

Minutes of Investment Committee Meeting

December 3, 2019 – 11:30 AM – Board Room

Called to Order: 11:32 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 (via phone)
Michael G. Tobash
Susan Boyle – Designee for Representative Michael G. Tobash
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
Brian LaForme – Designee for Secretary Robin L. Wiessmann
Antoinette Marchowsky – Designee for Senator Vincent J. Hughes
Dan Ocko – Designee for Representative Dan B. Frankel
Leo Pandeladis – Designee for Secretary Robin L. Wiessmann
Jill Vecchio – Designee for Representative Michael G. Tobash

Other Board Members and Designees

John M. DiSanto
Charles Erdman – Designee for Senator John M. DiSanto
Gregory K. Jordan
Mary A. Soderberg

Executive Staff

Alicia James
N. Joseph Marcucci
James Nolan
Terrill Sanchez

Consultants

Mike Elio, StepStone
Britton Murdoch, Callan
Tom Shingler, Callan
Matthew Ritter, NEPC

Fiduciary Counsel

Christopher Waddell, Olson Hagel & Fishburn LLP

Presenters

José E. Feliciano, Clearlake Capital Partners

Ryan Hinkle, Insight Partners

Howard Marks, Co-Founder & Co-Chairman of Oaktree Capital Management

Visitors

Kelly Hardeman, Insight Partners

Doug Powell, Oaktree Capital Management

Edward Smith, Joe Doc Consulting

Sam Starkey, Schroders

Staff

Rose Agnew

Randy Albright

Stephen Balucha

Don Bell

Jason Burger

Thomas Derr

Marianna Fazylova

David Felix

Jonathan Ferrar

Brian Gilroy

Phillip Greenberg

Suzi Hansel

Pam Hile

Christopher Houston

Kevin Kiehl

Khalfani King

Alan Lin

Karen Lynn

Katie Mathews

Jeffrey McCormick

Ryan McCoy

Matthew Meads

Jeffrey Meyer

Ryan Morse

Catherine Nolan

Kara O'Donnell

Joel Rimby

David Sedlak

Melissa Seiders

Sarah Souder

Bruce Thomas

Joseph Torta

William Truong

Interns

Matthew Sechrist

1. CALL TO ORDER AND ROLL CALL OF PARTICIPANTS

Chair Becker called the meeting to order at 11:32 a.m.

2. WELCOME AND INTRODUCTIONS

3. APPROVAL OF MINUTES OF SEPTEMBER 24, 2019 INVESTMENT COMMITTEE MEETING AND OCTOBER 16, 2019 SPECIAL INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the 9/24/19 and 10/16/19 meetings.

9. NEW BUSINESS-CONTINUED (This agenda item was moved up in the meeting to accommodate scheduling conflicts)

- **CHIEF INVESTMENT OFFICER ANNUAL REVIEW PROCESS**
Katie Mathews of SERS Human Resources provided an overview of the role of the Investment Committee in the Chief Investment Officer's annual review process.

4. OLD BUSINESS

- **SERS QUARTERLY PERFORMANCE ANALYSIS (AS OF SEPTEMBER 30, 2019)**
Tom Shingler and Britt Murdoch of Callan provided the Defined Benefit Quarterly Performance Analysis as of September 30, 2019.
- **SERS DEFINED CONTRIBUTION/DEFERRED COMPENSATION PROGRAMS QUARTERLY INVESTMENT PERFORMANCE ANALYSES (AS OF SEPTEMBER 30, 2019)**
Tom Shingler and Britt Murdoch of Callan provided the Defined Contribution and Deferred Compensation Programs Quarterly Performance Analyses as of September 30, 2019.
- **SERS PRIVATE EQUITY SEMI-ANNUAL PERFORMANCE REVIEW (AS OF JUNE 30, 2019)**
David Felix of the SERS Investment Office, along with Mike Elio of StepStone, provided the Private Equity Semi-Annual Performance Review as of June 30, 2019.
- **SERS REAL ESTATE SEMI-ANNUAL PERFORMANCE REVIEW (AS OF JUNE 30, 2019)**
Phil Greenberg of the SERS Investment Office, along with Matt Ritter of NEPC, provided the Real Estate Semi-Annual Performance Review as of June 30, 2019.

5. EXECUTIVE SESSION/PUBLIC SESSION RESUMES

The Investment Committee entered executive session at 12:49 p.m. At 2:32 p.m., the Investment Committee resumed public session.

6. OLD BUSINESS-CONTINUED

➤ **SPECIALTY CONSULTANT PERFORMANCE REPORTS – IN RESPONSE TO PPMARC RECOMMENDATION #24**

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 approve the format of the sample private market specialty consultants’ semi-annual performance reports for public dissemination, as set forth in the attachments.

The roll call vote tabulation for the motion was as follows:

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Ocko)	Yes
Vincent Hughes (Marchowsky)	Yes
Michael Tobash	Yes
Joseph Torsella (Ebright)	Yes
Robin Wiessmann (Flannigan)	Yes
Glenn Becker	Yes

➤ **SERS DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT/ASSET ALLOCATION DISCUSSION**

Jim Nolan and Bill Truong of the SERS Investment Office, along with Tom Shingler and Britt Murdoch of Callan, led a discussion of the updated SERS Defined Benefit Plan Draft Investment Policy Statement (“IPS”), using a 7.0% target asset allocation, for review and consideration by the Investment Committee members. As a result of this discussion, 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 adopt the SERS Defined Benefit Plan’s Investment Policy Statement (as amended 12.3.19).

The roll call vote tabulation for the motion was as follows:

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Ocko)	Yes
Vincent Hughes (Marchowsky)	No
Michael Tobash	Yes
Joseph Torsella (Ebright)	Yes
Robin Wiessmann (Flannigan)	Yes
Glenn Becker	Yes

7. NEW BUSINESS

PRIVATE EQUITY

➤ CLEARLAKE CAPITAL PARTNERS VI

David Felix and Ryan Morse of the SERS Investment Office, along with Mike Elio of StepStone, provided an introduction of José E. Feliciano of Clearlake Capital Partners. After his presentation of Clearlake Capital Partners VI, 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 commit up to \$75 million to Clearlake Capital Partners VI, 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.

The roll call vote tabulation for the motion was as follows:

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Ocko)	No
Vincent Hughes	Absent
Michael Tobash	Yes
Joseph Torsella (Ebright)	Abstain
Robin Wiessmann (Flannigan)	Yes
Glenn Becker	Yes

➤ **INSIGHT PARTNERS XI, L.P.**

David Felix and Ryan Morse of the SERS Investment Office, along with Mike Elio of StepStone, provided an introduction of Ryan Hinkle of Insight Partners. After his presentation of Insight Partners XI, 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 commit up to \$75 million to Insight Partners XI, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as an 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.

The roll call vote tabulation for the motion was as follows:

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Ocko)	Yes
Vincent Hughes	Absent
Michael Tobash	Yes
Joseph Torsella (Ebright)	No
Robin Wiessmann (Flannigan)	Yes
Glenn Becker	Yes

8. SPECIAL PRESENTATIONS

➤ **BOARD EDUCATION**

A Board Education opportunity on important quantitative and qualitative practices for private investments was presented to the Committee by Howard Marks, Co-Founder & Co-Chairman of Oaktree Capital Management.

9. NEW BUSINESS-CONTINUED (This item was moved up in the agenda timeline due to certain scheduling conflicts)

10. COMMITTEE COMMENTS/ANNOUNCEMENTS/DATE TO REMEMBER

NONE

11. 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 4:57 p.m.

Respectfully Submitted,



James Nolan, Acting Chief Investment Officer