

## **Minutes of Investment Committee Meeting**

February 25, 2022 – 10:10 AM – Livestream

**Called to Order: 10:37 a.m. by Committee Chair, Glenn E. Becker**

### **Attendance at Committee Meeting:**

#### **Investment Committee Board Members and Designees**

Glenn Becker, Committee Chair

David Fillman, Assistant Chair

Treasurer Stacy Garrity (with Designees Christopher Craig and Lloyd Ebright)

Greg Jordan

Mary Soderberg

Gregory Thall

Secretary Richard Vague (with Designees James Bloom and Alan Flannigan)

Susan Boyle – Designee for Representative Paul Schemel

Charles Erdman – Designee for Senator John DiSanto

Matthew Lindsay – Designee for Senator Vincent Hughes

Dan Ocko – Designee for Representative Dan Frankel

Patrick Shaughnessy – Designee for Representative Dan Frankel

Jill Vecchio – Designee for Representative Paul Schemel

#### **Senior Staff**

Don Bell

Jo Ann Collins

Thomas Derr

Randy Gilson

Christopher Houston

Daniel Krautheim

Karen Lynn

N. Joseph Marcucci

Katie Mathews

Sara McSurdy

James Nolan

Joseph Torta

Bill Truong

#### **Committee Counsel**

Jeff McCormick

## 1. CALL TO ORDER

Committee Chair, Glenn Becker, called the meeting to order at 10:37 a.m.

## 2. WELCOME AND ROLL CALL

## 3. APPROVAL OF MINUTES OF DECEMBER 7, 2021 INVESTMENT COMMITTEE MEETING AND JANUARY 14, 2022 INVESTMENT COMMITTEE ORGANIZATIONAL MEETING

By motion, the Committee unanimously agreed to approve the minutes of the December 7, 2021 Investment Committee meeting and the minutes of the January 14, 2022 Investment Committee Organizational meeting.

## 4. OLD BUSINESS (None)

## 5. NEW BUSINESS

### ➤ CIO UPDATES

Jim Nolan, Chief Investment Officer of SERS, provided the Investment Committee with the CIO 2021 accomplishments and 2022 goals. He then provided an update on changes made to SERS' Investment Process on Hiring and Managing Investment Consultants.

### ➤ REVIEW OF INVESTMENT COMMITTEE WORK PLAN

Mr. Nolan provided a review of the Investment Committee Work Plan. As a result of this review, a motion by the Investment Committee was made as follows:

**MOTION:** That the Investment Committee recommend to the State Employees' Retirement Board to approve the Investment Committee Work Plan, as set forth in the attachment.

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	Yes
Vincent Hughes (Matthew Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel (Susan Boyle)	Yes
Mary Soderberg	Yes
Greg Thall	Yes
Richard Vague	Yes

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

➤ **CALLAN 2022 INVESTMENT INITIATIVES**

Mr. Nolan introduced Tom Shingler of Callan Associates Inc., who provided the Investment Committee with Callan's 2022 investment initiatives.

➤ **QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF DECEMBER 31, 2021**

Mr. Nolan provided a few key highlights of the Quarterly Investment Performance as of December 31, 2021 for the Defined Benefit Plan. Mr. Shingler then provided additional detail on the Quarterly Investment Performance Analysis as of December 31, 2021 for the Defined Benefit Plan. Additionally, the Quarterly Investment Performance Analyses as of December 31, 2021 for the Deferred Compensation Plan and the Defined Contribution Plan were made available to the Investment Committee for review.

➤ **ASSET ALLOCATION DISCUSSION/INVESTMENT POLICY STATEMENT UPDATES**

Mr. Nolan provided the Investment Committee with an update on SERS' Asset Allocation. The Investment Committee decided to continue to discuss this topic with SERS' staff and consultants and readdress the Asset Allocation at a future Investment Committee meeting.

➤ **PRIVATE EQUITY OPPORTUNITY – FRANCISCO PARTNERS**

Mr. Nolan provided data on SERS' Private Equity pacing, as well as manager performance and transparency items for Francisco Partners. He then provided an

introduction of the Francisco Partners funds being presented. Mike Elio of StepStone Group provided additional support by summarizing how the proposed funds being presented positively fit into SERS' Private Equity portfolio. Dipanjan (DJ) Deb and Megan Austin Karlen of Francisco Partners then presented. After their 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 (i) up to \$100 million to Francisco Partners VII, L.P., (ii) up to \$50 million to Francisco Partners Agility III, L.P., and (iii) up to \$50 million to a sidecar vehicle that will co-invest alongside Francisco Partners VII and/or Francisco Partners Agility III, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as follow-on investments 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 (Charles Erdman)	Yes
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity (Lloyd Ebright)	Yes
Vincent Hughes (Matthew Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel (Susan Boyle)	Yes
Mary Soderberg	Yes
Greg Thall	Yes
Richard Vague	Yes

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

➤ **PRIVATE EQUITY OPPORTUNITY – THOMA BRAVO**

Mr. Nolan provided an introduction of Thoma Bravo. He also provided data on manager performance and transparency items for Thoma Bravo. Mr. Elio provided additional support by summarizing how the proposed funds being presented positively fit into SERS' Private Equity portfolio. Orlando Bravo and Jennifer James of Thoma Bravo then

presented. After their 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 (i) up to \$100 million to Thoma Bravo Fund XV, L.P., (ii) up to \$50 million to Thoma Bravo Discover Fund IV, L.P., and (iii) up to \$50 million to a sidecar vehicle that will co-invest alongside Thoma Bravo XV and/or Thoma Bravo Discover Fund IV, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as follow-on investments 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 (Charles Erdman)	Yes
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity (Lloyd Ebright)	No
Vincent Hughes (Matthew Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel (Susan Boyle)	Yes
Mary Soderberg	Yes
Greg Thall	Yes
Richard Vague	Yes

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

➤ **INFORMATIONAL ITEMS**

Informational items as listed below were made available to the Investment Committee for review:

- a. December 2021 Asset Allocation Report

**6. SPECIAL PRESENTATION (None)**

**7. EXECUTIVE SESSION**

The Investment Committee entered Executive Session at 12:20 p.m.

The following Executive Session agenda items were discussed:

- a. Performance Measurement Provider
- b. Investment Manager Evaluation Quarterly Updates (Watchlists)  
(Informational Item Only)
- c. 2021 Annual Placement Agent Disclosure Report (Informational Item Only)

At 1:06 p.m., the Investment Committee resumed Public Session.

8. PUBLIC SESSION RESUMES

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 was adjourned at 1:07 p.m.

Respectfully Submitted,

s/Jim Nolan

Jim Nolan, Chief Investment Officer