

## **PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD**

### **BOARD GOVERNANCE AND PERSONNEL COMMITTEE CHARTER**

#### **I. PURPOSE.**

The Board Governance and Personnel Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board"), which conducts business as the State Employees' Retirement System, the State Employees' Defined Contribution Plan, and as trustee of the Commonwealth's IRC §457 Deferred Compensation Plan (collectively "SERS"), in fulfilling its oversight responsibilities in the areas of Board governance, Board member training and evaluation, stakeholder communications, SERS strategic planning, and oversight of select personnel.

#### **II. AUTHORITY.**

The Board hereby delegates all necessary power and authority to the Board Governance and Personnel Committee (the "Committee") for the Committee to perform the duties and responsibilities described in this Charter and as may otherwise be delegated by the Board from time to time. Except as expressly granted herein, nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

#### **III. COMPOSITION.**

The Committee shall consist of three (3) to five (5) current members of the Board, who may be the designees of Board members ("Committee Members"), as provided in the Bylaws.

The terms of appointment for Committee Members shall be as provided for in the Bylaws.

#### **IV. MEETINGS.**

Committee meetings shall be conducted in accordance with the Bylaws, except as otherwise provided in this Charter. The Committee shall meet at least two (2) times every year. The Committee Chair, after consulting with the Committee Members, shall fix the dates and times of the committee meetings and shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite the Executive Director, Deputy Executive Director for Administration, Human Resources Director, other members of SERS management, the SERS Chief Counsel's Office ("CCO"), and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

**V. RESPONSIBILITIES.****A. Board Governance.**

1. The Committee shall collaborate with the other Board committees, Executive Director and CCO to review the Bylaws and committee charters on a biennial basis. The review shall include the delegation of Board authority to each committee. The Committee shall recommend any changes to the Bylaws or committee charters to the Board.
2. The Committee shall collaborate with SERS Executive Director and CCO to oversee the review of Board governance policies and procedures on a biennial basis. The Committee shall recommend any changes to the Board.

**B. Board Member Training & Evaluation.**

1. The Committee shall collaborate with SERS staff and CCO to develop Board self-assessment policies and procedures.
2. The Committee shall oversee Board self-assessment, review Board effectiveness, evaluate Board member skill sets and competencies and recommend Board member development and training.
3. The Committee shall collaborate with SERS staff to develop a Board skills matrix to identify current and needed skill sets. The Committee may recommend the approval of the matrix to the Board. Following approval, the Committee may share the matrix with appointing authorities to encourage the appointment of Board members with needed skill sets.
4. The Committee shall collaborate with SERS staff and CCO to ensure that Board members are familiar with the SERS Governance Policy Manual.

**C. Stakeholder Communications.**

1. The Committee shall collaborate with SERS staff to develop and recommend the Board's communications plan. The communications plan shall facilitate effective communication between and among various stakeholder groups, which may include the trustees, agency staff, SERS members, retirees, legislators, employers, consultants, and other external parties.
2. The Committee shall monitor and update the stakeholder communications plan on a biennial basis.

**D. SERS Strategic Planning.**

1. The Committee shall oversee SERS' strategic planning process, which is to ensure that strategic investment, operations and business planning
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occurs in a rigorous, systematic and coordinated manner across the agency.

2. The Committee will be responsible for:
  - a. Providing SERS staff with input on the proposed strategic plan, including goals and strategic initiatives;
  - b. Approving strategic plan recommendations for presentation to the Board, along with any related budget and other approvals needed to support the plan;
  - c. Monitoring implementation of the strategic plan on an ongoing basis; and
  - d. Reporting to the Board regarding progress toward goals and recommended changes.
3. The Committee shall collaborate with SERS staff to review SERS' organizational structure and develop organizational performance metrics.

E. Oversight of Personnel.

1. The Committee shall collaborate with SERS staff and CCO to review the performance review processes for the Executive Director and the Chief Investment Officer and any compensation policies for investment professionals and attorneys on a biennial basis. The Committee shall recommend any changes to such processes and policies to the Board.
  2. The Committee shall collaborate with SERS staff to oversee leadership succession planning and organizational development.
  3. The Committee shall collaborate with SERS staff to oversee periodic compensation studies and recommend staff compensation as a result of such studies.
  4. The Committee shall collaborate with SERS staff to oversee executive searches for the Executive Director.
  5. The Committee shall develop quantitative performance goals for the Executive Director to be incorporated in the Executive Director's performance expectations.
  6. The Committee shall obtain input from the Board and oversee the annual evaluation process of the Executive Director. The results of the annual evaluation are to be presented to the Executive Director by the Board Chairperson.
  7. The Committee shall collaborate with the Executive Director in obtaining input from the Board in the annual employee performance
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review process of the Chief Counsel, with the input received from each member to be included in the evaluation.

8. The Committee may recommend discipline or the termination of the Executive Director to the Board, if appropriate.

F. Other Responsibilities.

1. The Committee shall collaborate with SERS staff to oversee compliance with diversity policies.
2. The Committee shall perform such other activities related to the Committee's functions and duties as are reasonably appropriate or are requested by the Board from time to time.

**VI. REPORTING.**

- A. Following a Committee meeting, the Committee Chair shall provide a written report to the Board at the next regularly scheduled Board meeting to update the Board as to its activities, findings and recommendations and any other relevant issues. Committee meeting minutes shall be distributed to the Board.
- B. The Committee Chair shall share the agenda for an upcoming Committee meeting with the entire Board as soon as practicable.

**VII. SELF-ASSESSMENT.**

- A. The Committee shall collaborate with SERS staff and CCO to review this Committee Charter and the policies and procedures described in this Charter or otherwise overseen by the Committee on a biennial basis. The Committee shall recommend any changes thereto to the Board.
- B. The Committee and each Committee Member shall comply with the Board's self-assessment policies and processes and shall participate in any independent fiduciary reviews.

**VIII. MISCELLANEOUS.**

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bylaws.

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