

DRAFT

Minutes of Board Governance and Personnel Committee Meeting

Wednesday, February 27, 2019

Attendees:

Board Governance and Personnel Committee:

Stephen Aichele, Assistant Chair
David Fillman
Treasurer Joseph Torsella
Secretary Robin Wiessmann

Other Board Members:

Thomas Clancy (designee for Treasurer Torsella)
Brian LaForme (designee for Secretary Wiessmann)
Daniel Ocko (designee for Representative Frankel)
Leonidas Pandeladis (designee for Secretary Wiessmann)
Mary Soderberg

SERS Staff:

Christopher Houston
N. Joseph Marcucci
Katie Mathews
Terrill Sanchez

1. Call to Order

In the absence of committee Chair Terrence Reese and based on the results of the notational ballots from committee members unanimously consenting to the appointment of Stephen S. Aichele as Assistant Chair, at 3:00 p.m., Assistant Chair Aichele called the meeting to order.

2. Welcome and Introduction

Assistant Chair Aichele welcomed committee member, designees, and other non-committee Board members.

3. Approval of Minutes

Action 1: Minutes of meeting minutes of the November 19, 2018, Personnel Committee meeting and February 11, 2019, Board Governance and Personnel Committee meeting

Motion:

By motion that was moved by Assistant Chair Aichele and approved unanimously by committee members, it was:

RESOLVED: That this committee approves the meeting minutes of the November 19, 2018, Personnel Committee meeting and February 11, 2019, Board Governance and Personnel Committee meeting.

4. Old Business

There was no old business.

5. Special Presentations

There were no special presentations.

6. New Business

- **Public Participation in Board Meetings Policy** - The committee reviewed the draft policy and made suggestions to consider, including a review of public participation policies from other entities and incorporating best practices. Staff will submit a revised draft policy to the committee for its consideration at a future meeting.
- **Executive Session** - At 3:08 p.m., the committee recessed and entered executive session to discuss personnel matters.
- **Public Meeting Resumes** – The public meeting resumed at 3:19 p.m.
- **Salary Adjustments for Investment Professionals** –
- The following actions were undertaken in accordance with SERS' Compensation Policy for Investment Professional Staff, as amended effective January 1, 2019:

Action 1: Salary Adjustments for Investment Professionals**Motion:**

By motion that was moved by Assistant Chair Aichele and approved unanimously by committee members, it was:

RESOLVED: That this committee approve the following salary adjustments effective the first full pay period of March 2019:

Name	Title	New Hourly Rate
Ebersole, Myisha	Investment Accountant	\$37.92
Engle, Linda	Assistant Chief Financial Officer SERS	\$68.02
Faiola, Anthony	Chief Financial Officer SERS	\$92.87
Felix, David	Portfolio Manager 2 SERS	\$127.55
Greenberg, Phillip	Portfolio Manager 2 SERS	\$132.07
McSurdy, Sara	Senior Investment Accountant	\$58.40
Meads, Matthew	Portfolio Manager 1 SERS	\$63.91
Meyer, Jeffrey	MD of Investment Operations SERS	\$115.13
Morse, Ryan	Portfolio Manager 1 SERS	\$66.85
Nolan, James	Deputy Chief Investment Officer SERS	\$121.38
Truong, William	Portfolio Manager 1 SERS	\$84.57

Action 2: Salary Adjustments for Investment Professional

Motion:

By motion that was moved by Assistant Chair Aichele and approved unanimously by committee members, it was:

RESOLVED: That this committee authorize a salary adjustment to \$44.38 an hour for Dhanashree Chitnes effective April 13, 2019, conditional upon completion of a satisfactory six-month performance review.

- **Public Pension Management and Asset Investment Review Commission Final Report** – The committee reviewed a spreadsheet containing recommendations from the Public Pension Management and Asset Investment Review Commission (Commission) that were assigned to the committee. The recommendations that the committee was asked to consider are grouped into the following main categories: Full Funding, Transparency, Cost-Savings Options, Consolidation of Investment Operations, and Diversity. The committee discussed the following:
 - Full Funding - The committee agreed that with regard to the recommendation that Pennsylvania should lead an effort to form a consortium to reset the balance of power between asset owners and investment managers, that SERS should work with PSERS in exploring this recommendation. There was no consensus on whether the committee agreed to the recommendation to establish a new review commission to explore questions beyond the purview of the Commission.

- Transparency - The committee indicated that it was supportive of transparency and was in agreement that posting of Board materials on public websites is something to pursue, subject to careful consideration of contractual limitations, etc. Also, as a general proposition, it was discussed that making “pitch” materials and other investment information publicly available is something that can be done; however, a set of guiding principles that is consistent with the fiduciary duties of the board and that do not harm the ability of SERS to be a “player” in the marketplace must be developed. The committee members indicated they would like to have further discussion on live streaming, video recording, etc. of Board and committee meetings. It was determined that these recommendations will require input from the Investment Committee.
- Consolidation of Investment Operations - Staff advised the committee that with regard to the Consolidation of Investment Operations that SERS and PSERS were moving forward with the engagement of McKinsey & Company, Inc., to assist SERS and PSERS to develop a potential governance and organization model. Further discussion with the Investment Committee on the consolidation recommendations should take place at the Board retreat.
- Diversity - The committee is supportive of diversity and wants to explore efforts to promote diversity, absent legislation. It was noted that the SERS Investment Office has revised its Due Diligence Questionnaire to obtain information from managers as to their diversity efforts.

7. Committee Comments/Concerns/Questions

There were no additional comments, concerns, or other questions from committee members.

8. Motion to Adjourn

Action 1: Adjournment

Motion:

By motion that was moved by Assistant Chair Aichele and approved unanimously by committee members, it was;

RESOLVED: That this meeting be adjourned at 4:23 p.m.

Respectfully Submitted,



Katie Mathews
Director of Human Resources



Christopher C. Houston
Executive Deputy Chief Counsel
Acting Chief Compliance Officer