

MINUTES of SERS Board Meeting – Thursday, September 29, 2022

CALLED TO ORDER: 9:32 a.m. by Chair David R. Fillman

IN-PERSON/MICROSOFT TEAMS MEETING/LIVESTREAM

ATTENDEES:

Members and Designees

| | |
|--|-----------|
| David R. Fillman – Chairperson | In-person |
| Glenn E. Becker | |
| Dan B. Frankel | |
| Stacy Garrity | |
| Greg Jordan | Absent |
| Paul Schemel | In-person |
| Mary A. Soderberg | |
| Gregory C. Thall | In-person |
| Richard Vague | |
| Susan Boyle – Designee for Representative Paul Schemel | |
| James Bloom – Designee for Secretary Richard Vague | |
| Christopher Craig – Designee for Treasurer Stacy Garrity | |
| Lloyd Ebright – Designee for Treasurer Stacy Garrity | |
| Charles Erdman – Designee for Senator John M. DiSanto | |
| Alan Flannigan – Designee for Secretary Richard Vague | |
| Matt Lindsay – Designee for Senator Vincent J. Hughes | In-person |
| Toni Marchowsky – Designee for Senator Vincent J. Hughes | In-person |
| Dan Ocko – Designee for Representative Dan B. Frankel | |
| Patrick Shaughnessy – Designee for Representative Dan B. Frankel | In-person |
| Jill Vecchio - Designee for Representative Paul Schemel | |

Executive Staff

| | |
|--------------------|-----------|
| N. Joseph Marcucci | In-person |
| Sara McSurdy | In-person |
| James Nolan | In-person |
| Joseph Torta | In-person |

Consultants

Craig Graby, Korn Ferry Hay Group
 Britt Murdoch, Callan LLC
 Matthew Ritter, NEPC, LLC
 Matt Roche, StepStone Group, LP
 Kris Seets, Korn Ferry Hay Group
 Tom Shingler, Callan LLC

SERS Staff

| | |
|-----------------|-----------|
| Rose Agnew | In-person |
| Katie Bates | In-person |
| Don Bell | In-person |
| Kelly Bernhard | In-person |
| Cindy Collins | In-person |
| Jo Ann Collins | In-person |
| Brenda Cunard | In-person |
| Tom Derr | |
| Randy Gilson | In-person |
| Pam Hile | In-person |
| Dan Krautheim | In-person |
| Karen Lynn | |
| Katie Mathews | |
| Catherine Nolan | In-person |
| Jon Ryan | In-person |
| Brett Shaeffer | In-person |
| Steve Skoff | In-person |
| Bill Truong | |
| Mark Walter | In-person |

MINUTES of the SERS Board Meeting Thursday, September 29, 2022

1. CALL TO ORDER

Chair Fillman called the meeting to order at 9:32 a.m.

2. WELCOME AND ROLL CALL

Executive Director Joseph Torta conducted a roll call of board members and designees. A quorum was met.

3. ADOPTION OF THE AGENDA

MOTION: 2022-39

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the board adopts the agenda for the September 29, 2022, board meeting.

4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – July 25, 2022

B. Approving Defined Benefit Plan Statement of Changes in Fiduciary Net Position for the Periods Ending – April 30, May 31 and June 30, 2022

C. Approving Deferred Compensation Plan (DCP) Statement of Changes Reports Ending – April 30, May 31 and June 30, 2022

D. Approving Defined Contribution Plan Statement of Changes in Fiduciary Net Position for the Periods Ending – April 30, May 31 and June 30, 2022

MOTION: 2022-40

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the board approves the Consent Calendar items, as listed, for the September 29, 2022, board meeting.

5. COMMITTEE REPORTS/ACTION ITEMS

A. Investment Committee

Committee Chair Becker presented a report of the Investment Committee meeting of September 22, 2022, to the board. The following actions were taken:

PRIVATE EQUITY – Ardian Secondaries Fund IX, L.P. and Ardian Sidecar Co-Investment Vehicle

MOTION: 2022-41

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the State Employees' Retirement Board accepts the recommendation of the Investment Committee 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.

Glenn E. Becker
John M. DiSanto
David R. Fillman

YES
YES
YES

| | | |
|-------------------|-----------------------|--------|
| Dan B. Frankel | | YES |
| Stacy Garrity | | YES |
| Vincent J. Hughes | Designee Matt Lindsay | YES |
| Greg Jordan | | Absent |
| Paul Schemel | | YES |
| Mary A. Soderberg | | YES |
| Gregory C. Thall | | YES |
| Richard Vague | | YES |

REAL ESTATE – Oak Street Real Estate Capital Fund VI, LP

MOTION: 2022-42

By motion that was moved, seconded, and approved by board members, except for Senator DiSanto who voted NO, it was

RESOLVED: That the State Employees' Retirement Board accepts the recommendation of the Investment Committee 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.

| | | |
|-------------------|-----------------------|--------|
| Glenn E. Becker | | YES |
| John M. DiSanto | | NO |
| David R. Fillman | | YES |
| Dan B. Frankel | | YES |
| Stacy Garrity | | YES |
| Vincent J. Hughes | Designee Matt Lindsay | YES |
| Greg Jordan | | Absent |
| Paul Schemel | | YES |
| Mary A. Soderberg | | YES |
| Gregory C. Thall | | YES |
| Richard Vague | | YES |

B. Finance and Member & Participant Services Committee
 Committee Chair Soderberg presented a report of the Finance and Member & Participant Services Committee meeting of September 22, 2022, to the board. The following actions were taken:

2022 STRESS TESTING AND RISK ASSESSMENT REPORT

MOTION: 2022-43

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the State Employees' Retirement Board accepts the recommendation of the Finance and Member & Participant Services Committee to approve the 2022 Stress Testing and Risk Assessment Report prepared by SERS' actuary, Korn Ferry.

| | | |
|------------------|--|-----|
| Glenn E. Becker | | YES |
| John M. DiSanto | | YES |
| David R. Fillman | | YES |
| Dan B. Frankel | | YES |
| Stacy Garrity | | YES |

| | | |
|-------------------|-----------------------|--------|
| Vincent J. Hughes | Designee Matt Lindsay | YES |
| Greg Jordan | | Absent |
| Paul Schemel | | YES |
| Mary A. Soderberg | | YES |
| Gregory C. Thall | | YES |
| Richard Vague | | YES |

BUDGET FOR FY 2023-24

MOTION: 2022-44

By motion that was moved, seconded, and approved by board members, it was

RESOLVED: That the State Employees' Retirement Board accepts the recommendation of the Finance and Member & Participant Services Committee to approve the following proposed budgets, each substantially in the same form as presented in the Chief Financial Officer's SERS FY 2023-2024 Budget Report in BoardDocs and each as amended and/or ultimately approved by the Office of the Budget:

- (1) SERS Administrative Budget;
- (2) SERS Investment Budget;
- (3) State Employees' Defined Contribution Plan Budget; and
- (4) Commonwealth's State Employees Deferred Compensation Plan Budget.

| | | |
|-------------------|-----------------------|--------|
| Glenn E. Becker | | YES |
| John M. DiSanto | | YES |
| David R. Fillman | | YES |
| Dan B. Frankel | | YES |
| Stacy Garrity | | YES |
| Vincent J. Hughes | Designee Matt Lindsay | YES |
| Greg Jordan | | Absent |
| Paul Schemel | | YES |
| Mary A. Soderberg | | YES |
| Gregory C. Thall | | YES |
| Richard Vague | | YES |

C. Audit, Risk and Compliance Committee

Committee Chair Garrity presented a report of the Audit, Risk and Compliance Committee meeting of September 22, 2022, to the board.

D. Board Governance and Personnel Committee

Committee Chair Fillman presented a report of the Board Governance and Personnel Committee meeting of September 22, 2022 to the board.

E. Securities Litigation Committee

Mr. Matt Lindsay, designee to Assistant Committee Chair Hughes, presented a report of the Securities Litigation Committee meeting of September 22, 2022, to the board.

6. OLD BUSINESS - NONE

7. NEW BUSINESS - NONE

8. SPECIAL PRESENTATION

Education Sessions

- a. Capital Markets and Economic Environment Education
- b. Economically-Targeted Investments/Impact Investing

Messrs. Tom Shingler and Britt Murdoch, Callan LLC, presented the educational sessions. Attendees will earn educational credits for this session.

9. REPORT OF EXECUTIVE DIRECTOR

A. Executive Director Torta provided the following Administrative Update:

- (i) He discussed the telework method that SERS is using post the COVID pandemic. He added that the current hybrid telework method of operation is working well for SERS and that SERS is in a strong position to adapt any future changes in on-site and telework needs;
- (ii) The tentative board meeting schedule for 2023 was released. The proposed schedule has all regular meetings held on Tuesdays and a retreat will be conducted in July. Board members should contact the Executive Director before the December board meeting with any conflicts or comments. The schedule is planned to be finalized at the December meeting;
- (iii) The SERIS 2.0 project executive steering committee has identified that internal staffing is an issue. The Info Matrix contract expires in December, 2022. The committee is looking at all options including strategic contracting.
- (iv) The SOC (System and Organization Controls) audit is in progress with Ms. Karen Lynn, Director of Internal Audit directly overseeing it. This audit looks at the design and effectiveness of internal controls impacting the accuracy of financial data and reporting as well as over the information technology infrastructure. If there are any questions about this audit, please contact the Audit, Risk and Compliance Committee Chair Stacy Garrity or Ms. Lynn;
- (v) Ms. Cindy Collins, Special Assistant to the Executive Director, has been assigned to work with Empower on several initiatives. There have been some issues with the long waiting period for members to withdraw money out of their Empower accounts. Also, an RFP process for the third-party administrator will begin in December, 2022;
- (vi) The 100-year celebration of SERS will happen in 2023. The Communications Office has been assigned to head this project.
- (vii) The legislative calendar is winding down. There were sixteen bills introduced which SERS is tracking. There has been a sponsorship memo circulating regarding a COLA; and
- (viii) The following Board Dismissal reports regarding uncontested matters in which an Order was issued dismissing the following administrative appeals, as provided to the board:

Account of Michael P. Flynn

Docket No. 2016-16

Claim of Michael P. Flynn

Account of Michele Coles

Docket No. 2020-09

Claim of Michele Coles

Account of Thomasine Tynes

Docket No. 2017-01

Claim of Thomasine Tynes

10. EXECUTIVE SESSION

- A. Benefits Administration and Appellate Litigation Update
- B. Report on Referrals of Prospective or Existing Investment Transaction or Contract
- C. Notational Ballot

At 11:33 a.m., the board recessed and entered executive session to receive legal advice on the above executive session agenda items. The public meeting resumed at 12:03 p.m.

11. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

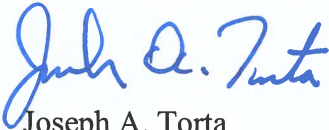
Next Committee and Board Meeting Dates – December 5 and 12, 2022

12. MOTION TO ADJOURN

MOTION: 2022-45

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 12:04 p.m.

Respectfully submitted,



Joseph A. Torta
Executive Director