

Minutes of Investment Committee Meeting

February 27, 2024 – 9:30 AM – Livestream

Called to Order: 9:30 a.m. by Executive Director Joe Torta

Attendance at Committee Meeting:

Investment Committee Board Members and Designees

Secretary Uri Monson, Committee Chair

Senator John DiSanto (with Designee Charles Erdman)

Donald Enders

Russell Faber

Representative Dan Frankel (with Designee Dan Ocko)

Treasurer Stacy Garrity (with Designees Christopher Craig and Thomas Waters)

J. David Henderson

Representative Brett Miller (with Designee Jill Vecchio)

Seamus Dubbs – Designee for Assistant Chair, Secretary Wendy Spicher

Eric Pistilli – Designee for Assistant Chair, Secretary Wendy Spicher

Jeffrey Soderstedt - Designee for Assistant Chair, Secretary Wendy Spicher

Matt Lindsay – Designee for Senator Vincent Hughes

Toni Marchowsky – Designee for Senator Vincent Hughes

Senior Staff

N. Joseph Marcucci

Sara McSurdy

James Nolan

Joseph Torta

SERS Staff

Rob Borski

Jonathan Ferrar

Meredith Jones

Jeffrey McCormick

Ryan Morse

Kyle Reinfeld

Stephen Shank

William Truong

Committee Counsel

Steven Skoff

1. CALL TO ORDER

Executive Director, Joe Torta, called the meeting to order at 9:30 a.m.

2. WELCOME AND ROLL CALL

Bill Truong, Deputy Chief Investment Officer of SERS, conducted roll call.

3. APPROVAL OF MINUTES OF SEPTEMBER 19, 2023, INVESTMENT COMMITTEE MEETING

By motion, the Committee agreed to approve the minutes of the September 19, 2023, Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

➤ CIO UPDATES

- 2023 Goals and 2024 Accomplishments

Kyle Reinfeld, of SERS, provided the Investment Committee with the CIO 2023 accomplishments and 2024 goals.

- Investment Committee Work Plan

Mr. Reinfeld provided a review of the Investment Committee Work Plan. As a result of this review, a motion by the Investment Committee was made as follows:

MOTION: A motion is in order to recommend that the State Employees’ Retirement Board approve the Investment Committee Work Plan, as set forth in the attachment.

Board/Investment Committee Member	Vote
John Disanto	Y
Donald Enders	Y
Russell Faber	Y
Dan Frankel (Dan Ocko)	Y
Stacy Garrity (Thomas Waters)	Y
J. David Henderson	Y
Vincent Hughes (Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Seamus Dubbs)	Y

As a result, the Motion passed, and the recommendation was brought to the Board.

- SERS General Consultant and Proxy Voting Consultant RFI Updates

Mr. Reinfeld, Meredith Jones, and Rob Borski, of SERS, provided the Investment Committee with the SERS’ general investment consultant and proxy voting consultant search updates.

➤ INVESTMENT COMMITTEE CHARTER REVIEW

Mr. Reinfeld, Jeff McCormick, and Steve Skoff, of SERS, provided the Investment Committee with a review of the Investment Committee Charter. As a result of this review, a motion by the Investment Committee was made as follows:

MOTION: A motion is in order to recommend to the State Employees’ Retirement Board that it approve the amendments to the Investment Committee charter, as set forth in the attachment

Board/Investment Committee Member	Vote
John Disanto	Y
Donald Enders	Y
Russell Faber	Y
Dan Frankel (Dan Ocko)	Y
Stacy Garrity (Thomas Waters)	Y
J. David Henderson	Y
Vincent Hughes (Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Seamus Dubbs)	Y

As a result, the Motion passed, and the recommendation was brought to the Board Governance and Personnel Committee, who will consider these changes and make a recommendation to the full Board for action by the Board at a future meeting. At that future meeting, the board will be asked to vote approving the proposed changes.

➤ **CALLAN 2023 RECAP AND 2024 INITIATIVES**

Tom Shingler of Callan provided the Investment Committee with a 2023 recap of SERS' Defined Benefit, Defined Contribution, and Deferred Compensation Plans, as well as 2024 initiatives for the Plans.

➤ **EDUCATION SESSION/CAPITAL MARKETS UPDATE AND ASSET ALLOCATION OPTIONS**

Mr. Shingler, Jay Kloepfer, and Kevin Machiz of Callan provided the Investment Committee with an educational session on capital markets and asset allocation options. As a result of this review, a motion by the Investment Committee was made as follows:

MOTION: A motion is in order to recommend that the State Employee's Retirement Board adopt the proposal to increase U.S. Equity by 3% while proportionally decreasing Fixed Income and approve the corresponding updates to the SERS Defined Benefit Plan's Investment Policy Statement.

Board/Investment Committee Member	Vote
John Disanto	Y
Donald Enders	Y
Russell Faber	Y
Dan Frankel (Dan Ocko)	Y
Stacy Garrity	Y
J. David Henderson	Y
Vincent Hughes (Matt Lindsay)	Y
Brett Miller	N
Uri Monson	Y
Wendy Spicher (Seamus Dubbs)	Y

As a result, the Motion passed, and the recommendation was brought to the Board.

- **QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF DECEMBER 31, 2023**
Mr. Shingler of Callan provided the Investment Committee with a review of the Quarterly Investment Performance Analysis, as of December 31, 2023, for the Defined Benefit Plan. Mr. Murdoch of Callan provided the Investment Committee with a review of the Quarterly Investment Performance Analysis, as of December 31, 2023, for the Quarterly Investment Performance Analysis, and the Deferred Compensation Plan.
- **PRIVATE EQUITY QUARTERLY PERFORMANCE UPDATE AS OF SEPTEMBER 30, 2023**
Mr. Roche of StepStone provided the Investment Committee with a review of the Quarterly Private Equity Performance Update, ending September 30, 2023, for the Defined Benefit Plan.
- **REAL ESTATE QUARTERLY PERFORMANCE UPDATE AS OF SEPTEMBER 30, 2023**
Mr. Ritter of NEPC provided the Investment Committee with a review of the Quarterly Real Estate Performance Update, ending September 30, 2023, for the Defined Benefit Plan.
- **REAL ESTATE AND PRIVATE EQUITY PACING DISCUSSION**
Mr. Ritter provided the Investment Committee with a pacing update and strategic investment plan recommendation for SERS’ Real Estate portfolio. The Investment Committee supports a \$300 million commitment pacing level to non-core value-add/opportunistic real estate funds in 2024. Mike Elio of StepStone Group, LP provided the Investment Committee with a pacing update and strategic investment plan recommendation for SERS’ Private Equity and Private Credit portfolio. The Investment Committee supports a \$800 million commitment pacing level to private equity in 2024.
- **NOMINAL U.S. TREASURY PORTFOLIO UPDATE**
Jon Ferrar, of SERS, provided the Investment Committee with an update to merge Nominal U.S. Treasury portfolios and benchmarks. As a result of this review, a motion by the Investment Committee was made as follows:

MOTION: A motion is in order to recommend that the State Employees’ Retirement Board adopt the proposed update to the Fixed Income section of the SERS Defined Benefit Plan’s Investment Policy Statement.

Board/Investment Committee Member	Vote
John Disanto	Y
Donald Enders	Y
Russell Faber	Y
Dan Frankel	Y
Stacy Garrity (Thomas Waters)	Y
J. David Henderson	Y
Vincent Hughes (Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Seamus Dubbs)	Y

As a result, the Motion passed, and the recommendation was brought to the Board.

- **DCP STABLE VALUE FUND GUIDELINES UPDATES**
Mr. Ferrar provided the Investment Committee with an update on U.S. credit rating guidelines for the Invesco Stable Value Fund in the Deferred Compensation Plan. As a result of this review, a motion by the Investment Committee was made as follows:

MOTION: A motion is in order to recommend that the State Employees' Retirement Board approve the proposed update to Invesco's Investment Management Agreement.

Board/Investment Committee Member	Vote
John Disanto	Y
Donald Enders	Y
Russell Faber	Y
Dan Frankel	Y
Stacy Garrity (Thomas Waters)	Y
J. David Henderson	Y
Vincent Hughes (Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Seamus Dubbs)	Y

As a result, the Motion passed, and the recommendation was brought to the Board.

6. INFORMATIONAL ITEMS

Informational items as listed below were made available to the Investment Committee for review:

- a. December 2023 Asset Allocation Report
- b. Rebalancing Update
- c. 2023 Performance Review of SERS' Consultants/Third Parties Overseen by IC/Board

7. EXECUTIVE SESSION

The materials for Executive Session, as listed below, did not require the Investment Committee to break for Executive Session as they were considered informational only:

- a. Investment Manager Evaluation Quarterly Updates (Watchlists)(Informational Item Only)
- b. 2023 Annual Placement Agent Disclosure Report (Informational Item Only)

8. COMMENTS/CONCERNS/QUESTIONS (None)

9. MOTION TO ADJOURN

By motion that was moved by Committee Chair, Secretary Uri Monson and approved unanimously by Investment Committee members, it was:

RESOLVED: That this meeting was adjourned at 12:04 p.m.

Respectfully Submitted,

s/James Nolan
James Nolan, Chief Investment Officer