

Minutes of Investment Committee Meeting

December 1, 2020 – 9:00 AM – Livestream

Called to Order: 9:37 a.m. by Committee Chair, Glenn E. Becker

Attendance at Committee Meeting(s):

Glenn E. Becker, Committee Chair
James Bloom – Designee for Secretary Richard Vague
Susan Boyle – Designee for Representative Michael Tobash
Charles Duncan – Designee for Senator Vincent Hughes
Lloyd Ebright – Designee for Treasurer Joseph Torsella
David R. Fillman, Assistant Chair
Alan Flannigan – Designee for Secretary Richard Vague
Toni Marchowsky – Designee for Senator Vincent Hughes
Dan Ocko – Designee for Representative Dan Frankel
Patrick Shaughnessy – Designee for Representative Dan Frankel
Representative Michael Tobash
Treasurer Joseph Torsella
Jill Vecchio – Designee for Representative Michael Tobash

Other Board Members and Designees

Senator John DiSanto
Charles Erdman
Gregory Jordan
Mary Soderberg
Gregory Thall

Senior Staff

Christopher Houston
Seth Kelly
N. Joseph Marcucci
Sara McSurdy
Terrill Sanchez

Committee Counsel

Jeffrey McCormick

Other Staff

Rose Agnew
Randy Albright
Katie Bates
Don Bell
Kelly Bernhard
Jason Burger

Thomas Derr
Randy Gilson
Suzi Hansel
Pam Hile
Meredith Jones
Daniel Krautheim
Katie Mathews
Matt Meads
Joseph Torta
Bill Truong

Consultants

Andrew Brett, NEPC, LLC
Mike Elio, StepStone Group, LP
Kevin Machiz, Callan Associates Inc.
Britt Murdoch, Callan Associates Inc.
Bud Pellecchia, Callan Associates Inc.
Matt Ritter, NEPC, LLC
Matt Roche, StepStone Group, LP
Tom Shingler, Callan Associates Inc.
Meg von Schroeter, StepStone Group, LP

Other Presenters

Razmig Boladian, Rubicon First Ascent, LP

Lisa Lee, Providence Strategic Growth Europe

Dany Rammal, Providence Strategic Growth Europe
Ani Vartanian, Rubicon First Ascent, LP
Peter Wilde, Providence Strategic Growth Europe

Other Attendees

Edward Apsy, Institutional Shareholder Services, Inc.
Jacob Farris, Institutional Shareholder Services, Inc.
Jay Zubillaga, Institutional Shareholder Services, Inc.

1. CALL TO ORDER

Committee Chair, Glenn Becker, called the meeting to order at 9:37 a.m.

2. WELCOME AND ROLL CALL**3. APPROVAL OF MINUTES OF SEPTEMBER 29, 2020 INVESTMENT COMMITTEE MEETING**

By motion, the Committee unanimously agreed to approve the minutes of the September 29, 2020 Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

- **SERS DEFINED BENEFIT QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF SEPTEMBER 30, 2020)**
Tom Shingler of Callan provided the Defined Benefit Quarterly Performance Analysis as of September 30, 2020.
- **SERS DEFERRED COMPENSATION PROGRAM QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF SEPTEMBER 30, 2020)**
Britt Murdoch of Callan provided the Deferred Compensation Program Quarterly Performance Analysis as of September 30, 2020.
- **SERS DEFINED CONTRIBUTION PROGRAM QUARTERLY INVESTMENT PERFORMANCE ANALYSIS (AS OF SEPTEMBER 30, 2020)**
Britt Murdoch of Callan provided the Defined Contribution Program Quarterly Performance Analysis as of September 30, 2020.
- **REAL ESTATE OPPORTUNITY: RUBICON FIRST ASCENT, LP AND RUBICON FIRST ASCENT SIDECAR, LP**
Seth Kelly and David Felix of SERS provided an introduction of Rubicon First Ascent, LP. Matt Ritter of NEPC provided additional support by summarizing how the proposed funds being presented positively fit into the SERS portfolio. Ani Vartanian and Razmig Boladian of Rubicon then presented. After their presentation of Rubicon First Ascent, LP and its sidecar co-investment vehicle, a motion by the Investment Committee was considered. The below motion, cast by David Fillman and seconded by Alan Flannigan-Designee for Acting Secretary Richard Vague, was made as follows:

That the Investment Committee recommend that the State Employees' Retirement Board commit up to (i) \$30 million to Rubicon First Ascent, LP, and (ii) \$20 million to Rubicon First Ascent Sidecar, LP, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as new investments within the Real Estate 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	Y
Dan Frankel (Dan Ocko)	Y
Vincent Hughes (Toni Marchowsky)	Y
Michael Tobash (Susan Boyle)	Y
Joseph Torsella	Y
Richard Vague (Alan Flannigan)	Y
Glenn Becker	Y

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

➤ **PRIVATE EQUITY OPPORTUNITY: PROVIDENCE STRATEGIC GROWTH EUROPE L.P.**

Seth Kelly and David Felix of SERS provided an introduction of Providence Strategic Growth Europe L.P. Mike Elio and Matt Roche of StepStone provided additional support by summarizing how the proposed fund being presented positively fit into the SERS portfolio. Peter Wilde, Dany Rammal, and Lisa Lee of Providence then presented. After their presentation, a motion by the Investment Committee was considered. The below motion, cast by David Fillman and seconded by Representative Michael Tobash, was made as follows:

That the Investment Committee recommend that the State Employees' Retirement Board commit up to €64 million Euros to Providence Strategic Growth Europe L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a new 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	Y
Dan Frankel (Dan Ocko)	Y
Vincent Hughes (Toni Marchowsky)	Y
Michael Tobash	Y
Joseph Torsella	Abstain
Richard Vague (Alan Flannigan)	Y
Glenn Becker	Y

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

➤ **REBALANCING PRESENTATION AND RECOMMENDATION/DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT REVISION**

Seth Kelly and Jim Nolan of SERS led a discussion on rebalancing. As a result of this discussion, a motion by the Investment Committee, cast by David Fillman and seconded by Alan Flannigan-Designee for Secretary Richard Vague, was made as follows:

That the Investment Committee recommend that the State Employees' Retirement Board approve the revised Rebalancing Section (Section 10) of the SERS' Defined Benefit Plan's Investment Policy Statement. The revised section is in the attached (ATTACHMENT A) meeting materials entitled "IPS Rebalancing Section Revision 12-1-2020.pdf".

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

Board/Investment Committee Member	Vote
David Fillman	Y
Dan Frankel (Dan Ocko)	Y
Vincent Hughes (Toni Marchowsky)	Y
Michael Tobash	Y
Joseph Torsella	Y
Richard Vague (Alan Flannigan)	Y
Glenn Becker	Y

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

➤ **FIXED INCOME STRUCTURE STUDY/DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT REVISION**

Seth Kelly of SERS and Tom Shingler and Kevin Machiz of Callan presented the fixed income structure study. After this discussion, a motion by the Investment Committee, cast by David Fillman and seconded by Treasurer Joseph Torsella, was made as follows:

That the Investment Committee recommend that the State Employees' Retirement Board:

(i) approve the enhanced Fixed Income Structure Section – MIX B (Section 20, Page 35) of the SERS' Defined Benefit Plan's Investment Policy Statement (the enhanced section is in the attached (ATTACHMENT B) meeting material entitled "IPS Fixed Income Structure Section Enhancements MIX B 12-1-2020.pdf"); and

(ii) delegate authority to the Chief Investment Officer in order to efficiently implement the enhanced Fixed Income Structure. The delegation of authority allows the Chief Investment Officer to:

- 1) reallocate fixed income portfolios to asset classes with similar objectives;
- 2) adjust fixed income portfolio amounts to achieve objectives of the enhanced Fixed Income Structure;
- 3) liquidate fixed income portfolios that do not fit into the enhanced Fixed Income Structure;
- 4) hire passively-managed fixed income investment strategies to gain exposures to fulfill the needs of the enhanced Fixed Income Structure; and
- 5) adjust the implementation's time frame as required given the market conditions and/or demands of the structure implementation.

The Chief Investment Officer shall receive concurrence from the Board's general investment consultant prior to executing any action. Notification of all implementation actions shall be provided at the next regularly scheduled Investment Committee or Board meeting, respectively.

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

Board/Investment Committee Member	Vote
David Fillman	Y
Dan Frankel (Dan Ocko)	Y
Vincent Hughes (Toni Marchowsky)	Y
Michael Tobash	Y
Joseph Torsella	Y
Richard Vague (Alan Flannigan)	Y
Glenn Becker	Y

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

➤ **PROXY VOTING POLICY UPDATE**

Seth Kelly and Jeff Meyer of SERS provided the Investment Committee with a proxy voting policy update. As a result of this update, a motion by the Investment Committee, cast by David Fillman and seconded by Toni Marchowsky-Designee for Senator Vincent Hughes, was made as follows:

That the Investment Committee recommend that the State Employees' Retirement Board adopt the proposed revisions to the SERS U.S. and International Proxy Voting Policy, as set forth in the Attachment (ATTACHMENT C).

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

Board/Investment Committee Member	Vote
David Fillman	Y
Dan Frankel (Dan Ocko)	Y
Vincent Hughes (Toni Marchowsky)	Y
Michael Tobash	Y
Joseph Torsella (Lloyd Ebright)	Y
Richard Vague (Alan Flannigan)	Y
Glenn Becker	Y

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

➤ **PPMAIRC PROGRESS UPDATE**

Jeff Meyer of SERS provided the Investment Committee with a PPMAIRC progress update. As a result of this update, a motion by the Investment Committee for PPMAIRC Recommendation #46 (Report Updated Contract Terms), cast by David Fillman and seconded by Representative Michael Tobash, was made as follows:

That the Investment Committee recommend that the State Employees' Retirement Board direct the SERS Chief Counsel's Office and Investment Office to report all public market investment manager contracts that had contract terms that were amended during the preceding calendar year, similar to the attached (ATTACHMENT D) sample report provided to this Committee. The report will be produced on an annual basis and targeted to be presented to the Investment Committee in April of each year in public and/or executive session (given the potential confidential and proprietary nature of such information) as advised at such time by the Chief Counsel's Office.

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

Board/Investment Committee Member	Vote
David Fillman	Y
Dan Frankel (Dan Ocko)	Y
Vincent Hughes (Toni Marchowsky)	Y
Michael Tobash	Y
Joseph Torsella (Lloyd Ebright)	Y
Richard Vague (Alan Flannigan)	Y
Glenn Becker	Y

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

6. SPECIAL PRESENTATION (None)

7. EXECUTIVE SESSION (None)

It was deemed that the materials prepared for Executive Session did not require the Investment Committee to break for an official Executive Session. Therefore, Public Session resumed.

The following Executive Session 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 September 30, 2020
- e. Private Markets Unfunded Commitments Update

8. PUBLIC SESSION RESUMES

9. COMMITTEE COMMENTS/CONCERNS/QUESTIONS

10. MOTION TO ADJOURN

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

RESOLVED:

That this meeting is adjourned at 12:48 p.m.

Respectfully Submitted,

s/Seth Kelly

Seth Kelly, Chief Investment Officer