



**County Employees Retirement System
Investment Committee – Special Meeting
June 13, 2025 at 10:00 AM EST
Live Video Conference/Facebook Live**

AGENDA

- | | |
|---|---|
| 1. Call to Order | Dr. Merl Hackbart |
| 2. Opening Statement | Eric Branco |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Investment Recommendation* | KPPA Investment Staff
Wilshire |
| 6. Options for Legacy Private Equity Portfolio | KPPA Investment Staff
Wilshire |
| 7. Adjourn | Dr. Merl Hackbart |

****Committee Action May Be Taken***



CERS Investment Committee

Extension Recommendation

New Mountain IV

June 13, 2025

New Mountain IV

Extension Request

- Fund: New Mountain IV
 - Vintage: 2013
 - Size: \$4.0 billion

 - KPPA Commitment: \$50.0 million (1.2% of fund)
 - CERS Commitment: \$45.2 million (1.1% of fund)

 - CERS Exposure at 3/31/25: \$7.2 million (0.05% of assets)
-
- | | <u>Expiration Date</u> |
|--|------------------------|
| • Original term: | 7/8/2023 |
| • One-year extension approved by majority of LPs; fees reduced from 1% to 0.8% | 7/8/2024 |
| • One-year extension approved by majority of LPs; fees reduced from 0.8% to 0.5% | 7/8/2025 |
-
- Fund Status Realization



New Mountain IV

Extension Request

- Fund Metrics as of March 31, 2025
 - Net IRR: 20%
 - TVPI: 2.0x
 - Net DPI: 1.75x
 - Realized Losses: 0%
 - Remaining Portfolio Companies 4
-
- Today's Discussion:
Two-year proposed extension; fees reduced from 0.5% to 0% 7/1/2026
→ **Staff Recommendation: Consent / Approve extension**



Wilshire

Memorandum

To: CERS Board of Trustees

From: Wilshire Advisors LLC

Subject: New Mountain Partners IV, L.P. LPA Amendment

Date: June 5, 2025

LPA Amendment

New Mountain Capital (the “Firm”) is proposing an LPA amendment to extend the term of New Mountain Partners IV, L.P. (the “Fund”) by two years to July 8, 2027, to allow for a more orderly and profitable liquidation of the Fund’s remaining investments. The Fund’s term is currently scheduled to end July 8, 2025, and while most of the Fund’s investments have been realized, a number remain in the portfolio.

Background

The Fund is a 2013 vintage year fund with \$4.1 billion of capital commitments. Commitments were made by the Kentucky Retirement Systems Insurance Trust Fund - \$17.2 million, and Kentucky Retirement Systems Pension Fund - \$32.8 million, under the legacy KRS structure.

The Fund is in its realization phase. As of March 2025, four companies remain in the Fund, while a majority of the Fund is realized. As of March 31, 2025, the Fund has a net TVPI of 2.0x, net IRR of 20.0%, RVPI of 0.25x, and DPI of 1.75x.

Recommendation

Wilshire supports consent to the Fund’s two-year extension given that the Firm will cease charging management fees as of the extension date and there are a number of remaining investments in the portfolio, which could continue to drive the Fund’s returns via realization. Future extensions should be taken on a year-to-year basis. For the reasons stated above, Wilshire recommends that CERS approve the Proposal.

Confidential

Wilshire

Important Information

Wilshire is providing a description of the Fund which relies on information provided by the investment manager and includes: i) a summary of the investment opportunity and ii) Wilshire's view of the investment merits and concerns for the Fund. Wilshire's view is based on a preliminary assessment of the Fund's organization, team, strategy, process, performance, terms, and market in which it is investing. Wilshire notes that the current view is limited with respect to the amount of due diligence that was performed on the Fund. For example, it does not include additional components of due diligence such as operational due diligence, on-site due diligence, background checks for the management team, or legal review.

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More information

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NEW MOUNTAIN CAPITAL LLC

New Mountain Investments IV, L.L.C.
1633 Broadway, 48th Floor
New York, New York 10019

NOTICE – EXTENSION OF TERM
ACTION REQUIRED

June 3, 2025

Re: New Mountain Partners IV, L.P.

Dear Kentucky Retirement Systems (Pension Fund):

Reference is made to the Amended and Restated Limited Partnership Agreement of New Mountain Partners IV, L.P. (“Fund IV” or the “Fund”), dated as of October 21, 2014 (as amended, the “Partnership Agreement”).

Fund IV, a 2013 vintage, has been a solid performer to date. The Fund currently has a 20% Net IRR, 2.0x Net MIC, and 0% realized losses through March 31, 2025. Including a recent sale of Alight’s Tax Receivable Agreement (“TRA”), Fund IV’s Net DPI is approximately 175%. The Fund continues to hold positions in four companies at an estimated value of approximately \$750M (remaining Actively Invested Capital, as defined in the Partnership Agreement, of approximately \$950M).¹

New Mountain continues to spend meaningful time operating the remaining positions and we believe there could be material upside as New Mountain continues to build a path towards exit. Additionally, New Mountain continues to generate liquidity, where possible, for its investors. Most recently, in May 2025, Alight’s investor group completed the sale of its TRA, resulting in \$59M of additional proceeds for Fund IV. Furthermore, we are currently in market to sell one of the remaining four assets in the Fund.²

¹ March 31, 2025 metrics are final and approved by NMC’s Valuation Committee. Past performance is not indicative of future results. “Net” IRR and “Net MIC” reflect all management fees, carried interest, transaction costs, and other expenses (other than taxes) borne or to be borne by investors. “Net MIC” is calculated by dividing Total Distributions plus Net Asset Value by Total Contributions. Net performance figures represent a full fee paying limited partner of each stated Fund and exclude the general partner. A full fee paying limited partner may not be subject to certain investor specific fees and expenses that do not impact the full fund and relate to agreements between the General Partner and a specific investor (such as investor specific placement fees). The Fund IV Net IRR also reflects the impact of leverage due to the fund’s use of a subscription line, which may be significant.

² Fund IV retains earnout-related shares related to its original investment in Alight. However, these amounts are immaterial and Alight is viewed as Fully Realized. For a complete list of transactions please refer to NMC’s private equity quarterly letter.

As part of this current extension notice, New Mountain proposes to cease charging Management Fees as of the extension date.

In accordance with the Partnership Agreement, New Mountain is seeking consent of the Advisory Committee and a Majority in Interest of the Combined Limited Partners to extend the term of the Fund by two years to July 8, 2027 in order to wrap up the operations of the Fund, and the consent of a Majority in Interest of the Combined Limited Partners for Amendment No. 4 to the Partnership Agreement to effect the changes described herein. As such, please sign the following Consent page and return a signed copy of the Consent form to irequests@newmountaincapital.com by **Friday, June 20, 2025**.

Please contact Adam Weinstein at (212) 220-4247, David Coquillet at (212) 655-0070 or Arthur Cardillo at (212) 655-0073 if you have any questions.

Sincerely,

NEW MOUNTAIN INVESTMENTS IV, L.L.C.

CONSENT

If you Consent to this extension, please indicate your consent by placing an “X” in the box below, and filling in the name and date fields below.

☐ The Limited Partner of New Mountain Partners IV, L.P. (the “Fund”) named below hereby consents to (i) the extension of the term of the Fund by two years to July 8, 2027, in its capacity as a Limited Partner of the Fund and, if applicable, a member of the Advisory Committee and (ii) to the amendments included in Amendment No. 4 (the “Amendment”) to the Partnership Agreement, substantially in the form attached hereto as Exhibit A, in its capacity as a Limited Partner of the Fund.

Name of Limited Partner (Printed): _____

Please return this Consent to irequests@newmountaincapital.com at your earliest convenience but no later than June 20, 2025. For administrative ease we are not requiring signatures, as long as the consent box above is checked. If you prefer to also provide a signature, either a wet ink signature or electronic signature is acceptable.

Signature (optional): _____

Name (Printed): _____

Title (Printed): _____

Date: _____



CERS Investment Committee

Legacy Private Equity Investments

June 13, 2025

Dozens of Legacy Funds in Extension Periods / Liquidation / Wind-Down

- All of the 21 funds below are at least 15 years old and collectively represent < 0.6% of CERS assets
 - Large majority are no longer charging management fees; FYTD 3/31/25 fees ~\$240K
- The 4 Bay Hills funds (all 12+ years old) comprise another 0.8% of CERS assets
- Capital is still invested in the equity of private companies with potential upside – sponsors are still seeking to maximize value from a sale, rather than selling under stress
- Extension vs winding up vs orderly liquidation = distinction without a difference

Fund	Vintage	CERS Commitment	CERS Value 12/31/24	Original Term Expiration Date	Current Expiration Date	Status	Fees (on invested)
Arcano	2010	\$22,914,172	\$6,581,014	Dec 2019	Dec 2025	Winding up	0.6%
Blackstone V	2006	\$34,701,149	\$14,145	Dec 2016	N/A	Winding up	0%
Columbia IV	2005	\$17,185,629	\$2,811,846	Mar 2016	N/A	Winding up	0%
Crestview II	2008	\$42,964,073	\$15,709,784	Dec 2019	N/A	Winding up	1.5%
DAG II	2006	\$17,185,629	\$686,785	Apr 2016	Apr 2026	Extended 10 years	0%
DAG III	2007	\$17,185,629	\$73,500	May 2017	May 2026	Extended 9 years	0%
DAG IV	2008	\$57,285,430	\$23,246,400	Sep 2018	Sep 2025	Extended 7 years	0%
DCM VI	2010	\$8,592,815	\$1,202,496	Dec 2018	N/A	Winding up	0%
Green Equity Invest V	2007	\$57,285,430	\$213,050	Nov 2016	N/A	Winding up	0%
HIG Venture II	2005	\$11,457,086	\$719,595	Jan 2013	Jan 2026	Extended 13 years	0%
Horsley Bridge International V	2009	\$28,642,715	\$47,247,840	Oct 2020	N/A	Winding up	0.5%
Keyhaven III	2009	\$16,039,920	\$5,545,271	Jul 2020	Jul 2026	Extended 6 years	0.9%
MHR III	2007	\$2,474,126	\$432,307	Oct 2017	N/A	Winding up	0%
Mill Road I	2008	\$17,185,629	\$1,023,641	Dec 2016	N/A	Winding up	0%
New Mountain III	2007	\$23,801,529	\$935,527	Aug 2017	N/A	Winding up	0%
Sun IV	2005	\$1,237,063	\$48,071	Apr 2015	Apr 2026	Extended 11 years	0%
VantagePoint 2006	2006	\$17,185,629	\$2,577,446	Sep 2016	N/A	Winding up	0.5%
VantagePoint IV	2000	\$22,711,162	\$34,413	Oct 2010	N/A	Winding up	0.5%
Vista III	2007	\$28,642,715	\$1,452,592	Oct 2018	N/A	Winding up	2%
Warburg Pincus IX	2005	\$34,574,268	\$43,331	Jun 2017	N/A	Winding up	0%
Warburg Pincus X	2007	\$26,640,425	\$540,465	Sep 2019	N/A	Winding up	0%
Pre-2011 Funds Total		\$505,892,225	\$111,139,519				
% Total CERS Assets			0.59%				

