

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
SPECIAL-CALLED INVESTMENT COMMITTEE MEETING
JUNE 13, 2025, 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the June 13, 2025, County Employees Retirement System Special-Called Investment Committee Meeting, the following committee members were present: Dr. Merl Hackbart (Chair), George Cheatham, William O'Mara, and Tommy McGraw. Staff members present were Rebecca Adkins, Erin Surratt, Victoria Hale, Steve Willer, Anthony Chiu, Brian Caldwell, Joe Gilbert, Ashley Gabbard, Phillip Cook, Sherry Rankin, and Sandy Hardin. Also in attendance were CERS CEO Ed Owens III; Eric Branco with Johnson, Branco & Brennan LLP; and Chris Tessman, John Patterson, and Marc Friedberg with Wilshire.

1. The meeting of the CERS Investment Committee was called to order by Dr. Hackbart.
2. Mr. Branco read the Legal Opening Statement.
3. Ms. Hardin called roll.
4. Ms. Hardin noted that no *Public Comment* was received.
5. Dr. Hackbart introduced agenda item *Investment Recommendation (Video 00:05:50 to 00:21:53)*. Dr. Hackbart began by giving background information regarding the recommendation for an extension for the New Mountain IV investment originally made in 2013. The current investment amount is \$7.2 million. He then turned the presentation over to Mr. Willer for an overview of the request and recommendation. Mr. Willer confirmed that New Mountain IV is seeking consent from the Advisory Committee and a Majority in Interest of the Combined Limited Partners to extend the term of the Fund by two years, through July 8, 2027, to wrap up Fund operations. Notably, for the term of this proposed extension, New Mountain IV has agreed to reduce their management fees from the current 50 basis points to zero.

Mr. Chiu provided additional background on the Fund, reiterating that the initial commitment to New Mountain IV occurred in 2013 and that the Fund has already undergone multiple extensions. He noted that management fees have been reduced with each extension and will be eliminated entirely for this proposed two-year term. Mr. Chiu stated that the Fund has performed well, and the Investment staff recommended approval of the extension. Wilshire also issued a memorandum in support of the request, citing their consent to the Fund's extension given the elimination of management fees effective on the extension date.

Following a thorough discussion and after addressing all questions and comments from the members, Mr. Cheatham made a motion to approve the recommendation to agree to an amendment to the LPA of New Mountain Partners IV, L.P, to extend the term by two years as presented. Mr. McGraw seconded the motion. The motion passed unanimously.

6. Dr. Hackbart introduced agenda item *Options for Legacy Private Equity Portfolio*. (Video 00:21:53 to 00:48:58). Dr. Hackbart began the discussion by noting that 21 of the legacy investments are 15 years or older and present monitoring challenges for staff. These legacy investments pose monitoring challenges and create time-sensitive decision-making pressures for staff and the Board. Mr. Willer presented a chart showing these funds account for less than 60 basis points of CERS assets, with one fund comprising over 40%. Most funds have ceased charging fees, though approximately \$240,000 has accrued year-to-date.

Mr. Willer outlined two primary paths forward: maintaining positions until managers liquidate assets or pursuing secondary market sales, which could result in steep discounts—especially for older, less attractive holdings. He noted broader liquidity constraints in the private equity space and requested input from Mr. Chiu and Wilshire. Mr. Chiu suggested these funds could be managed through proper delegation, minimizing staff burden.

Wilshire's Mr. Friedberg provided market insights, observing growing demand and improved pricing for high-quality assets. However, venture funds continue to face significant markdowns. He recommended streamlining approvals via Investment Policy

Statement (IPS) policy updates, and Mr. Tessman noted secondary sale bids could be obtained quickly if desired.

After a thorough discussion and all questions were answered, Dr. Hackbart recommended amending the Investment Policy Statement to delegate authority for legacy asset decisions to staff based on predefined conditions, streamlining the committee's workload. Mr. Cheatham supported this proposal and encouraged continued refinement.

7. There being no further business, Dr. Hackbart *adjourned* the meeting.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.


Recording Secretary

I, as Chair of the County Employees Retirement System Investment Committee of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of the meeting held on June 13, 2025, were approved by the County Employees Retirement System Investment Committee on August 27, 2025.


CERS Investment Committee Chair

I have reviewed the Minutes of the County Employees Retirement System Investment Committee Meeting on June 13, 2025, for form, content, and legality.


Office of Legal Services