

## Minutes of Board Governance and Personnel Committee Meeting

Thursday, April 28, 2022

### Attendees:

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

David Fillman, Chair  
Treasurer Stacy Garrity  
Christopher Craig (designee for Treasurer Stacy Garrity)  
Lloyd Ebright (designee for Treasurer Stacy Garrity)  
Matt Lindsay (designee for Sen. Vincent Hughes)  
Alan Flannigan (designee for Secretary Richard Vague)  
James Bloom (designee for Secretary Richard Vague)

#### **Other Board Members:**

Glenn Becker  
Susan Boyle (designee for Rep. Paul Schemel)  
Charles Erdman (designee for Sen. John DiSanto)  
Gregory Jordan  
Dan Ocko (designee for Rep. Dan Frankel)  
Rep. Paul Schemel  
Patrick Shaughnessy (designee for Rep. Dan Frankel)  
Mary Soderberg  
Jill Vecchio (designee for Rep. Paul Schemel)

#### **SERS Staff:**

Rose Agnew, Executive Secretary  
Katie Bates, Administrative Officer  
Don Bell, Executive Assistant  
Kelly Bernhard, Administrative Assistant  
Cindy Collins, Committee Senior Staff (Executive)  
Jo Ann Collins, Chief Compliance Officer  
Tom Derr, Communications and Policy Director  
Randy Gilson, Director, Technical Support Division  
Pam Hile, Communications Director  
Christopher Houston, Committee Senior Staff (Administration)  
Meredith Jones, Director ESG/Diversity & Inclusion/Corporate Governance  
Dan Krautheim, Chief Information Officer

Karen Lynn, Internal Audit Director  
Katie Mathews, Committee Senior Staff (HR)  
N. Joseph Marcucci, Chief Counsel  
Michael McGeoy, Assistant Chief Financial Officer  
Jim Nolan, Chief Investment Officer  
Jon Ryan, IT Generalist 1  
Brett Shaffer, IT Generalist 2  
Bill Truong, Deputy Chief Investment Officer  
Mark Walter, IT Generalist Administrator

**1. Call to Order**

At 12:01 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. Mr. Houston introduced Cindy Collins, Director of Governance and Strategic Initiatives.

**3. Approval of Minutes**

Minutes of February 25, 2022, Board Governance and Personnel Committee meetings

**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 February 25, 2022, Board Governance and Personnel Committee meeting.

**4. Old Business**

**a. SERS Fiduciary Review and Board Self-Assessment – Final Report Implementation of Recommendations**

The Committee received updates on recommendations from Funston's final report that were assigned to the Committee and took specific action regarding the State Employees' Retirement Board Consultant Evaluation Procedures.

**1. State Employees' Retirement Board Consultant Evaluation Procedures**

The Committee reviewed the State Employees' Retirement Board Consultant Evaluation Procedures, which serve to implement requirements of the Committee Work Plan Procedures and are in furtherance of Funston recommendations 10.1 and 10.2. The evaluation procedures provide for the process by which the standing committees are to conduct annual performance assessments of the Board advisors and consultants, for which a standing committee oversees. In that the evaluation procedures

pertain to those consultants overseen by the Audit, Risk, and Compliance Committee; Finance and Member and Participant Services Committee; and Investment Committee, the Committee referred the Evaluation Procedures to the Audit, Risk, and Compliance Committee; Finance and Member and Participant Services Committee; and Investment Committee, for review and to provide comment to the Board Governance and Personnel Committee for its consideration.

**Motion:**

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

RESOLVED: That the Board Governance and Personnel Committee refer the State Employees' Retirement Board Consultant Evaluation Procedures, as set forth in the attachment, to the Audit, Risk, and Compliance Committee; Finance and Member and Participant Services Committee; and Investment Committee, for review and to provide comment to the Board Governance and Personnel Committee for its consideration.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
| <b>FILLMAN</b>      | Yes         |
|                     |             |
| <b>GARRITY</b>      | Yes         |
| Designee:           |             |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>THALL</b>        | Absent      |
|                     |             |
| <b>VAGUE</b>        |             |
| Designee: Flannigan | Yes         |

**b. SERS Strategic Plan – Update**

The Committee received as an information item an update on the FY 2021-2022 strategic goals.

## 5. Special Presentations

### a. Classification and Compensation Study – Update

Joe Rice from CBIZ provided an update to the Committee on the classification and compensation study, which included an overview of leader interview summaries, compensation philosophy, peer comparator group, and policy and procedures considerations.

## 6. New Business

There was no new business.

## 7. Executive Session

At 12:46 P.M., the Committee entered into executive session to discuss:

### a. Investment Professional Pay Adjustment – Office of Financial Management

At 12:50 P.M., the public session resumed, and the Committee took the following action:

#### **Motion:**

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

RESOLVED: That the Board Governance and Personnel Committee approve and grant Senior Investment Accountant Michele Crow an increase to \$54.38 an hour effective May 7, 2022.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
| <b>FILLMAN</b>      | Yes         |
|                     |             |
| <b>GARRITY</b>      | Yes         |
| Designee:           |             |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>THALL</b>        | Absent      |
|                     |             |
| <b>VAGUE</b>        |             |

|                     |     |
|---------------------|-----|
| Designee: Flannigan | Yes |
|---------------------|-----|

**Motion:**

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

RESOLVED: That the Board Governance and Personnel Committee approve and grant Senior Investment Accountant Kathleen Swailes an increase to \$54.38 an hour effective May 7, 2022.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
| <b>FILLMAN</b>      | Yes         |
|                     |             |
| <b>GARRITY</b>      | Yes         |
| Designee:           |             |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>THALL</b>        | Absent      |
|                     |             |
| <b>VAGUE</b>        |             |
| Designee: Flannigan | Yes         |

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

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

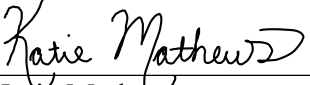
**9. Motion to Adjourn**

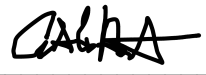
**Motion:**

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

RESOLVED: That this meeting be adjourned at 12:53 P.M.

Respectfully Submitted,

  
\_\_\_\_\_  
Katie Mathews  
Director of Human Resources

  
\_\_\_\_\_  
Christopher C. Houston  
Deputy Executive Director for  
Administration

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**Policy Name:** State Employees' Retirement Board Consultant Evaluation  
**Procedures**

**Policy Number:** 2022 POL-BD-01

**Effective Date:** [Click here to enter text.](#)

**Reviewed Date:** N/A

**Applies To:** SERS Board

**Contact Person:** Director of Governance and Strategic Initiatives

### Purpose

Consultants play a key role in assisting the State Employees' Retirement Board (the "Board") in fulfilling its governance and oversight of the State Employees' Retirement System, the Benefits Completion Plan, the State Employees' Defined Contribution Plan, and the Commonwealth's IRC §457 Deferred Compensation Plan (collectively "SERS"). The Board retains consultants (the "Board Consultants") to provide independent information and advice to the Board or its Standing Committees (Audit, Risk, and Compliance Committee; Board Governance and Personnel Committee; Finance and Member and Participant Services Committee; Investment Committee; and Securities Litigation Committee). It is essential that Board Consultants be routinely evaluated during their contract terms because of their high impact on SERS.

The Board has adopted the *Committee Work Plan Procedures* (2021 POL-BD-01), which provides, as follows:

- a. In the first meeting of the year for each Standing Committee, the establishment of any expectations and criteria, for Board approval, upon which outside advisors and external consultants that are overseen by the Standing Committees are to be evaluated on an annual basis; and
- b. An annual performance review of outside advisors and external consultants overseen by the Standing Committees, to be performed at the end of the calendar year, based on established Board expectations, with a report to the Board on the results of the review.

The Standing Committees shall follow these procedures to annually assess the performance of the Board Consultant which they oversee and continually optimize the value of the services provided to SERS.<sup>1</sup>

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<sup>1</sup> The Board Consultants and Standing Committees that oversee them are as follows:

Actuary - (Finance and Member and Participant Services Committee)

Investment consultants - (Investment Committee)

Independent auditor - (Audit, Risk, and Compliance Committee)

Third-party administrator for the defined contribution and deferred compensation plans - (Finance and Member and Participant Services Committee)

### **Responsibility**

The Standing Committee Chair and Standing Committee staff are responsible for implementing these procedures.

### **Process**

1. The Standing Committee work plans are to provide for an annual performance review of the Board Consultants that they oversee. That review shall include a review of: (i) Board approved performance expectations, and (ii) such other contractual duties and requirements, as identified by the Standing Committee Chair, in consultation with the respective Standing Committee staff.
2. Throughout the year, staff shall track activities and deliverables against any Board Consultant contract requirements and Board Consultant performance expectations. Staff shall document results for each of the Board consultants and provide ongoing feedback to the Standing Committee Chair. The Standing Committee Chair shall determine if the full committee is to be provided with progress reports at regularly scheduled committee meetings throughout the year. If the Board Consultant's progress keeps on track throughout the year, no interim updates may be required, and a staff report to the Standing Committee and full Board shall be provided prior to the end of each calendar year showing an evaluation of the deliverables required from each Board Consultant, and their progress throughout on each delivery time period (e.g. monthly, quarterly, etc.).
3. Any progress reports and annual evaluations shall be provided to the Board Consultant. The Standing Committee Chair shall determine if any discussions, including possible oral presentations from the Board Consultant, shall be conducted.
4. The objective of the Board Consultant monitoring process is to track deliverables throughout each year based on clearly defined and measurable objectives, and for staff to take action immediately in consultation with the Standing Committee Chair and Board Chairperson if the Board Consultant is failing to meet or deliver the required products or services. Action may include exercising any remedies available to the Board pursuant to the Board Consultant contract. The Board is best served by a continuous monitoring process, to ensure identification of any material issues as they arise and to, if necessary, take the appropriate action to ensure a Board Consultant's compliance with its contractual terms in a timely manner. The monitoring process and evaluation shall also serve to convey forward-looking expectations to the Board Consultant.

### **Document Properties**

- a. **Document Owner:** Executive Office
- b. **Document Author:** Director of Governance and Strategic Initiatives
- c. **Summary of Changes:** N/A



| <b>Date</b> | <b>Version</b>        | <b>Author</b>   | <b>Summary</b>   |
|-------------|-----------------------|---|--|
|             | 2022<br>POL-<br>BD-01 | Director of<br>Governance<br>and Strategic<br>Initiatives | The policy establishes the procedures for the evaluation of Board Consultants. |