

Minutes of Investment Committee Meeting

September 24, 2019 – 8:30 AM – Board Room

Called to Order: 8:36 a.m. by Chair Glenn E. Becker

Attendance at Committee Meeting(s):

Investment Committee Members and Designees

Glenn E. Becker, Chair
David R. Fillman, Assistant Chair
Dan B. Frankel
Michael G. Tobash
Joseph M. Torsella
Robin L. Wiessmann
James Bloom – Designee for Secretary Robin L. Wiessmann
Thomas Clancy – Designee for Treasurer Joseph M. Torsella
Charles Duncan – Designee for Senator Vincent J. Hughes
Lloyd Ebright – Designee for Treasurer Joseph M. Torsella
Alan Flannigan – Designee for Secretary Robin L. Wiessmann
Bernie Gallagher – Designee for Representative Dan B. Frankel
Antoinette Marchowsky – Designee for Senator Vincent J. Hughes
Leo Pandeladis – Designee for Secretary Robin L. Wiessmann
Jill Vecchio – Designee for Representative Michael G. Tobash

Other Board Members and Designees

John M. DiSanto
Mary A. Soderberg
Charles Erdman – Designee for Senator John M. DiSanto
Gregory C. Thall

Executive Staff

Alicia James
James Nolan
N. Joseph Marcucci
Terrill Sanchez

Consultants

Andrew Brett, NEPC
Michael Elio, StepStone
Jay Kloepfer, Callan
Bud Pellicchia, Callan
Tom Shingler, Callan
Matthew Ritter, NEPC
Matthew Roche, StepStone

Sweta Vaidya, Callan
Christopher Waddell, Olson Hagel & Fishburn LLP

Presenters

Mark Barnhill, Platinum Equity
Chris Caras, ISS
Stephen Douglas, NISA
David Eichhorn, NISA
Joe Henzlik, ISS
Elizabeth Kantrowitz, ISS
Dianne Lindsey, Glass Lewis
Megan Orifici, ISS
John Wieck, Glass Lewis

Visitors

Chris Powers, Parametric Asset Management
Ellen Safir, New Century Advisors
Pilar Sorensen, Private Equity Stakeholder Project

Staff

Rose Agnew
Randy Albright
Steve Balucha
Don Bell
Jason Burger
Dhanashree Chitnis
Thomas Derr
Marianna Fazylova
David Felix
Jonathan Ferrar
Brian Gilroy
Jason Giurintano
Vesna Gleichman
Phillip Greenberg
Suzi Hansel
Pam Hile
Christopher Houston
Khalfani King
Dan Krautheim
David Kuntch
Alan Lin
Karen Lynn
Katie Matthews
Jeffrey McCormick
Ryan McCoy
Sara McSurdy

Matthew Meads
Jeffrey Meyer
Catherine Nolan
Kara O'Donnell
Joel Rimby
David Sedlak
Melissa Seiders
Sharon Smith
Sarah Souder
Bruce Thomas
Joseph Torta
William Truong

1. CALL TO ORDER AND ROLL CALL OF PARTICIPANTS

Chair Becker called the meeting to order at 8:36 a.m.

2. WELCOME AND INTRODUCTIONS

3. APPROVAL OF MINUTES OF JULY 30, 2019 INVESTMENT COMMITTEE MEETINGS

Chair Becker presented the minutes provided to the Committee. By motion, the Committee unanimously agreed to approve the minutes of the 7/30/2019, Investment Committee meetings.

4. NEW BUSINESS

➤ **PRIVATE EQUITY: PLATINUM EQUITY CAPITAL PARTNERS V, L.P. & PLATINUM V PA OPPORTUNITIES FUND, L.P.**

David Felix and Jason Burger of the SERS Investment Office introduced Mark Barnhill of Platinum Equity, LLC, who presented Platinum Equity Capital Partners V, L.P. & Platinum V PA Opportunities Fund, L.P. to the Investment Committee for consideration of SERS' commitment. No motion was initiated for either fund.

➤ **ASSET LIABILITY STUDY**

Jay Kloepfer, Sweta Vaidya, Tom Shingler, and Bud Pellecchia of Callan provided the Asset Liability Study conducted by Callan.

➤ **SERS DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENTS**

Jim Nolan and Bill Truong of the SERS Investment Office, along with Tom Shingler and Bud Pellecchia of Callan, presented the SERS Defined Benefit Plan Draft Investment Policy Statement ("IPS") for consideration by the Investment Committee members. The Investment Committee has chosen to schedule an interim special committee meeting to review the draft IPS, with a date and time to be determined.

➤ **CALLAN EDUCATION – TIPS PREVALENCE & PERFORMANCE**

Tom Shingler of Callan provided an educational presentation on TIPS Prevalence & Performance within Fixed Income investments.

5. SPECIAL PRESENTATION

➤ **BOARD EDUCATION – PROTECTING INSTITUTIONAL PORTFOLIOS DURING PERIODS OF UNEXPECTED INFLATION AND DEFLATION**

Stephen Douglas and David Eichhorn of NISA Investment Advisors, LLC provided to the Committee an educational presentation on protecting institutional portfolios during periods of unexpected inflation and deflation.

6. OLD BUSINESS

➤ **PROXY VOTING FINALISTS PRESENTATION**

John Wieck and Dianne Lindsey of Glass Lewis provided a presentation on their proxy voting advisory service. Next, Elizabeth Kantrowitz, Chris Caras, Megan Orifici, and Joe Henzlik of ISS provided a presentation their proxy voting advisory service. After their respective presentations, a motion by the Investment Committee was made as follows:

RESOLVED: That the Investment Committee recommend that the State Employees’ Retirement Board accept the recommendation of the Investment Committee to hire ISS to act as its proxy voting services consultant for its Defined Benefit Plan, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals.

The roll call vote tabulation was as follows:

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel	Absent
Vincent Hughes	Absent
Michael Tobash (Vecchio)	Yes
Joseph Torsella	Yes
Robin Wiessmann	Yes
Glenn Becker	Yes

7. EXECUTIVE SESSION

The Investment Committee entered executive session at 12:32p.m. At 2:03 p.m., the Investment Committee resumed public session.

8. NEW BUSINESS – CONTINUED

➤ **PUBLIC EQUITY UPDATE**

As a result of discussions held in Executive Session, a motion by the Investment Committee was made as follows:

RESOLVED: That the Investment Committee recommend that the State Employees' Retirement Board accept the recommendation of the Investment Committee to (i) approve the orderly liquidation of the U.S. mid-cap equity portfolio managed by Iridian Asset Management LLC, and (ii) transition the assets to SERS' cash account. A board approved transition manager may be used to assist in facilitating these transitions. Upon completion of this liquidation and transition, SERS' relationship with Iridian Asset Management LLC will terminate.

The roll call vote tabulation was as follows:

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Gallagher)	Yes
Vincent Hughes	Absent
Michael Tobash (Vecchio)	Yes
Joseph Torsella	Yes
Robin Wiessmann	Yes
Glenn Becker	Yes

➤ **SERS QUARTERLY PERFORMANCE ANALYSIS (AS OF JUNE 30, 2019)**
Tom Shingler and Bud Pellecchia of Callan provided the Quarterly Performance Analysis for the SERS Defined Benefit Plan to the Investment Committee.

➤ **SERS DEFINED CONTRIBUTION/DEFERRED COMPENSATION PROGRAM QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF JUNE 30, 2019)**
Tom Shingler and Bud Pellecchia of Callan provided the Quarterly Performance Analysis for the SERS Defined Contribution and Deferred Compensation Plan to the Investment Committee.

9. COMMITTEE COMMENTS/ANNOUNCEMENTS/DATE TO REMEMBER

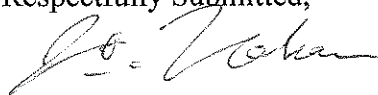
NONE

10. MOTION TO ADJOURN

By motion that was moved by Chair Becker and approved unanimously by Investment Committee members, it was;

RESOLVED: That this meeting is adjourned at 2:25 p.m.

Respectfully Submitted,



James Nolan, Acting Chief Investment Officer