



**County Employees Retirement System
Board of Trustees – Special Meeting
May 13, 2025, at 2:45 pm ET (1:45 pm CT)
Live Video Conference/Facebook Live**

AGENDA

- | | |
|---|--------------------------|
| 1. Call to Order | Lisle Cheatham |
| 2. Opening Statement | Eric Branco |
| 3. Roll Call/Public Comment | Sherry Rankin |
| 4. Chairman's Corner | Lisle Cheatham |
| 5. Investment Committee | Dr. Merl Hackbart |
| a. Investment Office Recommendation* | Steve Willer |
| | Investment Office |
| 6. Adjourn | Lisle Cheatham |

***Board May Take Action**



CERS Investment Committee

Extension Recommendation

HIG Capital V

May 13, 2025

HIG Capital V

Extension Request

- Fund: HIG Capital Partners V
- Vintage: 2013
- Size: \$1.0 billion

- KPPA Commitment: \$20.0 million (2.0% of fund)
- CERS Commitment: \$18.1 million (1.8% of fund)

- CERS Exposure at 12/31/24: \$7.2 million (0.04% of assets)

- Original term: 7/1/2021
- 2 one-year extensions elected by GP 7/1/2023
- One-year extension approved by majority of LPs; fees reduced from 2% to 1% 7/1/2024
- One-year extension approved by majority of LPs 7/1/2025

- **Today's Discussion:**
- One-year proposed extension 7/1/2026

Expiration Date

→ Staff Recommendation: Abstain / do not approve extension



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



CERS Private Equity Fund Exposures

Fund	Vintage	CERS Commitment	CERS %	CERS Value 12/31/24	Original Term Expiration Date	Current Expiration Date	PE Unit	Status / Notes
Bay Hills I	2007	\$42,964,073	0.02%	\$3,915,666	11/01/17	N/A	KRS PE 2010 UNIT	Removed GP
Bay Hills II	2009	\$28,642,715	0.30%	\$56,668,676	04/17/19	N/A	KRS PE 2010 UNIT	Removed GP
Bay Hills II-B	2010	\$28,642,715	0.20%	\$37,092,414	02/01/20	N/A	KRS PE 2010 UNIT	Removed GP
Blackstone VI	2011	\$91,740,007	0.12%	\$21,997,940	01/07/22	N/A	KRS PE 2011 UNIT	"commenced winding up the affairs of the Partnership" on January 7, 2024 (after two one-year extensions)
Green Equity Invest VI	2012	\$54,768,004	0.26%	\$49,776,726	01/01/23	01/01/26	KRS PE 2011 UNIT	Three 1-year extensions approved by LP majority
HIG BioVentures II	2011	\$22,831,502	0.06%	\$11,873,209	04/01/19	04/01/26	KRS PE 2011 UNIT	Extended 7 years
Vista IV	2011	\$45,663,003	0.17%	\$33,170,059	09/12/22	N/A	KRS PE 2011 UNIT	"began to wind up operations on September 12, 2024" (after two one-year extensions)
Harvest Partners VI	2012	\$36,735,963	0.02%	\$3,466,363	11/28/21	11/28/25	KRS PE 2012 A UNIT	Two 1-year extensions elected by GP, LPAC approved 1-year extension, majority LPs approved another 1-year extensions
Riverside Capital Appreciation VI	2013	\$49,618,529	0.08%	\$14,955,062	10/31/23	10/31/25	KRS PE 2012 B UNIT	Two 1-year extensions approved by LPAC; further extensions need 67% LP approval; cannot go beyond 15th anniversary (10/31/28)
Wayzata III	2013	\$49,618,529	0.00%	\$864,841	05/13/21	N/A	KRS PE 2012 B UNIT	Three 1-year extensions approved by LPAC
DB Secondary Opps Fund III	2014	\$78,734,129	0.06%	\$10,785,102	12/31/21	12/31/26	KRS DB PRIVATE EQ UNIT	Three 1-year extensions elected by GP discretion, then two 1-year extensions approved by LPAC
Bay Hills III	2013	\$134,977,300	0.44%	\$82,891,932	07/31/27	N/A	KRS PE 2013 UNIT	Removed GP
CVC VI	2014	\$31,657,683	0.15%	\$27,515,862	01/01/24	01/01/26	KRS PE 2013 UNIT	Two 1-yr extensions received LPAC approval; any further extensions require either LP majority approval
HIG V	2013	\$18,090,688	0.04%	\$7,185,086	07/01/21	07/01/25	KRS PE 2013 UNIT	Two 1-yr extensions elected by GP; any further extensions require either LPAC or LP majority approval
Levine Leichtman V	2013	\$63,323,485	0.01%	\$2,549,612	09/13/24	N/A	KRS PE 2013 UNIT	GP did not seek extension - fund limited to Runoff Activities
New Mountain IV	2014	\$45,228,746	0.05%	\$9,693,478	07/08/23	07/08/25	KRS PE 2013 UNIT	Two 1-yr extensions to 7/8/25 granted with LPAC and majority LP approval
Triton IV	2013	\$33,919,777	0.17%	\$31,617,660	04/30/23	04/30/26	KRS PE 2013 UNIT	Two year extension to 4/30/26 granted by majority of LPs
Ares SSF IV	2015	\$36,181,054	0.13%	\$24,824,013	08/07/22	N/A	KRS PE 2014 UNIT	Fund "will be wound up upon realization of all investments"
Crestview III	2015	\$54,259,913	0.19%	\$35,542,544	01/31/25	N/A	KRS PE 2014 UNIT	In "process of winding up"
Black Diamond IV	2015	\$54,121,364	0.44%	\$83,841,603	02/24/25	N/A	KRS PE 2015 UNIT	GP did not seek extension - has "commenced an orderly liquidation"
Keyhaven IV	2016	\$18,040,455	0.10%	\$18,889,830	09/30/26	09/30/26	KRS PE 2015 UNIT	Four 1-year extensions with LP majority approval
Keyhaven IV Co-Invest	2016	\$18,040,455	0.01%	\$2,426,797	03/14/26	03/14/26	KRS PE 2015 UNIT	Four 1-year extensions with KPPA approval (we are sole investor)



CERS Private Equity Fund Exposures

Fund	Vintage	CERS Commitment	CERS %	CERS Value 12/31/24	Original Term Expiration Date	Current Expiration Date	PE Unit	Status / Notes
Harvest Partners VII	2016	\$32,059,999	0.21%	\$38,930,400	05/18/26	05/18/26	KRS PE 2016 UNIT	1 yr at GP discretion, then two 1-year extensions with LPAC majority approval
Green Equity Invest VII	2017	\$40,074,999	0.14%	\$26,552,177	07/01/27	07/01/27	KRS PE 2016 UNIT	1 yr at GP discretion, then 1-year extensions with LPAC majority approval. No fees after 7/1/28
Vista Equity Partners VI	2016	\$40,074,999	0.19%	\$36,441,399	05/04/27	06/11/27	KRS PE 2016 UNIT	Two 1-year extensions at GP discretion
Kayne Anderson Energy Fund VII	2015	\$80,149,999	0.12%	\$22,654,803	01/01/26	01/01/26	KRS PE 2016 UNIT	Up to 2 years (to 1/1/28) with LPAC approval
Levine Leichtman VI	2017	\$60,112,486	0.33%	\$63,026,223	11/16/28	11/16/28	KRS PE 2017 UNIT	1 yr at GP discretion, then two 1-year extensions with LP majority approval
Strategic Value Special Situations IV	2017	\$51,228,520	0.24%	\$45,246,166	04/30/25	04/30/26	KRS PE 2018 UNIT	1 yr extension elected by GP; additional 1 yr with LP majority approval
H&F Spock I LP	2007	\$2,599,240	0.04%	\$8,365,400	04/18/26	04/18/26	KRS PE 2010 UNIT	Continuation vehicle closed in 2018 for a 2007 vintage fund - has 2 year extension at GP discretion
Middle Ground I	2019	\$52,825,000	0.32%	\$60,771,735	12/20/28	12/20/28	KRS PE 2019 UNIT	1 yr at GP discretion, then 1 yr with LPAC majority approval
Strategic Value Special Situations V	2021	\$71,649,376	0.42%	\$78,958,592	08/02/28	08/02/28	KRS PE 2021 UNIT	1 yr at GP discretion, then 1 yr with LP majority approval
New State Capital III	2021	\$17,912,344	0.08%	\$14,529,991	11/03/31	11/03/31	KRS PE 2021 UNIT	Three 1-year extensions with LP majority approval
Middle Ground II	2021	\$53,614,843	0.36%	\$67,332,774	04/05/31	04/05/31	KRS PE 2021 UNIT	1 yr at GP discretion, then 1 yr with LPAC majority approval
Middle Ground II-X	2021	\$26,807,422	0.19%	\$35,620,630	04/05/31	04/05/31	KRS PE 2021 UNIT	1 yr at GP discretion, then 1 yr with LPAC majority approval

Wilshire

Memorandum

To: Kentucky Retirements System

From: Wilshire Advisors LLC

Subject: H.I.G. Capital Partners V, L.P. LPA Amendment

Date: May 9, 2025

LPA Amendment

H.I.G. Capital (H.I.G. or the “Firm”) is proposing an LPA amendment to extend the term of H.I.G. Capital Partners V, L.P. (the “Fund”) by one additional year, until July 1, 2026, to allow for a more orderly and profitable liquidation of the Fund’s remaining investments. The Fund’s term is currently scheduled to end on July 1, 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 \$1.1 billion of capital commitments. Kentucky Retirement Systems Insurance Trust Fund committed \$6.9 million, and Kentucky Retirement Systems Pension Fund committed \$13.1 million to the Fund.

The Fund is in its realization phase. As of September 2024, 8 companies remain in the portfolio, while a majority of the Fund has been realized. As of March 31, 2025, the Fund has a DPI of 2.0x, RVPI of 0.4x, net TVPI of 2.4x, and net IRR of 22.4%.

Recommendation

Given that this is not a multi-year extension request, management fees remain unchanged for the Fund, and there are a number of remaining investments in the portfolio which could continue to drive the Fund’s returns via realization, Wilshire recommends that Kentucky Retirement Systems approve the proposal.

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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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April 29, 2025

Limited Partners of H.I.G. Capital Partners V, L.P. (the “Fund”):

As you may know, the term of the Fund is scheduled to end on July 1, 2025. While we have exited most of the Fund’s investments, a few investments remain in the Fund’s portfolio.

In order to realize optimal value for the remaining investments, we believe it is beneficial for the Fund to continue beyond the scheduled termination date of the partnership. As such, we are requesting an amendment to the Fund’s partnership agreement extending the life of the Fund by one additional year, until July 1, 2026, to allow for a more orderly and profitable sale of these remaining investments.

We are therefore requesting that you approve this extension by executing the attached amendment and returning it to H.I.G. Investor Services by fax (305-381-4231) or email (investorservices@hig.com) **no later than May 13, 2025.**

If you have any questions, please do not hesitate to contact the undersigned or H.I.G. Investor Services at (305) 379-2322 (investorservices@hig.com).

Best regards,

A handwritten signature in black ink that reads "Jordan Peer Griffin".

Jordan Peer Griffin
Executive Managing Director and
Global Head of Capital Formation

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CERS Investment Committee

Amendment Recommendation

Adams Street Private Credit Fund III

May 13, 2025

Adams Street Private Credit Fund III

Amendment Request

- Funds: Adams Street Private Credit Fund III-A
Adams Street Private Credit Fund III-B
- Vintage: 2023
- Target Size: \$2.7 billion (\$1.7 billion raised to date)
- CERS Commitments*: \$175 million Fund III-A (0.90% of total CERS AUM)
\$175 million Fund III-B (0.90% of total CERS AUM)
- CERS Fund III Exposure at 12/31/24: \$88.7 million (0.47% of total CERS AUM)
- Original term: Six years, subject to up to two one-year extensions
- Investment Period: Three years from the date of the final close
- Strategy: Invest Primarily in 1st lien senior secured debt

* Commitments were a 'Re-Up' of CERS investments in Adams Street Private Credit Fund II



Adams Street Private Credit Fund III

Amendment Request

- **Today's Discussion:**

Proposed Amendment to the Amended and Restated Limited Partnership Agreement to extend the Final Admission Date to March 31, 2026 from May 31, 2025

- Market conditions for private credit remain favorable and the Adams Street Private Credit team continues to deploy capital across new and existing investments with conservative capital structures and attractive terms.
- Deal activity improved in the second half of 2024 and pricing has been relatively stable.
- Amendment permits the Fund to accept new investors for a longer period of time allowing Adams Street to grow the size of the Fund over the course of the additional period.
- An increased Fund size would be beneficial to existing investors through a larger, more diverse investment portfolio and by fixed costs across a larger capital base, reducing the cost burden for each dollar of investor commitment to the Fund.
- Increased Fund size allow the Fund to be more competitive in more investment opportunities with a larger share of financing opportunities.

→ Staff Recommendation: Approve



Wilshire

Memorandum

To: Kentucky Retirements System

From: Wilshire Advisors LLC

Subject: Adams Street Private Credit Fund III LPA Amendment

Date: May 9, 2025

LPA Amendment

Adams Street Partners (“ASP” or the “Firm”) is proposing an LPA amendment to extend the fundraising period for Adams Street Senior Private Credit Fund III, LP (the “Fund”) to March 31, 2026.

Background

Kentucky Retirement Systems Insurance Trust Fund committed \$75.25 million to Senior Private Credit III-A1 and \$75.25 million to Senior Private Credit III-B1 (a co-investment sidecar vehicle), and Kentucky Retirement Systems Pension Fund committed \$174.75 million to Senior Private Credit III-A1 and \$174.75 million to Senior Private Credit III-B1 (a co-investment sidecar vehicle). The Fund has raised approximately \$1.7 billion to date (including GP commitment), across both levered and unlevered vehicles, toward a stated target of ~\$4.5 billion.

The Fund is a 2023 vintage and has deployed ~65% of its current capital commitments and is generating strong early performance with a 1.10x and 37.7% levered net MOIC and IRR, respectively, as of December 31, 2024.

Recommendation

Wilshire believes that there are no material red flags regarding consent to the Fund’s extension of its fundraising period until March 31, 2026, given that this will allow the Fund to get closer to its fundraising target and could enhance Firm and team stability. However, new investors will come into the Fund at cost, with the current portfolio being marked above cost, ultimately leading to dilution of existing investors’ returns. New investors will pay the prime interest rate plus 2% to existing investors, which somewhat mitigates this concern. With that in mind, Wilshire recommends that Kentucky Retirement Systems consent to the amendment proposal.

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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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Wilshire

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Adams Street Private Credit Fund III GP LP
c/o Adams Street Partners, LLC
One North Wacker Drive, Suite 2700
Chicago, IL 60606-2823

May 1, 2025

Re: Notice and Consent to 1st Amendment to the Amended and Restated Limited Partnership Agreement of each of Adams Street Private Credit Fund III-A LP (“III-A Fund”) and Adams Street Private Credit Fund III-B LP (“III-B Fund”) (each a “Fund” and collectively, the “Funds”)

Dear Limited Partner:

We are writing to request your consent to a proposed amendment to the Amended and Restated Limited Partnership Agreements of each of the Funds. Capitalized terms used but not defined herein have the meanings given to such terms in the Amended and Restated Limited Partnership Agreement of the III-A Fund, dated as of November 21, 2023 or the Amended and Restated Limited Partnership Agreement of the III-B Fund, dated as of April 29, 2024 (each, as amended from time to time, a “Partnership Agreement”, and collectively, the “Partnership Agreements”).

A copy of the proposed amendment for which we are seeking consent is attached as Exhibit A hereto. The amendment will extend the marketing period of the Funds through March 31, 2026.

We believe that the proposed amendment is in the best interests of the Funds and the Limited Partners, and request your consent to the amendment. Accordingly, we would appreciate your executing the consent attached hereto as Exhibit B and returning it to Rachel Hensel at c/o Adams Street Private Credit Fund III GP LP, One North Wacker Drive, Suite 2700, Chicago, IL 60606-2823 or via email to rhensel@adamsstreetpartners.com **no later than May 30, 2025**.

If a Limited Partner has not provided a notice of its consent or objection to the proposed amendment by May 30, 2025, such Limited Partner will be designated as a non-responsive Limited Partner pursuant to Section 12.1(h) of the Partnership Agreements and such Limited Partner’s Capital Commitment to the applicable Fund shall be disregarded in calculating the percentage required for consent to the proposed amendment with respect to such Fund.

As always, please contact the General Partner should you have any questions or comments regarding the proposed amendment or any other matters relating to the Funds or your investment.

Thank you for your cooperation and continued support.

Sincerely,

Adams Street Private Credit Fund III GP LP
General Partner of the Funds