

DRAFT

Minutes of Board Governance and Personnel Committee Meeting

Thursday, July 30, 2019

Attendees:

Board Governance and Personnel Committee:

David Fillman, Chair
Antoinette Marchowsky (designee for Sen. Hughes)
Lloyd Ebright (designee for Treasurer Torsella)
Leonidas Pandeladis (designee for Secretary Wiessmann)

Other Board Members:

Glenn Becker
Jim Bloom (designee for Secretary Wiessmann)
Sen. John DiSanto
Charles Erdman (designee for Sen. DiSanto)
Bernie Gallagher (designee for Rep. Frankel)
Daniel Ocko (designee for Rep. Frankel)
Mary Soderberg
Rep. Mike Tobash

SERS Staff:

Don Bell
Christopher Houston
W. Bryan Lewis
N. Joseph Marcucci
Katie Mathews
Alicia James
Terrill Sanchez

Outside Counsel:

Christopher Waddell, Olson, Hagel & Fishburn, LLP (via telephone)

1. Call to Order

At 10:12 a.m., Chair David Fillman called the meeting to order.

2. Welcome and Introduction

Chair David Fillman welcomed Committee members, designees, and other non-Committee Board members.

3. Approval of Minutes

Minutes of meeting of June 13, 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 June 13, 2019, Board Governance and Personnel Committee meeting.

4. Old Business

a. PPMAIRC Recommendations

An update was provided on recommendation #14, which deals with transparency and posting Board materials to the agency's website. SERS-Investment Office anticipates having draft documents available and ready for consideration for the September meeting. An update was also provided on recommendation #16, which pertains to making various investment information publicly available. SERS-Investment Office is engaged in working with PSERS staff in the development of a transparency checklist, which is anticipated to be completed by end of calendar year 2019. The Committee was also reminded that SERS has deferred consideration of recommendation #73, which addresses innovation and cost savings, until the agency completes its review of the Investment Plan and Asset Allocation Policy.

5. Special Presentations

There were no special presentations.

6. New Business

a. Strategic Planning Process

It was reported that action on advancing a Strategic Planning Process was held until Terri Sanchez had the opportunity to review the proposed process. SERS is now ready to move forward with implementation of the process. SERS intends to issue a survey to gather pertinent information and the agency has engaged the services of a consultant, Liz Weber, to guide the Board and the agency through the Strategic Planning Process. The goal is to have a three-year plan in place for the period for July 1, 2020 through June 30, 2023.

Motion:

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

RESOLVED: That the Board Governance and Personnel Committee recommend to the State Employees' Retirement Board to adopt the Strategic Planning Process, as set forth in the attachment, effective immediately.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
HUGHES	Yes
Designee: Marchowsky	
TORSELLA	Yes
Designee: Ebright	
WIESSMANN	Yes
Designee: Pandeladis	

b. Compensation of Management-Classified Job Titles and Non-Represented Job Titles

Katie Mathews advised that the State Employees' Retirement Code provides for management and non-represented pay increases, excluding investment professionals and legal counsel, consistent with actions of the commonwealth's executive board. SERS, historically, has passed motions for these pay increases to assert our authority to do so and so that we do not concede the authority by default. The last motion covered the period through June 30, 2019. A proposed motion covers the period of July 1, 2019 through June 20, 2023, which aligns with the AFSCME contract. The Committee was advised that management pay increases often, although they don't have to, match the schedule of pay increases granted to AFSCME-covered positions.

Motion:

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

RESOLVED: That the Board Governance and Personnel Committee recommend that the State Employees' Retirement Board, in order to retain pay parity with other commonwealth positions, grant salary increases to management-classified and non-represented positions, excluding those positions in the XH pay scale group, investment professionals, and legal

counsel, at the time, in the amount, and in the same manner as established by the Executive Board of the commonwealth for the period of July 1, 2019 through June 30, 2023.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
HUGHES	Yes
Designee: Marchowsky	
TORSELLA	Yes
Designee: Ebright	
WIESSMANN	Yes
Designee: Pandeladis	

c. Discussion of Committee Recommendations and Board Action

The Committee reviewed a memo which clarifies a Board committee's role in moving actions to the Board and an explanation of different scenarios which may occur. Unless a committee is delegated express authority for an action, all issues advance to the full Board regardless of the outcome at the committee level. The recommendation is that, going forward, Board agendas will clearly indicate action items which were being considered at the committee level, for Board action. Committee reports would detail the outcome of the action at the committee level. The Committee voiced support for staff's recommendation.

d. SERS Conflicts Check – Process to Assist Board in Identifying Possible Conflicts of Interest

The Committee reviewed a memo outlining a proposed process to assist the Board in identifying possible conflicts of interest with entities that the Board may be asked to vote to approve or that a Board committee may be asked to vote to recommend to the Board for approval. The Committee voiced support for the process, which will include dissemination to the Board of a Conflicts Check List containing the name of the key persons of the business entity who are identified as being crucial to the entity's relationship with the Board either because of their leadership position with the entity or because they are essential to the services/work being performed. The Conflicts Check List would be used by Board members and designees to identify possible conflicts that may exist regarding the business entity. Staff will send a memo to the Board outlining the process, which it is anticipated will be implemented for the September committee and Board meetings and any contracting opportunities.

7. Committee Comments/Concerns/Questions

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


8. Motion to Adjourn


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 10:48 a.m.

Respectfully Submitted,


Katie Mathews
Director of Human Resources


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