

Minutes of Investment Committee Meeting

September 17, 2024 – 9:30 A.M. – Livestream

Called to Order: 9:30 a.m. by Committee Chair, Secretary Uri Monson

Attendance at Committee Meeting:

Investment Committee Board Members and Designees

- Secretary Uri Monson, Committee Chair
- Secretary Wendy Spicher, Assistant Committee Chair
 - Seamus Dubbs, Designee for Secretary Spicher
 - Eric Pistilli, Designee for Secretary Spicher
 - Jeffrey Soderstedt, Designee for Secretary Spicher
- Senator John DiSanto
 - Charles Erdman, Designee for Senator DiSanto
- Donald Enders
- W. Russell Faber
- Representative Dan Frankel
 - Anne Baloga, Designee for Representative Frankel
 - Jordan Laslett, Designee for Representative Frankel
 - Matt McCarry, Designee for Representative Frankel
 - Daniel Ocko, Designee for Representative Frankel
- Treasurer Stacy Garrity
 - Christopher Craig, Designee for Treasurer Garrity
 - Lloyd Ebright, Designee for Treasurer Garrity
 - Thomas Waters, Designee for Treasurer Garrity
- J. David Henderson
- Senator Vincent Hughes
 - Matthew Lindsay, Designee for Senator Hughes
 - Antoinette Marchowsky, Designee for Senator Hughes
- Representative Brett Miller
 - Michael Heckmann, Designee for Representative Miller
 - Jill Vecchio, Designee for Representative Miller

Other Board Members and Designees

- Gregory Thall, SERS Board Chair

SERS Senior Leadership

- | | |
|---|---|
| <input type="checkbox"/> Elizabeth Christian
<i>Deputy Executive Director for Administration</i> | <input checked="" type="checkbox"/> Thomas Derr
<i>Director of Communications & Policy</i> |
| <input checked="" type="checkbox"/> Cynthia Collins
<i>Director of Governance & Strategic Initiatives</i> | <input checked="" type="checkbox"/> Pamela Hile
<i>Press Secretary</i> |
| <input checked="" type="checkbox"/> Jo Ann Collins
<i>Chief Compliance Officer</i> | <input checked="" type="checkbox"/> Daniel Krautheim
<i>Chief Information Officer</i> |
| <input checked="" type="checkbox"/> Brenda Cunard
<i>Deputy Executive Director for Member & Participant Services</i> | <input checked="" type="checkbox"/> N. Joseph Marcucci
<i>Chief Counsel</i> |

Katie Mathews
HR Director

Ryan McCoy
Internal Audit Director

Michael McGeoy
Assistant Chief Financial Officer

Sara McSurdy
Chief Financial Officer

Jeffrey Meyer (Cmte. Staff)
Managing Director of Investment Operations

Catherine Nolan
Deputy Chief Counsel

James Nolan (Cmte. Staff)
Chief Investment Officer

Steven Skoff (Cmte. Counsel)
Deputy Chief Counsel

Joseph Torta
Executive Director

William Truong (Cmte. Staff)
Deputy Chief Investment Officer

Other SERS Staff

- Rob Borski, Investment Office
- Jonathan Ferrar, Investment Office
- Meredith Jones, Investment Office
- Destiny Julo, Investment Office
- Jeffrey McCormick, Investment Office
- Kyle Reinfeld, Investment Office
- Matthew Sechrist, Investment Office

Narrative/Issues:

1. CALL TO ORDER

Committee Chair, Secretary Uri Monson, called the meeting to order at 9:33 a.m.

2. WELCOME AND ROLL CALL

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

3. APPROVAL OF MINUTES OF JULY 23, 2024, INVESTMENT COMMITTEE MEETING

By motion, the Committee agreed to approve the minutes of the July 23, 2024, Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

➤ CIO UPDATES

Jim Nolan, Chief Investment Officer of SERS, provided the Investment Committee with CIO updates, which included an update to the June 11, 2024, meeting minutes to reflect a correction to the voting record. By motion, the Committee agreed to approve the update to the June meeting minutes.

➤ DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT

Jon Ferrar of the SERS Investment Office provided an update to the Defined Benefit Plan's Investment Policy Statement to remove the dedicated targets to the two U.S. Equity sub-asset classes (U.S. Large Cap and U.S. Small Cap) and to eliminate the small cap bias relative to U.S. Equity's benchmark, the Russell 3000 Index. After the presentation, a motion by the Investment Committee was made as follows:

MOTION: Do I have a motion to recommend that the State Employees' Retirement Board approve the proposed updates to the SERS' Defined Benefit Plan Investment Policy Statement?

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

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

- **QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF JUNE 30, 2024**
Tom Shingler of Callan provided the Investment Committee with a review of the Quarterly Investment Performance Analysis, as of June 30, 2024, for the Defined Benefit Plan. Britt Murdoch of Callan provided the Investment Committee with a review of the Quarterly Investment Performance Analyses, as of June 30, 2024, for the Deferred Compensation and Defined Contribution Plans.
- **PRIVATE EQUITY QUARTERLY PERFORMANCE UPDATE AS OF MARCH 31, 2024**
Matt Roche of StepStone Group LP provided the Investment Committee with a review of the Quarterly Private Equity Performance Update, as of March 31, 2024.
- **REAL ESTATE QUARTERLY PERFORMANCE UPDATE AS OF MARCH 31, 2024**
Eli Johnson of NEPC, LLC provided the Investment Committee with a review of the Quarterly Real Estate Performance Update, as of March 31, 2024.
- **PRIVATE EQUITY OPPORTUNITY: LLR EQUITY PARTNERS VII, L.P.**
SERS Board Chair Gregory Thall announced his recusal and left the board room prior to the discussion of the LLR private equity investment opportunity to avoid any potential conflict of interests. Mr. Nolan provided the Investment Committee with background information on SERS' Private Equity portfolio. He then provided an introduction to LLR Partners that included prior manager performance and transparency reporting status. Mr. Roche summarized how LLR Equity Partners VII, L.P. represents a positive fit into SERS' Private Equity portfolio. Jeff McCormick, Destiny Julo, and Matthew Sechrist of the SERS Investment Office were on hand to answer any questions and to further support the opportunity. Howard Ross, Jason Jerista, David Reuter, and Scott Perricelli of LLR Partners then presented. After their presentation, a motion by the Investment Committee was made as follows:

MOTION: Do I have a motion to recommend that the State Employees' Retirement Board commit up to \$75 million to LLR Equity Partners VII, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a follow on investment within the Private Equity asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months?

Board/Investment Committee Member	Vote
John DiSanto	Y
Donald Enders	Absent
W. Russell Faber	Y
Dan Frankel (Designee Matt McCarry)	Y
Stacy Garrity (Designee Tom Waters)	Y
J. David Henderson	Y
Vincent Hughes (Designee Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Designee 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. July 2024 Asset Allocation Report
- b. Rebalancing Update

7. SPECIAL PRESENTATIONS (None)

8. EXECUTIVE SESSION

The Investment Committee entered Executive Session at 10:40 a.m. to discuss agenda items as listed below:

- a. Investment Manager Evaluation Quarterly Updates
- b. Asset Class Peer Comparison Fee Benchmarking Report (Informational Only)
- c. Annual Investment Manager Fee and Expense Report (Informational Only)
- d. General Investment Consultant Search

9. PUBLIC SESSION RESUMES

At 12:35 p.m., the Investment Committee resumed Public Session. As a result of discussions during Executive Session, the following motions by the Investment Committee were made as follows:

➤ INVESTMENT MANAGER EVALUATION QUARTERLY UPDATES

MOTION: Do I have a motion to recommend that the State Employees' Retirement Board approve the orderly liquidation of the Global Inflation-Linked Bonds portfolio managed by New Century Advisors, LLC and transition the assets to SERS' cash account? Upon completion of this liquidation and transition, SERS' relationship with New Century Advisors, LLC will terminate.

Board/Investment Committee Member	Vote
John DiSanto (Charles Erdman)	Y
Donald Enders	Absent
W. Russell Faber	Y
Dan Frankel (Designee Matt McCarry)	Y
Stacy Garrity (Designee Tom Waters)	Y
J. David Henderson	Y
Vincent Hughes (Designee Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Designee Seamus Dubbs)	Y

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

➤ **GENERAL INVESTMENT CONSULTANT SEARCH**

MOTION: Do I have a motion to recommend that the State Employees' Retirement Board hire RVK, Inc. to act as its non-discretionary general investment consultant in connection with the SERS Defined Benefit Plan, Deferred Compensation Plan, and Defined Contribution Plan for a five-year term commencing at the conclusion of the Board's current contract for general investment consulting services (set to expire as of February 25, 2025), subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, prior to the expiration of the current contract?

Board/Investment Committee Member	Vote
John DiSanto (Charles Erdman)	No
Donald Enders	Absent
W. Russell Faber	Y
Dan Frankel (Designee Matt McCarry)	Y
Stacy Garrity (Designee Tom Waters)	No
J. David Henderson	Y
Vincent Hughes (Designee Matt Lindsay)	Y
Brett Miller	Y
Uri Monson	Y
Wendy Spicher (Designee Seamus Dubbs)	Y

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

10. COMMENTS/CONCERNS/QUESTIONS (None)

11. 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 12:40 p.m.

Respectfully Submitted,

s/James Nolan

James Nolan, Chief Investment Officer