



For Immediate Release
Wednesday, Jan. 22, 2014

PA SERS Board Changes Leadership

Preliminary 2013 Return Discussed; Several Administrative Matters Addressed

HARRISBURG – The Board of the Pennsylvania State Employees' Retirement System meeting here today transitioned to new leadership, heard an early report of estimated 2013 investment performance, and addressed a number of administrative matters.

Leading his first meeting as chairman, Glenn E. Becker opened by expressing that he is honored to have been selected as chair and by recognizing former chairman Nicholas J. Maiale for his years of service to the system "through all types of markets and political environments. Under his leadership the fund grew from nearly \$10 billion to its current size of more than \$26 billion," explained Becker.

Governor Corbett appointed Mr. Becker as Chairman of the State Employees' Retirement Board on Jan. 15, 2014. The appointment filled the vacancy created when Maiale resigned the position Dec. 30, 2013, after having served the board for nearly 30 years and as chairman since 1991.

The board then heard a report from the system's general investment consultant, RV Kuhns & Associates, indicating that—while returns are still being calculated—preliminary estimates indicate that the portfolio likely earned a net-of-fees return of approximately 12.6% for calendar year 2013. Consultants explained that they will have final returns for the board at its next meeting in March.

In other business, the board authorized SERS staff to move forward with a one-year contract beginning July 1, 2014, with The Townsend Group for real estate investment advice and performance reporting services at a cost of \$347,783, subject to successful completion of contract negotiation. An existing contract with Townsend expires June 30, 2014. A new, one-year contract will allow SERS to maintain continuity until a new Chief Investment Officer is hired and can evaluate the needs of the system going forward.

In addition, the board authorized the chairman, subject to successful completion of negotiations, to enter into an agreement proposed by the Pennsylvania Treasury Department with the Bank of New York Mellon to settle a securities lending dispute related to losses associated with Sigma Finance Inc.

According to SERS Human Resource Director Cheryl Krchnar, the Chief Investment Officer search committee headed by board member Sen. Charles T. McIlhinney, Jr. is working with the state's Department of General Services to secure a professional search firm.

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To close the meeting, Chairman Becker announced that the board had reached a consensus to recommend to the Governor's Office of General Counsel that the law firm of Obermayer Rebmann Maxwell & Hippel LLP be engaged as independent legal counsel to the board. The purpose of the engagement is to provide a comprehensive and timely assessment of and advice about how to proceed with regard to the recent allegations involving the system's prior Chief Investment Officer. In addition, the scope may include possible identification, recommendation and engagement of an independent professional services firm to conduct an independent review of the system's investment due diligence processes.

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About the Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with assets of approximately \$26.6 billion and nearly 230,000 members.

For More Information

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