



# Private Equity Fund Commitment

## Milestone Partners IV, L.P.

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# Milestone Partners IV, L.P. – Private Equity Fund

## Overview

- Milestone Partners is a Philadelphia-based private equity firm focused on control buyouts of lower middle market growth companies
- Fund size is anticipated to be \$350 million with a \$450 million hard cap
- Invest between \$5 million - \$40 million of equity capital in companies with enterprise values of between \$15 million and \$150 million
- Milestone has 8 senior investment professionals supported by 11 additional investment, finance and administrative staff

## Fund Strategy

- Target investments in established businesses with superior management, stable financial performance, growth prospects and business models having attractive risk/reward profiles
- Invest primarily in companies headquartered in North America, with a portfolio diversified across industries, business sectors and geographies

# Milestone Partners IV, L.P. –Private Equity Fund

## Investment Team

- Cohesive team of eight senior investment professionals with a successful track record of investing in, building, and exiting lower middle market businesses through investment and economic cycles
- The senior investment professionals have significant prior relevant experience in disciplines such as mergers and acquisitions, finance, corporate law and general management
- Open and energetic firm culture with continued improvement as their driving force

## GP “Value Add”

- Milestone produces repeatable results by exploiting the lower middle market’s diversity and inefficiencies
- Milestone has a deep and broad established network of industry relationships and referral sources
- Milestone provides large company resources and expertise to lower middle market companies

# Milestone Partners IV, L.P. – Private Equity Fund

## Performance

- Milestone II – (2004) has a net 1.9X multiple and a 24.1% IRR
- Milestone III – (2008) has a net 1.1X multiple and a 8.7% IRR

## Market Opportunity

- Ability to assemble portfolios of lower middle market companies with addressable challenges obscuring their underlying value
- Demonstrated track record of buying at below market multiples applying sensible leverage

## History with PSERS

- Milestone Partners II, L.P. (2004) – PSERS invested \$29.89 million
- Milestone Partners III, L.P. (2008) – PSERS invested \$60 million

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## Board Issues

- Pennsylvania Presence – Milestone is headquartered in Radnor, PA and has 19 employees. Two PA portfolio companies, CODi and Blaschak, employ 188 employees
- Placement agents – CSP Securities, LP is the placement agent for new investors (there is no placement agent for PSERS); and Griffin Financial Group, LLC may be used for certain European investors
- PA Political Contributions – John Shoemaker contributed \$10,000 to Rep. Mike Gerber (Montgomery County), \$5,000 to Associates for PA Political Action Committee, \$1,500 to Friends of Todd Eachus (Luzerne County), \$1,500 to Friends of Frank Dermody, (Allegheny County), \$500 to Bryan Lentz, (nominee for US Representative for PA's 7<sup>th</sup> congressional district), and \$500 to Friends of Eileen Behr (Montgomery County, PA Sheriff) – W. Scott Warren contributed \$5,000 to Rep. Mike Gerber – Brooke Hayes contributed \$500 to Rep. Mike Gerber (Montgomery County)
- Relationship with Consultant – Portfolio Advisors Private Equity Fund III, L.P. and Portfolio Advisors Private Equity Fund III-A, Ltd. are both investors in Milestone Partners II with a combined commitment of \$7.5 million

## Recommendation

- Staff, together with Portfolio Advisors, recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$70 million plus reasonable normal investment expenses
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