

DRAFT

Minutes of Board Governance and Personnel Committee Meeting

Tuesday, April 23, 2019

Attendees:

Board Governance and Personnel Committee:

Stephen Aichele, Assistant Chair
David Fillman, Chair
Antoinette Marchowsky (Sen. Hughes' designee)
Joseph Torsella (via phone)
Robin Wiessmann (via phone)

Other Board Members:

Susan Boyle (designee for Rep. Tobash)
Thomas Clancy (designee for Treasurer Torsella)
Christopher Craig (designee for Treasurer Torsella)
Lloyd Ebright (designee for Treasurer Torsella)
Alan Flannigan (designee for Secretary Wiessmann)
Bernie Gallagher (designee for Rep. Frankel)
Brian LaForme (designee for Secretary Wiessmann)
Daniel Ocko (designee for Rep. Frankel)
Leonidas Pandeladis (designee for Secretary Wiessmann)
Mary Soderberg
Michael Tobash

SERS Staff:

Christopher Houston
W. Bryan Lewis
N. Joseph Marcucci
Katie Mathews
Sara McSurdy
Terrill Sanchez

1. Call to Order

At 10:21 a.m., Assistant Chair Stephen Aichele called the meeting to order.

2. Welcome and Introduction

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

3. Election of Committee Chair

The Committee was given the opportunity to nominate a member to serve as Committee Chair. David Fillman was nominated and elected to serve as Committee Chair.

4. Approval of Minutes

Action 1: Minutes of meeting minutes of February 27, 2019, Board Governance and Personnel Committee meeting.

Motion:

By motion that was moved, seconded, and approved unanimously by Committee members, it was:

RESOLVED: That this Committee approves the meeting minutes of the February 27, 2019, Board Governance and Personnel Committee meeting.

Action 2: Minutes of meeting minutes of March 15, 2019, Board Governance and Personnel Committee meeting.

Motion:

By motion that was moved, seconded, and approved unanimously by Committee members, it was:

RESOLVED: That this Committee approves the meeting minutes of the March 15, 2019, Board Governance and Personnel Committee meeting.

5. Special Presentations

There were no special presentations.

6. Old Business

a. Public Participation and Use of Recording Devices in Open Meetings Policy

A summary of the policy and updates was provided by Christopher Houston. The proposed Public Participation policy was revised to include Board suggestions and to add guidance on the use of recording devices. There was discussion regarding the appropriateness of including policy on the use of recording devices in the Public Participation policy or through another means connected to transparency issues. Further consideration of the policy was tabled and the Committee tasked SERS' staff with considering the legal advantages and disadvantages of addressing the issue of recording

devices through documented policy.

At 10:32 A.M., Committee Chair David Fillman recessed the Committee meeting.

At 11:52 A.M., Committee Chair David Fillman reconvened the Committee meeting, which was held in conjunction with a meeting of the Investment Committee.

b. Executive Session

At 11:52 A.M., the Committee entered into executive session to consider the fiduciary implications of the Public Pension Management and Asset Investment Review Commission final report and recommendations consolidating investment operations with the Public School Employees' Retirement System, and the fiduciary, legal and personnel impact of any possible consolidation on the State Employees' Retirement Fund, the members and beneficiaries of SERS, and the Board's professional and administrative staff. The Board received advice from its professional consultants and staff and its lawyers on these consequences and the range of potential prospective responses and interactions with other interested parties and stakeholders.

At 2:11 P.M., the public meeting resumed.

c. Review of Public Pension Management Asset Investment Review Commission (PPMAIRC) Recommendations

Along with the Investment Committee, the Committee discussed the following PPMAIRC recommendations:

- **PPMAIRC Recommendations 5-6 (Other) -**

Consensus was to concur with staff's recommendation to defer exploring an effort to lead a consortium. When doing so, existing relationships should be explored.

- **PPMAIRC Recommendations 14-17 (Transparency) -**

The Investment Office will be presenting at the June Committee meeting staff's and consultant's comments, including examples from other public pension systems and consideration of ILPA's transparency efforts, with an emphasis on the impact to the beneficiaries.

- **PPMAIRC Recommendation 73 (Cost Savings Analysis) -**

The Investment Office will continue to execute the existing, Board-approved Investment Plan and Asset Allocation Policy. The topic will be revisited over the next few months in connection with the review of the Investment Plan and Asset Allocation Policy.

- **PPMAIRC Recommendations 108-113 (Diversity) –**

In addition to the revisions to the Due Diligence Questionnaire seeking information from investment managers on diversity efforts, staff will continue to consider affirmative steps to increase diversity in investment opportunities, including providing information to the Board on prospective managers' diversity efforts and to prepare an annual report to the General Assembly on diversity information.

7. **New Business**

There was no new business.

8. **Committee Comments/Concerns/Questions**

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

9. **Motion to Adjourn**

Action 1: Adjournment


Motion:

By motion that was moved by Committee Chair David Fillman and approved unanimously by committee members, it was;

RESOLVED: That this meeting be adjourned at 2:33 p.m.

Respectfully Submitted,


Katie Mathews
Director of Human Resources


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