

## **Minutes of Board Governance and Personnel Committee Meeting**

**Tuesday, December 1, 2020**

### **Attendees:**

All Board Members, Designees, and SERS staff participated via Microsoft Teams, unless otherwise indicated.

### **Board Governance and Personnel Committee:**

David Fillman, Chair  
Lloyd Ebright (designee for Treasurer Torsella)  
Sen. Vincent Hughes (**Absent**)  
Charles Duncan (designee for Sen. Hughes)  
Antoinette Marchowsky (designee for Sen. Hughes)  
Gregory Jordan  
Gregory Thall  
Treasurer Joseph Torsella (**Absent**)

### **Other Board Members:**

Glenn Becker  
Jim Bloom (designee for Acting Secretary Vague)  
Sen. John DiSanto  
Alan Flannigan (designee for Acting Secretary Vague)  
Patrick Shaughnessy (designee for Rep. Frankel)  
Mary Soderberg  
Jill Vecchio (designee for Rep. Tobash)

### **SERS Staff:**

Rose Agnew, Executive Secretary (in person)  
Randy Albright, Special Assistant  
Katie Bates, Administrative Officer  
Don Bell, Executive Assistant  
Kelly Bernhard, Administrative Assistant (in person)  
Tom Derr, Communications and Policy Director (in person)  
Randy Gilson, Director, Technical Support Division (in person)  
Pam Hile, Communications Director  
Christopher Houston, Committee Senior Staff (Compliance) (in person)  
Dan Krautheim, Chief Information Officer (in person)  
Seth Kelly, Chief Investment Officer  
Katie Mathews, Committee Senior Staff (HR) (in person)  
N. Joseph Marcucci, Chief Counsel  
Sara McSurdy, Chief Financial Officer

Jim Nolan, Deputy Chief Investment Officer  
Terrill Sanchez, Executive Director  
Joe Torta, Deputy Executive Director for Member and Participant Services  
IT consultant for livestream (in person)

**1. Call to Order**

At 1:17 P.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 September 30, 2020, 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 September 30, 2020 Board Governance and Personnel Committee meeting.

**4. Old Business**

There was no old business.

**5. Special Presentations**

There were no special presentations.

**6. New Business**

**a. Compensation Policy for Investment Professional Staff**

**Pay Band Adjustments**

Based on the 2020-2021 salary adjustment data from CBIZ, SERS staff recommended that the salary bands for SERS investment professionals be adjusted upwards by approximately 1.7% effective January 1, 2021. SERS investment professional positions are considered exempt positions. The 1.7% is the projected salary structure adjustment change for the financial industry nationally. SERS' peer comparator group is comprised of plans across the country, so the national data seemed more appropriate than the projection for the eastern region. Following discussion, the Committee voted on a motion.

**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 approve (i) a 1.7% upward adjustment, actual values may vary slightly in accordance with standard calculations for commonwealth pay, to the salary bands for investment professionals, to be effective January 1, 2021; and (ii) that the values in the Compensation Policy for Investment Professional Staff – State Employees' Retirement System be updated accordingly.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
HUGHES	
Designee: Duncan	Yes
JORDAN	Yes
THALL	Yes
TORSELLA	
Designee: Ebright	Yes

#### **Annual Pay Increase Budget**

SERS staff provided an overview of the provision of the SERS Compensation Policy for Investment Professional Staff, which provides for annual pay-for performance adjustments effective the first full pay period in March. It was noted that investment professionals do not receive cost-of-living adjustments or longevity pay. The SERS Board is responsible for approving the aggregate pay budget for pay increases. The Board Governance and Personnel Committee is charged with making a recommendation to the Board. SERS staff recommended the annual aggregate pay increase budget for 2021 be set at 5% of salary (2020 was 6%) for investment professional staff, excluding the salary of the Chief Financial Officer and the Chief Investment Officer. The Executive Director, Chief Investment Officer, and Chief Financial Officer were consulted in determining the 5% of salary recommendation. The Chief Financial Officer confirmed that the SERS budget could support this recommendation. Following discussion, the Committee voted on a motion.

#### **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 approve the annual aggregate pay increase budget for 2021 to be set at 5% of salary for investment professional staff for positions below that of the Chief Financial Officer and the Chief Investment Officer, whose pay increases will be determined in accordance with the Compensation Policy for Investment Professional Staff –

State Employees' Retirement System.

The roll call vote tabulation was as follows:

<b>Board Member</b>	<b>Vote</b>
<b>FILLMAN</b>	<b>Yes</b>
<b>HUGHES</b>	
<b>Designee: Duncan</b>	<b>Yes</b>
<b>JORDAN</b>	<b>Yes</b>
<b>THALL</b>	<b>Yes</b>
<b>TORSELLA</b>	
<b>Designee: Ebright</b>	<b>Yes</b>

**b. Executive Director Annual Review Process**

Staff provided an overview of the Executive Director Annual Review process outlined in the Board Governance and Personnel Committee Charter and Performance Review Process document for the Executive Director position which includes:

- Having the Board Governance and Personnel Committee developing quantitative performance goals for the Executive Director to be incorporated in the Executive Director's performance expectations;
- The Committee obtaining input from the Board and overseeing the annual evaluation of the Executive Director; and
- The Committee Chairperson delivering the Committee's evaluation to the Executive Director

A performance input form is available for the Committee and the Board's use and has been uploaded to BoardDocs. Staff asked that completed forms be returned to SERS Board Governance and Personnel Committee Chairperson, David Fillman, by December 31st.

**7. Executive Session**

- a.** At 1:39 P.M. the Committee entered into executive session to discuss a personnel matter.

At 2:30 P.M. the public meeting resumed. The Committee took action to approve a pay adjustment for Deputy Chief Investment Officer James G. Nolan.

**Motion:**

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

**RESOLVED:** That the Board Governance and Personnel Committee approve a pay adjustment for Deputy Chief Investment Officer James G. Nolan to an hourly rate at

\$143.15 effective with the beginning of the next pay period, December 5, 2020.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
HUGHES	
Designee: Duncan	Yes
JORDAN	Yes
THALL	Yes
TORSELLA	
Designee: Ebright	Yes

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

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

**9. Motion to Adjourn**


**Motion:**

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

RESOLVED: That this meeting be adjourned at 2:34 P.M.

Respectfully Submitted,

  
Katie Mathews  
Director of Human Resources

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