

ILLINOIS MUNICIPAL RETIREMENT FUND
MEETING NO. 22-12-I

MEETING OF THE
INVESTMENT COMMITTEE

The Investment Committee met in the IMRF offices in Oak Brook, Illinois on Thursday, December 15, 2022. Mr. Kosiba, Chairman of the Investment Committee, called the meeting to order at 9:00 A.M.

(22-12-01)(Roll Call) Mr. Bush called the roll:

Present: Ms. Copper, Mr. Kosiba, Mr. Kuehne, Mr. Miller, and Ms. Mitchell

Present via Microsoft Teams: Ms. Stanish

Absent: Ms. Henry and Mr. Stefan

Also in attendance were Mr. Collins, IMRF Executive Director; Ms. Miller-May, IMRF Chief Investment Officer; Mr. Shuliga, IMRF Associate General Counsel; Ms. Govea, IMRF Investment Officer – Private Markets; Mr. Talaga, IMRF Investment Officer-Private Markets; Mr. Catanese, IMRF Investment Officer – Portfolio Management & Investment Strategy; Ms. Perez, IMRF Investment Officer – Diversity Programs & Total Portfolio; Mr. Bush, IMRF Investment Analyst – Portfolio Operations – Diversity Programs and members of the Investment Staff. Consultants Mr. Kazemi, Ms. Dean, and Mr. McGuire attended in person.

(22-12-02)(Public Comments) There were no public comments.

(22-12-03)(Action Item)

- A. Approve Investment Committee Meeting Minutes from the November 17, 2022 Meeting
The Chairman asked for the approval of the minutes of the November 17, 2022, Investment Committee Meeting.

It was moved by Mr. Miller; and seconded by Ms. Copper; that the minutes of the November 17, 2022, meeting of the Investment Committee be approved.

Vote:

The motion was approved unanimously.

--The committee member Mr. Stefan joined in person 09:02 A.M.

--The committee member Ms. Henry joined via Microsoft Teams 09:04 A.M.

(22-12-04)(Staff and Consultant Presentations)

- A. 2022 Asset Liability Study Consultants Mr. Mcguire and Ms. Dean of Wilshire Associates presented the results of the 2022 Asset Liability Modeling Study. Wilshire Associates recommended: 1.) a policy portfolio implementation over three-year period with annual re-assessments due to the current market environment; 2.) diversification into private credit assets to enhance the portfolio efficiency in the long term. This presentation was followed by questions from the Investment Committee.
- B. 2023 Staff Presentation and Asset Allocation Recommendation Ms. Miller-May, IMRF Chief Investment Officer and Mr. Catanese presented the 2023 Asset Allocation Policy.

Strategic Asset Allocation as of January 1, 2023

- 34.5% - U.S. Equity
- 18% - International Equity
- 24.5% - Fixed Income
- 10.5% - Private Real Assets
- 11.5% - Alternative Investments
- 1% - Cash

Ms. Miller-May, IMRF Chief Investment Officer and Mr. Catanese further recommended the adoption of a policy benchmark to become effective on December 31, 2023. This presentation was followed by questions from the Investment Committee.

Policy Benchmark effective on December 31, 2023

- 34.5% Custom U.S. Equity Benchmark
- 18% MSCI All Country World Index ex USA (Net)
- 24.5% Custom Fixed Income Benchmark
- 10.5% Custom Private Real Assets Benchmark
- 11.5% Custom Alternative Investments Benchmark
- 1.0% 3 Month T-Bills

(22-12-05)(Action Items)

- A. Approve Long Term Asset Allocation Policy It was moved by Mr. Kuehne; and seconded by Ms. Copper; to recommend that the Board approve the following new asset allocation targets and Total Fund benchmark;

Long Term Strategic Asset Allocation Targets

- 32.5% - U.S. Equity
- 18% - International Equity
- 24.0% - Fixed Income
- 10.5% - Private Real Assets
- 14.0% - Alternative Investments
- 1% - Cash

Policy Benchmark effective on December 31, 2023

- 32.5% Custom U.S. Equity Benchmark
- 18% MSCI All Country World Index ex USA (Net)
- 24.0% Custom Fixed Income Benchmark
- 10.5% Custom Private Real Assets Benchmark
- 14.0% Custom Alternative Investments Benchmark
- 1.0% 3 Month T-Bills

Vote:

The motion was approved unanimously.

B. Approve Asset Allocation Implementation Plan It was moved by Ms. Stanish; and seconded by Mr. Kuehne to recommend that the Board approve the following:

- A policy portfolio implementation over three-year period with annual re-assessments
- A portfolio transition revisited at the end of each year (2023, 2024, and a target achieving the final portfolio allocation at the end of 2025)
- An asset only review of the allocation targets and transition plan to be reviewed annually
- The benchmark change to occur each year starting December 31, 2023

Vote:

The motion was approved unanimously.

(22-12-06)(Staff Presentation)

A. Private Equity Recommendations The Chief Investment Officer and the Investment Officer – Private Markets presented an overview of Accel-KKR Capital Partners VII, L.P. and Accel-KKR Emerging Buyout Partners Fund II, L.P., and ABRY ASCO, L.P. After this presentation, the Chief Investment Officer recommended:

- Authorize a commitment of up to \$50 million to Accel-KKR Capital Partners VII, L.P. and Accel-KKR Emerging Buyout Partners Fund II, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$40 million to ABRY ASCO, L.P., subject to satisfactory due diligence; and,
- Authorize Staff to complete all documentation necessary to execute this recommendation

(22-12-07)(Manager Presentation)

- A. Accel-KKR Capital Partners VII, L.P. and Accel-KKR Emerging Buyout Partners Fund II, L.P. Mr. Rob Palumbo and Mr. Phil Cunningham of Accel-KKR presented a review via Microsoft Teams of their firm's organization structure, investment strategy and product. This presentation was followed by questions from the Committee.

(22-12-08)(Action Items)

- A. Approve Allocations to Accel-KKR Capital Partners VII, L.P. and Accel-KKR Emerging Buyout Partners Fund II, L.P. It was moved by Ms. Copper; and seconded by Ms. Mitchell to recommend that the Board:

- Authorize a commitment of up to \$50 million to Accel-KKR Capital Partners VII, L.P. and Accel-KKR Emerging Buyout Partners Fund II, L.P., subject to satisfactory due diligence; and,
- Authorize Staff to complete all documentation necessary to execute this recommendation

Vote:

The motion was approved unanimously.

- B. Approve Allocation to ABRY ASCO, L.P. It was moved by Ms. Mitchell; and seconded by Mr. Miller to recommend that the Board:

- Authorize a commitment of up to \$40 million to ABRY ASCO, L.P., subject to satisfactory due diligence; and,
- Authorize Staff to complete all documentation necessary to execute this recommendation

Vote:

The motion was approved unanimously.

--The Committee recessed at 10:33 A.M.

--The meeting of the Investment Committee reconvened at 10:43 A.M.

(22-12-09)(Staff Presentation)

A. Real Estate Recommendations The Chief Investment Officer and the Investment Officer – Private Real Assets presented an overview of EnCap Energy Transition Fund II, L.P. and Oak Street Real Estate Capital Fund VI, L.P. After this presentation, the Chief Investment Officer recommended:

- Authorize a commitment of up to \$50 million to EnCap Energy Transition Fund II, L.P., subject to satisfactory legal due diligence;
- Authorize a commitment of up to \$100 million to Oak Street Real Estate Capital Fund VI, L.P., subject to satisfactory legal due diligence; and,
- Authorize Staff to complete all documentation necessary to execute this recommendation

(22-12-10)(Action Items)

A. Approve Allocation to EnCap Energy Transition Fund II, L.P. It was moved by Mr. Miller; and seconded by Mr. Kuehne; to recommend that the Board:

- Authorize a commitment of up to \$50 million to EnCap Energy Transition Fund II, L.P., subject to satisfactory legal due diligence; and,
- Authorize Staff to complete all documentation necessary to execute this recommendation

Vote:

The motion was approved.

Aye: Ms. Copper, Ms. Henry, Mr. Kuehne, Mr. Miller, Ms. Mitchell, Ms. Stanish, and Mr. Stefan

Nay: Mr. Kosiba

B. Approve Allocation to Oak Street Real Estate Capital Fund VI, L.P. It was moved by Ms. Mitchell; and seconded by Ms. Copper; to recommend that the Board:

- Authorize a commitment of up to \$100 million to Oak Street Real Estate Capital Fund VI, L.P., subject to satisfactory legal due diligence; and,

- Authorize Staff to complete all documentation necessary to execute this recommendation

Vote:

The motion was approved unanimously.

(22-12-11)(New Business)The Chief Investment Officer provided an update on investment exposure to cryptocurrency and blockchain. This was followed by questions from the Investment Committee.

(22-12-12)(Trustee Comments) The Investment Committee noted that the investment exposure to cryptocurrency and blockchain has been a topic of concern to members and employers.

(22-12-13)(Adjourn) It was moved by Mr. Kuehne; and seconded by Mr. Stefan; that the meeting of the Investment Committee adjourned at 11:05 A.M.

Vote:

The motion was approved unanimously.

--The next meeting of the Investment Committee is scheduled for Thursday, February 2, 2023, at 9:00 A.M.


Chairman

2.2.23
Date


Clerk

2-2-2023
Date