

**Board Governance and Personnel Committee Minutes
September 19, 2023 and September 26, 2023 continued meeting.
Attendance at Committee Meeting:**

Board Governance and Personnel Committee:	9/19	9/26 cont.
<input checked="" type="checkbox"/> David Fillman, Chair	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Treasurer Stacy Garrity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Christopher Craig, Designee for Treasurer Garrity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Llyod Ebright, Designee for Treasurer Garrity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Thomas Waters, Designee for Treasurer Garrity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Senator Vincent Hughes, Assistant Chair	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Matthew Lindsay, Designee for Senator Hughes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Antoinette Marchowsky, Designee for Senator Hughes	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Acting Secretary Wendy Spicher	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Seamus Dubbs, Designee for Secretary Spicher	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Eric Pistilli, Designee for Secretary Spicher	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Jeffrey Soderstedt, Designee for Secretary Spicher	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Gregory Thall	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 Other Board Members:	 9/19	 9/26 cont.
<input checked="" type="checkbox"/> Glenn Becker	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Senator John DiSanto	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Charles Erdman, Designee for Senator DiSanto	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Rep. Dan Frankel	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Anne Baloga, Designee for Rep. Frankel	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Daniel Ocko, Designee for Rep. Frankel	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Gregory Jordan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Rep. Brett Miller	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Michael Heckmann, Designee for Rep. Miller	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Jill Vecchio, Designee for Rep. Miller	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Secretary Uri Monson	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SERS Senior Leadership in attendance for September 19, 2023 Meeting:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Elizabeth Christian
<i>Deputy Executive Director for
Administration</i> | <input checked="" type="checkbox"/> Katie Mathews (Committee Staff)
<i>HR Director</i> |
| <input checked="" type="checkbox"/> Cynthia Collins (Committee Staff)
<i>Director of Governance & Strategic
Initiatives</i> | <input checked="" type="checkbox"/> N. Joseph Marcucci (Committee Counsel)
<i>Chief Counsel</i> |
| <input checked="" type="checkbox"/> Jo Ann Collins
<i>Chief Compliance Officer</i> | <input checked="" type="checkbox"/> Michael McGeoy
<i>Assistant Chief Financial Officer</i> |
| <input checked="" type="checkbox"/> Brenda Cunard
<i>Deputy Executive Director for Member &
Participant Services</i> | <input checked="" type="checkbox"/> Sara McSurdy
<i>Chief Financial Officer</i> |
| <input checked="" type="checkbox"/> Thomas Derr
<i>Director of
Communications & Policy</i> | <input checked="" type="checkbox"/> Catherine Nolan
<i>Deputy Chief Counsel</i> |
| <input checked="" type="checkbox"/> Pamela Hile
<i>Press Secretary</i> | <input checked="" type="checkbox"/> James Nolan
<i>Chief Investment Officer</i> |
| <input checked="" type="checkbox"/> Daniel Krautheim
<i>Chief Information Officer</i> | <input checked="" type="checkbox"/> Steven Skoff
<i>Deputy Chief Counsel</i> |
| <input checked="" type="checkbox"/> Ryan McCoy
<i>Internal Audit Director</i> | <input checked="" type="checkbox"/> Joseph Torta
<i>Executive Director</i> |
| | <input type="checkbox"/> William Truong
<i>Deputy Chief Investment Officer</i> |

SERS Board Committee Support in attendance for September 19, 2023 Meeting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Rose Agnew
<i>Executive Secretary</i> | <input checked="" type="checkbox"/> Brett Shaffer
<i>IT Generalist</i> |
| <input checked="" type="checkbox"/> Kelly Bernhard
<i>Administrative Assistant</i> | <input checked="" type="checkbox"/> Matthew Soule
<i>IT Generalist</i> |
| <input type="checkbox"/> Joel Burgo
<i>Information Security Specialist</i> | <input checked="" type="checkbox"/> Mark Walter
<i>IT Administrator</i> |
| <input checked="" type="checkbox"/> Randy Gilson
<i>Technical Support Division Director</i> | <input checked="" type="checkbox"/> Courtney Yurovich
<i>HR Assistant</i> |
| <input checked="" type="checkbox"/> Jonathan Ryan
<i>IT Generalist</i> | |

Other SERS Staff in attendance for September 19, 2023 Meeting:

- Amy Nowak
- Jeffrey Meyer
- Jay Stroup

Other Attendees for September 19, 2023 Meeting:

- None

1. Call to Order

At 1:48 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.

3. Approval of Minutes

Minutes of July 18, 2023, Board Governance and Personnel Committee meeting

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 July 18, 2023, Board Governance and Personnel Committee meeting.

4. Old Business**a. Board 2023 Self-Assessment Procurement and Process**

The Committee received an update of the status of the Biennial Board Self-Assessment Process that was scheduled to occur during the fall of 2023 as part of the Committee's work plan for 2023. Staff advised the Committee that given the changes to the Board composition and the incoming new members that in its opinion it would be prudent to move the Self-Assessment to the Spring of 2024 to allow the new board members to attend several meetings. It was stressed during the review that this is an important governance process and should increase the Board's effectiveness. Staff said they would work with the Board to structure an evaluation process that will add value to the Board's service. No action was taken.

5. Special Presentations – None**6. New Business****a. New Strategic Plan Update (July 1, 2023 – June 30, 2027)**

The Committee received an update from Joseph Torta and Cynthia Collins on the status of the new SERS Strategic Plan ("Strategic Plan") and the planning and implementation activity that had been completed by staff since the formal approval of the Strategic Plan by the Board at its July 25, 2023, meeting. No action was taken.

b. 2023 SERS BG&PC Biennial Governance Review Project Phase Four

The Committee reviewed governing statutes, executive orders, and specific board policies as part of the phase four biennial review.

The review included an updating of certain sections and policies in the Standards of Conduct section of the Board’s policies to include: (1) The Standards of Conduct introduction, (a) Exhibit A – Ethical Conduct Policy, (b) Exhibit B – Recusal Policy, (c) Exhibit F – SERS Financial Disclosure Policy, replacing existing Exhibit F and Exhibit G and creating one new updated policy. While most of the changes to the above documents were largely technical in nature and intended to conform the policies to current practices the changes to the *Financial Disclosure Policy* were more substantive in nature to uncouple the Board financial disclosure filing policy from employee financial disclosure filing policy and to emphasize following existing law and commonwealth policy and process rather than repeating the information found in these documents.

The Committee also reviewed updates to the following sections of the Board Governance Policy Manual: (2) Insider and Personal Trading Policy, (3) SEC Pay-to-Play Compliance and Reporting Policy, and (4) Governing Laws, Mission, Vision, and Core Values. The changes to these documents are to promote best practices and reflect the addition of the Chief Compliance Officer, regulatory changes, and components of the newly adopted Strategic Plan.

Finally, as part of the Board’s oversight over key positions the existing Performance Review Process for the CIO and the SERS Executive Director contained in the System Planning and Operational Policies section of the Board Governance Policy Manual are being replaced. The new comprehensive *Performance Management for Select Key SERS Positions Policy* will cover not only SERS’ CIO and Executive Director but will also include the key positions of Chief Counsel, the Internal Audit Director, and the Chief Compliance Officer.

After its review, the Committee voted to recommend that the State Employees’ Retirement Board approve the revised documents as reflected at Agenda Item 6.b. in BoardDocs.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	Yes
Designee:	

HUGHES	
Designee: Marchowsky	Yes
SPICHER	
Designee: Dubbs	Yes
THALL	Yes

Formal motion to the Board:

I move that 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 in BoardDocs at Agenda Item 6.b.i (1-5):

- 1. Standards of Conduct
 - a. Exhibit A – Ethical Conduct Policy
 - b. Exhibit B – Recusal Policy
 - d. Exhibit F – SERS Financial Disclosure Policy
- 2. Insider and Personal Trading Policy
- 3. SEC Pay to Play Compliance and Reporting Policy
- 4. Governing Laws, Mission, and Guiding Principles
- 5. Evaluation Process for Select Key Positions, renamed *Performance Management for Select Key SERS Positions Policy*

7. Executive Session Pay Adjustments for Certain Investment Professionals

a. The Committee entered into Executive Session at 2:17 p.m.

During Executive Session, the Committee discussed investment professional pay bands, SERS-Investment Office staff at the maximum pay for their assigned pay band, and a request for a retention pay increase for an individual in SERS-Office of Financial Management.

The Committee exited Executive Session at 2:56 p.m. and resumed the public session of the meeting.

Once in public session, the Committee took action to authorize a salary increase for Investment Accountant Matthew Casolo..

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

RESOLVED: That the Board Governance and Personnel Committee authorize an 11.5% salary increase to \$44.74 an hour for Investment Accountant Matthew Casolo with the increase to be effective September 19, 2023, pursuant to the Compensation Policy for Investment Professional Staff which delegates authority to the Committee to authorize retention pay adjustments.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	Yes
Designee:	
HUGHES	
Designee: Marchowsky	Yes
SPICHER	
Designee: Dubbs	Yes
THALL	Yes

At 3:00 p.m. the Committee recessed until Tuesday, September 26, 2023, at 9:30 a.m.

The Committee meeting resumed business on September 26, 2023, at 9:30 a.m.

The Committee entered into Executive Session at 9:34 a.m.

The Committee resumed conversation on investment professional pay band values and salary for SERS-Investment Office staff at the maximum of their assigned pay band from the September 19, 2023 Committee Meeting.

The Committee exited Executive Session at 9:36 a.m. and resumed the public session of the meeting.

Pay Band Adjustments:

The Committee took action to recommend upwardly adjusting the pay bands in the Compensation Policy for Investment Professional Staff, SERS by 5.3% to be effective September 26, 2023.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	Yes
Designee:	
HUGHES	
Designee: Lindsay	Yes
SPICHER	
Designee: Dubbs	Yes
THALL	Yes

Formal motion to the Board:

I move that that the State Employees' Retirement Board accept the recommendation of the Board Governance and Personnel Committee to approve:

(i) a 5.3% upward adjustment, actual values may vary slightly in accordance with standard calculations for commonwealth pay, to the salary bands for investment professionals, to be effective September 26, 2023; and

(ii) that the values in the Compensation Policy for Investment Professional Staff – State Employees' Retirement System be updated accordingly.

Individual Pay Adjustment: William Truong

The Committee took action to recommend granting Deputy Chief Investment Officer William Truong a salary increase to be effective September 26, 2023.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	Yes
Designee:	
HUGHES	

Designee: Lindsay	Yes
SPICHER	
Designee: Dubbs	Yes
THALL	Yes

Formal motion to the Board:

I move that that the State Employees' Retirement Board accept the recommendation of the Board Governance and Personnel Committee pursuant to the Board's authority to make exceptions to the Compensation Policy for Investment Professional Staff at any time, approve a salary increase outside of the established review cycle to the new applicable pay band maximum, preliminarily calculated as \$154.70 an hour, although the final value may vary slightly in accordance with standard calculations for commonwealth pay, for Deputy Chief Investment Officer William Truong with the increase to be effective September 26, 2023.

Individual Pay Adjustment: Jeffrey Meyer

The Committee took action to recommend granting Managing Director of Investment Operations Jeffrey Meyer a salary increase to be effective September 26, 2023.

The roll call vote tabulation was as follows:

Board Member	Vote
FILLMAN	Yes
GARRITY	Yes
Designee:	
HUGHES	
Designee: Marchowsky	Yes
SPICHER	
Designee: Dubbs	Yes
THALL	Yes

Formal motion to the Board:

I move that that the State Employees' Retirement Board accept the recommendation of the Board Governance and Personnel Committee pursuant to the Board's authority to make exceptions to the Compensation Policy for Investment Professional Staff at any time, approve a salary increase outside of the established review cycle to \$148 an hour for Managing Director of Investment Operations Jeffery Meyer with the increase to be effective September 26, 2023.

Follow up / Next Steps:

SERS-HR will update the pay band values in the Compensation Policy for Investment Professional Staff, will work with the Commonwealth's salary administration team to have the pay band values updated in the computer system, and will request that the HR Service Center transact the individual salary adjustments.

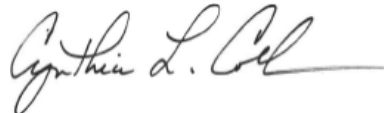
Information Recommendation(s): None

The meeting adjourned at 9:41 a.m. on Tuesday, September 26, 2023

Respectfully Submitted,



Katie Mathews
Human Resource Director



Cynthia L. Collins
Director of Governance and Strategic Initiatives