

**COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

DATE: March 15, 2007

SUBJECT: StarVest Partners II, L.P.

TO: PSERS' Finance Committee

FROM: Charles J. Spiller 
Director of Private Markets and Real Estate

On January 25, 2007, PSERS' Board approved an investment of an amount equal to 25 percent of the committed capital, but not to exceed \$50 million plus reasonable normal investment expenses, in StarVest Partners II, L.P.

PSERS' staff is recommending that the funds be placed in a side fund within the investment. The amount will remain the same. Staff recommends investing an amount equal to 90.9 percent of the committed capital, but not to exceed \$50 million plus reasonable normal investment expenses in a side fund in StarVest Partners II, L.P. The GP will commit 10 percent of PSERS commitment, but not to exceed \$5 million to the side fund. The terms will not be effected by this change.

Please contact me if you want a copy of the recommendation from January 25, 2007.