to investment opportunities in North America and an additional tool to add value to its North American-based portfolio companies.

Blue Point's successful middle market investment approach continues to be driven by (i) a cohesive and integrated culture, (ii) regional investment deal sourcing and portfolio management, (iii) a strong operating focus, and (iv) extensive resources to build value in portfolio companies. The Firm's approach will continue to provide an advantage in generating attractive returns for its limited partners.

INVESTMENT HIGHLIGHTS

Fund II is an attractive investment opportunity for the following reasons:

Consistent Focus on the Middle Market. Throughout its 16-year history, Blue Point has never deviated from its middle market focus. The Firm has consistently targeted manufacturing, service, and distribution companies, resulting in valuable experience, successful strategies, and a strong franchise to create long-term value in its portfolio companies.

Demonstrated Ability to Generate Attractive Returns. Blue Point has successfully generated attractive returns for its investors through its disciplined investment process developed over the last 16 years. As of September 30, 2006, Fund I has generated a gross IRR of 29.7% and a 2.6x multiple of capital invested on nine realized investments, and a gross IRR of 21.4% and a 1.9x multiple of capital invested on both realized and unrealized investments.

Integrated Culture. Blue Point is committed to investing as a unified team, utilizing a consistent investment approach across all offices. This integrated approach includes disciplined deal execution, documentation, and approval processes, and investment decisions are based solely on the merits of each opportunity and not on its location. With this “one firm” orientation, Blue Point is differentiated from other groups solely focused on one region due to its ability to provide companies with the strategic and economic resources of a larger national firm while enjoying the benefits of regional deal sourcing and portfolio management.

Experienced and Cohesive Team. Fund II will be managed by a seasoned team of investors who have a combined greater than 120 years of middle market investment experience throughout varying economic cycles. The Principals have worked together as a team for the last ten years — and many in various capacities for the past 16 years. This experience has formed a cohesive group of investment professionals.

Advantaged Regional Deal Sourcing. Blue Point is recognized as one of the leading private equity firms within each Region, resulting in an extensive network of local intermediaries, business advisors, and other referral sources to assist in identifying new investment opportunities. Blue Point’s regional strategy provides differentiated deal flow, and its strong regional franchise enhances its ability to source transactions on a less competitive basis. In fact, 80% of the Firm’s investments have been headquartered in the Regions and 75% of its investments have been sourced in less competitive situations.

Development of Portfolio Companies. Blue Point’s goal for every portfolio company is to improve operations, increase operating cash flows, and build long-term equity value. The Principals work with their management teams to add value through strategic planning, add-on acquisitions, profitability improvements, and active boards of directors. Blue Point provides resources to its portfolio companies which are typically unavailable to managers of middle market companies on a stand-alone basis, including its Operating Executive Group, Senior Operating Advisor, and group purchasing and risk management programs.

Asian Strategies for North American-based Businesses. Blue Point established a liaison office in Shanghai, China in 2004 in order to provide the Firm with (i) proprietary perspectives when sourcing and evaluating new investment opportunities and (ii) a tool to add value to its portfolio companies through identifying partners, sourcing or exporting products, and/or building greenfield facilities. The China Liaison Office provides an important perspective to successful investing in North American-based middle market manufacturing companies. This initiative better positions Blue Point to assess the long-term opportunities and risks posed by Asian economies.

INVESTMENT CRITERIA

With the benefit of experience over the past 16 years, the Principals have developed criteria that guide the Firm’s investment activities.

Industry Criteria

Fund II will continue Blue Point's focus on middle market manufacturing, distribution, and service companies. While the Firm does not limit its investment focus to defined industry sectors, it does not intend to invest in retailing, restaurants, real estate, telecommunications, technology-based investments, highly cyclical sectors, and sectors that are heavily regulated, such as healthcare, insurance, and financial services.

Industry sectors in which Blue Point has invested include:

- Transportation Components
- Metals Processing
- Plastics Processing
- Packaging
- Specialty Distribution
- Environmental Remediation
- Building Products
- Industrial Textiles
- Specialty Chemicals
- Industrial Outsourcing
- Engineered Industrial Components
- Transportation & Logistics

Blue Point intends to invest in these sectors as well as others that meet its criteria and in which the Principals are able to identify attractive portfolio company opportunities.

Portfolio Company Criteria

Central to Blue Point's investment consideration is determining the inherent value of a company — whether the company is a leader or uniquely positioned in an established market with an ability to grow. Enhancing the operations of a business and increasing its growth prospects will add to its value and ensure various options to achieve a successful exit of the investment. The Principals typically invest in companies where the Firm has (i) previous industry experience, (ii) an alignment of interests with company executives, and/or (iii) an opportunity to improve performance by providing strategic and operational resources. In addition, the Principals have established the following fundamental characteristics as the basis of the Firm's investments:

- **Location and Deal Size.** Fund II will seek companies with a significant portion of their operations in North America, with \$30 million to \$200 million in revenue and \$5 million to \$40 million in EBITDA, although transactions outside this range will be considered on a case-by-case basis. The Principals target investment opportunities that will require between \$15 million and \$50 million of total equity capital during the investment period.
- **Control Investments.** Blue Point will continue its focus on opportunities to make control investments that arise primarily from (i) recapitalizations of closely-held companies, (ii) management-led buyouts of private companies or divisions of larger companies, or (iii) companies that need significant capital to fund internal growth or acquisition strategies. Blue Point will seek to take board seats in each of its investments.
- **Management Team.** Blue Point generally will invest in companies that have a solid management foundation and whose members have a demonstrated history of effectively running the company. The Firm evaluates the strength and depth of the key managers of each company, and will seek to enhance or expand management teams when necessary.
- **Operating History.** Fund II's primary focus will be on companies that have a demonstrated history of operating profitability, with a proven business model and stable customer base.
- **Growth Strategies.** Blue Point targets companies that (i) are well positioned in a market conducive to consolidation, (ii) can derive benefit from the acquisition of complementary businesses to broaden product lines or geographic presence, and/or (iii) would realize

significant and sustainable cost savings through the acquisition and rationalization of competitors.

- **Attractive Product/Service Positioning.** The Principals seek companies that supply critical products or services that address non-discretionary needs of their customers. Typically, the customer would experience a high switching cost in opting to change suppliers.
- **Outsourcing and Consolidation Trends.** Blue Point will continue to seek investments in companies that are in a market position to capitalize on the general pressure on businesses to outsource non-core operations or consolidate suppliers. The China Liaison Office provides the Principals with a global perspective on these trends.
- **Low Technology Risk.** Blue Point seeks to invest in companies that are typically not subject to rapidly changing technologies. These companies generally enjoy relatively stable markets, lower technology risk, and longer product life spans.

Valuation and Investment Structure

Through the deal execution and due diligence processes, the Principals seek to determine if (i) their diligence findings continue to support an investment at the proposed purchase price for the business, (ii) the capital structure is completed at appropriate amounts and terms, and (iii) incentive equity plans are designed to properly motivate the management team to execute the investment strategy and achieve attractive returns.

- **Pricing Discipline.** Valuation is a critical element of each investment decision. In the Firm's experience, generating attractive returns and minimizing investment loss are dependent upon purchasing investments at appropriate valuations. During the past several years, the private equity market has experienced increasing valuation multiples. Despite this trend, the Firm has demonstrated an ability to source attractive opportunities at reasonable pricing due to its unique regional deal flow. The Principals will continue to exercise their disciplined approach to valuation and will seek to invest at valuations that provide for optimal capital structures and superior returns.
- **Prudent Capital Structure.** The Firm uses conservative capital structures in order to further mitigate investment risk and provide portfolio companies with flexibility to grow their businesses. By using a prudent amount of leverage, combined with valuation discipline, Blue Point provides management with the flexibility to make changes to the way the business is managed in order to improve long-term profitability, and ultimately, generate superior investment returns. Additionally, because growth is often achieved through the acquisition of complementary add-on businesses, the use of more conservative capital structures is prudent in order to allow the management team to focus its attention on a successful integration process.
- **Management Equity Incentives.** Blue Point seeks to partner with management teams that invest personal equity alongside the Firm and are provided with significant equity incentive programs. These programs help to align the interests of management with those of the Firm, as well as provide a retention mechanism. Blue Point generally structures these incentives such that equity is earned based on the Firm's realized results from its investment, thereby establishing a proper alignment of incentives between all shareholders.

Value Creation

Developing Portfolio Companies

The Firm takes an active role in partnering with management to improve operations and increase the long-term value of its portfolio companies. Blue Point employs the following strategies:

- **Strategic Planning.** Early in the investment period, the Principals work with management teams of the Firm's portfolio investments to refine their business plans, and often enhance the company's strategic planning process using outside facilitators. Generally, this plan focuses on (i) growing revenues by exploiting the company's niche or market position or through synergistic add-on acquisitions, (ii) enhancing operating profit through efficiencies and cost reductions, and (iii) reducing the company's acquisition debt level over time. At the onset of every investment, the Principals work directly with the management team to develop a 180-day Plan in order to identify, chart, assign, and monitor the execution of the next immediate steps.
- **Add-on Acquisition Strategies.** Blue Point often seeks to accelerate the growth of its portfolio companies by acquiring complementary businesses. A key element of each investment decision is determining whether the proposed investment (i) is positioned in a fragmented market which is conducive to consolidation, (ii) can derive benefit from the acquisition of complementary businesses to broaden its product lines or geographic presence, and/or (iii) would realize significant and sustainable cost savings through the acquisition and rationalization of competitors.

This growth strategy allows for additional capital to be invested with reduced risk as many of these add-on acquisitions are sourced through industry contacts in directly negotiated, less competitive situations, in industries already familiar to the Firm and its management teams. Blue Point has extensive experience structuring add-on acquisitions so that the anticipated synergies will be realized by the portfolio company.

- **Profitability Improvement.** Blue Point seeks to enhance operating profits through improvements in each portfolio company's business processes. Blue Point encourages management to undertake initiatives to reduce operating costs. To enable further cost reduction, Blue Point has recently instituted an aggregated purchasing program and a group insurance and risk management program in order to reduce the cost of common purchasing on overhead items and maintain better risk management and insurance cost control.
- **Active Boards of Directors.** Blue Point creates active boards of directors with seasoned industry executives, including members of the Operating Executive Group, to provide outside assistance in strategic direction, industry expertise, and portfolio governance, as well as to mentor portfolio company executives. In addition, all Managing Principals and the Senior Operating Advisor seek to participate periodically in portfolio company board meetings where they are not a member to provide additional operating and strategic perspectives to Blue Point.

Operating Resources

As a private equity investor in the middle market, Blue Point provides resources to portfolio company management teams that would otherwise be unavailable to them on a stand-alone basis, including:

- **Operating Executive Group.** Blue Point maintains close working relationships with a group of approximately 20 seasoned operating executives with whom the Principals have had longstanding relationships. The Principals continually build new relationships with executives in their Regions and will add to the Operating Executive Group over time. Due to their prior success in senior operating roles, members of the Operating Executive Group are able to (i) provide diagnostic due diligence, (ii) serve on the board of directors of portfolio companies, (iii) provide interim management when necessary, (iv) assist in special projects for portfolio companies, (v) act as mentors to the CEOs of Blue Point portfolio companies, and (vi) at times take a permanent management position with a Blue Point portfolio company. At least

one member of the Operating Executive Group is always involved in the due diligence process of a prospective portfolio company and they often participate on the board of directors. Currently, members of the Operating Executive Group hold 22 board seats across the Fund I portfolio.

- **Senior Operating Advisors.** Blue Point works more closely with Douglas McGregor, a member of the Operating Executive Group, as its Senior Operating Advisor, to provide additional resources to the Firm and its portfolio companies. Mr. McGregor assists with due diligence and serves on portfolio companies' boards of directors to provide outside assistance in governance and operational expertise. He also assists the Principals in portfolio management activities:

MANAGEMENT OF FUND II

The Principals are a seasoned group of investment professionals with over 120 years of middle market investment experience. They have worked together as a team for the past ten years at Blue Point and KEC, and in various capacities prior to founding the Firm. Messrs. Given and Kirby have pursued middle market private equity opportunities together on behalf of KEC since 1991. Mr. Smith has worked with Messrs. Given and Kirby since 1992 while a principal at Bowles Hollowell Conner & Co., a leading national investment bank. The senior investment team of Fund I, with the exception of Robert S. Wainio who passed away, will continue as the senior investment team of Fund II.

Since the Managing Principals began investing together, they have built the organization into a multi-regional firm with offices in Cleveland, Seattle, and Charlotte as well as a China Liaison Office. This experienced team of 18 professionals has an aggregate of over 115 years of working at Blue Point and KEC and over 190 years of experience in the middle market. They have created a cohesive team with extensive experience investing in and growing middle market companies headquartered in the Midwest, Pacific Coast, and Southeast.

David P. Given (52), Managing Partner. Mr. Given has more than 16 years of experience in equity capital investing and 26 years of experience working with middle market companies. Prior to spinning Blue Point out of KEC, Mr. Given was a General Partner with KEC, which he joined in 1990. In 1988, Mr. Given became the Executive Vice President of Operations of Automated Tracking Systems, a private data processing services company in the Cleveland area. In that capacity, he was responsible for all operational activities in a 150-employee company, in which he was a stockholder as the result of an investment in 1986. From 1980 to 1988, Mr. Given was employed in the investment banking industry. He was an Associate and Vice President in the corporate finance group of Merrill Lynch & Co., first in New York until 1985 and then in San Francisco until 1987. Mr. Given was a Special Limited Partner in the corporate finance group of Robertson Stephens & Company in 1997 and 1988.

Mr. Given currently serves as a director of Amrep, Decorative Components, Dri-Eaz Engineered Materials Solutions, and VSR Logistics. Mr. Given has previously served as a director for other Blue Point and KEC portfolio companies, including CSM Industries, Convergent Label Technology, Decatur Aluminum, DentalCare Partners, GEO Specialty Chemicals, Glasstech, Hygenic, Laurel Industries, Midland Steel Products, Renaissance Plastics, Spectra, and Universal Protective Packaging. Mr. Given earned an M.B.A. in Finance from The Wharton School and a B.A. in Economics from Brown University.

John F. Kirby (46), Managing Partner. Mr. Kirby has more than 20 years of experience in equity capital investing and 24 years of experience in the leveraged buyout field. Prior to spinning Blue Point out of KEC, Mr. Kirby was a General Partner of KEC, which he joined in 1991. Before joining KEC, Mr. Kirby was Vice President and Area Head of Citicorp Venture

Capital in Cleveland, where he was part of the successful start-up and management of a team acting as principal equity investors in leveraged buyouts. Prior to his career with Citicorp Venture Capital, Mr. Kirby was Vice President and Area Head with the Leveraged Funding Group of Citicorp, specializing in funding leveraged buyout transactions.

Mr. Kirby currently serves as a director for Blackhawk Automotive Plastics, BP Metals, Columbus Steel Castings, Floral Plant Growers, Hilite Industries, and Metal Technology Solutions. He has previously served on the Board of Directors of Advanced Cast Products, Buckeye Steel Castings, Cardinal Packaging, Crown Simplimatic, ETI Canada, London's Farm Dairy, LVI Services, MHF Logistical Solutions, Omega Polymer Technologies, Sinter Metals, and Trek Diagnostic Systems. Mr. Kirby graduated from Bates College with a B.A. in Economics.

Shannon G. Smith (44), Managing Partner. Mr. Smith has more than 16 years of experience in middle market private equity transactions. Prior to spinning Blue Point out of KEC, Mr. Smith was a General Partner in KEC. He joined KEC in April 1998 and founded the Charlotte office to build KEC's, and subsequently Blue Point's, Southeast network. Prior to joining KEC, Mr. Smith was a principal at Bowles Hollowell Conner & Co., where he was responsible for structuring and negotiating numerous middle market transactions with private equity groups across a wide variety of industries. In addition, Mr. Smith was responsible for deal origination in the Cleveland and Atlanta markets for Bowles Hollowell Conner & Co. During this time, KEC was a client of Mr. Smith, involving him in both the private sales and financings of portfolio companies.

Mr. Smith currently serves as a director of DentalCare Partners, New Northwest Broadcasters, Nexcel Synthetics, and Zero Manufacturing. He has previously served as a director of Convergent Label Technology, Engineered Textile Group, Pleasants Hardware, and Tube City. Mr. Smith holds a B.A. in Philosophy and Economics from Wheaton College, was an international Rotary Scholar at the University De Lille, and has an M.B.A. from the Darden Graduate School of Business Administration at the University of Virginia.

Charles "Chip" M. Chaikin (41), Partner. Mr. Chaikin has ten years of experience with middle market private equity transactions and four years of operating and strategic consulting experience. Mr. Chaikin remained with Blue Point after it spun out of KEC and has been making principal investments for the past seven years. Most recently he opened Blue Point's China Liaison Office. Prior to joining KEC in 1998, he was a vice president with the investment bank Carleton, McCreary, Holmes & Co. Mr. Chaikin was formerly the director of business development for Sara Lee Corporation in Hong Kong. Mr. Chaikin also provided strategic consulting services to Fortune 500 businesses during his employment with Mercer Management Consulting.

Mr. Chaikin has served as a director for DentalCare Partners, Hygenic, Trek Diagnostic Systems and Tube City. Mr. Chaikin holds a B.A. in Asian Studies from Brown University and a Masters in Public Administration from Princeton University.

Julianne Marley (43), Partner. Ms. Marley has 20 years of experience working with middle market businesses. Prior to Blue Point's spinout of KEC in 2000, she was a principal with KEC joining the group in 1997 in the Cleveland office. In 2001, she transferred to join Mr. Smith in Blue Point's Charlotte office. Before becoming a principal investor, Ms. Marley was a Senior Manager with Ernst & Young, LLP ("E&Y"). At E&Y, she completed mergers and acquisitions due diligence for private equity groups, including KEC. Ms. Marley also provided advisory and assurance services primarily to manufacturing entities during her 11 years with E&Y.

Ms. Marley is currently a director of Nexcel Synthetics. She has previously held director positions on the boards of CSM Industries, Engineered Textile Group, Pleasants Hardware

Company, and Renaissance Plastics. Ms. Marley holds a B.S. in Accounting from the State University of New York at Oswego and is a Certified Public Accountant.

Mark M. Morris (34), Partner. Mr. Morris has the years of experience in equity capital investing. Prior to Blue Point's spinout of KEC in 2000, he was a principal with KEC, joining the group in 1996 in the Cleveland office. Mr. Morris transferred to Seattle in 1997 to assist in the Firm's Pacific Coast investment activities and help establish the Pacific Coast network. Prior to joining KEC, Mr. Morris was employed by KeyCorp, primarily involved with investment banking activities.

Mr. Morris currently is a director of Dri-Eaz, Jorgensen Forge, New Northwest Broadcasters, VSR logistics and Zero Manufacturing, and previously was a director of Consolidated Foundries Decorative Components and Madill. Mr. Morris holds a B.S. in Finance from Miami University (Ohio).

Sean P. Ward (40), Partner. Mr. Ward has 16 years of experience investing equity in middle market companies. Prior to Blue Point's spinout of KEC in 2000, he was a principal with KEC, joining the group in 1990 in the Cleveland office. Prior to joining KEC, Mr. Ward held various positions within KeyCorp, primarily in the Investment Banking group.

Mr. Ward serves as a director of Blackhawk Automotive Plastics, BP Metals, Floral Plant Growers, and Metal Technology Solutions. He previously served as a board member of Cardinal Packaging, Crown Simplimatic, Hygenic, LVI Services, MHF Logistical Solutions, Omega Polymer Technologies, Renaissance Plastics and Ultimate Technology. Mr. Ward holds a B.S. in Economics from Allegheny College and an M.B.A. from John Carroll University.

Lisa S. Root (51), Vice President and Chief Financial Officer. Ms. Root has over 26 years of experience in finance and private equity. Ms. Root joined KEC in 1992 as Vice President and Chief Financial Officer; she has held the same capacity with Blue Point since it was spun out of KEC in 2000. She is responsible for all of Blue Point's general and limited partnership accounting and reporting. She oversees the back office operations of the fund in Cleveland. Prior to joining KEC, Ms. Root had over 10 years of experience with Ameritrust, a regional bank based in Cleveland. During this period, Ms. Root worked in a variety of finance capacities including venture capital investing. Ms. Root holds a B.A. in Economics and Russian from Goucher College and an M.B.A. from the University of Chicago.

Charles J. Avarello (33), Controller. Mr. Avarello has over 12 years experience in finance and tax. Mr. Avarello joined Blue Point in 2003 after spending eight years in public accounting. Prior to joining Blue Point, he was a manager in the Private Client Advisors practice for Deloitte & Touche. Mr. Avarello holds a B.S.B.A. in Accountancy from John Carroll University and is a Certified Public Accountant and Certified Financial Planner.

CONCLUSION/RECOMMENDATION

Based upon the successful track record and experience of the principals and the recommendation of PSERS' consultant, Portfolio Advisors, staff recommends that the Board invest an amount equal to 90.9 percent of the committed capital, but not to exceed \$100 million plus reasonable normal investment expenses, in a side fund to Blue Point Capital Partners II, L.P. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Executive Director.