

PROCEEDINGS
OF THE
Board of Trustees
OF THE
**Public School Teachers' Pension and
Retirement Fund of Chicago**

Investment Committee First Friday– Minutes
Friday, June 2, 2023

An Investment Committee First Friday meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held Friday, June 2, 2023.

The Chair, Mr. Philip Weiss, called the meeting to order at 9:32 a.m.

ROLL CALL

Trustees present: Mr. Jeffery Blackwell, Mr. Victor Ochoa, Ms. Jacquelyn Price Ward, Ms. Mary Sharon Reilly, Ms. Tammie F. Vinson, Mr. Quentin S. Washington, Mr. Philip Weiss — 7

Trustee absent: Mr. Miguel del Valle, Dr. Miquel Lewis, Ms. Lois Nelson, Ms. Maria J. Rodriguez, Dr. Jerry Travlos— 5

Also in attendance were: Mr. Carlton Lenoir (*Executive Director*), Ms. Carolyn Clifford, Ottosen DiNolfo, Hasenbalg, & Castaldo (*Board Counsel*), Mr. Fernando Vinzons (*Chief Investment Officer*), Ms. Brianne Weymouth, (*Callan Associates*), Ms. Bernie Bazile (*Callan Associates*), Mr. James Binsfield, Mr. John Freihammer, Ms. Cheryl Rooks, Ms. Summer Qiu, Ms. Julie Cheng, and various observers and staff members.

Mr. Fernando Vinzons, Chief Investment Officer, started the meeting by identifying the theme of this First Friday meeting as one focused on affordable housing. This was based on several trustees' prior requests to gain a deeper understanding of this real estate sector. Mr. Vinzons also reiterated that the purpose of First Friday meetings is not to make an immediate allocation but to allow MWBE-owned and managed firms a chance to practice presenting directly to the CTPF Board, gain an audience with the specialists at Callan and give Fund investment staff a more efficient means of gathering information and intelligence on these firms.

FIRST FRIDAY PRESENTATIONS

Preservation of Affordable Housing

Mr. Rodger Brown and Mr. Bill Eager presented their organization's Affordable Housing strategy. Preservation of Affordable Housing (POAH) is a national non-profit developer, owner and operator of nearly 13,000 affordable homes in eleven states, the District of Columbia, and \$1 billion in asset value. POAH's primary mission is to preserve, create, and sustain affordable, healthy homes that support economic security, racial equity and access to opportunity for all. The organization specializes in the preservation of existing affordable housing that is at-risk of being lost due to market pressures or physical deterioration. POAH has expertise in new construction and neighborhood-scale mixed-income development and mixed-use redevelopments. At the end of their presentation, Mr. Brown and Mr. Eager answered questions from Callan, staff, and the committee.

Real Estate Service Solutions Company

Mr. Shawn Stafford and Mr. Allen Weiss presented their firm's Workforce Multifamily strategy. Real Estate Service Solutions Company (RESSCO) is a 100%-minority owned, Michigan-based, private real estate investment manager focused on value-add multifamily rental investments serving workforce housing and the middle-income demographic in the Midwest U.S. With approximately \$100M of current AUM and a 20+ year track record totaling 5,250 units across 23 properties having generated an average 20%+ IRR, RESSCO is seeking to leverage this experience into their initial institutional equity fund. The RESSCO Multifamily Fund I L.P.'s investment objective is to acquire and increase the value of Class B and Class C multifamily communities located in secondary and tertiary U.S. markets with a fund size of \$100M and asset holding period of 4-7 years. Target returns: 15% net IRR and stabilized cash-on-cash of 8-12% to investors. At the end of their presentation, Mr. Stafford and Mr. Weiss answered questions from Callan, staff, and the committee.

Avanath Capital Management

Mr. John Williams, Mr. Wesley Wilson, and Ms. Carly Stevenson next presented their firm's affordable housing strategy. Avanath, based in Irvine, California and founded in 2008, invests in primarily rent and/or income-regulated affordable housing across the U.S., focusing on high-cost growth markets. Avanath's ownership and senior leadership reflects minority and other underrepresented communities. As of December 2022, Avanath has nearly \$4 billion in AUM. Avanath focuses on the preservation of affordable housing for moderate and lower-income households, providing high-quality housing at discounted rents relative to like-kind apartments. With an initial closing in December 2021, the Renaissance Fund currently has approximately \$745M of investor commitments and has acquired a portfolio valued at nearly \$1.3 billion. Since inception, the Renaissance Fund has generated an annualized total return of 16.4% net to investors. At the end of their presentation, Mr. Williams, Mr. Wilson and Ms. Stevenson responded to questions from Callan, staff, and the committee.

Jonathan Rose Companies

Finally, Mr. Jonathan Rose and Mr. Nathan Taft presented their firm's affordable housing strategy. Jonathan Rose Companies (JRC) was founded in 1989 as a for-profit, mission-based real estate investment and development firm focused on creating, enhancing, and preserving affordable and mixed-income multifamily housing in high-demand, urban markets in the U.S. Currently JRC is one of the largest owners/operators of affordable housing in the U.S., with more than 19,000 units owned. The firm is majority owned and headquartered in New York. Since 2005, JRC has raised \$967M in total equity capital commitments for its investment funds, and now seeks to raise \$500-750M for its Rose Affordable Housing Preservation Fund VI with a first closing anticipated in June 2023 and projected 8-12% net IRR. As of year-end 2022, Rose's prior funds have produced an average net IRR of 14.5%, and its prior affordable housing preservation funds have produced an average net IRR of 16.4%. At the end of their presentation, Mr. Rose and Mr. Taft addressed questions from Callan, staff, and the committee.

Adjournment

The meeting adjourned at 1:06 p.m.