

MINUTES of SERS Finance & Member Services Committee Meeting – Wed., July 31, 2019

Attendees:

Committee Members and Designees

David R. Fillman
John DiSanto
Mary A. Soderberg
Michael G. Tobash

Other Board Members and Designees

Charles Erdman – Designee for Senator John DiSanto
Susan Boyle – Designee for Representative Michael G. Tobash
Dan Ocko – Designee for Representative Dan B. Frankel
Bernie Gallagher – Designee for Representative Dan B. Frankel
Secretary Robin Wiessmann
James Bloom – Designee for Secretary Robin Wiessmann
Leo Pandeladis – Designee for Secretary Robin Wiessmann
Alan Flannigan – Designee for Secretary Robin Wiessmann
Glenn Becker
Gregory Thall
Lloyd Ebright – Designee for Treasurer Joseph M. Torsella

State Officials and Visitors

Nick Rossmiller, Budget Office Intern
Chris Waddell, Fiduciary Counsel, via phone

Staff

Alicia James
Rose Agnew
Bryan Lewis
Randy Albright
N. Joseph Marcucci
Terrill Sanchez
Joseph Torta
Don Bell
Thomas Derr
Karen Lynn
Randy Gilson
Pam Hile
Kevin Kiehl
Christopher Houston
Jeffrey McCormick
Ryan McCoy
Sara McSurdy
James Nolan

Dana Shettel
M. Catherine Nolan
David Sedlak
Sharon Smith
Dan Krautheim
David Kuntch
Tom Corbin
Judy Wertz

1. Call to Order

8:35 a.m. by Chairperson of the Committee, Mary A. Soderberg

2. Welcome and Introductions

Chairperson Soderberg welcomed SERS new CFO, Alicia James

3. Approval of Minutes

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

RESOLVED: That the Committee approves the minutes of the June 14, 2019, Finance and Member Services Committee meeting.

4. Old Business (none)

5. Special Presentations (none)

6. New Business

Discussion Items

a. Office of Member Services Update

Joe Torta, Director of the Office and Member Services, provided an Office of Member Services update. He provided a look through into the periodic payments made from the deferred compensation plan in 2018 including frequency, number of payments and average amounts. The most common types of payments were monthly and annual. He also provided details on how many SERS retirees in a given year had a deferred compensation account, and if they chose to supplement their pension with a periodic payment from deferred comp or took a full withdrawal of their account – either through a cash liquidation or roll over. Lastly, he gave an update into the new membership class options, noting a vast majority of new members continue to stay with the A-5 default.

b. Office of Finance and Administration Update

Alicia James, CFO, presented an Office of Finance and Administration update. She stated that as of May 2019, both the defined benefit plan and the deferred compensation plan have increased their net positions from year end 2018, mostly due to favorable investment returns. She also gave an update on the new defined contribution plan, noting that the balance of participant accounts is over \$2 million. There were \$600 thousand in employer contributions, \$1 million in participant contributions, \$400 thousand of rollovers into the plan, and investment gains/losses.

Alicia also provided an overview of SERS' budget, noting that SERS was expected to come in under budget for the fiscal year 2018-19. She also noted that SERS is currently working on preparing the FY 2020-21 budget, which will be presented to the Committee in September. Finally, Alicia acknowledged that the GASB 68 reporting package and supplementary information was issued to over 100 SERS employers on July 11, 2019. The employers use this report to record their proportionate share of pension balances on their respective financial statements.

c. 2018 Key Financial Highlights

Sara McSurdy, Assistant CFO, gave a presentation of the 2018 key financial highlights. This presentation touched on significant information from the defined benefit, defined contribution, and deferred compensation plans' year-end financial statements. Key financial and demographic data was presented. Sara noted that feedback on the contents and timing of the presentation are welcome considering the new committee structure that SERS has.

d. PPMAIRC Recommendation Update

Alicia James, CFO, gave a brief update on future expectations regarding PPMAIRC recommendation work over the Performance Evaluation and Procurement sections. She noted that OFA staff has been working with Investment Office staff to come up with a plan. Since Callan will need to be heavily involved and they are working on the Asset/Liability Study and Asset Allocation, progress on these recommendations will not take place until 2020.

Informational Items Only

The Committee was also provided with following informational items:

- e. Directed Commissions (April and May)**
- f. Total Commissions (April and May)**
- g. Membership and Benefits lists (April and May)**

7. Board Comments/Concerns/Questions

Continue to work on PPMAIRC recommendations when staff believes the time is appropriate.

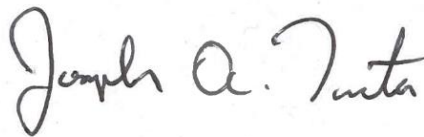
8. Motion to Adjourn

By motion that was moved by Mary Soderberg and approved unanimously by Committee members, it was RESOLVED: That this meeting is adjourned at 8:58 a.m.

Respectfully submitted,



Alicia James
Chief Financial Officer



Joseph Torta
Director of Member Services