

Minutes of Investment Committee Meeting

June 3, 2022 – 10:30 AM – Livestream

Called to Order: 10:32 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

Senator John DiSanto (with Designee Charles Erdman)

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

Greg Jordan

Mary Soderberg

Gregory Thall

James Bloom – Designee for Secretary Richard Vague

Susan Boyle – Designee for Representative Paul Schemel

Alan Flannigan – Designee for Secretary Richard Vague

Matthew Lindsay – Designee for Senator Vincent Hughes

Toni Marchowsky – 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

Cindy Collins

Jo Ann Collins

Thomas Derr

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 10:32 a.m.

2. WELCOME AND ROLL CALL

Bill Truong, Deputy Chief Investment Officer of SERS, conducted roll call.

3. APPROVAL OF MINUTES OF APRIL 28, 2022, INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the April 28, 2022, Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

➤ CIO UPDATES

Jim Nolan, Chief Investment Officer of SERS, provided the Investment Committee with a summary of transactions made to SERS' Public Equity portfolio and Cash account in order to rebalance the portfolio to the approved Asset Allocation Targets.

➤ QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF MARCH 31, 2022

Mr. Nolan provided highlights of SERS' long-term Defined Benefit Plan total fund portfolio performance. Tom Shingler of Callan Associates Inc. then provided the Committee with the Quarterly Investment Performance Analysis, as of March 31, 2022, for the Defined Benefit Plan, and Britt Murdoch of Callan Associates Inc. provided the same analyses, as of March 31, 2022, for the Deferred Compensation and Defined Contribution Plans.

➤ PRIVATE EQUITY QUARTERLY PERFORMANCE UPDATE AS OF DECEMBER 31, 2021

Mr. Nolan provided highlights of SERS' Private Equity and Private Credit portfolio performance. Matt Roche of StepStone Group, LP then provided the Committee with the SERS Quarterly Private Equity and Private Credit Performance Updates, ending December 31, 2021.

➤ REAL ESTATE QUARTERLY PERFORMANCE UPDATES AS OF DECEMBER 31, 2021

Mr. Nolan provided highlights of SERS' Real Estate portfolio performance. Matt Ritter of NEPC, LLC then provided the Committee with the SERS Quarterly Real Estate Performance Update, ending December 31, 2021.

➤ PRIVATE EQUITY OPPORTUNITY: SENTINEL CAPITAL PARTNERS VII, L.P./SENTINEL JUNIOR CAPITAL II, L.P.

Mr. Nolan provided data on SERS' Private Equity pacing. He also highlighted manager performance and transparency items for Sentinel Capital Partners. Mr. Roche then provided additional support by summarizing how the proposed Sentinel Capital Partners funds being presented positively fit into SERS' Private Equity portfolio. David Lobel, John McCormack, and Dr. Alice Mann of Sentinel Capital Partners then presented. After the presentation and discussion held between the manager and Committee members concluded, a motion by the Committee was made as follows:

MOTION: That the Investment Committee recommend that the State Employees' Retirement Board (i) commit up to \$100 million to Sentinel Capital Partners VII, L.P., and (ii) commit up to \$25 million to Sentinel Junior Capital II, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as 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	Yes
David Fillman	Yes
Dan Frankel (Dan Ocko)	No
Stacy Garrity	Yes
Vincent Hughes (Toni Marchowsky)	No
Greg Jordan	Yes
Paul Schemel (Jill Vecchio)	No
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 EQUITY OPPORTUNITY: THE VERITAS CAPITAL FUND VIII, L.P./VERITAS CAPITAL SIDECAR CO-INVESTMENT VEHICLE

Mr. Nolan provided manager performance and transparency items for Veritas Capital. Mr. Roche then provided additional support by summarizing how the proposed Veritas Capital funds being presented positively fit into SERS' Private Equity portfolio. Daniel Sugar and Hugh Evans of Veritas Capital then presented. After the presentation, a motion by the Committee was made as follows:

MOTION: That the Investment Committee recommend that the State Employees' Retirement Board commit (i) up to \$100 million to The Veritas Capital Fund VIII, L.P., and (ii) up to \$25 million to a sidecar vehicle that will co-invest alongside The Veritas Capital Fund VIII, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as 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	Yes
Vincent Hughes (Toni Marchowsky)	Yes
Greg Jordan	Yes
Paul Schemel (Jill Vecchio)	No
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.

- **REAL ESTATE OPPORTUNITY: BLACKSTONE REAL ESTATE PARTNERS X L.P.**
Mr. Nolan provided data on SERS' Real Estate pacing. He also highlighted manager performance and transparency items for Blackstone Inc. Mr. Ritter then provided additional support by summarizing how the proposed Blackstone Inc. fund being presented positively fits into SERS' Real Estate portfolio. Kathleen McCarthy of Blackstone Inc. then presented. After the presentation, a motion by the Committee was made as follows:

MOTION: That the Investment Committee recommend that the State Employees' Retirement Board commit up to \$75 million to Blackstone Real Estate Partners X L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as an investment 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
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 (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.

➤ **BOARD CONSULTANT EVALUATION PROCEDURES**

Mr. Nolan provided the Committee with a sample of SERS' consultant and service provider deliverables that Investment Office staff track for purposes of monitoring whether those deliverables are being provided as established and expected as per their contracts with SERS. A performance evaluation report will be provided to the Board at the end of the year or beginning of the following year, annually and prospectively, as required by the State Employees' Retirement Board Consultant Evaluation Procedures Policy (2022 POL-BD-01) filed in BoardDocs under agenda item 5H.

➤ **INFORMATIONAL ITEMS**

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

- a. March 2022 Asset Allocation Report; and
- b. Funston Recommendations Work Plan Updates.

6. SPECIAL PRESENTATIONS (None)

7. EXECUTIVE SESSION (None)

The materials provided for Executive Session, as listed below, did not require the Committee to break for an official Executive Session, as they were considered informational only:

- a. Investment Manager Evaluation Quarterly Updates (Watchlists)

8. COMMITTEE COMMENTS/CONCERNS/QUESTIONS (None)

9. 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 1:05 p.m.

Respectfully Submitted,

s/Jim Nolan

Jim Nolan, Chief Investment Officer