

ILLINOIS MUNICIPAL RETIREMENT FUND
MEETING NO. 23-05-I

MEETING OF THE
INVESTMENT COMMITTEE

The Investment Committee met in the IMRF offices in Oak Brook, Illinois on Thursday, May 25, 2023. Ms. Henry, Chairman of the Investment Committee, called the meeting to order at 9:05 A.M.

(23-05-01)(Roll Call) Mr. Bush called the roll:

Present: Ms. Copper, Mr. Kosiba, Ms. Stanish, and Mr. Miller

Present via Microsoft Teams: Ms. Henry

Absent: Mr. Stefan and Mr. Kuehne

--The committee member Mr. Miller joined in person 09:05 A.M.

Also in attendance were Mr. Collins, IMRF Executive Director; Ms. Miller-May, IMRF Chief Investment Officer; Mr. Shuliga, IMRF Associate General Counsel – Legal & Communications; Ms. Govea, IMRF Investment Officer – Private Markets; Mr. Talaga, IMRF Investments Officer – Private Markets; Mr. Bush, IMRF Investment Analyst – Portfolio Operations – Diversity Programs; Mr. Lowery, IMRF Senior Quantitative Equity Trader - Internal Management; Mr. Barot, IMRF Equity Portfolio Manager - Internal Management; Mr. Pearce, IMRF Equity Portfolio Manager - Internal Management and members of the Investment Staff. Consultants Mr. Caumo, Mr. Friedberg, Mr. Bracamontes, Ms. Bewick, and Ms. Osadjan attended in person.

(23-05-02)(Public Comments) The Executive Director of the Private Equity Stakeholder Project, Mr. Baker, informed the Investment Committee that private equity firm KKR recently acquired a majority stake in Refresco and highlighted safety concerns regarding working conditions in their bottling plant in Wharton, NJ.

(23-05-03)(Action Item)

- A. Approve Investment Committee Meeting Minutes from the March 30, 2023 Meeting The Chairman asked for the approval of the minutes of the March 30, 2023, Investment Committee Meeting.

It was moved by Mr. Kosiba; and seconded by Ms. Copper; that the minutes of the March 30, 2023, meeting of the Investment Committee be approved.

Vote:

The motion was approved unanimously.

--The committee member Mr. Stefan joined in person 09:15 A.M.

(23-05-04)(Staff Presentation)

A. Internal Asset Management Program Update The Chief Investment Officer and the Internal Asset Management Team presented an overview of the Internal Asset Management Program and Internal Asset Management Recommendations. This presentation was followed by questions from the Committee.

- Authorize a Professional Services mandate to S&P Dow Jones Indices (S&P DJI) to deliver index data to IMRF, pending satisfactory legal due diligence.
- Authorize the launch of a new U.S. Small Capitalization Multi-Factor Portfolio to be managed by Staff benchmarked to the S&P DJI SmallCap 600 Index utilizing the S&P DJI SmallCap 600 QVML Top 90% Index.
 - Funding source for the recommended portfolio will be existing public market mandates. Staff recommends redemption of IMRF's holdings within the DFA Small Cap Value Collective Investment Trust (CIT) and termination of the DFA Small Cap Value mandate.
 - Transition to be managed by an external transition manager – IMRF's minority brokerage goals will be met.
- Authorize Staff to complete all documentation necessary to execute this recommendation, subject to satisfactory legal due diligence.

(23-05-05)(Action Items)

A. Approve Internal U.S. Small Capitalization Multi-Factor Portfolio It was moved by Ms. Stanish; and seconded by Mr. Kosiba; to recommend that the Board approve:

- Authorize a Professional Services mandate to S&P Dow Jones Indices (S&P DJI) to deliver index data to IMRF, pending satisfactory legal due diligence.
- Authorize Staff to complete all documentation necessary to execute this recommendation, subject to satisfactory legal due diligence.

Vote:

The motion was approved unanimously.

B. Approve Termination of the DFA Small Cap Value Mandate It was moved by Mr. Miller; and seconded by Ms. Copper; to recommend that the Board approve:

- Authorize the launch of a new U.S. Small Capitalization Multi-Factor Portfolio to be managed by Staff benchmarked to the S&P DJI SmallCap 600 Index utilizing the S&P DJI SmallCap 600 QVML Top 90% Index.
 - Funding source for the recommended portfolio will be existing public market mandates. Staff recommends redemption of IMRF's holdings within the DFA Small Cap Value Collective Investment Trust (CIT) and termination of the DFA Small Cap Value mandate.
 - Transition to be managed by an external transition manager – IMRF's minority brokerage goals will be met.
- Authorize Staff to complete all documentation necessary to execute this recommendation, subject to satisfactory legal due diligence.

Vote:

The motion was approved unanimously.

(23-05-06)(Consultant and Staff Presentation)

- A. 2022 Annual Private Markets Portfolio Performance Review Mr. Friedberg, Mr. Bracamontes, and Ms. Osadjan of Wilshire Associates presented the 2022 Annual Private Markets Portfolio Performance Review.

--The Committee recessed at 10:22 A.M.

--The meeting of the Investment Committee reconvened at 10:33 A.M.

(23-05-07)(Staff Presentation)

- A. Private Equity Recommendations The Chief Investment Officer and Ms. Govea, IMRF Investment Officer – Private Markets presented an overview of H.I.G. Bayside Loan Opportunity Fund VIII, L.P., KKR Ascendent Fund SCSP, L.P., Lightbank Fund III, L.P., and Vistria Fund V, L.P. After this presentation, the Chief Investment Officer recommended:

- Authorize a commitment of up to \$50 million to H.I.G. Bayside Loan Opportunity Fund VIII, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$50 million KKR Ascendent Fund SCSP, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$30 million to Lightbank Fund III, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$75 million to Vistria Fund V, L.P., subject to satisfactory due diligence; and,

- Authorize Staff to complete all documentation necessary to execute these recommendations

(23-05-08)(Manager Presentation)

- A. Lightbank Fund III, L.P., Mr. Lefkofsky, Mr. Sacks, and Mr. Pescatello of Lightbank presented a review of their firm's organization structure, investment strategy and product. This presentation was followed by questions from the Committee.

(23-05-09)(Action Items)

- A. Approve Allocations to H.I.G. Bayside Loan Opportunity Fund VIII, L.P., KKR Ascendent Fund SCSP, L.P., Lightbank Fund III, L.P., Vistria Fund V, L.P., It was moved by Mr. Miller; and seconded by Ms. Stanish to recommend that the Board:

- Authorize a commitment of up to \$50 million to H.I.G. Bayside Loan Opportunity Fund VIII, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$50 million to KKR Ascendent Fund SCSP, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$30 million to Lightbank Fund III, L.P., subject to satisfactory due diligence;
- Authorize a commitment of up to \$75 million to Vistria Fund V, L.P., subject to satisfactory due diligence; and,
- Authorize Staff to complete all documentation necessary to execute these recommendations

Vote:

The motion was approved unanimously.

(23-05-10)(Staff Presentation)

- A. Real Estate Recommendations The Chief Investment Officer and Mr. Talaga, IMRF Investments Officer – Private Markets presented an overview Crow Holdings Realty Partners Fund X, L.P. and EnCap Energy Capital Fund XII, L.P. After this presentation, the Chief Investment Officer recommended:

- Authorize a commitment of up to \$75 million to Crow Holdings Realty Partners Fund X, L.P., subject to satisfactory legal due diligence;
- Authorize a commitment of up to \$35 million to EnCap Energy Capital Fund XII, L.P., subject to satisfactory legal due diligence; and,
- Authorize Staff to complete all documentation necessary to execute these recommendations

(23-05-11)(Action Items)

A. Approve Allocation to Crow Holdings Realty Partners Fund X, L.P. It was moved by Mr. Kosiba; and seconded by Ms. Copper; to recommend that the Board:

- Authorize a commitment of up to \$75 million to Crow Holdings Realty Partners Fund X, 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. Kosiba, Ms. Stanish, and Mr. Stefan

Nay: Mr. Miller

B. Approve Allocation to EnCap Energy Capital Fund XII, L.P. It was moved by Mr. Kosiba; and seconded by Mr. Stefan; to recommend that the Board:

- Authorize a commitment of up to \$35 million to EnCap Energy Capital Fund XII, 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. Kosiba, Ms. Stanish, and Mr. Stefan

Nay: Mr. Miller

(23-05-12)(New Business)

(23-05-13)(Trustee Comments)

Trustee members Ms. Copper, Mr. Miller, and Mr. Kosiba remarked on the staff diversity of private real estate firms EnCap and Crow. The Board requested investment staff provide additional due diligence on diversity efforts at these firms for any future recommended allocations and to report back to the Investment Committee.

(23-05-14)(Adjourn) It was moved by Ms. Copper; and seconded by Mr. Stefan; that the meeting of the Investment Committee adjourned at 11:39 A.M.

Vote:

The motion was approved unanimously.

--The next meeting of the Investment Committee is scheduled for Thursday, August 24, 2023, at 9:00 A.M.

Aue Stonick

Chairman

8/24/23

Date

Edward Bush

Clerk

8-24-23

Date