

Minutes of Investment Committee Meeting

July 18, 2023 – 9:30 AM – Livestream

Called to Order: 9:31 a.m. by Committee Chair Glenn Becker

Attendance at Committee Meeting:

Investment Committee Board Members and Designees

David Fillman, Board Chair

Glenn Becker, Committee Chair

Senator John DiSanto (with Designee Charles Erdman)

Representative Dan Frankel (with Designee Dan Ocko)

Treasurer Stacy Garrity (with Designees Christopher Craig and Thomas Waters)

Gregory Jordan

Representative Brett Miller (with Designees Michael Heckmann and Jill Vecchio)

Mary Soderberg

Acting Secretary Wendy Spicher (with Designees Seamus Dubbs, Eric Pistilli, and Jeffrey Soderstedt)

Gregory Thall

Matt Lindsay – Designee for Senator Vincent Hughes

Toni Marchowsky – Designee for Senator Vincent Hughes

Senior Staff

Beth Christian

Cindy Collins

Jo Ann Collins

Brenda Cunard

Thomas Derr

Daniel Krautheim

N. Joseph Marcucci

Katie Mathews

Ryan McCoy

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 9:31 a.m.

2. WELCOME AND ROLL CALL

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

3. APPROVAL OF MINUTES OF JUNE 6, 2023, INVESTMENT COMMITTEE MEETING

By motion, the Committee agreed to approve the minutes of the June 6, 2023, 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 rebalancing update.

➤ PRIVATE EQUITY OPPORTUNITY: KPS SPECIAL SITUATIONS FUND VI, LP/KPS SPECIAL SITUATIONS MID-CAP FUND II, LP

Jim Nolan provided the Investment Committee with data on SERS' Private Equity portfolio pacing, and highlighted the prior fund investment performance, ESG and DEI initiatives, and transparency reporting status for KPS Capital Partners, LP. Matt Roche of StepStone Group, LP, provided additional support by summarizing how the KPS funds would be a positive fit into SERS' Private Equity portfolio. Raquel Palmer, a Managing Partner of KPS Capital Partners, LP, then provided a presentation on KPS team, investment strategy, and historical investment results. After the presentation, discussion was held by Committee members, SERS staff, StepStone, and KPS. It was resolved that the private equity pacing target for 2023 will be reduced from \$800 million to an amount between \$300-\$400 million. Following discussion, 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 \$75 million to KPS Special Situations Fund VI, LP, and (ii) up to \$25 million to KPS Special Situations Mid-Cap Fund II, LP, 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	No
David Fillman	Yes
Dan Frankel	Yes
Stacy Garrity	Yes
Vincent Hughes (Toni Marchowsky)	Yes
Greg Jordan	Yes
Brett Miller	Yes
Mary Soderberg	Yes
Wendy Spicher	Yes
Greg Thall	Yes

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

6. INFORMATIONAL ITEMS

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

- a. May 2023 Asset Allocation Report

7. SPECIAL PRESENTATIONS

➤ PRIVATE EQUITY PORTFOLIO CONSTRUCTION UPDATE EDUCATION SESSION

Jim Nolan gave an introduction of the education presentation. Mike Elio of StepStone Group, LP, then provided the Investment Committee with the presentation on key topics impacting private markets, including valuations, pacing and its impact on private market portfolios, and options for optimizing the private equity portfolio to meet current strategic goals. SERS Investment Office staff will work with StepStone to provide the Committee with proposals to wind down legacy private equity positions at future Investment Committee meetings.

8. EXECUTIVE SESSION

The Investment Committee entered Executive Session at 11:27 a.m. to discuss agenda items as listed below:

- a. Real Estate Investment Consultant Search Discussion
- b. CIO Performance Review

9. PUBLIC SESSION RESUMES

At 12:23 p.m., the Investment Committee resumed Public Session and a motion was made as follows:

MOTION: That the Investment Committee recommend to the State Employees' Retirement Board to hire NEPC, LLC to act as its non-discretionary real estate investment consultant in connection with the SERS Defined Benefit Plan's investment portfolio for a five-year term commencing at the conclusion of the current contract for real estate investment consulting services (currently scheduled to expire as of December 1, 2023), 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
Brett Miller	Yes
Mary Soderberg	Yes
Wendy Spicher	Yes
Greg Thall	Yes

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

10. COMMENTS/CONCERNS/QUESTIONS (None)

11. 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 12:27 p.m.

Respectfully Submitted,

s/James Nolan
James Nolan, Chief Investment Officer