

**MINUTES of SERS Board Meeting – Monday, December 12, 2022**

**CALLED TO ORDER: 9:03 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	
John M. DiSanto	
Dan B. Frankel	
Stacy Garrity	
Vincent J. Hughes	
Gregory K. Jordan	
Paul Schemel	In-person
Mary A. Soderberg	In-person
Gregory C. Thall	Absent
Richard Vague	Absent
Susan Boyle – Designee for Representative Paul Schemel	
James Bloom – Designee for Secretary Richard Vague	In-person
Christopher Craig – Designee for Treasurer Stacy Garrity	
Lloyd Ebright – Designee for Treasurer Stacy Garrity	
Charles Erdman – Designee for Senator John M. DiSanto	
Matt Lindsay – Designee for Senator Vincent J. Hughes	
Toni Marchowsky – Designee for Senator Vincent J. Hughes	
Eric Pistilli – Designee for Secretary Richard Vague	
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  
 Tom Shingler, Callan LLC

**SERS Staff**

Rose Agnew	In-person
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	In-person
Randy Gilson	In-person
Pam Hile	
Meredith Jones	
Dan Krautheim	In-person
Karen Lynn	
Katie Mathews	
Jeffrey McCormick	
Jeffrey Meyer	
Catherine Nolan	In-person
Kara O'Donnell	In-person
Jon Ryan	In-person
Jared Snyder	
Bill Truong	
Mark Walter	In-person

**Visitors**

Eric Epstein, Rock the Capital  
Brian Kimmetz, Rock the Capital  
Patty Smith, Rock the Capital

## **MINUTES of the SERS Board Meeting Monday, December 12, 2022**

---

### **1. CALL TO ORDER**

Chair Fillman called the meeting to order at 9:03 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: 2022-46**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED**: That the board adopts the agenda for the December 12, 2022, board meeting.

### **4. APPROVAL OF CONSENT CALENDAR**

A. Approving Board Meeting Minutes – September 29, 2022

B. Approving Defined Benefit Plan Statement of Changes in Fiduciary Net Position for the Periods Ending – July 31, August 31, and September 30, 2022

C. Approving Deferred Compensation Plan (DCP) Statement of Changes in Net Position Available for Benefits for the Periods Ending – July 31, August 31, and September 30, 2022

D. Approving Defined Contribution Plan Statement of Changes in Fiduciary Net Position for the Periods Ending – July 31, August 31, and September 30, 2022

#### **MOTION: 2022-47**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED**: That the board approves the Consent Calendar items, as listed, for the December 12, 2022, board meeting.

### **5. COMMITTEE REPORTS/ACTION ITEMS**

#### **A. Investment Committee**

Committee Chair Becker presented a report of the Investment Committee meeting of December 5, 2022, to the board. The following action was taken:

#### **PRIVATE EQUITY – Hellman & Friedman Capital Partners XI, L.P.**

#### **MOTION: 2022-48**

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 commit up to \$100 million to Hellman & Friedman Capital Partners XI, L.P., 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	YES
John M. DiSanto	YES
David R. Fillman	YES
Dan B. Frankel	YES
Stacy Garrity	YES
Designee Lloyd Ebright	YES

Vincent J. Hughes	Designee Toni Marchowsky	YES
Gregory K. Jordan		YES
Paul Schemel		YES
Mary A. Soderberg		YES
Gregory C. Thall		Absent
Richard Vague	Designee Eric Pistilli	YES

**B. Finance and Member & Participant Services Committee**  
Committee Chair Soderberg presented a report of the Finance and Member & Participant Services Committee meeting of December 5, 2022, to the board.

**C. Audit, Risk and Compliance Committee**  
Mr. Lloyd Ebright, designee to Committee Chair Garrity, presented a report of the Audit, Risk and Compliance Committee meeting of December 5, 2022, to the board.

**D. Board Governance and Personnel Committee**  
Committee Chair Fillman presented a report of the Board Governance and Personnel Committee meeting of December 5, 2022, to the board. The following actions were taken:

**COMPENSATION POLICY FOR INVESTMENT PROFESSIONALS: AGGREGATE PAY INCREASE BUDGET**

**MOTION: 2022-49**

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 Board Governance and Personnel Committee to approve the annual aggregate pay increase budget for 2023 to be set at 7.4% of the aggregate salary of all staff compensated on the investment professional pay schedule for positions below that of the Chief Financial Officer and the Chief Investment Officer, with the actual pay increases for all staff compensated on the investment professional pay schedule including the Chief Financial Officer and the Chief Investment Officer to be determined in accordance with the Compensation Policy for Investment Professional Staff – State Employees' Retirement System.

Glenn E. Becker		YES
John M. DiSanto		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		Absent
Richard Vague	Designee Eric Pistilli	YES

**SPECIAL ASSISTANT PERFORMANCE AND PAY PROCESS**

**MOTION: 2022-50**

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 Board Governance and Personnel Committee to adopt the *Special Assistant Performance Review and Pay*

*Process*, the provisions of which apply as long as the Special Assistant to the Executive Director, SERS, job remains assigned to pay scale type XH, and to authorize pay increases, subject to Commonwealth Executive Board approval, for the Special Assistant to the Executive Director, SERS, job in accordance with the procedures, as located in BoardDocs at Agenda Item 7.a. (ATTACHMENT A).

Glenn E. Becker		YES
John M. DiSanto		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		Absent
Richard Vague	Designee Eric Pistilli	YES

**EXECUTIVE DIRECTOR PAY**

**MOTION: 2022-51**

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 Board Governance and Personnel Committee to grant the Executive Director, SERS, a cost-of-living increase of the same percentage and with the same effective date as the annual cost-of-living adjustment approved by the Governor pursuant to the Act of October 19, 1995, P.L. 324, No. 51.

Glenn E. Becker		YES
John M. DiSanto		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		Absent
Richard Vague	Designee Eric Pistilli	YES

**6. OLD BUSINESS - NONE**

**7. NEW BUSINESS**

Information Item Only – 2022 Annual Divestment Report

**8. SPECIAL PRESENTATION**

Education Session

A. Capital Markets and Economic Environment Education

Messrs. Tom Shingler and Britt Murdoch, Callan LLC, presented the educational sessions. Attendees will earn educational credits for this session.

## 9. REPORT OF EXECUTIVE DIRECTOR

A. Executive Director Torta provided the following Administrative and Legislative Updates:

- (i) Strategic Planning efforts have commenced and will be implemented July 1, 2023.
- (ii) Staff is preparing to assist annuitants with changes on the new federal withholding tax form.
- (iii) Board members may expect to receive information on the annual review process for the Executive Director, Chief Counsel, Chief Investment Officer, Chief Compliance Officer and the Internal Audit Director.
- (iv) HB 2447, Divestiture from Russian and Belarus, has been signed into law. SERS has already adopted these actions.
- (v) SERS will continue to engage in meetings with new legislative leadership.
- (ii) The 2023 meeting days will continue in virtual format with the retreat to be held in-person. The dates for committees and the regular meetings are as follows: February 21 and 28; April 25 and May 2; June 6 and 13; July 18, 24 (retreat) and 25; September 19 and 26; and December 5 and 12.

## 10. EXECUTIVE SESSION

A. Chief Compliance Officer Report on Board Referrals: Prospective Investment Opportunities and Service Provider Candidates

B. Benefits Administration and Appellate Litigation Update

C. Recent Decisions

Paul J. Thiel v. State Employees' Retirement Board, Commonwealth Court, 740 CD 2021 (Pa. Cmwlth. Oct. 19, 2022)

Ginger Davis v. State Employees' Retirement System, Commonwealth Court, 399 C.D. 2021 (Pa. Cmwlth. Oct 27, 2022)

At 10:00 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 10:37 a.m.

## 11. RECOGNITION FOR RESIGNING BOARD MEMBER

Chair Fillman recognized resigning board member Representative Paul Schemel by reading a Board Commendation and thanked him for his service while on the board (ATTACHMENT B).

## 12. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

Next Committee and Board Meeting Dates – February 21 and 28, 2023

## 13. MOTION TO ADJOURN

**MOTION: 2022-52**

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 10:42 a.m.

Respectfully submitted,



Joseph A. Torta  
Executive Director



## SERS PROCESS

---

**Process Name:** Special Assistant Performance Review and Pay Process  
**Process Number:** 2022-PRO-OA-HR-01  
**Effective Date:** December 12, 2022  
**Reviewed Date:** N/A  
**Applies To:** Special Assistant to the Executive Director, SERS  
**Sponsoring Office:** SERS-Human Resources Office  
**Collaborating Office:** SERS-Executive Director's Office  
**Contact Person:** HR Director

I. **Purpose**

This process provides instruction for the completion of regular performance evaluations for the Special Assistant to the Executive Director, SERS, ("Special Assistant") job as well as procedures for pay increases for the job.

II. **Definitions**

*Adopted from Management Directive 540.7, Performance Management Program*

- **Anniversary Date:** The first day of the month in the year following the latest appointment transaction, i.e., hire, rehire, dual hire, promotion, demotion, transfer, reclassification, return from furlough, or reassignment.
- **Employee Performance Review (EPR):** A periodic work performance evaluation by the rater of how much, how well, and the manner by which an employee performed duties and responsibilities during the evaluation period.
- **Performance Evaluation Rating Cycle:** The designated time that commences the EPR, e.g., anniversary date cycle, fiscal year cycle, and calendar year cycle.
- **Progress Review:** An assessment of an employee's work performance that occurs at the mid-point of an evaluation period.

III. **Process and Guidelines**

a. **Performance Review Process**

SERS-Human Resources Office will ensure that the Special Assistant job is placed on an anniversary date performance evaluation rating cycle in SAP or any successor system(s).

The Executive Director will be responsible to complete a three-month progress review followed by a six-month interim EPR when an individual is first appointed into the Special Assistant job.

The Executive Director will be responsible to complete the annual EPR. SERS-Human Resources Office is available to assist the Executive Director with any



## SERS PROCESS

---

performance-management concerns.

Performance reviews will be completed using the Commonwealth's standard EPR form which is form 363L or its successor. EPR completion timeframes follow the provisions for anniversary date cycles outlined in Management Directive 540.7, Performance Management Program.

The completed EPR will be submitted to SERS-Human Resources Office for retention in the employee's Official Personnel File ("OPF") and retained in accordance with standard retention practices for this type of documentation.

### **b. Pay Increase Process**

#### **i. One Year Restriction**

The Special Assistant job is eligible for pay increases after the incumbent has held the position for a minimum of one year. For example, if the Special Assistant is appointed effective November 21, 2022, then the Special Assistant becomes eligible for pay raises taking effect November 22, 2023, or later.

#### **ii. General Pay Guidelines**

The Special Assistant, after one year in the job, will be granted prospective salary increases, subject to Commonwealth Executive Board approval, at the time and in the amount of any pay increases which are authorized for other management-classified SERS positions excluding those job titles covered by a SERS-specific compensation policy and the Executive Director.

Actual pay increase amounts for the Special Assistant may be less than the amount authorized for other management-classified SERS positions subject to the guidelines noted below for the relationship of pay between the Executive Director and Special Assistant jobs.

#### **iii. Executive Director Pay in Relation to Special Assistant Pay**

Salary for the Special Assistant may not exceed the hourly salary rate of the Executive Director unless otherwise authorized by the Retirement Board. For example, if the Executive Director's salary rate is \$100 an hour, then the Special Assistant salary may not exceed \$100 an hour.

If a new Executive Director is appointed with a salary below that of an incumbent Special Assistant, then the salary of the Special Assistant is frozen until such time as the salary of the Executive Director position catches up to that of the Special Assistant or until the Retirement Board



## SERS PROCESS

---

authorizes otherwise.

#### IV. **Roles and Responsibilities**

- **SERS-Human Resources Office:** Responsible to:
  - provide notice to the Executive Director for the three-month progress review, six-month interim EPR, and annual EPR;
  - file completed EPR in the employee's OPF;
  - submit pay increases to the appropriate area for routing through the Commonwealth's Executive Board;
  - coordinate pay increase transactions with the HR Service Center; and
  - respond to questions regarding this process.
- **Executive Director:** Responsible to provide performance feedback through progress reviews and completion of the EPR form.

#### V. **Related Information**

##### **Related Policies**

[Management Directive 540.7](#), Performance Management Program

##### **Related Processes**

None

##### **Related SERS Interpretive Statements**

None

##### **Related Laws or Regulations**

None

##### **Special Notes**

The Retirement Board approved this process for the provisions regarding pay increases for the Special Assistant. This is because Retirement Code Section 5902 states that "The compensation of all other officers and employees of the [Retirement] board who are not covered by a collective bargaining agreement shall be established by the [Retirement] board consistent with the standards of compensation established by the Executive Board of the Commonwealth." The existing Retirement Board motions covering pay for the SERS management-classified jobs did not include the Special Assistant job while it is assigned to pay scale type XH.

The provisions of this process apply for as long as the Special Assistant job remains assigned to pay scale type XH. Should the job, in future, be converted from a "U" code to a recognized job in the Commonwealth's classification plan, then existing management directives and Retirement Board motions may become applicable and supersede this process.

## SERS PROCESS

---

### **Business Continuity Significance**

Tier 4 – begin recovery within 30 days. Recovery may be delayed beyond 30 days depending on the nature of the event and priority of other action items.

### **Document Properties**

- a. **Document Owner:** HR Director
- b. **Document Author:** Katie Mathews
- c. **Summary of Changes:**

<b>Date</b>	<b>Version</b>	<b>Author</b>	<b>Summary</b>
12/12/2022	1	Katie Mathews	Board passed motion 2022-50 at the 12/12/2022 meeting adopting this process



*Commonwealth of Pennsylvania  
State Employees' Retirement System*



**COMMENDATION**

***WHEREAS**, Representative Paul Schemel became a member of the State Employees' Retirement Board effective January 11, 2021, by appointment of Speaker Cutler; and*

***WHEREAS**, Representative Schemel has contributed to Board deliberations by providing the State Employees' Retirement Board with professional acumen and perspectives derived from his extensive background of public service and personal commitment to the citizens and taxpayers of the Commonwealth of Pennsylvania; and*

***WHEREAS**, Representative Schemel has conscientiously served on this Board's Investment Committee; the Audit, Risk and Compliance Committee; and the Securities and Litigation Committee, clearly exhibiting throughout his tenure a strong dedication to the best interests of the System and its members and participants; now therefore be it*

***RESOLVED**, that the Pennsylvania State Employees' Retirement Board expresses its appreciation to Representative Schemel for his service as a Member of this Board, and wishes him good health and happiness in all his future endeavors; and be it further*

***RESOLVED**, that the original resolution be transmitted to Representative Schemel and a copy included in the minutes.*

A handwritten signature in black ink, appearing to read "D. Fillman", written over a horizontal line.

David R. Fillman, Chairman



December 12, 2022  
Harrisburg, Pennsylvania