

Minutes of Board Governance and Personnel Committee Meeting

Friday, June 3, 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)
Sen. Vincent Hughes, Assistant Chair
Charles Duncan (designee for Sen. Vincent Hughes)
Matt Lindsay (designee for Sen. Vincent Hughes)
Toni Marchowsky (designee for Sen. Vincent Hughes)
Secretary Gregory Thall
Secretary Richard Vague
Alan Flannigan (designee for Secretary Richard Vague)
James Bloom (designee for Secretary Richard Vague)

Other Board Members:

Anne Baloga (designee for Rep. Dan Frankel)
Glenn Becker
Susan Boyle (designee for Rep. Paul Schemel)
Sen. John DiSanto
Charles Erdman (designee for Sen. John DiSanto)
Rep. Dan Frankel
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
Sara McSurdy, Chief Financial Officer
Michael McGeoy, Assistant Chief Financial Officer
Jim Nolan, Chief Investment Officer
Jon Ryan, IT Generalist 1
Brett Shaffer, IT Generalist 2
Joe Torta, Executive Director
Bill Truong, Deputy Chief Investment Officer
Mark Walter, IT Generalist Administrator

1. **Call to Order**

At 9:23 AM., 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 April 28, 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 April 28, 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. The Committee reviewed the Legislative Positioning and Governance Structure memorandum and discussed the recommendations with respect to

the three outstanding categories of recommendations. The Committee took specific action regarding the Succession Planning Strategy. The Committee took no further action with respect to making any changes to legislative positioning nor to the governance structure, although it was noted that SERS Senior Leadership has testified as to the need for greater flexibility in procurement, budget, complement, classification, compensation and contracting.

1. Legislative Positioning

A recommendation was made by Funston with options that the Board could take with respect to the development of a formal Board policy of legislative positioning, augmenting the responsibilities of the Executive Director “by regulation” or continue the existing status quo of having no formal Board policy on legislative positioning. Historically, the Executive Director and staff of SERS have taken neutral positions with respect to legislation acting as subject matter experts with respect to technical and legal aspects of legislation during the legislative process. After a discussion the Committee took no action.

2. Governance Structure

a. Financial experience requirements

The Committee discussed the Funston recommendation of seeking a statutory change requiring that one or more trustees should have professional investing experience. After a discussion of the matter and a review of the composition of the board no action was taken.

b. Greater flexibility in procurement, budget, complement, classification, compensation and contracting

SERS staff informed the Committee that it has discussed this issue during recent meetings with legislators and testified before a House Committee in April as to the need for greater flexibility in procurement, budget, complement, classification, compensation and contracting. The Committee supports staff efforts in this area and after a discussion of the recommendation no formal action was taken.

c. Implementation of staggered board terms

The Committee discussed the Funston recommendation to implement formal staggered terms for Trustees. The matter was discussed by the Committee, which took no action on this recommendation at this time although it may be reconsidered at a later date.

d. Guidance to appointing authorities

The Committee discussed this Funston recommendation that would have SERS staff provide proactive periodic guidance as to the desired experience, capabilities, and diversity of new trustee appointments to the

various appointing authorities. After discussion and considering current SERS policy to be a neutral subject matter expert on pension matters SERS staff is not instructed to provide proactive guidance to appointing authorities.

3. Succession Planning Strategy

The Committee reviewed the State Employees' Retirement System Succession Plan Memorandum and discussed the proposed plan which operationally delegates the creation of and execution of the Succession Plan to the Executive Director. The draft Succession Planning Strategy has three main components with the overarching objective of ensuring that the ongoing daily operations at SERS continue uninterrupted.

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 delegation of authority to the Executive Director of SERS the responsibility of developing and implementing a SERS Succession Plan for the Key SERS Leader positions of Executive Director, Chief Investment Officer, Chief Counsel, Internal Audit Director, Chief Compliance Officer, and Chief Financial Officer, which will have the following key components, with the overarching objective of ensuring that the ongoing daily operations at SERS continues:

1. Provide clear emergency contingency plans and directions in the event of an unexpected or planned temporary absence of a Key SERS Leader;
2. Develop and proactively plan for a future vacancy and planned departures; and
3. Include a general recruitment strategy, which is consistent with the agency's commitment to an inclusive and respectful work environment that fosters personal and professional growth, embraces the contributions of all team members, and values diversity in people, ideas, and experiences to achieve our highest potential.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	
Designee: Ebright	Yes

HUGHES	
Designee: Lindsay	Yes
THALL	Yes
VAGUE	
Designee: Bloom	Yes

b. SERS Strategic Plan – Update

The Committee reviewed the status of the strategic plan and identified items that required additional time to complete. After a discussion the Committee recommended that the full Board approve the amended FY-2021-FY2023 Strategic Business Plan.

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 amended FY-2021-FY2023 Strategic Business Plan, as set forth in the attachment.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	
Designee: Ebright	Yes
HUGHES	
Designee: Lindsay	Yes
THALL	Yes

VAGUE	
Designee: Bloom	Yes

5. Special Presentations

There were no special presentations.

6. New Business

There was no new business.

7. Executive Session

There was no executive session.

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 10:04.

Respectfully Submitted,


Katie Mathews
Director of Human Resources



Cynthia L. Collins
Director Governance and Strategic
Initiatives