

## **Minutes of Investment Committee Meeting**

December 5, 2023 – 9:15 AM – Livestream

**Called to Order: 9:25 a.m. by Executive Director Joe Torta**

### **Attendance at Committee Meeting:**

#### **Investment Committee Board Members and Designees**

Secretary Uri Monson, Committee Chair

Secretary Wendy Spicher, Assistant Chair

Senator John DiSanto (with Designee Charles Erdman)

Donald Enders

Representative Dan Frankel (with Designees Anne Baloga, and Dan Ocko)

Treasurer Stacy Garrity (with Designee Thomas Waters)

Gregory Jordan

Representative Brett Miller (with Designee Jill Vecchio)

Gregory Thall

Matt Lindsay – Designee for Senator Vincent Hughes

#### **Senior Staff**

N. Joseph Marcucci

Sara McSurdy

James Nolan

Joseph Torta

#### **Committee Counsel**

Steven Skoff

### 1. CALL TO ORDER

Executive Director, Joe Torta, called the meeting to order at 9:25 a.m.

### 2. WELCOME AND ROLL CALL

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

### 3. ELECTION OF COMMITTEE CHAIR

Mr. Torta conducted the election of the Investment Committee Chair. Secretary Uri Monson was nominated and seconded as candidate for the role of Committee Chair. The Committee unanimously agreed to elect Secretary Monson as Committee Chair. Secretary Monson accepted the nomination and role of elected Committee Chair.

### 4. APPOINTMENT OF ASSISTANT CHAIRPERSON (CONSENT REQUIRED)

Chair Monson nominated Secretary Wendy Spicher to serve as Assistant Chair of the Investment Committee. By consent, the Committee unanimously agreed to appoint Secretary Spicher to serve as Assistant Chair of the Investment Committee.

### 5. APPROVAL OF MINUTES OF SEPTEMBER 19, 2023, INVESTMENT COMMITTEE MEETING

By motion, the Committee agreed to approve the minutes of the September 19, 2023, Investment Committee meeting.

### 6. OLD BUSINESS (None)

### 7. SPECIAL PRESENTATIONS

Jim Nolan, Chief Investment Officer of SERS, introduced Tom Shingler, Britt Murdoch, Jay Kloepfer, and Kevin Machiz of Callan LLC for a special presentation on asset allocation. Mike Elio, Matt Roche, and Sam Marguleas of Stepstone Group LP, and Matt Ritter of NEPC, LLC, were available for Committee questions.

### 8. NEW BUSINESS

#### ➤ QUARTERLY INVESTMENT PERFORMANCE ANALYSES AS OF SEPTEMBER 30, 2023

Mr. Shingler of Callan provided the Investment Committee with a review of the Quarterly Investment Performance Analysis, as of September 30, 2023, for the Defined Benefit Plan. Mr. Murdoch of Callan provided the Investment Committee with a review of the Quarterly Investment Performance Analysis, as of September 30, 2023, for the Deferred Compensation Plan. The Defined Contribution Plan Quarterly Investment Performance Analysis, as of September 30, 2023, was made available for the Committee's independent review.

#### ➤ PRIVATE EQUITY QUARTERLY PERFORMANCE UPDATE AS OF JUNE 30, 2023

Mr. Elio of StepStone provided the Investment Committee with a review of the Quarterly Private Equity Performance Update, ending June 30, 2023, for the Defined Benefit Plan.

#### ➤ REAL ESTATE QUARTERLY PERFORMANCE UPDATE AS OF JUNE 30, 2023

Mr. Ritter of NEPC provided the Investment Committee with a review of the Quarterly Real Estate Performance Update, ending June 30, 2023, for the Defined Benefit Plan.

#### ➤ PRIVATE EQUITY OPPORTUNITY: CLEARLAKE CAPITAL PARTNERS VIII, L.P./CLEARLAKE CAPITAL PARTNERS SIDECAR CO-INVESTMENT VEHICLE

Mr. Nolan provided the Investment Committee with data on SERS' Private Equity portfolio pacing, and highlighted the prior investment performance, diversity initiatives, and transparency reporting status for Clearlake Capital Group, L.P. Mr. Roche of StepStone, summarized how the Clearlake funds represent a positive fit into SERS' Private Equity portfolio. Behdad Eghbali and Patrick Gilligan, of Clearlake, then presented. After the presentation, a motion by the Investment Committee was made as follows:

MOTION: That the Investment Committee recommend to the State Employees' Retirement Board accept the recommendation of the Investment Committee to commit (i) up to \$100 million to Clearlake Capital Partners VIII, L.P., and (ii) up to \$20 million to a sidecar vehicle that will co-invest alongside Clearlake Capital Partners VIII, 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:

<b>Board/Investment Committee Member</b>	<b>Vote</b>
John DiSanto	Yes
Donald Enders	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity (Thomas Waters)	Yes
J. David Henderson	Absent
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Brett Miller	Yes
Uri Monson	Absent
Wendy Spicher	Yes
Greg Thall	Yes

➤ **REAL ESTATE OPPORTUNITY: ARES PA OPPORTUNITIES FUND, L.P./ARES US REAL ESTATE OPPORTUNITY FUND IV, L.P.**

Senator DiSanto announced his recusal regarding the Ares opportunity to avoid the appearance of any potential conflict of interest. Mr. Nolan then provided the Investment Committee with data on SERS' Real Estate portfolio pacing, and highlighted the prior investment performance, diversity initiatives, and reporting transparency status for Ares Management. Mr. Ritter of NEPC summarized how the Ares funds represent a positive fit into SERS' Real Estate portfolio. Andrew Holm and Merritt Hooper of Ares, then presented. After the presentation, a motion by the Investment Committee was made as follows:

**MOTION:** That the Investment Committee recommend to State Employees' Retirement Board accept the recommendation of the Investment Committee to commit up to \$100 million to Ares PA Opportunities Fund, L.P., to be invested in Ares US Real Estate Opportunity Fund IV, L.P., and related co-investments, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as investments 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:

<b>Board/Investment Committee Member</b>	<b>Vote</b>
John DiSanto	Recusal
Donald Enders	Yes
Dan Frankel (Dan Ocko)	Yes
Stacy Garrity (Thomas Waters)	Yes
J. David Henderson	Absent
Vincent Hughes (Matt Lindsay)	Yes
Greg Jordan	Yes
Brett Miller	Yes
Uri Monson	Absent
Wendy Spicher	Yes
Greg Thall	Yes

#### 9. INFORMATIONAL ITEMS

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

- a. September Asset Allocation Report
- b. Report of SERS' Investment Office Travel for Period Ending June 30, 2023
- c. PIMCO Core Fixed Income Guidelines Update

#### 10. EXECUTIVE SESSION

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

- a. Investment Manager Evaluation Quarterly Updates (Watchlists)(Informational Item Only)

#### 11. COMMENTS/CONCERNS/QUESTIONS (None)

#### 12. MOTION TO ADJOURN

By motion that was moved by Assistant Chair Wendy Spicher and approved unanimously by Investment Committee members, it was:

RESOLVED: That this meeting was adjourned at 12:13 p.m.

Respectfully Submitted,

s/James Nolan  
James Nolan, Chief Investment Officer