

**MINUTES of SERS Board Meeting – Monday, July 25, 2022**

**CALLED TO ORDER: 9:31 a.m. by Chair David R. Fillman**

**IN-PERSON/MICROSOFT TEAMS MEETING/LIVESTREAM**

**ATTENDEES:**

**Members and Designees**

David R. Fillman – Chairperson	In-person
Glenn E. Becker	
Dan B. Frankel	In-person
Stacy Garrity	
Vincent J. Hughes	
Gregory K. Jordan	In-person
Paul Schemel	
Mary A. Soderberg	In-person
Gregory C. Thall	
Richard Vague	
James Bloom – Designee for Secretary Richard Vague	
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	
Toni Marchowsky – 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	In-person
Sara McSurdy	In-person
James Nolan	In-person
Joseph Torta	In-person

**Consultants**

Britt Murdoch, Callan LLC  
 Matthew Ritter, NEPC, LLC  
 Matt Roche, StepStone Group, LP  
 Tom Shingler, Callan LLC

**SERS Staff**

Rose Agnew	In-person
Stephen Balucha	
Katie Bates	In-person
Don Bell	In-person
Kelly Bernhard	In-person
Cindy Collins	In-person
Jo Ann Collins	In-person
Brenda Cunard	In-person
Tom Derr	
Randy Gilson	In-person
Pam Hile	
Meredith Jones	
Dan Krautheim	
Karen Lynn	
Katie Mathews	
Catherine Nolan	In-person
Jon Ryan	In-person
Brett Shaeffer	In-person
Steve Skoff	In-person
Jared Snyder	In-person
Bill Truong	In-person

**Presenters**

John Gaspich, Office of the Budget	
David Lobel, Sentinel	In-person
Alice Mann, Sentinel	In-person
Amanda Williams, Office of the Budget	

## **MINUTES of the SERS Board Meeting Monday, July 25, 2022**

---

### 1. CALL TO ORDER

Chair Fillman called the meeting to order at 9:31 a.m.

### 2. WELCOME AND ROLL CALL

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

### 3. ADOPTION OF THE AGENDA

#### **MOTION: 2022-34**

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

**RESOLVED:** That the board adopts the agenda for the July 25, 2022, board meeting.

### 4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – June 10, 2022

B. Approving Defined Benefit Statement of Changes in Fiduciary Net Position for the Period Ending – March 31, 2022

C. Approving Deferred Compensation Plan (DCP) Statement of Changes Report Ending – March 31, 2022

D. Approving Defined Contribution Plan Statement of Changes Report Ending – March 31, 2022

#### **MOTION: 2022-35**

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 July 25, 2022, board meeting.

### 5. EXECUTIVE SESSION

Private Equity Opportunity

- Sentinel Capital Partners VII, L.P.
- Sentinel Junior Capital II, L.P.

At 9:38 a.m., the board recessed and entered executive session to receive legal advice on the above executive session agenda item. The public meeting resumed at 10:10 a.m.

### 6. 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 action was taken:

### BOARD CONSULTANT EVALUATION PROCEDURES

#### **MOTION: 2022-36**

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 Consultant Evaluation Procedures, as set forth in the attachment (ATTACHMENT A).

Glenn E. Becker

YES

John M. DiSanto	Designee Charles Erdman	YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity	Designee Christopher Craig	YES
Vincent J. Hughes	Designee Toni Marchowsky	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague	Designee Alan Flannigan	YES

**B. Investment Committee**

Committee Chair Becker presented a report of the Investment Committee to the board.

**7. OLD BUSINESS**

The following board motion was read by Chair Fillman:

**PRIVATE EQUITY – SENTINEL CAPITAL PARTNERS VII, L.P.**

**MOTION: 2022-37**

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

**RESOLVED:** That the State Employees' Retirement Board accepts the recommendation of the Investment Committee to (i) commit up to \$100 million to Sentinel Capital Partners VII, L.P., and (ii) commit up to \$25 million to Sentinel Junior Capital II, L.P., plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as investments 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		YES
John M. DiSanto	Designee Charles Erdman	YES
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Toni Marchowsky	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		YES
Richard Vague		YES

**8. NEW BUSINESS - NONE**

**9. REPORT OF EXECUTIVE DIRECTOR**

**A. Executive Director Torta provided the following Administrative Update:**

- (i) He noted that SERS testified before the Senate State Government Committee on June 14, 2022, regarding the board motion to divest all Russian and Belarusian holdings;
- (ii) The Executive Director's objective to engage the SERS Regional Counseling Offices continues, Mr. Torta will visit the Bensalem, Seneca and State College offices to view the renovations completed to improve security;

- (iii) Executive Director Torta introduced and welcomed the new Deputy Executive Director for the Office of Member and Participant Services, Brenda Cunard. Ms. Cunard commented that she is happy to be at SERS working with the members and board members. She plans to provide her contact information directly to board members and designees;
- (iv) Staff will initiate discussions to implement a new 2023 Strategic Business plan in the next several weeks. The board is encouraged to participate in the development of the plan;
- (v) The legislative update can be found in BoardDocs. The SERS 2022-23 budget has been signed; and
- (vi) The following Board Dismissal report regarding uncontested matters in which an Order was issued dismissing the following administrative appeal, as provided to the board:

**Account of Daniel R. L. McGuire****Docket No. 2020-02****Claim of Daniel R. L. McGuire**10. SPECIAL PRESENTATION

Education Session – Introduction to Risks, Controls and Enterprise Risk Management

Ms. Amanda Williams and Mr. John Gaspich, Office of the Budget, presented the educational session. Attendees will earn educational credits for this session.

11. EXECUTIVE SESSION

A. Benefits Administration and Appellate Litigation Update

B. Report on Referrals of Prospective or Existing Investment Transaction or Contract

At 11:03 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 11:40 a.m.

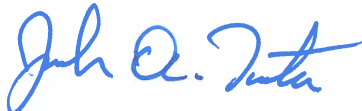
12. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

Next Board Meeting Dates – September 22 and 29, 2022

13. MOTION TO ADJOURN**MOTION: 2022-38**

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 11:41 a.m.

Respectfully submitted,



Joseph A. Torta  
Executive Director

**Policy Name:** Board Consultant Evaluation Procedures  
**Policy Number:** 2022-POL-BD-01  
**Effective Date:** July 25, 2022  
**Reviewed Date:** N/A  
**Applies To:** SERS Board  
**Contact Person:** Director of Board 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)<sup>1</sup>. 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. Prior to the first meeting of the calendar year for each Standing Committee, the Standing Committee is to establish 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. The Standing Committees are to conduct 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 first annual reviews shall begin during calendar year 2023.

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

---

<sup>1</sup> As needed, other Board Consultants may be engaged and will be subject to these Board Consultant Evaluation Procedures.

provided to SERS.<sup>2</sup>

### **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, which are established prior to the beginning of the calendar year; 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

---

<sup>2</sup> As of July 1, 2022, the existing 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)

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 Authors:** Director Board Governance and Strategic Initiatives
- c. **Summary of Changes:** N/A

<b>Date</b>	<b>Version</b>	<b>Author</b>	<b>Summary</b>
July 25, 2022	2022-POL-BD-01	Director Board Governance and Strategic Initiatives	The policy establishes the procedures for the evaluation of Board Consultants.