

**Minutes of SERS Defined Contribution Committee Meeting – February 24, 2021, 9:15 A.M.
(9:18 A. M. Actual) - LIVESTREAM**

Attendees:

Board Members and Designees:

Mr. David Fillman (Board Chairman)
Mr. Glenn Becker
Mr. Charles Erdman (designee for Sen. DiSanto)
Mr. Dan Ocko (designee for Rep. Frankel)
Mr. Patrick Shaughnessy (designee for Rep. Frankel)
Treasurer Stacy Garrity
Mr. Christopher Craig (designee for Treasurer Garrity)
Mr. Gregory Jordan
Rep. Paul Schemel
Ms. Susan Boyle (designee for Rep. Paul Schemel)
Ms. Jill Vecchio (designee for Rep. Paul Schemel)
Ms. Mary Soderberg
Mr. James Bloom (designee for Secretary Richard Vague)
Mr. Alan Flannigan (designee for Secretary Richard Vague)

Executive Staff:

Seth Kelly, Chief Investment Officer
N. Joseph Marcucci, Chief Counsel
Sara McSurdy, Chief Financial Officer
Terrill J. Sanchez, Board Secretary

SERS Staff:

Rose Agnew
Katie Bates
Don Bell
Kelly Bernhard
Thomas Derr
Randy Gilson
Christopher Houston
Kevin Kiehl
Dan Krautheim
Katie Mathews
James Nolan
M. Catherine Nolan
Dana Shettel
Jared Snyder
Joseph Torta
William Truong
Mark Walter

Visitors:

Britt Murdoch (Callan Associates)
Tom Shingler (Callan Associates)
Jimmy Veneruso (Callan Associates)

1. Call To Order

The meeting was called to Order at 9:18 A.M. by standing Chair Soderberg.

2. Welcome and Roll Call

A roll call of Board members and their designees was conducted by Mr. Torta.

3. Election of Committee Chairperson

By nomination made by Mr. Becker, Ms. Soderberg was unanimously elected to serve as Chair of the Defined Contribution Committee for 2021.

4. Approval of Minutes

By Motion that was moved, seconded, and approved by Committee members, it was RESOLVED: The minutes of the December 1, 2020 Defined Contribution Committee meeting are unanimously approved.

5. Old Business (None)**6. New Business**

- a. **Appointment of Assistant Chairperson:** By unanimous consent, the Committee appointed Rep. Frankel to serve as Assistant Chairperson of the Defined Contribution Committee for 2021.
- b. **Review of Defined Contribution Committee Work Plan:** Bill Truong, Manager Director in SERS' Investment Office, reviewed the Work Plan which is available on BoardDocs.
- c. **Defined Contribution Committee Charter Review/Amendment:** The Committee reviewed proposed amendments to the Defined Contribution's Committee Charter, which provided for the Defined Contribution Committee to recommend: (i) to the State Employees' Retirement Board that it approve the amendments to the Defined Contribution Committee charter, as set forth in the attached, after receiving input from the Board Governance and Personnel Committee, and (ii) to the Board Governance and Personnel Committee that it concurs with this committee's recommendation and so inform the State Employees' Retirement Board.

The roll call tabulation was as follows:

Board Member	Vote
BECKER	YES
DISANTO (ERDMAN)	YES
FRANKEL	YES
SCHEMEL	YES
SODERBERG	YES

- d. **Board Education Primer: Defined Contribution and Deferred Compensation Plans' Fees and Expenses:** SERS' Chief Financial Officer Sara McSurdy provided highlights of the "Board Education Session." Topics of the session include the following:

- Definitions of various types of fees and costs associated with participating in and administering a defined contribution and/or deferred compensation plan
- Responsibility/onus for paying these fees/costs
- Methods/mechanics for charging fees/costs
- Fiduciary duty, risks, common issues encountered
- Peer information where available

Ms. McSurdy explained that the education session is being provided at this time to prepare for a joint meeting of the Finance and Member Services Committee and the Defined Contribution Committee that is being planned for March 25, 2021. She also reviewed the "Topics and Recommendations for Action" to be presented March 25th. Ms. McSurdy concluded by identifying the next steps to be taken.

- e. **Target Date Fund Suitability Review:** Representatives from Callan Associates presented a high-level overview of this agenda topic, which is available on BoardDocs.

7. **Special Presentation (None)**

8. **Executive Session (None)**


9. **Committee Comments/Concerns/Questions (None)**

10. Motion to Adjourn

By motion that was moved, seconded, and approved, the meeting was adjourned at 10:05 A.M.

Respectfully Submitted,

/s/Seth Kelly
Seth Kelly, Chief Investment Officer
Investment Office


Joseph A. Torta, Deputy Executive Director
Member and Participant Services

PENNSYLVANIA STATE EMPLOYEES' RETIREMENT SYSTEM BOARD
DEFINED CONTRIBUTION COMMITTEE CHARTER

I. PURPOSE.

The Defined Contribution Committee's (the "Committee") purpose is to assist the board (the "Board") of the Pennsylvania State Employees' Retirement System ("SERS") Board (the "Board"), which conducts business in part as the State Employees' Defined Contribution Plan (the "401(a) Plan") and as trustee of the Commonwealth's IRC §457 Deferred Compensation Plan (the "457 Plan") (collectively the "Plans"), in fulfilling its responsibilities in the areas of policy, investment menu design and content, and third party administration, and any relevant investment and administration decisions of the Plans. The Board accomplishes these tasks through the shared administrative staff of the State Employees' Retirement Board's IRC §457 Deferred Compensation Plan (the "457 Plan") and IRC §401(a) Defined Contribution Plan (the "401a Plan") for Officers System (the "SERS"), which it utilizes to administer and operate the Plans, and Employees of the Commonwealth of Pennsylvania, as amended and restated (hereafter, the 457 Plan and 401a Plan or jointly referred to as the "Plans"), for which it charges the Plans appropriate cost sharing expenses.

II. AUTHORITY.

The Board hereby delegates all necessary power and authority to 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 Chairman 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 (the "Committee Members"), as provided in the Board's Bylaws (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 upon the request of the Committee Chair or a majority of its members. The Committee may invite members of SERS management, the Chief Investment Officer (the "CIO"), Chief Financial Officer, SERS Deputy Executive Director for Member and Participant

Services, Deputy Executive Director for Administration, other members of SERS management, members of the SERS Chief Counsel's Office of Chief Counsel (the "OCC"), CCO"), other SERS staff, investment consultants, other SERS staff, and others to attend meetings and provide pertinent information, as it deems necessary or desirable. The Committee Chair shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

V. RESPONSIBILITIES.

A. The Plans' Statements of Investment Policy.

1. The Committee shall collaborate with SERS staff to review the 457(b) Deferred Compensation Program Statement of Plan Investment Policy Statement for the 457 Plan (the "457 Plan Policy") and the 401(a) Defined Contribution Program Statement of Plan Investment Policy for Statement (the 401a Plan (the "401a" 401(a) Plan Policy") on an annual basis (hereafter, the 457 Plan Policy and the 401a 401(a) Plan Policy are jointly referred to as the "Policies").
2. Following such review, the Committee shall make recommendations to the Board regarding revisions to the Policies.
3. The Committee shall monitor SERS staff to ensure SERS' compliance with the Policies and make recommendations to the Board to improve compliance.

B. Investment Menu Design and Content.

1. The Committee shall review and recommend to the Board the investment fund selection and investment asset mix options for the Plans based on recommendations from SERS staff and investment consultant consultants.
2. The Committee shall review the Plans' structure structures and design designs on an annual basis and report any recommendations to the Board for any modifications.

C. Third Party Administrator Oversight.

1. The Committee shall, in collaboration with the Finance and Member Services Committee:
 - a. Oversee the research and due diligence performed by SERS staff to identify and evaluate qualified third party administrators; and report any findings and recommendations to the Board.
 - b. Review any recommendations from SERS staff regarding the engagement or termination of third party administrators and update the Board.
 - c. Make recommendations to the Board on customer service matters relating to the administration of the 457 Plan and IRC

401a-Plan Plans, including the application of information technology, and oversee coordination of Board-approved recommendations with third party administrators.

D. Investment Consultant Oversight

1. The Committee shall oversee the research and due diligence performed by SERS staff to identify and evaluate qualified investment consultants, and report any findings and recommendations to the Board.
2. The Committee shall review any recommendations from SERS staff regarding the engagement or termination of industry experts, including, but not limited to, independent investment consultants, and update the Board.

E. Investment Manager Oversight

1. The Committee shall oversee the research and due diligence performed by SERS staff to identify and evaluate qualified investment managers, and report any findings and recommendations to the Board.
2. The Committee shall review and evaluate the performance and costs of investment managers based on recommendations from SERS staff and investment consultant and report any findings and recommendations to the Board.
3. The Committee shall review any recommendations from SERS staff regarding the engagement or termination of investment managers and update the Board.

F. Other Responsibilities.

1. The Committee shall monitor member participation in the Plans and advise SERS staff of communication to the Plans' participants as necessary.
2. The Committee shall oversee and monitor Investment Office (the "IO") and Office of ~~Finance and Administration~~ Financial Management (the "OFAOFM") staff responsible for the oversight and management of the Plans and report any management findings and recommendations to the Board.
3. 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 to update the Board as to its activities, findings,
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recommendations and any other relevant issues. Committee meeting minutes shall be distributed to the Board.

- B. If a Committee meeting has been scheduled, the Committee Chair shall share the agenda for the upcoming Committee meeting with the entire Board at the ~~Board meeting taking place immediately prior to the scheduled Committee meeting or, in the case of a meeting called without the opportunity to provide the agenda at such prior Board meeting, the agenda is to be shared with the Board as soon as practicable, as soon as practicable.~~

VII. SELF-EVALUATION.

- A. The Committee shall collaborate with the ~~ΘFAOFM~~, IO and ~~ΘCCCO~~ to review this Committee Charter and the procedures described herein (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.
