

Minutes of Investment Committee Meeting

July 27, 2021 – 9:30 AM – Livestream

Called to Order: 9:31 a.m. by Committee Chair, Glenn E. Becker

Attendance at Committee Meeting:

Investment Committee Board Members and Designees

Glenn Becker, Committee Chair

James Bloom – Designee for Secretary Richard Vague

Christopher Craig – Designee for Treasurer Stacy Garrity

Senator John DiSanto

Lloyd Ebright – Designee for Treasurer Stacy Garrity

Charles Erdman – Designee for Senator John DiSanto

David Fillman, Assistant Chair

Alan Flannigan – Designee for Secretary Richard Vague

Representative Dan Frankel

Treasurer Stacy Garrity

Greg Jordan

Matt Lindsay – Designee for Senator Vincent Hughes

Dan Ocko – Designee for Representative Dan Frankel

Representative Paul Schemel

Mary Soderberg

Secretary Richard Vague

Senior Staff

Don Bell

Jo Ann Collins

Thomas Derr

Randy Gilson

Pam Hile

Christopher Houston

Daniel Krautheim

N. Joseph Marcucci

Katie Mathews

Sara McSurdy

Jeff Meyer

James Nolan

Terrill Sanchez

Joseph Torta

Bill Truong

Committee Counsel

Jeff McCormick

1. CALL TO ORDER

Committee Chair, Glenn Becker, called the meeting to order at 9:31 a.m.

2. WELCOME AND ROLL CALL

3. APPROVAL OF MINUTES OF JUNE 8, 2021 INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the June 8, 2021 Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

➤ CIO UPDATES

Jim Nolan of SERS provided the Investment Committee with updates on rebalancing and the fixed income transition.

➤ ASSET ALLOCATION DISCUSSION

Jim Nolan introduced Tom Shingler and Jay Kloepfer of Callan, who led a discussion on asset allocation. After this discussion, a motion by the Investment Committee was considered. The below motion was made as follows:

MOTION: That the Investment Committee recommend to the State Employees' Retirement Board to adopt the Alternative Target Asset Allocation Policy and corresponding updates to the SERS Defined Benefit Plan's Investment Policy Statement.

The revised sections are in the attached meeting material entitled "DB Plan IPS Update 2021.7.28.pdf".

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

Board/Investment Committee Member	Vote
Glenn Becker	Yes
John DiSanto	No
David Fillman	Yes
Dan Frankel	Yes
Stacy Garrity	Yes
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague	Yes

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

➤ **FUNSTON RECOMMENDATIONS UPDATE**

Jeff Meyer of SERS provided an update of the Funston recommendations. After this update, a motion by the Investment Committee regarding “Funston Recommendation # A-1” was considered. The below motion was made as follows:

MOTION: That the Investment Committee recommend to the State Employees’ Retirement Board to direct the SERS’ Governance and Personnel Committee to consider taking action at a future meeting to recommend to the Board to amend the SERS Fiduciary Review Policy to remove the term “non-economic” in reference to describing SERS’ in-state managers, minority and women-owned programs, etc., which is currently found in the list of topics included in the SERS Fiduciary Review Policy.

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

Board/Investment Committee Member	Vote
Glenn Becker	Yes
John DiSanto	Yes
David Fillman	Yes
Dan Frankel	Yes
Stacy Garrity	Yes
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague	Yes

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

➤ **BENCHMARKING UPDATE**

Jeff Meyer of SERS provided an update on SERS' Strategic Plan peer benchmarking initiative. The Investment Committee concurred with the proposed course of action and SERS' Investment Office will move forward with preparing a combined presentation including each of SERS' primary investment consultants (Callan, StepStone, and NEPC) comparing SERS' manager fees and expenses with each of the consultants' universe of managers and/or investment opportunities.

➤ **INVESTMENT COMMITTEE CHARTER REVIEW**

Jim Nolan and Chris Houston of SERS provided a review of the Investment Committee Charter. After their review, two motions by the Investment Committee were considered. The below motions were made as follows:

MOTION: That the Investment Committee rescind the action taken by the Committee on February 23, 2021, to recommend: (i) to the State Employees' Retirement Board that it approve amendments to the Investment Committee charter, in the form as attached to the resolution, after receiving input from the Board Governance and Personnel Committee, and (ii) to the Board Governance and Personnel Committee that it concurs with this Committee's recommendation and so inform the State Employees' Retirement Board, and;

To recommend: (i) to the State Employees' Retirement Board that it approve the amendments to the Investment Committee charter, as set forth in the attached, after receiving input from the Board Governance and Personnel Committee, and (ii) to the Board Governance and Personnel

Committee that it concurs with this Committee's recommendation and so inform the State Employees' Retirement Board.

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

Board/Investment Committee Member	Vote
Glenn Becker	Yes
John DiSanto	Yes
David Fillman	Yes
Dan Frankel	Yes
Stacy Garrity	Yes
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague	Yes

These proposed changes are attached to this report but will not be acted on by the Board at the July Board meeting. Instead, the Board Governance and Personnel Committee will consider these changes and make a recommendation to the full Board for action at a future meeting where the Board will be asked to vote approving the proposed changes.

➤ **MAY 2021 ASSET ALLOCATON REPORT**

This report was provided as an informational item only.

6. SPECIAL PRESENTATION (None)

7. EXECUTIVE SESSION

The Investment Committee entered Executive Session to discuss a personnel matter.

The following Executive Session agenda items were made available to the Committee as information items only:

- a. Personnel Update
- b. 2020 Investment Manager Fees and Expenses Report
- c. SERS Cash Flow Forecast
- d. Liquidity Schedule as of May 31, 2021
- e. Private Markets Unfunded Commitments Update

8. PUBLIC SESSION CONTINUATION

9. COMMITTEE COMMENTS/CONCERNS/QUESTIONS (None)

10. 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 11:27 a.m.

Respectfully Submitted,

s/Jim Nolan

Jim Nolan, Acting Chief Investment Officer