

**MINUTES of SERS Board Meeting – Tuesday, July 25, 2023**

**CALLED TO ORDER: 1:15 p.m. by Chair David R. Fillman**

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

**ATTENDEES:**

**Members and Designees**

David R. Fillman – Chair	In-person
Glenn E. Becker – Assistant Chair	
John M. DiSanto	
Dan B. Frankel	In-person
Stacy Garrity	In-person
Vincent J. Hughes	Absent
Gregory K. Jordan	In-person
Brett R. Miller	Absent
Mary A. Soderberg	In-person
Wendy Spicher	In-person
Gregory C. Thall	In-person
Susan Boyle – Designee for Representative Brett R. Miller	
Christopher Craig – Designee for Treasurer Stacy Garrity	
Lloyd Ebright – Designee for Treasurer Stacy Garrity	
Charles Erdman – Designee for Senator John M. DiSanto	
Michael Heckmann – Designee for Representative Brett R. Miller	
Matt Lindsay – Designee for Senator Vincent J. Hughes	In-person
Toni Marchowsky – Designee for Senator Vincent J. Hughes	In-person
Dan Ocko – Designee for Representative Dan B. Frankel	In-person
Jill Vecchio – Designee for Representative Brett R. Miller	
Thomas Waters – Designee for Treasurer Stacy Garrity	In-person

**Executive Staff**

N. Joseph Marcucci	In-person
Sara McSurdy	In-person
James Nolan	In-person
Joseph Torta	In-person

**SERS Staff**

Rose Agnew	In-person
Katie Bates	
Kelly Bernhard	In-person
Beth Christian	In-person
Cindy Collins	In-person
Jo Ann Collins	In-person
Brenda Cunard	In-person
Thomas Derr	In-person
Randy Gilson	In-person
Pam Hile	In-person
Dan Krautheim	In-person

Katie Mathews	In-person
Ryan McCoy	In-person
Michael McGeoy	In-person
Steven Skoff	
Bill Truong	In-person
Mark Walter	

**Visitors**

Brian Kimmetz, Rock the Capital	In-person
Uri Monson, SERS board nominee	
Wendell Young, Jr., SERS board nominee	In-person

## **MINUTES of the SERS Board Meeting TUESDAY, July 25, 2023**

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### 1. CALL TO ORDER

Chair Fillman called the meeting to order at 1:15 p.m. held at the AFSCME Conference Center, 150 South 43<sup>rd</sup> Street, Harrisburg.

### 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: 2023-30**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the board adopts the agenda for the July 25, 2023, board meeting.

### 4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – June 13, 2023

B. Approving Defined Benefit Plan Statement of Changes in Fiduciary Net Position for the Periods Ending – March 31 and April 30, 2023

C. Approving Deferred Compensation Plan (DCP) Statement of Changes in Net Position Available for Benefits for the Periods Ending – March 31 and April 30, 2023

D. Approving Defined Contribution Plan Statement of Changes in Fiduciary Net Position for the Periods Ending – March 31 and April 30, 2023

#### **MOTION: 2023-31**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the board approves the Consent Calendar item, as listed, for the July 25, 2023, board meeting.

### 5. COMMITTEE REPORTS/ACTION ITEM

#### A. Investment Committee

Committee Chair Becker presented a report of the Investment Committee meeting of July 18, 2023, to the board. The following actions were taken:

#### PRIVATE EQUITY – KPS SPECIAL SITUATIONS FUND VI, LP and KPS SPECIAL SITUATIONS MID-CAP FUND II, LP

#### **MOTION: 2023-32**

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

**RESOLVED:** That the State Employees' Retirement Board accept the recommendation of the Investment Committee to commit (i) up to \$75 million to KPS Special Situations Fund VI, LP, and (ii) up to \$25 million to KPS Special Situations Mid-Cap Fund II, LP, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, as follow-on 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		NO
David R. Fillman		YES
Dan B. Frankel		YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Toni Marchowsky	YES
Gregory K. Jordan		YES
Brett R. Miller	Designee Jill Vecchio	YES
Mary A. Soderberg		YES
Wendy Spicher		YES
Gregory C. Thall		YES

### REAL ESTATE CONSULTANT SEARCH

#### **MOTION: 2023-33**

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

**RESOLVED:** That the State Employees' Retirement Board accept the recommendation of the Investment Committee to hire NEPC, LLC to act as its non-discretionary real estate investment consultant in connection with the SERS Defined Benefit Plan's investment portfolio for a five-year term commencing at the conclusion of the current contract for real estate investment consulting services (currently scheduled to expire as of December 1, 2023), 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
Vincent J. Hughes	Designee Toni Marchowsky	YES
Gregory K. Jordan		YES
Brett R. Miller	Designee Jill Vecchio	YES
Mary A. Soderberg		YES
Wendy Spicher		YES
Gregory C. Thall		YES

#### B. Board Governance and Personnel Committee

Committee Chair Fillman presented a report of the Board Governance and Personnel Committee meeting of July 18, 2023, to the board. The following actions were taken:

### FY 2021-FY 2023 SERS STRATEGIC PLAN FINAL REPORT

#### **MOTION: 2023-34**

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

**RESOLVED:** That the State Employees' Retirement Board accept the recommendation of the Board Governance and Personnel Committee to approve the FY 2021-FY 2023 SERS Strategic Plan Amendments and Final Report, as set forth in the attachment (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
Brett R. Miller	Designee Jill Vecchio	YES
Mary A. Soderberg		YES
Wendy Spicher		YES
Gregory C. Thall		YES

FY 2023-FY 2027 SERS STRATEGIC PLAN

**MOTION: 2023-35**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accept the recommendation of the Board Governance and Personnel Committee to approve the FY 2023-FY 2027 (July 1, 2023 – June 30, 2027) SERS Strategic Plan, as set forth in the attachment (ATTACHMENT B).

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
Brett R. Miller	Designee Jill Vecchio	YES
Mary A. Soderberg		YES
Wendy Spicher		YES
Gregory C. Thall		YES

BOARD GOVERNANCE POLICY REVISIONS

**MOTION: 2023-36**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accept the recommendation of the Board Governance and Personnel Committee and approve the revisions to the following Board Governance Policies and Procedures listed below, as set forth in the attachments:

1. Standards of Conduct
  - a. Exhibit C – Ethics Act (ATTACHMENT C)
  - b. Exhibit D1 – Governor's Code of Conduct (ATTACHMENT D)
  - c. Executive Order 2023-04 (Gift Ban) replacing EO 2015-01 (ATTACHMENT E)
  - d. Exhibit E – Legislative Code of Ethics (ATTACHMENT F)
2. Board Consultant Evaluation Procedures (ATTACHMENT G)
3. Actuarial Services Policy (ATTACHMENT H)
4. Policy Referrals, Related Communications, Undue Influence (ATTACHMENT I)
5. Policy on Placement Agent Disclosures (ATTACHMENT J)

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
Brett R. Miller	Designee Jill Vecchio	YES
Mary A. Soderberg		YES
Wendy Spicher		YES
Gregory C. Thall		YES

### C. Finance and Member & Participant Services Committee

Committee Chair Soderberg announced that the committee members, by administrative notational ballot, elected Acting Secretary Wendy Spicher to serve as the assistant chair of the committee.

### 6. OLD BUSINESS – NONE

### 7. NEW BUSINESS- NONE

### 8. SPECIAL PRESENTATIONS - NONE

### 9. REPORT OF EXECUTIVE DIRECTOR

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

- (i) The Executive Director's report was provided during the July 18, 2023, Board Governance and Personnel Committee executive session. He was happy to reiterate that the main objective of SERS is to serve the members and participants.
- (ii) During the first six months of 2023, 6,912 new benefit payments have been processed. He is very pleased with this number and not surprised. It shows how well staff is working in Member and Participant Services under Executive Deputy Director Brenda Cunard. This high performance has occurred during a period of new budget, new administration and new legislators.
- (iii) Executive Director Torta's name has been given to the new administration and general assembly as a reliable point of contact.
- (iv) Staffing has been fluid. Many vacancies have been eliminated; presently there is a 13 percent vacancy rate compared to 20 percent two years ago.
- (v) A luncheon to commemorate SERS' 100-year anniversary is scheduled for Thursday, August 31. Invitations are expected to go out soon. This will be a celebration of accomplishment.
- (vi) SERS Board Designee Susan Boyle has announced her retirement. Executive Director Torta thanked Susan for serving on the board since February, 2019, as a designee for three board members, Rep. Michael Tobash, Rep. Paul Schemel, and Rep. Brett Miller. Also, he wished Susan the best of luck, happiness, and good health throughout her retirement.
- (vii) A legislative update is included in BoardDocs; bills that directly impact SERS are H.B. 1261; HB 1415, and HB 1416.

### 10. EXECUTIVE SESSION

A. Benefits Administration and Appellate Litigation Update

B. INFORMATION ITEM ONLY - Chief Compliance Officer Report on Board Referrals:  
Prospective Investment Opportunities and Service Provider Candidates

At 1:44 p.m., the board recessed and entered executive session to receive legal advice on the above executive session agenda items. The public meeting resumed at 1:54 p.m.

11. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

Next Committee and Board Meeting Dates – September 19 and 26, 2023

12. MOTION TO ADJOURN**MOTION: 2023-37**

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 1:56 p.m.

Respectfully submitted,



Joseph A. Torta  
Executive Director