

## **Minutes of Investment Committee Meeting**

June 9, 2020 – 1:15 PM – Teleconference

**Called to Order: 1:22 p.m. by Committee Chair, Glenn E. Becker**

### **Attendance at Committee Meeting(s):**

Glenn E. Becker, Committee Chair  
James Bloom – Designee for Secretary Richard Vague  
Charles Duncan – Designee for Senator Vincent J. Hughes  
Lloyd Ebright – Designee for Treasurer Joseph M. Torsella  
David R. Fillman, Assistant Chairperson  
Alan Flannigan – Designee for Secretary Richard Vague  
Toni Marchowsky – Designee for Senator Vincent J. Hughes  
Dan Ocko – Designee for Representative Dan B. Frankel  
Representative Michael G. Tobash  
Secretary Richard Vague

### **Other Board Members and Designees**

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

### **Senior Staff**

Alicia James  
N. Joseph Marcucci  
James Nolan  
Terrill Sanchez

### **Committee Counsel**

Jeffrey McCormick

### **Consultants**

Mike Elio  
Britt Murdoch  
Bud Pellecchia  
Matt Ritter  
Matt Roche  
Meg von Schroeter  
Tom Shingler

### **Presenters**

David Felix  
Chris Houston  
Jeff Meyer

## 1. CALL TO ORDER

Committee Chair, Glenn Becker, called the meeting to order at 1:22 p.m.

## 2. WELCOME AND INTRODUCTIONS

Prior to the meeting being called to order, Jim Nolan welcomed meeting attendees and took the Investment Committee roll call.

## 3. ANNOUNCEMENT OF PRIOR EXECUTIVE SESSIONS

There was an announcement of prior executive sessions held to conduct interviews of candidates for the SERS CIO position and to discuss related matters pertaining to the CIO search.

## 4. APPROVAL OF MINUTES OF APRIL 21, 2020 INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the April 21, 2020 Investment Committee meeting.

## 5. SPECIAL PRESENTATION (None)

## 6. NEW BUSINESS

### ➤ CIO COMMENTS: INTERIM MARKET UPDATE; ASSET CLASS BENCHMARK UPDATE; MANAGER GUIDELINE UPDATE

Jim Nolan provided the Investment Committee with the SERS' interim market update, asset class benchmark update, and manager guideline update. The Investment Committee requested that the manager investment guideline changes be revisited in six months.

### ➤ SERS DEFINED BENEFIT QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF MARCH 31, 2020)

Tom Shingler, Bud Pellecchia, and Britt Murdoch of Callan provided the Defined Benefit Quarterly Performance Analysis as of March 31, 2020.

### ➤ SERS DEFERRED COMPENSATION PROGRAM QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF MARCH 31, 2020)

Tom Shingler, Bud Pellecchia, and Britt Murdoch of Callan provided the Deferred Compensation Program Quarterly Performance Analysis as of March 31, 2020.

### ➤ SERS DEFINED CONTRIBUTION PROGRAM QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF MARCH 31, 2020)

Tom Shingler, Bud Pellecchia, and Britt Murdoch of Callan provided the Defined Contribution Program Quarterly Performance Analysis as of March 31, 2020.

### ➤ SERS PRIVATE EQUITY SEMI-ANNUAL PERFORMANCE REVIEW (AS OF DECEMBER 31, 2019)

David Felix of SERS and Mike Elio and Matt Roche of StepStone provided the Private Equity Semi-Annual Performance Review as of December 31, 2019.

- SERS REAL ESTATE SEMI-ANNUAL PERFORMANCE REVIEW (AS OF DECEMBER 31, 2019)  
David Felix of SERS and Matt Ritter of NEPC provided the Real Estate Semi-Annual Performance Review as of December 31, 2019.

- MARCH 2020 ASSET ALLOCATION REPORT (INFORMATIONAL ITEM ONLY)

#### 7. EXECUTIVE SESSION (None)

Executive Session materials were announced as being available for review by the Investment Committee offline.

The following agenda items were made available:

- a. Investment Manager Evaluation Updates
- b. SERS Cash Flow Forecast
- c. 2020 SERS Private Markets Pacing
- d. Liquidity Schedule as of March 31, 2020
- e. Private Markets Unfunded Commitments Update
- f. SERS 2019 Private Equity Annual Board Update-Executive Summary (Informational Item Only)

#### 8. PUBLIC SESSION RESUMES (None)

#### 9. NEW BUSINESS

- PPM AIRC UPDATE

Chris Houston and Jeff Meyer of SERS provided the Investment Committee with a PPM AIRC update. As a result of this discussion, a motion by the Investment Committee, cast by Committee Chair Glenn Becker and seconded by Assistant Committee Chair David Fillman, was made as follows for PPM AIRC Recommendation #100 (Procurement of Investment Managers):

RESOLVED: That the Investment Committee recommend that the State Employees' Retirement Board direct SERS' investment office staff to implement the following to enhance the current process for hiring public market managers:

- Post an announcement in a timely manner to SERS' website that SERS is seeking a manager with a certain mandate, e.g. large cap value manager.
- Post a similar announcement on the website of SERS' general investment consultant requesting managers to enter/update such consultant's database by a certain agreed upon date.
- Advertise the announcement using Twitter, LinkedIn, and industry publications.

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

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Vincent Hughes (Charles Duncan)	Yes
Michael Tobash	Yes
Joseph Torsella (Lloyd Ebright)	Yes
Richard Vague	Yes
Glenn Becker	Yes

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

Another motion by the Investment Committee, cast by Committee Chair Glenn Becker and seconded by Representative Michael Tobash, was made as follows for PPMAIRC Recommendation #101-106 (Procurement of Investment Consultants):

**RESOLVED:** That the Investment Committee recommend that the State Employees' Retirement Board amend the Investment Policy Statement to provide that a Request for Information (RFI) process is to be used for the hiring of general and specialty investment consultants, with the following requirements:

- (a) All RFIs are to be posted on SERS' website; and
- (b) Once a contract has been entered into with the selected consultant, post on SERS' website the selected consultant's proposal received in response to the RFI, with redactions consistent with those made for proposals received pursuant to the Procurement Code, as set forth in the *Procurement Handbook - Part I Chapter 50 - Public Access to Procurement Information*.

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

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Vincent Hughes (Charles Duncan)	Yes
Michael Tobash	Yes
Joseph Torsella (Lloyd Ebright)	Yes
Richard Vague	Yes
Glenn Becker	Yes

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

Another motion by the Investment Committee, cast by Committee Chair Glenn Becker and seconded by Lloyd Ebright-Designee for Treasurer Joseph Torsella, was made as follows for PPMIRC Recommendation #107 (Evaluation/Due Diligence Process for Investment Managers):

**RESOLVED:** That the Investment Committee recommend that the State Employees' Retirement Board direct SERS' investment office staff to include in the due diligence questionnaire for prospective investment managers an inquiry as to whether a firm is compliant with the CFA Institute Asset Manager Code.

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

Board/Investment Committee Member	Vote
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Vincent Hughes (Charles Duncan)	Yes
Michael Tobash	Yes
Joseph Torsella (Lloyd Ebright)	Yes
Richard Vague	Yes
Glenn Becker	Yes

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

10. COMMITTEE COMMENTS/CONCERNS/QUESTIONS (None)

### 11. MOTION TO ADJOURN

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

RESOLVED:

That this meeting is adjourned at 3:22 p.m.

Respectfully Submitted,

s/James Nolan

James Nolan, Acting Chief Investment Officer