

## **Minutes of Investment Committee Meeting**

September 22, 2022 – 9:30 AM – Livestream

**Called to Order: 9:34 a.m. by Committee Chair Glenn 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)  
Gregory Jordan  
Representative Paul Schemel (with Designees Susan Boyle and Jill Vecchio)  
Mary Soderberg  
Gregory Thall

Alan Flannigan – Designee for Secretary Richard Vague  
Matt 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

#### **Senior Staff**

Don Bell  
Cindy Collins  
Jo Ann Collins  
Brenda Cunard  
Thomas Derr  
Daniel Krautheim  
Karen Lynn  
N. Joseph Marcucci  
Katie Mathews  
Sara McSurdy  
James Nolan  
Joseph Torta  
Bill Truong

#### **Committee Counsel**

Steven Skoff

### 1. CALL TO ORDER

Committee Chair, Glenn Becker, called the meeting to order at 9:34 a.m.

### 2. WELCOME AND ROLL CALL

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

### 3. APPROVAL OF MINUTES OF JULY 18, 2022, INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the July 18, 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 brief market update.

#### ➤ QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF JUNE 30, 2022

Mr. Nolan provided the Investment Committee with highlights of the SERS Defined Benefit Plan's total fund portfolio performance, followed by Tom Shingler of Callan LLC with the Quarterly Investment Performance Analysis, as of June 30, 2022, for the Defined Benefit Plan. Mr. Nolan then provided highlights of SERS' Deferred Compensation and Defined Contribution Plans, and Britt Murdoch of Callan LLC followed with the Quarterly Investment Performance Analyses, as of June 30, 2022, for the Deferred Compensation and Defined Contribution Plans.

#### ➤ PRIVATE EQUITY/PRIVATE CREDIT QUARTERLY PERFORMANCE UPDATE AS OF MARCH 31, 2022

Mr. Nolan provided the Investment Committee with highlights of SERS' Private Equity portfolio performance, followed by Mike Elio of StepStone Group, LP with an extended review of the Quarterly Private Equity and Private Credit Performance Updates, ending March 31, 2022.

#### ➤ REAL ESTATE QUARTERLY PERFORMANCE UPDATE AS OF MARCH 31, 2022

Mr. Nolan provided the Investment Committee with highlights of SERS' Real Estate portfolio performance, followed by Matt Ritter of NEPC, LLC with an extended review of the Quarterly Real Estate Performance Update, ending March 31, 2022.

#### ➤ PRIVATE EQUITY OPPORTUNITY: ARDIAN SECONDARIES FUND IX L.P./ARDIAN SIDECAR CO-INVESTMENT VEHICLE

Mr. Nolan provided the Investment Committee with data on SERS' Private Equity portfolio pacing, and highlighted Ardian's prior investment performance, diversity initiatives, and reporting transparency status. Mr. Elio provided additional support by summarizing how the Ardian funds being presented positively fit into SERS' Private Equity portfolio. Dominique Senequier, Vladimir Colas, and Taea Calcut of Ardian then presented. After the presentation, a motion by the 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 ASF IX L.P., and (ii) up to \$50 million to a sidecar vehicle that will co-invest alongside ASF IX, 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	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	Yes
Richard Vague (Alan Flannigan)	Yes

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

➤ **REAL ESTATE OPPORTUNITY: OAK STREET REAL ESTATE CAPITAL FUND VI, LP**

Mr. Nolan provided the Investment Committee with data on SERS' Real Estate pacing, and highlighted the prior investment performance, diversity initiatives, and reporting transparency status for Oak Street Real Estate Capital/Blue Owl Capital Inc. Mr. Ritter provided additional support by summarizing how the Oak Street fund being presented positively fits into SERS' Real Estate portfolio. Gary Rozier and Tracy Hart of Oak Street Real Estate Capital/Blue Owl Capital Inc. then presented. After the presentation, a motion by the Committee was made as follows:

**MOTION:** That the Investment Committee recommend to the State Employees' Retirement Board to commit up to \$75 million to Oak Street Real Estate Capital Fund VI, LP, 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	No
David Fillman	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity	Yes
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Paul Schemel	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.

➤ **ASSET-LIABILITY STUDY**

Mr. Nolan provided the Investment Committee with key highlights of Callan's 2022 Asset-Liability Study for SERS, followed by Jay Kloepfer and Kevin Machiz of Callan LLC with a more detailed review of the Study, including SERS' funding, liability projections, and cash flows in order to aid the SERS Investment Office staff and Board in recommending/selecting an appropriate asset allocation moving forward.

➤ **FIXED INCOME EDUCATION**

Mr. Nolan provided the Investment Committee with key highlights of Callan's Fixed Income Education presentation, followed by Mr. Shingler with an extended summary of Callan's presentation on the benefits of active core and core plus Fixed Income strategies. At the end of the presentation, Mr. Shingler informed the Committee that if there were no objections from the Committee, SERS' Investment Office staff and the Board's consultants will start searches on these strategies for its consideration in the future.

➤ **SERS' REAL ESTATE CONSULTANT AND GENERAL CONSULTANT RFI UPDATES**

Mr. Nolan introduced Rob Borski of SERS to the Investment Committee, who provided notification of two consulting contracts SERS holds with NEPC, LLC (for real estate investment consulting) and Callan LLC (for general investment consulting) that are set to expire in the next 12-18 months. Mr. Borski further provided that, as a result, the SERS Investment Office will begin the Request for Information (RFI) process to select SERS' next Real Estate Consultant and General Consultant(s) for the Defined Benefit, Defined Contribution, and Deferred Compensation Plans.

➤ **INFORMATIONAL ITEMS**

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

- a. July 2022 Asset Allocation Report

6. SPECIAL PRESENTATIONS (None)

7. EXECUTIVE SESSION

The Investment Committee entered Executive Session at 12:12 p.m. to discuss agenda items as listed below:

- a. COSO Audit – Independent Performance Reconciliation Process
- b. Peer Benchmark Report
- c. Annual Investment Manager Fee and Expense Report
- d. Investment Manager Evaluation Quarterly Updates (Watchlists)

8. PUBLIC SESSION RESUMES

At 12:43 p.m., the Investment Committee resumed Public Session.

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 12:45 p.m.

Respectfully Submitted,

s/Jim Nolan

Jim Nolan, Chief Investment Officer