

## **Minutes of Investment Committee Meeting**

September 28, 2021 – 10:30 AM – Livestream

**Called to Order: 10:45 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

Susan Boyle – Designee for Representative Paul Schemel

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

Treasurer Stacy Garrity

Greg Jordan

Matt Lindsay – Designee for Senator Vincent Hughes

Toni Marchowsky – Designee for Senator Vincent Hughes

Dan Ocko – Designee for Representative Dan Frankel

Representative Paul Schemel

Mary Soderberg

Jill Vecchio – Designee for Representative Paul Schemel

#### **Senior Staff**

Don Bell

Thomas Derr

Randy Gilson

Christopher Houston

Daniel Krautheim

Karen Lynn

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 10:45 a.m.

2. WELCOME AND ROLL CALL

3. APPROVAL OF MINUTES OF JULY 27, 2021 INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the July 27, 2021 Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

➤ CIO UPDATES

Jim Nolan, Chief Investment Officer of SERS, provided the Investment Committee with an update on rebalancing. After the rebalancing update, a motion by the Investment Committee regarding the BAAM Keystone portfolio was made as follows:

**MOTION:** That the Investment Committee recommend to the State Employees' Retirement Board to authorize SERS staff to move the BAAM Keystone portfolio from the Private Credit asset class to the Opportunistic Fixed Income sub-asset class, in furtherance of the current rebalancing initiative.

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 (Dan Ocko)	Yes
Stacy Garrity	Yes
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague (Alan Flannigan)	Yes

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

After the rebalancing update, Mr. Nolan provided an update on the fixed income transition, active U.S. long credit search, and active U.S. microcap equity search. Mr. Nolan summarized the risks and costs associated with these initiatives. These initiatives will be on hold while investment staff and consultant perform additional analysis and provide recommendations to the Investment Committee at the December 7, 2021 meeting.

➤ **QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF JUNE 30, 2021**

Mr. Nolan introduced Tom Shingler of Callan Associates Inc., who provided the Quarterly Investment Performance Analysis as of June 30, 2021 for the Defined Benefit Plan. The presentations for the Deferred Compensation and Defined Contribution Plans were made available for discussion if desired by the Committee, however, it was deemed that in the interest of time, official presentations were unnecessary.

➤ **PRIVATE MARKETS PACING UPDATE**

Mr. Nolan provided updates on SERS' Private Equity, Private Credit, and Real Estate investment pacing schedules. Mike Elio of StepStone Group, LP presented further on the Private Equity and Private Credit pacing, and Matt Ritter of NEPC, LLC presented further on the Real Estate pacing.

➤ **PRIVATE EQUITY AND PRIVATE CREDIT OPPORTUNITIES**

Mr. Nolan provided an introduction of Clearlake Capital Group. Jose Feliciano of Clearlake Capital Group then presented. After his presentation, motions by the Investment Committee were made as follows:

**MOTION (Clearlake Capital Partners VII, L.P.- Private Equity):** That the Investment Committee recommend to the State Employees' Retirement Board to commit up to \$100 million to Clearlake Capital Partners VII, 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
Glenn Becker	Yes
John DiSanto	Yes
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity	No
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel (Jill Vecchio)	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague (Alan Flannigan)	Yes

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

**MOTION (Clearlake Opportunities Partners III, L.P.- Private Credit):** That the Investment Committee recommend to the State Employees' Retirement Board to commit up to \$75 million to Clearlake Opportunities Partners III, 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 Credit 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
Glenn Becker	Yes
John DiSanto	Yes
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity	Yes
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel (Jill Vecchio)	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague (Alan Flannigan)	Yes

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

➤ PRIVATE CREDIT OPPORTUNITY

Mr. Nolan provided an introduction of Sixth Street Partners. Ahsha Haggart and Josh Easterly of Sixth Street Partners then presented. Matt Roche of StepStone Group, LP provided additional support by summarizing how the proposed fund being presented positively fits into SERS' Private Credit portfolio. After his presentation, a motion by the Investment Committee was made as follows:

**MOTION:** That the Investment Committee recommend to the State Employees' Retirement Board to commit up to \$50 million to Sixth Street Opportunities Partners V, 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 Credit 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
Glenn Becker	Yes
John DiSanto (Charles Erdman)	Yes
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity (Christopher Craig)	No
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel (Jill Vecchio)	Yes
Mary Soderberg	Yes
Greg Thall	Absent
Richard Vague (Alan Flannigan)	Yes

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

➤ **JULY 2021 ASSET ALLOCATON REPORT**

This report was provided to the Committee as an informational item only.

**6. SPECIAL PRESENTATION (None)**

**7. EXECUTIVE SESSION**

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

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

- a. Annual Investment Manager Fee and Expense Report
- b. Investment Manager Evaluation Quarterly Updates

**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 12:50 p.m.

Respectfully Submitted,

s/Jim Nolan

Jim Nolan, Chief Investment Officer