

## **Minutes of Investment Committee Meeting**

December 5, 2022 – 9:30 AM – Livestream

**Called to Order: 9:33 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 Designee Lloyd Ebright)

Senator Vincent Hughes (with Designees Matt Lindsay and Toni Marchowsky)

Gregory Jordan

Representative Paul Schemel (with Designee Jill Vecchio)

Mary Soderberg

Gregory Thall

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

Anne Baloga – 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**

Kara O'Donnell on behalf of Steven Skoff

1. CALL TO ORDER

Committee Chair, Glenn Becker, called the meeting to order at 9:33 a.m.

2. WELCOME AND ROLL CALL

Jared Snyder, Portfolio Manager of SERS, conducted roll call.

3. APPROVAL OF MINUTES OF SEPTEMBER 22, 2022, INVESTMENT COMMITTEE MEETING

By motion, the Committee unanimously agreed to approve the minutes of the September 22, 2022, Investment Committee meeting.

4. OLD BUSINESS (None)

5. NEW BUSINESS

➤ CIO UPDATES

Bill Truong, Deputy Chief Investment Officer of SERS, provided the Investment Committee with a brief rebalancing update.

➤ QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF SEPTEMBER 30, 2022

Tom Shingler of Callan LLC provided the Investment Committee with the Quarterly Investment Performance Analysis, as of September 30, 2022, for the Defined Benefit Plan. The Quarterly Investment Performance Analyses, as of September 30, 2022, for the Deferred Compensation and Defined Contribution Plans were made available to the Investment Committee.

➤ PRIVATE EQUITY/PRIVATE CREDIT QUARTERLY PERFORMANCE UPDATE AS OF JUNE 30, 2022

Mike Elio of StepStone Group, LP provided the Investment Committee with a review of the Quarterly Private Credit and Private Equity Performance Updates, ending June 30, 2022.

➤ REAL ESTATE QUARTERLY PERFORMANCE UPDATE AS OF JUNE 30, 2022

Matt Ritter of NEPC, LLC provided the Investment Committee with a review of the Quarterly Real Estate Performance Update, ending June 30, 2022.

➤ PRIVATE EQUITY OPPORTUNITY: HELLMAN & FRIEDMAN CAPITAL PARTNERS XI, L.P.

Mr. Truong provided the Investment Committee with data on SERS' Private Equity portfolio pacing and highlighted SERS' relationship history with Hellman & Friedman Capital Partners. Mr. Elio provided additional support by summarizing how the Hellman & Friedman fund being presented positively fits into SERS' Private Equity portfolio. Allen Thorpe and Zita Saurel of Hellman & Friedman Capital Partners then presented, and later responded to several questions/comments by various members of the Investment Committee at the conclusion of their remarks. 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 \$100 million to Hellman & Friedman Capital Partners XI, 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<br>(Anne Baloga)      | Yes  |
| Stacy Garrity                     | Yes  |
| Vincent Hughes                    | Yes  |
| Greg Jordan                       | Yes  |
| Paul Schemel                      | Yes  |
| Mary Soderberg                    | Yes  |
| Greg Thall                        | Yes  |
| Richard Vague                     | Yes  |

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

➤ **STEPSTONE PACING REFRESH**

Matt Roche of StepStone Group, LP provided the Investment Committee with a pacing update and strategic investment plan recommendation for SERS' Private Equity and Private Credit portfolio. The Investment Committee supports a \$800 million commitment pacing level to private equity in 2023.

➤ **NEPC PACING REFRESH**

Mr. Ritter provided the Investment Committee with a pacing update and strategic investment plan recommendation for SERS' Real Estate portfolio. The Investment Committee supports a \$200 million commitment pacing level to non-core value-add/opportunistic real estate funds in 2023.

➤ **DEFINED CONTRIBUTION/DEFERRED COMPENSATION PROGRAM INVESTMENT STRUCTURE EVALUATION**

Mr. Shingler and Patrick Wisdom of Callan LLC provided the Investment Committee with Callan's evaluation of the investment structure of SERS' Deferred Compensation and Defined Contribution Plans. Callan LLC believes each Plan's investment lineup is sound, features a reasonable number of investment options, and provides access to a sufficient range of asset classes.

➤ **INFORMATIONAL ITEMS**

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

- a. September 2022 Asset Allocation Report
- b. Report of SERS' Investment Office Travel for Period Ending June 30, 2022

**6. SPECIAL PRESENTATIONS (None)**

**7. EXECUTIVE SESSION (None)**

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

- a. Investment Manager Evaluation Quarterly Updates (Watchlists)

**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 11:44 a.m.

Respectfully Submitted,

s/Jim Nolan

Jim Nolan, Chief Investment Officer