



## **PSERS PRIVATE INVESTMENT PROGRAM**

**Recommendation for Investment in  
Windjammer Senior Equity Fund III, L.P.**

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# Windjammer Senior Equity Fund III, L.P.

## EXECUTIVE SUMMARY

Windjammer Senior Equity Fund III, L.P. (“Fund III”), the successor fund to the Windjammer Mezzanine & Equity Fund II, L.P. (“Fund II”), will be a Delaware limited partnership formed to invest in leading middle-market companies operating in a diverse set of niche industries. Fund III will generally invest in a variety of “junior capital securities” (i.e., subordinated debt and preferred stock) and common stock (both non-control and control positions) associated with management buyouts, recapitalizations and latter stage growth financings. This capability to invest in various layers of the capital structure is a core element of Fund III’s strategy and a significant source of differentiation in the market. Windjammer has adopted the term “Senior Equity” in its Fund III title to reflect its ability to secure significant equity ownership stakes in portfolio companies while primarily investing in a variety of junior capital securities. Fund III will seek to generate both current income and substantial capital gains while limiting portfolio volatility and risk through the consistent application of its disciplined credit and investment protocols and its active involvement with portfolio company management.

Fund III is seeking \$500 million in limited partnership commitments from sophisticated institutions and other accredited investors. Fund III will be managed by Windjammer Capital Investors III, L.L.C., as its general partner (the “General Partner”), continuing a successful strategy dating back to 1990, and will be the fourth portfolio developed by the General Partner and its predecessors (collectively, “Windjammer” or the “firm”), which includes the following portfolios and vintage years (periods of investment): Pacific Life Insurance Company Portfolio (“PL Portfolio”) (1990 to 1994), PMI Mezzanine Fund, L.P. (“Fund I”) (1995 to 2000) and Windjammer Mezzanine & Equity Fund II, L.P. (2000 to 2005). The PL Portfolio was developed solely for the account of Pacific Life Insurance Company. Fund I and Fund II included institutional and accredited investors.

Windjammer’s investment strategy incorporates four key tenets. First, the firm employs an aggressive new business development calling program focused on a diversified network of established deal sources, which allows the firm to selectively pursue only those transactions that meet its rigorous investment criteria and return expectations. Second, Windjammer’s investment selection process emphasizes capital preservation and therefore target investments must meet high quality standards. The firm typically invests in middle-market companies with leading market shares in industries that have high barriers to entry. These companies have defensible competitive positions, stable cash flows, recession resistant demand for their products and operating characteristics that allow them to grow faster than GDP and/or other industry participants. Third, Windjammer customizes the structure of each portfolio investment to create a security that provides the “best risk-adjusted” rates of return in light of market conditions and/or the underlying characteristics of the target company. A core element of the firm’s investment strategy is its ability to obtain meaningful equity participations in underlying companies through either warrant, participating preferred or common stock co-investment positions despite having the majority of its capital exposure in junior capital securities. Fourth, the firm works closely with portfolio companies both to monitor performance and more importantly to assist management in the development and execution of key strategic and operational projects. This comprehensive strategy allows Windjammer to manage portfolio risk and still generate high rates of return and multiples back from its portfolios.

Since 1990, Windjammer has been able to consistently source and invest in companies that meet its disciplined investment protocol. Examples of these investments include such

leading companies as Suiza Food Corporation, private label supplier of dairy products (now "Dean Foods" NYSE: DF); Corrections Corporation of America (NYSE: CXW), private provider of corrections services; Medtech Holdings, Inc. (now "Prestige Brands Holdings" NYSE: PBH), brand manufacturer/marketer of over-the-counter consumer products; MacLean Power Systems, producer of component parts for the power grid; Symmetry Medical, Inc. (NYSE: SMA), supplier of surgical tools, cases and component parts for the orthopedic implant industry; and McKenzie Sports Products, producer of taxidermy forms and supplies.

Although Windjammer typically utilizes debt and/or preferred stock in a majority of its investments, which reduces risk, Windjammer has nevertheless generated rates of returns and multiples back on capital that exceed the returns of most traditional private equity firms. Furthermore, Windjammer has historically generated a faster return of capital for its investors, which largely reflects the contractual current interest yield generated by the portfolio. Since 1990, the three portfolios developed by Windjammer represent a total of \$541 million of investments in 37 middle-market companies, including numerous add-on transactions. Through December 31, 2004, the Windjammer portfolio companies have generated \$607 million in cash with a remaining value of \$366 million, for a total value of \$973 million versus \$541 million invested. Due to its conservative valuation philosophy, its remaining portfolio investments offer the potential for values in excess of the recorded amount. Windjammer's return performance is within the upper quartile as compared to the records generated by similar funds that invested during the same period. There can be no assurance that future investments by Fund III will produce results comparable to those previously achieved by Windjammer.

Windjammer Capital Investors, L.L.C. was created as the successor organization when it spun out of Pacific Life Insurance Company in 1999. Robert Bartholomew, a founder of Pacific Mezzanine Investors ("PMI") and Windjammer, will act as Chairman and Managing Principal of the General Partner and will continue to lead the organization. Since founding the firm in 1990, Mr. Bartholomew established the investment strategy of the firm, sourced and managed many individual investments, was responsible for the relationships with the firm's investors and led the overall development of the firm. Costa Littas, Managing Principal, will also have management responsibility under the General Partner. Mr. Littas has had significant involvement with the firm since 2000, including managing the staff and investment activities of the firm's East Coast office since November of 2002, as well as sourcing and underwriting several investments. Mr. Bartholomew and Mr. Littas were formerly colleagues at Bank of Boston and had a continuing relationship from 1989 to 1999 when Mr. Littas was a member of Butler Capital, a private equity and mezzanine firm based in New York. Butler Capital managed five funds aggregating \$1.4 billion of committed capital and executed a similar investment strategy as Windjammer. Mr. Littas was a General Partner and Managing Director of Butler Capital with responsibility for managing the investment staff and portfolio, as well as executing individual transactions. While at Pacific Life, Mr. Bartholomew assumed responsibility for its limited partnership interest in a Butler Capital fund and consequently attended Butler's annual meetings and strategic planning sessions. As a result, Mr. Bartholomew and Mr. Littas maintained a close relationship even after departing Bank of Boston. Including Messrs. Bartholomew and Littas, the firm has an investment staff of nine individuals who, in aggregate, represent over 100 years of industry experience. This team has largely been in place since 2000 (with some members dating back to 1998) and has been a significant element of the firm's investment performance.

The firm's successful track record is the result of years of marketing efforts to develop unique deal flow, combined with strong investment discipline and portfolio company management skills. A significant investment has been made in the Windjammer organization. It

established an East Coast presence through the creation of a Boston office as well as building and developing its investment organization. With 13 portfolio companies as of December 31, 2004 and nine investment professionals, Fund III investors will benefit from the investment disciplines developed over 14 years, Windjammer's marketing efforts and the significant investment that has been made in the organization over the past five years.

## **HISTORY OF ORGANIZATION**

In 1990, Robert Bartholomew, Chairman and Managing Principal, formed PMI as a separate operating unit of Pacific Life Insurance Company to make direct junior capital investments for Pacific Life's own account. From its inception in 1990, PMI was led by Mr. Bartholomew and Schuyler Lance, who devoted substantially all of their time to junior capital investing activities. The remaining portion of their time was spent qualifying and recommending to Pacific Life other investment groups (such as equity sponsors) in which to invest as a limited partner.

During the investment period of the PL Portfolio (1990 to 1994), Pacific Life's investment guidelines limited the maximum size of any single investment by PMI. This restriction often resulted in the need to find co-investors in larger transactions or even losing opportunities altogether where the sponsor of a larger transaction preferred to work with a single provider of junior capital.

In August 1995, Fund I was established with a total subscription of \$262 million and with Pacific Life as a member of the general partner. Fund I was formed to allow up to \$50 million to be invested in a single transaction thereby increasing the number of investment opportunities and allowing for investments in a broader group of companies. As a result, Fund I was often a "lead" investor in transactions and from time-to-time made co-investment opportunities available to its limited partners in larger transactions.

Fund II, with total subscriptions of \$334 million, was created in late 1999 with its final closing in early 2000. Because Pacific Life was not a member of the Fund II general partner, the firm chose "Windjammer Capital Investors" for the trade name of the General Partner and "Windjammer Mezzanine & Equity Fund II, L.P." for Fund II. Fund II was led by Mr. Bartholomew from inception and continued the strategies of Fund I. Mr. Bartholomew also acted as the Chief Investment Officer for Fund II. Costa Littas joined Fund II in early 2000 and eventually assumed overall management responsibility of Windjammer's East Coast office in November 2002. In this role, Mr. Littas was responsible for the management of the investment and support staff, as well as for underwriting several transactions. Prospectively, Schuyler Lance will be a Special Limited Partner in and an Advisor to Fund III's General Partner. Mr. Lance will also continue to manage two investments from Fund I, PowerSports Investment Partners, L.L.C. and Skilled Healthcare Group. Since November 2002, Mr. Lance had been primarily marketing with the majority of his direct calling on sponsors in the Northeast. Mr. Lance's marketing responsibilities will be assumed by the existing staff in the East Coast office

A large majority of Fund I investors participated in Fund II. Fund III will continue the successful strategies employed through the three prior portfolios, including Fund I and Fund II.

## **INVESTMENT STRATEGY**

Fund III will continue Windjammer's historical strategy of investing in subordinated debt, preferred stock and common stock of middle-market companies that meet its rigorous investment criteria. The middle-market industry segment (defined as companies generating

EBITDA of \$7 to \$30 million) is the most attractive segment of the market for several reasons:

- 1) The vast majority of U.S. companies with sales of greater than \$50 million reside within this segment of the market, providing a significant source of annual demand for junior capital associated with recapitalizations, growth financings, consolidations and buyouts.
- 2) Windjammer has consistently remained committed to this market segment and has developed relationships with deal intermediaries that principally serve this market segment. Many competitive private equity firms have been forced to migrate beyond these middle-market opportunities as a consequence of having raised significantly larger funds over time.
- 3) Valuation multiples for middle-market companies are typically below those of larger companies. In many situations involving family-owned businesses or divestitures of non-core divisions of corporations, the motivation for price maximization is diminished by differentiated structuring capabilities, the ability to communicate a value-added strategy post-investment and chemistry with investment professionals.
- 4) Investments in these lower middle-market companies provide meaningful multiple arbitrage opportunities upon exit. The firm expects to continue to benefit from multiple expansion by targeting businesses that provide an opportunity to accelerate organic earnings growth or the scale of their operations through sound strategic acquisitions.

### **INVESTMENT CRITERIA**

- Strong Niche Market Position / Barriers to Entry - A prospective portfolio company should be a significant participant in a niche market that has strong barriers to entry, such as proprietary products that offer high value to cost benefits for customers, differentiated marketing, engineering support or sales capabilities, or production and distribution advantages that are not easily duplicated.
- Strong Management Teams - The management team of a prospective portfolio company should have a demonstrated track record of success. Investments in companies with existing management teams that have a broad base of functional skills are preferred. However, the firm also has experience in developing a management team through the addition or enhancement of key functional areas through outside recruitment. In all cases, a meaningful equity participation by management is required.
- Predictability of Cash Flows - A prospective portfolio company should have relatively predictable cash flows. The company should be less vulnerable to recessionary cycles and/or have a high variable expense structure and lower leverage, which allows it to react and sustain margins and cash flow during economic recessions.
- Growth Characteristics - A prospective portfolio company should be in an industry that grows at least as fast as, or faster than, the GNP because of the underlying growth drivers affecting the specific industry and/or the target company's ability to take market share due to its particular competitive advantages. Slower growth companies can make good investment candidates if they have exceptionally high "free cash flow" (debt paydown) capabilities.

- Limited Business Risks - Business risks should be minimized by generally avoiding companies in volatile or rate-sensitive industries such as those involved in high technology, real estate or certain segments of financial services. Operational turnarounds are also avoided in most cases.
- Multiple Exit Opportunities - A prospective portfolio company should be able to return invested capital rapidly and to increase equity value through payment of interest and principal on its debt. In addition, the company should offer the potential for substantial capital gains through public offerings, sale to a financial or strategic buyer, or a recapitalization.
- ROIC Benchmark - Middle-market companies meeting the majority of the above investment criteria combined with a potential return on invested capital (ROIC) of 25% or more are considered “targeted” companies for investment by Windjammer.

## **INVESTMENT OPPORTUNITY**

### **Disciplined Focus on Leading Middle-market Companies.**

As in the case of its three predecessor portfolios, Fund III will seek to provide leading middle-market businesses with a combination of junior capital solutions that address their specific funding needs while generating superior risk-adjusted returns for its investors. Fund III will make investments ranging from \$10 million to \$75 million, with the average investment size expected to be approximately \$20 to \$30 million at inception. Fund III will generally invest in companies generating \$7 to \$30 million in EBITDA that have established market leadership positions in a broad range of non-cyclical industries. Fund III will seek companies that have business models that offer high value to cost benefits to customers, and have well-established, long-standing, defensible and “sticky” commercial relationships. As a consequence of these competitive characteristics, Fund III portfolio companies would typically have a consistent historical track record of profitability and high returns on capital, allowing for dependable and significant deleveraging ability. This disciplined investment protocol is combined with an active involvement with portfolio company management post-closing to build equity value through strategy development, improvement in cost structure and marketing capabilities, as well as selective strategic acquisitions.

### **Windjammer Has Generated “Upper Quartile” Returns Over 14 Years.**

On a combined vintage year basis, Windjammer has been an “upper quartile” performer over a 14-year period and has produced returns above the Private Equity and Buyouts & Mezzanine’s “upper quartile” cumulative benchmark derived from the Thomson Venture database for comparable/cumulative vintage year funds.

### **Windjammer Utilizes a Disciplined Approach to Risk-adjusted Investing.**

Windjammer has a differentiated ability to source and invest in various junior capital and common stock securities, which enables it to build an investment portfolio with superior risk-adjusted returns, regardless of varying economic and capital market conditions. This ability to pursue the most attractive capital structure opportunities is a function of the firm’s:

- 1) Aggressive and comprehensive calling program on a broad base of deal sources, which result in both deal flow and valuable market intelligence;
- 2) Experience in evaluating, structuring and negotiating different junior capital and equity solutions; and
- 3) History of successfully partnering with other capital providers and business owners to complete transactions.

This flexibility enables the firm to capture attractive investment opportunities by customizing its capital solutions to reflect the specific needs of these leading business franchises. Furthermore, the firm is able to adapt to evolving economic and capital market conditions to pursue the most attractive risk-adjusted layers of capital structure. When the market favors mezzanine investing from a risk-return perspective or when a specific investment opportunity has strong credit characteristics but low growth, Windjammer's flexible approach results in a more debt-oriented security solution with a higher portion of total return tied to contractual interest payments. Alternatively, Windjammer can pursue more equity-oriented investments such as preferred stock and/or common stock investments when an attractive value creation or multiple arbitrage opportunity presents itself. Lastly, junior capital investments typically provide for repricing provisions if specific performance hurdles are not achieved. In select cases, Windjammer supports portfolio companies through downward economic cycles and in repricing securities to create significant appreciation in the value of its investments when the economy rebounds. Finally, Windjammer is a disciplined investor and has a record of patiently and prudently deploying capital during difficult economic and competitive market conditions.

### **Windjammer's New Business Efforts Have Generated High Quality Deal Flow.**

Windjammer has made a substantial investment in new business development over the years. This investment can be measured both in terms of its direct calling effort (which involved over 2,000 face-to-face visits during 2003 - 2004) and by its developed relationships with a broad base of diversified deal sources. Windjammer reviewed over 1,500 deals during the past five years, representing a wide variety of companies and industries. This breadth of market reach has enabled the firm to select the most attractive risk-adjusted investment opportunities and provided important market intelligence for the purpose of pricing and structuring targeted situations.

In order to improve its probability of securing targeted investment opportunities, Windjammer maintains a proprietary contact management and marketing system, branded "MIMS," for capturing and analyzing the flow of market information across the organization generated by its calling activity and discussions with intermediaries regarding current deal flow. This information relates to competitive funding sources, as well as pricing and structuring trends in the marketplace. This "real time" communication of information via MIMS is combined with regularly scheduled weekly meetings to discuss market intelligence in relation to targeted investment opportunities. Fund III investors will benefit from this historic calling effort and the firm's deal management protocols.

### **Windjammer Has a History of Providing Both Early Distributions and Substantial Capital Gains.**

In addition to providing the opportunity for substantial capital gains, Fund III's debt investments are expected to generate current income and the prospect of an earlier capital return as compared to pure buyout and venture capital funds. As such, investors should consider Fund III as a vehicle for reducing the impact of J curve dynamics that accompany an overall portfolio of private equity investments. Additionally, Fund III should provide substantial capital gains beyond these early year cash flows.

### **Windjammer is a Desirable Co-investor.**

As a result of the firm's longevity, the quality of its record and portfolio, its reputation for supporting portfolio companies by adding value post-closing, and its ability to provide multiple layers of capital, Windjammer is considered a differentiated and "intelligent" market

participant in the private equity/mezzanine marketplace. As a potential co-investor on a transaction, the firm often sees the same transaction from multiple sources and can therefore benefit from different perspectives on a transaction. Overall, Windjammer has built an excellent reputation among portfolio companies, deal intermediaries, equity sponsors and senior lenders.

## **MANAGEMENT**

Robert Bartholomew will be Chairman and Managing Principal and will have management responsibility for Fund III with Costa Littas, Managing Principal. Messrs. Bartholomew and Littas, along with the firm's other investment professionals, will provide funding for the General Partner's investment in Fund III. In addition, all investment professionals will have significant performance incentives through their participation in the General Partner's carried interest.

**Robert (Bob) Bartholomew, Chairman and Managing Principal** – In 1990, Mr. Bartholomew co-founded Pacific Mezzanine Investors, a joint venture with Pacific Life Insurance Company, the predecessor firm to Windjammer. Previously, Mr. Bartholomew was affiliated with Pacific Life from 1986 to 1990, the preeminent life insurance company in California, making a wide variety of investments. Prior to Pacific Life, Mr. Bartholomew spent 10 years with the Bank of Boston specializing in middle-market, multinational high technology lending and also ran a Bank of Boston subsidiary bank, Bank of Boston International, Los Angeles. Mr. Bartholomew currently functions as the Chief Investment Officer and provides the overall strategic direction for Windjammer. Mr. Bartholomew has served on the advisory board of several private equity/mezzanine funds and has held board positions with Suiza Foods Corporation, Sleepmaster, L.L.C., Emerge Corporation, PCA Parking Company of America, Shari's Management Corporation and New West Holdings, Inc. His board observation duties have included Cable Design Technologies, Corrections Corporation of America, Save Mart Supermarkets and HealthSTAR Communications. Mr. Bartholomew has a B.A. in Economics and an M.B.A. in Finance from Rutgers University.

**Costa Littas, Managing Principal** – Prior to joining Windjammer, Mr. Littas was employed at Butler Capital Corporation (BCC) from 1989 to 1999, most recently as a General Partner and Managing Director. BCC, founded in 1979, is a private equity and mezzanine firm that manages five funds totaling in excess of \$1.4 billion in committed capital. While at BCC, Mr. Littas managed the firm's investment staff and was personally involved in sourcing, analyzing, negotiating and managing portfolio investments. Mr. Littas is a former director of nine BCC portfolio companies, including Bestform Foundations, Central Tractor Farm & Country, Contech Construction Products, Extrusion Dies, Iron Age, Julius Koch, National School Supply, Walls Corporation and Omega Holdings. Prior to joining BCC, Mr. Littas worked 11 years at Bank of Boston. His last position was General Manager of the Banks' Midwest office in Chicago, where he was responsible for a staff of 10 professionals, providing financing for middle-market leveraged buyouts. Mr. Littas is a graduate of Georgetown University and the University of Chicago Graduate Business School. Mr. Littas is also affiliated with Westwind Equity Investors, a private equity firm sponsored by Windjammer that makes non-control/control investments in leading middle-market companies. Westwind will cease making new investments upon the launch of Fund III. Mr. Littas currently serves on the boards of The RETEC Group, Inc., McKenzie Sports Products, and Schutt Sports Group. Also, Mr. Littas was a board observer of Symmetry Medical, Inc. prior to the company's initial public offering.

**Gregory J. Bondick, CFA, Principal** – Mr. Bondick joined Windjammer in 2000 from Prudential Capital's Corporate Finance Group in Dallas where he was responsible for origination, structuring and managing private debt and equity investments in companies



located in the Southwest. At Prudential, Mr. Bondick was involved in over 40 transactions including buyouts, acquisitions, leveraged recapitalizations and growth financings spanning a variety of industries and aggregating approximately \$2 billion. Mr. Bondick is a graduate of the University of Texas at Austin and holds the Chartered Financial Analyst designation. Mr. Bondick currently serves on the board of Maxcess International Corporation and is currently a board observer of HealthSTAR Communications, Inc. and Brown Publishing Company.

**J. Derek Watson, Principal** – Prior to joining Windjammer in 2000, Mr. Watson was a Vice President with the Leveraged Finance Group of Bank of America in Los Angeles where he was responsible for originating, analyzing, structuring and closing financings for middle-market leveraged buyouts, leveraged acquisitions and recapitalizations. Mr. Watson has over 10 years of experience in leveraged finance and has been involved in over 30 leveraged transactions. He graduated summa cum laude from the Anderson School at UCLA with an M.B.A. in Finance. Mr. Watson has had an active board position with Medtech Holdings, Inc. and currently serves on the board of MacLean Power Systems. Mr. Watson is also a board observer of Athena Diagnostics, Inc.

**Jeffrey J. Dunnigan, CPA, Chief Financial Officer and Vice President** – Mr. Dunnigan brings to Windjammer financial experience as well as operational and acquisition expertise, having been the Vice President of Finance and the Chief Financial Officer of two publicly-traded companies in the medical device and high-technology sectors. Prior to this, Mr. Dunnigan was an Audit Senior Manager for Ernst & Young where, among other things, he conducted merger and acquisition due diligence reviews and gained extensive experience working with public companies. In addition to providing specialized expertise on the investment side, Mr. Dunnigan is a CPA and is responsible for all Windjammer administrative and financial operations. In addition, Mr. Dunnigan serves as a board observer of Motorsports Investment Group, Inc. Mr. Dunnigan joined Windjammer in 1999.

**John Donahue, CFA, Director** – Prior to joining Windjammer in 2001, Mr. Donahue was employed at Robertson Stephens, Inc. (RS), a full service investment bank targeting growth-oriented companies. While at RS, Mr. Donahue worked in the Private Capital Markets Group, raising late stage venture capital for companies involved in technology, communication, business service, consumer and retail sectors. Prior to joining RS, Mr. Donahue worked six years in BankBoston's Commercial Lending and Leveraged Finance Divisions, structuring and providing senior and subordinated debt for middle-market companies involved in the transportation, energy, industrial and technology sectors. Mr. Donahue is a graduate of Harvard University and holds the Chartered Financial Analyst designation. Mr. Donahue is also affiliated with Westwind Equity Investors and is currently a board observer of McKenzie Sports Products.

**Craig S. Majernik, Director** – Prior to joining Windjammer's East Coast office in 2000, Mr. Majernik was a Vice President in the Corporate Lending Group of FleetBoston Financial, providing financing to a variety of public and private multinational and high tech companies. Previously, Mr. Majernik worked as a consultant on capital markets development projects in Eastern Europe and Central Asia after completing his graduate studies in economics and international relations at the University of Cambridge and the Graduate Institute of International Studies, Geneva. Mr. Majernik serves on the board of The RETEC Group, Inc. and is a board observer of HealthSTAR Communications, Inc. and Maxcess International Corporation.

**Richard Kim, Vice President** – Mr. Kim joined Windjammer in 1998. He is actively involved in all facets of the deal process including analyzing investment opportunities, structuring transactions, conducting due diligence and facilitating investment closings. Prior to joining Windjammer, Mr. Kim worked for Houlihan, Lokey, Howard & Zukin, where he specialized in

mergers and acquisitions, private placements and analyzing principal investment opportunities of middle-market companies. Mr. Kim earned a B.S. in Finance from Georgetown University.

**Schuyler (Sky) Lance, Special Limited Partner and Advisor** – Mr. Lance was a co-founder of Windjammer and for the past three years had been involved in new business activities for the East Coast office of Windjammer. Previously, Mr. Lance had served on the boards of Nebraska Book Company, Applause Holding Corporation, Emerge Corporation and The RETEC Group, Inc. He was also a board observer for The Delfield Company, Premier Ambulatory Systems, Inc. and Details, Inc. As Special Limited Partner, Mr. Lance will no longer be involved on a full time basis with Windjammer but will continue to manage the PowerSports Investment Partners, L.L.C. and Skilled Healthcare Group investments of Fund I and provide certain advisory and marketing services to Windjammer as well.

**Connie Choung, Portfolio Manager** – Ms. Choung joined Windjammer in 1995 and provides important support in the management of Windjammer portfolio companies. As Portfolio Manager, Ms. Choung's primary responsibilities include company financial performance analysis and tracking/reporting, investment valuations/returns, industry research and in preparing information for Windjammer's limited partners. She received her B.A. in Economics from the University of California, Irvine and an M.B.A. from the University of Southern California.

**Janice M. Fitcha, CPA, Controller** – Ms. Fitcha joined Windjammer as the Controller in April 2000 and assumed the responsibility for all of the accounting functions, including reporting and income taxes for the Windjammer funds and related LLC's as well as Windjammer administration. Ms. Fitcha is a CPA and brings more than 20 years of both public and private experience in high technology, commercial real estate development and management, engineering and construction, public utilities and manufacturing, with extensive experience in systems evaluation and implementation.

### **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 25 percent of the committed capital, but not to exceed \$100 million plus reasonable normal investment expenses, in Windjammer Senior Equity Fund III, 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.