

MINUTES of SERS Board Meeting – Friday, March 4, 2022

CALLED TO ORDER: 9:05 a.m. by Chair David R. Fillman

MICROSOFT TEAMS MEETING/LIVESTREAM

ATTENDEES:

Members and Designees

David R. Fillman – Chairperson

John M. DiSanto

Dan B. Frankel

Stacy Garrity

Gregory K. Jordan

Paul Schemel

Mary A. Soderberg

Gregory C. Thall

James Bloom – Designee for Secretary Richard Vague

Susan Boyle – Designee for Representative Paul Schemel

Christopher Craig – Designee for Treasurer Stacy Garrity

Lloyd Ebright – Designee for Treasurer Stacy Garrity

Charles Erdman – Designee for Senator John M. DiSanto

Alan Flannigan – Designee for Secretary Richard Vague

Matt Lindsay – Designee for Senator Vincent J. Hughes

Dan Ocko – Designee for Representative Dan B. Frankel

Patrick Shaughnessy – Designee for Representative Dan B. Frankel

Jill Vecchio – Designee for Representative Paul Schemel

Executive Staff

N. Joseph Marcucci

Sara McSurdy

James Nolan

Joseph Torta

Consultants

Michael Elio, StepStone Group, LP

Britt Murdoch, Callan Associates Inc.

Bud Pellecchia, Callan Associates Inc.

Matthew Ritter, NEPC, LLC

Matt Roche, StepStone Group, LP

Tom Shingler, Callan Associates Inc.

SERS Staff

Rose Agnew
Katie Bates
Don Bell
Jo Ann Collins
Tom Derr
Randy Gilson
Pam Hile
Christopher Houston
Dan Krautheim
Karen Lynn
Katie Mathews
Jeff McCormick
Catherine Nolan
Brett Shaeffer
Jared Snyder
Sarah Souder
Bill Truong
Mark Walter

MINUTES of the SERS Board Meeting

Friday, March 4, 2022

1. CALL TO ORDER

Chair Fillman called the meeting to order at 9:05 a.m.

2. WELCOME AND ROLL CALL

A. Executive Director Joseph Torta conducted a roll call of board members and designees.

3. ADOPTION OF THE AGENDA

MOTION: 2022-01

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

RESOLVED: That the board adopts the agenda for the March 4, 2022, board meeting.

4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – December 8, 2021

B. Approving Statement of Changes in Fiduciary Net Position for the Periods Ending – September 30, October 31 and November 30, 2021

C. Approving Deferred Compensation Plan (DCP) Statement of Changes Report Ending – September 30, October 31 and November 30, 2021

D. Approving Defined Contribution Plan Statement of Changes Report Ending – September 30, October 31 and November 30, 2021

MOTION: 2022-02

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

RESOLVED: That the board approves the Consent Calendar items, as listed, for the March 4, 2022, board meeting.

5. COMMITTEE REPORTS/ACTION ITEMS

A. Board Governance and Personnel Committee

Committee Chair Fillman presented a report of the Board Governance and Personnel Committee to the board. The following actions were taken:

SERS BOARD MEMBER & DESIGNEE EDUCATIONAL PLAN

MOTION: 2022-03

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

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee to approve the State Employees' Retirement Board Educational Training Plan for Board Members and Designees, as set forth in the attachment (ATTACHMENT A).

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES

Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

2022 BOARD GOVERNANCE & PERSONNEL COMMITTEE WORK PLAN

MOTION: 2022-04

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

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee to approve the 2022 Board Governance and Personnel Committee Work Plan, as set forth in the attachment (ATTACHMENT B).

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

PAY ADJUSTMENT FOR THE CHIEF INVESTMENT OFFICER

MOTION: 2022-05

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

RESOLVED: That the board accepts the recommendation of the Board Governance and Personnel Committee to approve a pay increase to \$173.64 an hour for James Nolan, Chief Investment Officer SERS effective the first full pay period of March 2022.

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

AMENDMENTS TO COMMITTEE CHARTERS

MOTION: 2022-06

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

RESOLVED: That the board accepts the recommendations of the Audit, Risk and Compliance Committee and the Board Governance and Personnel Committee to approve the amendments to their respective charters, as set forth in the attachments (ATTACHMENTS C and D).

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

B. Finance and Member & Participant Services Committee

Committee Chair Soderberg presented a report of the Finance and Member and Participant Services Committee to the board. The following action was taken:

2022 FINANCE AND MEMBER & PARTICIPANT SERVICES COMMITTEE WORK PLAN

MOTION: 2022-07

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

RESOLVED: That the board accepts the recommendation of the Finance and Member and Participant Services Committee to approve the 2022 Finance and Member and Participant Services Committee Work Plan, as set forth in the attachment (ATTACHMENT E).

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

C. Investment Committee

Assistant Committee Chair Fillman presented a report of the Investment Committee to the board. The following actions were taken:

2022 INVESTMENT COMMITTEE WORK PLAN

MOTION: 2022-08

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

RESOLVED: That the board accepts the recommendation of the Investment Committee to approve the 2022 Investment Committee Work Plan, as set forth in the attachment (ATTACHMENT F).

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES

Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

PRIVATE EQUITY OPPORTUNITY-FRANCISCO PARTNERS VII, L.P. AND FRANCISCO PARTNERS AGILITY III, L.P.

MOTION: 2022-09

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

RESOLVED: That the board accepts the recommendation of the Investment Committee to commit (i) up to \$100 million to Francisco Partners VII, L.P., (ii) up to \$50 million to Francisco Partners Agility III, L.P., and (iii) up to \$50 million to a sidecar vehicle that will co-invest alongside Francisco Partners VII and/or Francisco Partners Agility III, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a follow-on investment within the Private Equity asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

PRIVATE EQUITY OPPORTUNITY-THOMA BRAVO FUND XV, L.P. AND THOMA BRAVO DISCOVER FUND IV, L.P.

MOTION: 2022-10

By motion that was moved, seconded, and approved by board members, except for Treasurer Garrity and Representative Schemel, who voted NO, it was

RESOLVED: That the board accepts the recommendation of the Investment Committee to commit (i) up to \$100 million to Thoma Bravo Fund XV, L.P., (ii) up to \$50 million to Thoma Bravo Discover Fund IV, L.P., and (iii) up to \$50 million to a sidecar vehicle that will co-invest alongside Thoma Bravo XV and/or Thoma Bravo Discover Fund IV, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as a follow-on investment within the Private Equity asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		NO
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		NO
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

D. Audit, Risk & Compliance Committee

Committee Chair Garrity presented a report of the Audit, Risk and Compliance Committee to the board. The following action was taken:

2022 AUDIT, RISK AND COMPLIANCE COMMITTEE WORK PLAN

MOTION: 2022-11

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

RESOLVED: That the board accepts the recommendation of the Audit, Risk and Compliance Committee to approve the 2022 Audit, Risk and Compliance Committee Work Plan, as set forth in the attachment (ATTACHMENT G).

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

E. Securities Litigation Committee

Committee Chair Jordan presented a report of the Securities Litigation Committee to the board. The following action was taken:

2022 SECURITIES LITIGATION COMMITTEE WORK PLAN

MOTION: 2022-12

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

RESOLVED: That the board accepts the recommendation of the Securities Litigation Committee to approve the 2022 Securities Litigation Committee Work Plan, as set forth in the attachment (ATTACHMENT H).

Glenn E. Becker		ABSENT
John M. DiSanto		YES

David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

6. OLD BUSINESS - NONE

7. NEW BUSINESS

A. Russia-related Investments Discussion

Executive Director Torta lead a discussion regarding the recent actions of Russia invading Ukraine and the possible actions the SERS board could take. The following action was taken:

DIVESTMENT OF RUSSIA-RELATED AND BELARUS-RELATED ASSETS

MOTION: 2022-13

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

RESOLVED: That the board, in response to Russia's invasion of Ukraine, the SERS administrative staff, investment office staff and the board's investment consultants are to begin immediately to take all actions necessary to divest SERS of all Russia-related and Belarus-related assets and investments held by SERS in a fiduciarily prudent manner and within a reasonable time;

AND FURTHER, the administrative and investment office staff of SERS shall direct the investment managers, consultants, and other investment partners of SERS to cease making further Russia-related and Belarus-related investments until such time as the board, after receiving the advice of internal staff and outside investment consultants and advisors, concludes that it is fiduciarily prudent to again do so.

Glenn E. Becker		ABSENT
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

8. SPECIAL PRESENTATION

A. Board Education: Private Markets Distribution Waterfall Overview

Mr. Mike Elio with StepStone presented the educational session. Attendees will earn educational credits for this session.

9. REPORT OF EXECUTIVE DIRECTOR AND AGENCY STAFF

A. Executive Director Torta provided the following Administrative update:

- (i) The 2021 1099R tax forms and Personal Statement of Pension Payments have been successfully distributed; that is approximately 283,000 forms to annuitants;
- (ii) The direct deposit initiative which started last year has shown a 20 percent conversion rate, since 6,700 paper checks have been reduced by 1,200. This particular initiative with Treasury has had the most positive results;
- (iii) SERS has been approved for 12 additional permanent positions, bringing the complement to 246; even with these additional positions SERS is struggling to attract and maintain personnel especially in the Member Services, Information Technology and Chief Counsel areas. For this reason, SERS is taking a fresh look at the Strategic Plan and possibly moving the SERIS 2.0 project go-live date from mid-July to an undetermined date in the future. A final decision on SERIS 2.0 will be looked at again at the end of the month.
- (iv) Cynthia Collins has a March 21 start date with SERS; her title will be the Director of Governance and Strategic Initiatives;
- (v) Annuitant Dave Tarsi is acting as Deputy Executive Director of Member and Participant Services and will stay until a permanent Deputy is named;
- (vi) The Legislative Update is under TAB 9a of BoardDocs and the report contains multiple pieces of legislation that SERS is tracking. These pieces of legislation were brought up at the 2022 testimony to the House Sub-Committee on Public Pensions, Benefits and Risk Management. This testimony was recorded and is available in the BoardDocs Library;
- (vii) A reminder was provided to the Board that the deadline to file Financial Statements is May 1. Katie Mathews distributed the forms and instructions in February.
- (viii) This year's retreat will be held on March 24-25 and is being held virtually;
- (ix) Executive Director Torta thanked board members, designees and staff for their support as he has just completed 2½ months in the Executive Director position.

10. EXECUTIVE SESSION

- A. Benefits Administration and Appellate Litigation Update
- B. 2021 Annual Litigation Report
- C. Report on Referrals of Prospective or Existing Investment Transaction or Contract

At 10:55 a.m., the board recessed and entered executive session to receive legal advice on the above executive session agenda items. The public meeting resumed at 11:15 a.m.

11. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

Board Retreat – March 24-25, 2022

Next Board Meeting Dates – April 28 and May 5, 2022

12. MOTION TO ADJOURN

MOTION: 2022-14

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 11:17 a.m.

Respectfully submitted,



Joseph A. Torta
Executive Director



pennsylvania
STATE EMPLOYEES' RETIREMENT SYSTEM

State Employees' Retirement Board

Educational Training Plan for Board Members and Designees

February 2022

Educational Training Plan for Board Members and Designees

Purpose

The purpose of the educational training plan (the “Plan”) is to provide further direction on a curriculum for SERS Board members and their designees to provide the necessary educational training in order for them to fulfill their fiduciary obligations to exercise that degree of judgment, skill, and care that a prudent investor would observe under similar circumstances.

Pursuant to the State Employees’ Retirement Code and the Board Education Policy (2017 POL-BD-06), all Board members are required annually to successfully complete certain mandatory training requirements. In addition, pursuant to Act 2020-128, Board members appointed to the Audit, Risk, and Compliance Committee are also required to complete a specified number of hours of training in risk assessments, internal controls, and auditing standards. The Plan will enable Board members and designees to acquire and expand their personal knowledge and improve their understanding in selected areas, including mandatory and non-mandatory training.

The Plan incorporates recommendations from the *Pennsylvania State Employees’ Retirement System (SERS) Fiduciary Review and Board Self-Assessment – Final Report* dated April 19, 2021, prepared by Funston Advisory Services, LLC, which includes:

1. Developing a core curriculum with elective offerings tied to the Board’s strategic initiatives and key decisions (with a particular focus on investment strategies, actuarial cost analysis, asset allocation, risk assessment, and retirement portfolio management);
2. Providing educational opportunities tailored to help meet the needs of each Board member regardless of experience or expertise;
3. Providing: (i) for newer Board members training on fiduciary duty, ethics, basic investment strategies, and actuarial fundamentals, and (ii) enhanced training opportunities for all Board members to learn more about investments, actuarial matters, ethics, and fiduciary responsibilities; and
4. Making best efforts to include independent third-parties in providing education.

The Plan seeks to provide Board members and designees with the skills, competencies, and qualities members should possess upon completion of annual training requirements.

Mandatory Training Requirements

Mandatory Board Training Requirements

Pursuant to Act 2020-128, effective January 1, 2022¹, and annually thereafter, all Board members and their designees are required to complete at least ten (10) hours of mandatory training in investment strategies, actuarial cost analysis, asset allocation, risk assessment, and retirement portfolio management on an annual basis. In addition, Board members and designees are also

¹ For the period ending December 31, 2021, Board members and their designees were required to complete eight (8) hours of mandatory training in investment strategies, actuarial cost analysis, and retirement portfolio management on an annual basis.

Educational Training Plan for Board Members and Designees

required to receive one hour of ethics training annually. The Mandatory Board Training Requirements will be identified in the Education Training Concepts offered to the Board.

Mandatory Audit, Risk, and Compliance Committee Training Requirements

First year of Service

A newly appointed Audit, Risk and Compliance Committee voting member (Board member and designee), must complete at least sixteen (16) hours of training in risk assessments, internal controls, and auditing standards within ninety (90) days of an initial appointment to the committee.

Subsequent Years of Service

In order to continue serving as a voting member of the Audit, Risk and Compliance Committee following initial appointment, a Board member and designee must complete at least eight (8) hours of continuing education in risk assessments, internal controls, and auditing standards each calendar year thereafter.

The Mandatory Audit, Risk, and Compliance Committee Training Requirements will be identified in the Education Training Concepts offered to the Board.

Educational Training Goals

The educational goals describe the skills, competencies, and qualities that Board members and designees should possess upon completion of an annual training program, with a focus on the following categories:

Ethics and Fiduciary Training

Following the completion of ethical and fiduciary trainings, a Board member and designee should be able to:

- Understand the roles and duties of fiduciaries
- Be aware of potential conflicts of interest and how to avoid them
- Know some of the liabilities facing fiduciaries who fail to discharge their fiduciary responsibilities
- Be familiar with some examples of litigation involving fiduciary liability
- Be aware of ethical responsibilities that are expected of fiduciaries
- Understand their responsibilities as board members
- Understand the roles and responsibilities of investment consultants and managers, the board's actuary, legal counsel, and auditors
- Utilize best practices associated with good pension plan governance
- Understand the various fiduciary duties
- Be familiar with state and federal ethics laws that apply to public officials
- Understand the consequences of violating ethics laws
- Understand the potential conflicts of interest faced by fiduciaries

Educational Training Plan for Board Members and Designees

- Know about prohibited transactions and interests
- Be aware of required disclosures
- Understand issues relating to confidentiality
- Be familiar with laws governing nepotism, gifts, and benefits

Investment Training

Following the completion of investment trainings, which includes investment strategies, asset allocation, and retirement portfolio management, a member should be able to:

- Distinguish the different characteristics of stocks, bonds, and other major asset classes
- Understand the risk involved in investing in certain asset classes
- Comprehend passive and active investment management strategies
- Understand the importance of diversification
- Analyze returns, comparing with a system's assumed rate of return
- Understand the basic elements of an investment policy statement
- Understand the role of the trustee as it relates to investment decisions
- Be familiar with due diligence and investment performance evaluation processes
- Understand the role of investment consultants and investment managers
- Be aware of best practices for selecting and evaluating investment managers
- Understand the sources of investment fees and other expenses, as well as key elements of fund and manager fee terms

Actuarial Training

Following the completion of actuarial trainings, a member should be able to:

- Explain the role of the board's actuary
- Comprehend basic actuarial terms
- Read and understand an actuarial valuation
- Understand stress testing
- Be familiar with the demographic and economic types of actuarial assumptions
- Understand market value and actuarial value of assets
- Be aware of different types of actuarial cost methods
- Understand different amortization methods
- Understand asset smoothing techniques
- Understand the amortization period
- Be aware of best practices such as funding policies
- Be familiar with the different types of actuarial reports
- Understand what should be taken into consideration for a system to increase benefits

Risk Management

Following the completion of risk management trainings, a member should be able to:

- Be familiar with investment risk assessment
- Understand internal control concepts

Educational Training Plan for Board Members and Designees

- Understand a Comprehensive Annual Financial Report
- Comprehend the role of auditors, including internal and external
- Be familiar with measures for ensuring security of confidential information
- Understand the importance of recordkeeping requirements
- Explain the importance of investment diversification
- Be familiar with types of investment risk and how to manage total risk
- Understand the role of due diligence in investments

Educational Training Concepts

The training concepts to be offered on an annual basis, from which Board members and designees can select from to meet their individual educational training goals include, but are not limited to, the following :

- Investment Strategies*
- Benchmarking and Performance Comparisons*
- Strategic Asset Allocation for Investment Portfolios*
- Assumed Rate of Return*
- Fiduciary Duties and Responsibilities
- Environmental, Social and Governance (ESG) Investing
- Performance Measurement and Monitoring*
- Internal Controls, Risk Assessment, and Auditing Standards**
- Demographic Actuarial Assumptions*
- Managing Investment Risk*
- Managing Business and Operational Risk*
- Actuarial Cost Analysis*
- Funding and Asset-Liability Concepts*
- Stress Testing and Risk Management*
- Ethics*
- Member and Participant Services

* - Mandatory Board Training Requirements

** - Mandatory Audit, Risk, and Compliance Committee Training Requirements

Instructional Training Methodologies

The internal and external instructional methodologies for training opportunities will include a variety of venues and formats, with best efforts being made to include independent third-parties in providing education.

- Conference Sessions (i.e., Board Retreat)
- In Person Presentations
- Live/Virtual Presentations

Educational Training Plan for Board Members and Designees

- Recorded Webinars
- Printed Material Reviews
- Reviewing Industry Periodicals, Books and Other Materials
- Online Coursework
- The external training opportunities will include a variety of venues.
- In Person Conferences/Presentations
- Virtual Presentations
- Webinars
- Podcasts

Training Session Length and site of Presentation

The majority of internal training sessions will be no less than 30 minutes and no more than 60 minutes in length.

The goal is to provide training sessions in conjunction with regularly scheduled Board meetings (approximately 6 sessions) and Board sponsored events. (Retreat)

Pre-approved training and educational opportunities will be made available. Outside training, not on a pre-approved list, which is approved by the Chairman, can be viewed anywhere and anytime with appropriate documentation verifying attendance/participation.

Budget Costs

The anticipated annual Board Educational Training Costs total \$75,000. The total cost will cover such items as attendance at outside conferences, classes, internal and external training sessions, SERS retreat sessions and presenters, materials and periodicals, memberships, and other external presenters.

ATTACHMENT B

SERS Committee Work Plan Items

Special Notes	January	February	April	June	July	September	December
2022							
Board Chairperson appoints Committee members. Committee members elect Committee Chair and the Committee Chair appoints Assistant Chair.	X						
2022 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.							
2022 - Annually, staff liaisons, with input from the Executive Director, prepare draft work plans for review by the Committee in advance of the first meeting. The Committee shall recommend to the Board to approve the work plan.		X					
2022 - Updates on the Strategic Business Plan are provided. NOTE: In 2023, work is to begin on the update to the plan.		X	X	X	X	X	X
Oversee and monitor the strategic planning process.							

<p>Consider annual salary adjustments for investment professionals.</p>								<p>2022 - An analysis of compensation for investment professionals including the CIO is included in the compensation and classification study for completion in 2022, which will include a review of the current <i>Compensation Policy for Investment Professional Staff</i> and <i>Performance Review Process for CIO</i>. For 2022, IO and OFM have until 1/31 to complete annual performance reviews of investment professionals so salary adjustment discussions with Committee/Board can not occur sooner than February. Salary adjustments effective first full pay in March. Can be made retroactive if Committee/Board does not act timely. Salary adjustments for CIO require Board approval.</p>
<p>Review of recommendations from <i>SERS Fiduciary Review and Board Self-Assessment Final Report</i>.</p>								<p>2022 - The Committee completes its review of recommendations, C.1, 1.1, 1.2, 1.4, 7.1, 7.2, 7.3, and 8.2. Along with the review of the report's recommendation C.1, a strategic plan goal of confirming the Board's position on legislative positioning will also be reviewed.</p>
<p>Meet with Executive Director to discuss mid-year performance.</p>								<p>2022 - Board (not Committee) Chairperson meets with the Executive Director by 7/31 to discuss any performance issues identified as a result of the mid-year report.</p>

<p>Review of performance review process for Board direct reports.</p>							<p>X</p>	<p>2022 - A comprehensive performance review process is developed for the Executive Director, CIO, Chief Counsel, Chief Compliance Officer, and Internal Audit Director. The Committee shall collaborate with the Audit, Risk, and Compliance Committee in the development of the process, as it pertains to the performance review of the Internal Audit Director and Chief Compliance Officer.</p>
<p>Discuss Executive Director's annual performance review and goals.</p>							<p>X</p>	<p>2022 - Completed and signed annual evaluation due to SERS-HR by 1/31. Board Chairperson drafts evaluation and goals with Board input (no meeting required; input forms emailed). Committee reviews draft evaluation and goals (can be done via email with feedback provided via email). Committee may elect to meet and discuss. If Board Chairperson and Committee cannot resolve disagreements, matter escalated to full Board. (If Needed)</p>

<p>Discuss Executive Director cost-of-living adjustment (COLA).</p>								<p>2022 - Act 51 of 1995 grants the Governor and Cabinet annual cost-of-living increases in January. The Governor's Office may approve the same increase for other non-statutory agency heads whose salaries are set by the commonwealth's Executive Board. Since SERS Board approves the Executive Director's salary, a motion is necessary to authorize application of the COLA to SERS Executive Director should one be granted by the Governor's Office for the non-statutory agency heads.</p>
<p>Compensation and Classification Study</p>							<p>X</p>	<p>2022 - Periodic updates may be provided as project progresses.</p>
<p>2023</p>								

<p>Discuss Executive Director salary adjustment.</p>	<p>TBD</p>							<p>2023 - SERS Executive Director does not receive automatic pay increases. Pay must be approved by SERS Board then by the commonwealth's Executive Board. The current <i>Performance Review Process for Executive Director</i>, which is anticipated to be reviewed in the fall of 2022, provides that the Executive Director's performance review cycle is January – December with the annual performance review form due at the end of January. February is an appropriate time to discuss any possible merit-based pay increase recommendations. Pursuant to the current performance review process, the first review cycle for the current Executive Director will be for calendar year 2022.</p>
<p>Review of compensation policies for attorneys, compliance, and investment professionals, in collaboration with the Executive Director, CFO, CIO, and Chief Counsel.</p>	<p>TBD</p>							<p>2023 - Following the completion of the compensation and classification study, compensation policies for attorneys, compliance, and investment professionals are developed for possible recommendation by the Committee for SERS Board adoption.</p>
<p>Work with Executive Director and the Office of Chief Counsel to review Board policies and procedures.</p>		<p>X</p>						<p>2023 - Must be completed every two years. Next review would be 2/2023.</p>

Review: (i) Board Governance and Personnel Committee Charter, including a review of Board delegations, and Bylaws, in collaboration with the Executive Director and Chief Counsel's Office; and (ii) recommendations, if any, from other committees to revisions to their respective committee charters.																				2023 - Must be completed every two years. Next review would be 2/2023.
Oversee and monitor the strategic planning process																				2023 - Begin work on the update to the SERS Strategic Business Plan.
Conduct a Board self-assessment pursuant to the Board Self-Assessment Policy.																				2023 - Must be completed annually or biennially.
2024																				
Board Chairperson appoints Committee members. Committee members elect Committee Chair and the Committee Chair appoints Assistant Chair.																				2024 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.
Work with consultant to complete review of the Board's fiduciary and governance practices pursuant to the Fiduciary Review Policy.																				TBD - Must be completed every 3 or 4 years.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

I. PURPOSE.

The Audit, Risk and Compliance Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board") in fulfilling its oversight responsibilities in the areas of internal controls, risk assessment, audit, and compliance of the State Employees' Retirement System, the State Employees' Defined Contribution Plan, and the Commonwealth's IRC §457 Deferred Compensation Plan (collectively "SERS").

II. AUTHORITY.

The Board hereby delegates all necessary power and authority to the Audit, Risk and Compliance Committee (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 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 at least four (4) times every year. The Committee Chair, after consulting with the Committee Members, shall fix the dates and times of the committee meetings and shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite the Executive Director, Internal Audit Director, SERS Chief Counsel's Office (the "CCO"), Chief Financial Officer, Chief Investment Officer, Chief Compliance Officer, other members of SERS management, external auditors, internal auditors, consultants, and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

V. RESPONSIBILITIES.**A. Internal Controls.**

1. The Committee shall provide for and oversee the periodic assessment of internal controls by internal and external auditors.
2. The Committee shall review auditor recommendations for improving internal controls and recommend changes to the Board.
3. The Committee shall review the effectiveness of SERS' corporate governance process.
4. Except as provided under subparagraph a., SERS shall conduct an internal control audit at least every five (5) years.
 - a. If an annual independent audit prepared under section C. identifies a material weakness or significant deficiency or an internal control audit identifies a material weakness or significant deficiency, an additional internal control audit of SERS shall be conducted for the year subsequent to the report or audit in which the weakness or deficiency was identified.

B. Risk Assessment.

1. The Committee shall review SERS' annual internal audit plan and comprehensive risk assessment and recommend any changes to the Internal Audit Director and the Board.
2. The Committee shall review SERS' enterprise risk framework and management process and recommend any changes to the Board.
3. The Committee shall review the effectiveness of SERS' processes for risk management, including risk identification, assessment, mitigation and aggregate reporting and recommend any changes to the Board.
4. The Committee shall oversee the steps SERS management has taken to monitor and control such risks, including risks associated with information technology systems.

C. Audit Process and Procedures.

1. The Committee shall oversee all internal and external audits, as well as any investigations or audits conducted on SERS operations.
 2. The Committee shall oversee the annual audit of SERS by an independent certified public accountant. The audit shall include the Board's accrual and expenditure of directed commissions. The Board may use the same independent auditor for all SERS external audits. The Committee shall, with participation from the Internal Audit Director, recommend the selection and retention of the independent auditor. The Committee shall review the annual audit and present the
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annual audit to the Board along with its recommendations for Board consideration in accepting the report of the independent auditor.

3. The Committee shall meet at least annually with the Internal Audit Director to review internal audit plans, including the scope and objectives of audits and the allocation of internal audit resources.
4. The Committee shall review audit findings and recommendations. The Committee shall recommend to the Board any required actions for the implementation of such auditor recommendations.
5. The Committee shall review the effectiveness of internal audits every two (2) years and make recommendations to the Board for improving the effectiveness of such audits.

D. Compliance.

1. The Committee shall oversee SERS' system for monitoring compliance with applicable laws, policies, procedures, codes, and other legal requirements.
 2. The Committee shall oversee SERS' compliance with applicable whistleblower laws.
 3. The Committee shall oversee SERS' investigations of and responses to instances of non-compliance.
 4. The Committee shall review information and reports from the Executive Director and the CCO regarding compliance matters. The Committee shall recommend any proposed responses and/or actions that are to be taken to the Board.
 5. The Committee shall review any recommendations made by external service providers regarding SERS' compliance processes and make any recommendations for changes to the Board.
 6. The Committee shall oversee investment program compliance audits.
 7. The Committee shall collaborate with SERS staff and the CCO to oversee Board member compliance with applicable law, the Board Bylaws, ethics code provisions, and policies and procedures applicable to Board members.
 8. The Committee shall review the SERS compliance program and risks with the Chief Compliance Officer, including the program's design, implementation and effectiveness.
 9. The Committee shall oversee the Chief Compliance Officer's coordination with the SERS Manager of the Board Member Education Program of Board member education pursuant to the Board Education Policy.
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10. The Committee shall oversee the Chief Compliance Officer's logging and reporting of Board member referrals and communications of potential investment or service provider opportunities.

E. Other Responsibilities.

1. The Committee shall meet with the independent auditor at least annually to review the audited financial statements, associated management letter, and all other independent communications of the annual audit. The Committee shall also be provided an opportunity to discuss any significant issues that may have surfaced during the course of the independent audit.
2. The Committee shall review policies and procedures related to internal controls, risk assessment, audit processes and procedures and compliance. The Committee shall recommend any changes to such policies and procedures to the Board.
3. The Committee shall provide input to the Executive Director in the evaluation of the Internal Audit Director, with the input received from each member to be included in the evaluation.
4. The Committee shall have input into the candidate search process and selection of the Chief Compliance Officer. In addition, the Committee shall provide input to the Executive Director and, if the Chief Compliance Officer position is administratively housed in the Chief Counsel's Office, the Chief Counsel, in the evaluation of the Chief Compliance Officer, with the input received from each member to be included in the evaluation.
5. 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 at the next regularly scheduled Board meeting to update the Board as to its activities, findings, recommendations, and any other relevant issues. Committee meeting minutes shall be distributed to the Board.
- B. The Committee Chair shall share the agenda for an upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-EVALUATION.

- A. The Committee shall collaborate with the Internal Audit Director and CCO to review this Committee Charter and the policies and procedures described in this Charter or otherwise overseen by the Committee on a biennial basis. The Committee shall recommend any changes to the Board.
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- 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.



PENNSYLVANIA STATE EMPLOYEES' RETIREMENT BOARD

BOARD GOVERNANCE AND PERSONNEL COMMITTEE CHARTER

I. PURPOSE.

The Board Governance and Personnel Committee's purpose is to assist the Pennsylvania State Employees' Retirement Board (the "Board"), which conducts business as the State Employees' Retirement System, the State Employees' Defined Contribution Plan, and as trustee of the Commonwealth's IRC §457 Deferred Compensation Plan (collectively "SERS"), in fulfilling its oversight responsibilities in the areas of Board governance, Board member training and evaluation, stakeholder communications, SERS strategic planning, and oversight of select personnel.

II. AUTHORITY.

The Board hereby delegates all necessary power and authority to the Board Governance and Personnel Committee (the "Committee") for 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 Chairperson 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 ("Committee Members"), as provided in 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 at least two (2) times every year. The Committee Chair, after consulting with the Committee Members, shall fix the dates and times of the committee meetings and shall request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

The Committee may invite the Executive Director, Deputy Executive Director for Administration, Human Resources Director, other members of SERS management, the SERS Chief Counsel's Office ("CCO"), and others to attend meetings and provide pertinent information, as it deems necessary or desirable.

V. RESPONSIBILITIES.**A. Board Governance.**

1. The Committee shall collaborate with the other Board committees, Executive Director and CCO to review the Bylaws and committee charters on a biennial basis. The review shall include the delegation of Board authority to each committee. The Committee shall recommend any changes to the Bylaws or committee charters to the Board.
2. The Committee shall collaborate with SERS Executive Director and CCO to oversee the review of Board governance policies and procedures on a biennial basis. The Committee shall recommend any changes to the Board.

B. Board Member Training & Evaluation.

1. The Committee shall collaborate with SERS staff and CCO to develop Board self-assessment policies and procedures.
2. The Committee shall oversee Board self-assessment, review Board effectiveness, evaluate Board member skill sets and competencies and recommend Board member development and training.
3. The Committee shall collaborate with SERS staff to develop a Board skills matrix to identify current and needed skill sets. The Committee may recommend the approval of the matrix to the Board. Following approval, the Committee may share the matrix with appointing authorities to encourage the appointment of Board members with needed skill sets.
4. The Committee shall collaborate with SERS staff and CCO to ensure that Board members are familiar with the SERS Governance Policy Manual.

C. Stakeholder Communications.

1. The Committee shall collaborate with SERS staff to develop and recommend the Board's communications plan. The communications plan shall facilitate effective communication between and among various stakeholder groups, which may include the trustees, agency staff, SERS members, retirees, legislators, employers, consultants, and other external parties.
2. The Committee shall monitor and update the stakeholder communications plan on a biennial basis.

D. SERS Strategic Planning.

1. The Committee shall oversee SERS' strategic planning process, which is to ensure that strategic investment, operations and business planning
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occurs in a rigorous, systematic and coordinated manner across the agency.

2. The Committee will be responsible for:
 - a. Providing SERS staff with input on the proposed strategic plan, including goals and strategic initiatives;
 - b. Approving strategic plan recommendations for presentation to the Board, along with any related budget and other approvals needed to support the plan;
 - c. Monitoring implementation of the strategic plan on an ongoing basis; and
 - d. Reporting to the Board regarding progress toward goals and recommended changes.
3. The Committee shall collaborate with SERS staff to review SERS' organizational structure and develop organizational performance metrics.

E. Oversight of Personnel.

1. The Committee shall collaborate with SERS staff and CCO to review the performance review processes for the Executive Director and the Chief Investment Officer and any compensation policies for investment professionals and attorneys on a biennial basis. The Committee shall recommend any changes to such processes and policies to the Board.
 2. The Committee shall collaborate with SERS staff to oversee leadership succession planning and organizational development.
 3. The Committee shall collaborate with SERS staff to oversee periodic compensation studies and recommend staff compensation as a result of such studies.
 4. The Committee shall collaborate with SERS staff to oversee executive searches for the Executive Director.
 5. The Committee shall develop quantitative performance goals for the Executive Director to be incorporated in the Executive Director's performance expectations.
 6. The Committee shall obtain input from the Board and oversee the annual evaluation process of the Executive Director. The results of the annual evaluation are to be presented to the Executive Director by the Board Chairperson.
 7. The Committee shall collaborate with the Executive Director in obtaining input from the Board in the annual employee performance
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review process of the Chief Counsel, with the input received from each member to be included in the evaluation.

8. The Committee may recommend discipline or the termination of the Executive Director to the Board, if appropriate.

F. Other Responsibilities.

1. The Committee shall collaborate with SERS staff to oversee compliance with diversity policies.
2. 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 at the next regularly scheduled Board meeting to update the Board as to its activities, findings and recommendations and any other relevant issues. Committee meeting minutes shall be distributed to the Board.
- B. The Committee Chair shall share the agenda for an upcoming Committee meeting with the entire Board as soon as practicable.

VII. SELF-ASSESSMENT.

- A. The Committee shall collaborate with SERS staff and CCO to review this Committee Charter and the policies and procedures described in this Charter 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.

<u>SERS Committee Work Plan Items</u>	January	February	April	June	July	September	December	Special Notes
Finance and Member & Participant Services								
2022								
Board Chairperson appoints Committee members. Committee members elect Committee Chair and the Committee Chair appoints Assistant Chair.	X							2022 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.
Recommend to the Board to approve the Committee work plan.		X						2022 - Annually, staff liaisons, with input from the Executive Director, prepare draft work plans for review by the Committee in advance of the first meeting. The Committee shall recommend to the Board to approve the work plan. NOTE: The establishment of expectations and criteria for an annual performance review of the Actuary and Third Party Administrator overseen by the committee will be developed with Board input.
Actuary presents key actuarial valuation results and Committee recommends that the Board certify the annual employer contribution rate to the Defined Benefit Plan for the upcoming fiscal year.			X					
Actuary and Investment Consultant present on the actuarial assumed rate of return assumption. Committee recommends that the Board approve any changes to the rate, which will be effective with the next upcoming valuation.				X				
Office of Financial Management Update				X			X	
Office of Member and Participant Services Update						X	X	
Agency budgets are presented. Committee recommends that the Board approve the budgets that are being requested.						X		
Actuary presents key results from the Stress Testing and Risk Assessment on SERS Defined Benefit Plan. Committee recommends that the Board accept the report.						X		
Annual review of external advisors and consultants.							X	Education on this topic will be provided at the Board Retreat in March.
2023								
Review Committee Charter, including a review of Board delegations of authority, in collaboration with the Executive Director and Chief Counsel's Office.		X						2023 - Must be completed every two years. Next review would be 2/2023.
Review policies, and procedures described in the Committee's charter or otherwise overseen by the committee, in collaboration with the Executive Director and Chief Counsel's Office.		X						2023 - Must be completed every two years. Next review would be 2/2023.

Recommend to the Board to approve the Committee work plan.		X					
Actuary presents key actuarial valuation results and Committee recommends that the Board certify the annual employer contribution rate to the Defined Benefit Plan for the upcoming fiscal year.			X				
Actuary and Investment Consultant present on the actuarial assumed rate of return assumption. Committee recommends that the Board approve any changes to the rate, which will be effective with the next upcoming valuation.				X			
Office of Financial Management Update				X			X
Office of Member and Participant Services Update					X	X	
Agency budgets are presented. Committee recommends that the Board approve the budgets that are being requested.					X		
Actuary presents key results from the Stress Testing and Risk Assessment on SERS Defined Benefit Plan. Committee recommends that the Board accept the report.					X		
Annual review of external advisors and consultants.							X
2024							
Board Chairperson appoints Committee members. Committee members elect Committee Chair and the Committee Chair appoints Assistant Chair.	X						2024 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.
Recommend to the Board to approve the Committee work plan.		X					
Actuary presents key actuarial valuation results and Committee recommends that the Board certify the annual employer contribution rate to the Defined Benefit Plan for the upcoming fiscal year.			X				
Actuary and Investment Consultant present on the actuarial assumed rate of return assumption. Committee recommends that the Board approve any changes to the rate, which will be effective with the next upcoming valuation.				X			
Office of Financial Management Update				X			X
Office of Member and Participant Services Update					X	X	
Agency budgets are presented. Committee recommends that the Board approve the budgets that are being requested.					X		
Actuary presents key results from the Stress Testing and Risk Assessment on SERS Defined Benefit Plan. Committee recommends that the Board accept the report.					X		
Annual review of external advisors and consultants.							X

NOTE:
Actuary presents the results of the Investigation of Actuarial Experience Study in July every 5th year. The next year this will be completed is 2025.

SERS 2022 Committee Work Plan Items	January	February	April	June	July	September	December	Special Notes
Investment Committee								
Board Chairperson appoints Committee members; Committee members elect Committee Chair & Committee Chair appoints Assistant Chair	X							In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.
Recommend to the Board to approve the Committee work plan		X						Annually, staff liaisons, with input from the Executive Director, prepare draft work plans for review by the Committee in advance of the first meeting. The Committee shall recommend to the Board to approve the work plan. NOTE: The establishment of expectations and criteria for an annual performance review of consultants overseen by the committee (Callan, StepStone, NEPC) will be developed with Board input.
Annual update to Board summarizing prior year Investment Office accomplishments and outline goals for the upcoming year		X						Annually per IPS requirement.
Asset Allocation Update		X						Ad hoc project - IPS to be updated with any changes to the Target Asset Allocation.
DB, DC, DCP Plan IPS Review (inclusive of Asset Allocation/Asset Liability, etc.) and Updates							X	Annually; Asset Liability Study every 3-5 years.
Proxy Voting Review and Updates			X					Annually.
Independent Performance Consultant Recommendation		X						Ad hoc project - To provide independent performance verification.
Private Equity Consultant Search		X						Ad hoc project - Process update to be provided at February 25 IC meeting; Selection of consultant to occur no later than the July 18, 2022 IC and July 25, 2022 Board meetings.
Portfolio/Fund Recommendations		X	X	X	X	X	X	
Board Educational Presentations		X	X	X	X	X	X	Presented at Main Board meetings.
Review Quarterly Performance of Total Fund		X		X		X	X	Four times per year.
Review Semi-Annual Real Estate Performance to IC				X			X	Twice per year.
Review Semi-Annual Private Equity Performance to IC				X			X	Twice per year.
Investment Manager Expense and Fee Report						X		Annually.
Develop an approach to benchmark against our peers (i.e., general and specialty consultants)						X		Ad hoc project - Per Strategic Plan, IO to develop approach to benchmark against peer plans. A report will be presented to the IC/Board upon completion at the September 2022 meeting.
Performance review/report to Board of consultant/third-parties overseen by Committee/Board							X	Annually.
Evaluate ESG/sustainable investment policy direction								Ad hoc project - Per Strategic Plan. Additional education to be provided. Feedback received from Board members will determine direction.
Review IC Charter in collaboration with ED & CCO								Must be first meeting of the year; every two years (odd years).

*Non-recurring items are highlighted in green.

ATTACHMENT G

SERS 2022 Committee Work Plan Items	January	February	April	June	July	September	December	Special Notes
Audit, Risk and Compliance								
Committee members elect Committee Chair; Committee Chair appoints Assistant Chair.	X							2022 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.
Recommend to the Board to approve the Committee Work Plan.		X						2022 - Annually, staff liaisons, with input from the Executive Director, prepare draft work plans for review by the committee in advance of the first meeting. The committee shall recommend to the Board to approve the work plan. NOTE: The establishment of expectations and criteria for an annual performance review of SERS' independent auditor overseen by the committee will be developed with Board input.
Review Audit, Risk & Compliance Committee charter.		X						Must be completed every two years and is to include a review of Board delegations of authority in collaboration with the Executive Director and Chief Counsel's Office. (Next review to occur in 2/2023)
Review audits undertaken by Internal Audit.		X						Must be completed every two years. (Next review to occur in 2/2023)
Review of Internal Audit and Compliance Office policies and procedures .		X						Must be completed every two years. (Next review to occur in 2/2023)
Internal Audit's review the 2022 project plan for Internal Audit & the internal agency risk assessment.		X						
Internal Audit Office, Chief Compliance Officer, and Chief Information Security Officer updates.		X						
2022 Performance Goals for Chief Compliance Officer (informational item)		X						
Review of audited financial statements and audit results with independent (external) auditor, KPMG. Recommendation to the Board to accept the audited financial statements.				X				
Internal Audit Office, Chief Compliance Officer, and Chief Information Security Officer updates.				X				
Internal Audit's review of the agency's Green Book Risk Assessment prior to submission to the Office of Budget.						X		In 2022, the Green Book Risk Assessment is transitioning to an Enterprise Risk Management (ERM) approach.
Internal Audit Office, Chief Compliance Officer, and Chief Information Security Officer updates.						X		
Report by the Chief Information Security Officer on the results of the agency's independent network vulnerability assessment.						X		Meeting date for discussion subject to change contingent upon completion of report and mitigation of findings.
Independent auditor KPMG's review of the upcoming 2022 independent audit work plan.							X	
Internal Audit's review of the COSO/Green Book internal control testing results.							X	
Internal Audit Office, Chief Compliance Officer, and Chief Information Security Officer updates.							X	
The Committee members provide input to the Executive Director into the January performance evaluation of the Internal Audit Director and Chief Compliance Officer.							X	

SERS 2022 Committee Work Plan Items	January	February	April	June	July	September	December	Special Notes
Audit, Risk and Compliance								
Progress report on 2022 Performance Goals for Chief Compliance Officer (informational item)							X	
Procurement/RFP effort for an independent actuary to perform an audit of SERS actuarial methods, procedures, and assumptions being utilized by Korn Ferry Hay Group.								Meeting date(s) TBD following implementation of SERIS 2.0 and completion of procurement of an actuary tentatively projected for 2022.
Procurement/RFP effort for an independent accountant to perform a preparation assessment and Service Organization Control (SOC) audit of SERS.								Meeting date(s) TBD following drafting of RFP. NOTE: SOC audit projected to occur in calendar 2024.

SERS Committee Work Plan Items

Special Notes	SERS Committee Work Plan Items														
	January	February	April	June	July	September	December								
	Securities Litigation Committee														
	2022														
	X														
	Board Chairperson appoints Committee members. Committee members elect Committee Chair and the Committee Chair appoints Assistant Chair.														
		X													
	Review Committee Work Plan.														
					X										
	Review minutes and reports.														
	2023														
	Review Securities Litigation Committee Charter, including a review of Board delegations of authority, in collaboration with the Executive Director and Chief Counsel's Office. Review Committee Work Plan.														
		X													
	2023 - Review of Charter must be completed every two years. Next review would be 2/2025. Provide updates on class action receipts and a securities litigation report. Review and approve Committee Work Plan and any minutes from prior meetings.														
	2022 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.														
	2022 - Review and approve Committee Work Plan and any minutes from prior meetings.														
	2022 - Review and approve minutes from any prior meetings. Provide updates on class action receipts and a securities litigation report.														

<p>Review policies, and procedures described in the Committee's charter or otherwise overseen by the committee, including the Securities Litigation Committee Securities Litigation Policy, in collaboration with the Executive Director and Chief Counsel's Office.</p>						<p>X</p>		<p>2023 - Policy and procedure review be completed every two years. Next review would be 9/2025. Provide updates on class action receipts and a securities litigation report. Review and approve any minutes from prior meetings.</p>
<p>2024</p>								
<p>Board Chairperson appoints Committee members. Committee members elect Committee Chair and the Committee Chair appoints Assistant Chair.</p>	<p>X</p>							<p>2024 - In the first committee meeting in even numbered years, conduct the election of committee Chairs and appoint Assistant Chairs. Also, in January of even numbered years, the Board Chairperson appoints committee members.</p>
<p>Review Committee Work Plan.</p>		<p>X</p>						<p>2024 - Review and approve Committee Work Plan and any minutes from prior meetings.</p>
<p>Review minutes and reports.</p>					<p>X</p>			<p>2024 - Review and approve minutes from any prior meetings. Provide updates on class action receipts and a securities litigation report.</p>