

MINUTES of SERS Board Meeting – Tuesday, September 26, 2023

CALLED TO ORDER: 9:44 a.m. by Chair David R. Fillman

IN-PERSON/MICROSOFT TEAMS MEETING/LIVESTREAM

ATTENDEES:

Members and Designees

David R. Fillman – Chair	
Glenn E. Becker – Assistant Chair	via TEAMS
John M. DiSanto	
Dan B. Frankel	Absent
Stacy Garrity	
Vincent J. Hughes	Absent
Gregory K. Jordan	
Brett R. Miller	
Uri Monson	
Wendy Spicher	Absent
Gregory C. Thall	
Christopher Craig – Designee for Treasurer Stacy Garrity	via TEAMS
Seamus Dubbs – Designee for Secretary Wendy Spicher	
Lloyd Ebright – Designee for Treasurer Stacy Garrity	via TEAMS
Charles Erdman – Designee for Senator John M. DiSanto	via TEAMS
Matt Lindsay – Designee for Senator Vincent J. Hughes	
Toni Marchowsky – Designee for Senator Vincent J. Hughes	via TEAMS
Dan Ocko – Designee for Representative Dan B. Frankel	
Jill Vecchio – Designee for Representative Brett R. Miller	via TEAMS
Thomas Waters – Designee for Treasurer Stacy Garrity	

Executive Staff

N. Joseph Marcucci	
Sara McSurdy	
James Nolan	via TEAMS
Joseph Torta	

Consultants

Britt Murdoch, Callan LLC	via TEAMS
Matt Roche, StepStone Group, LP	via TEAMS
Tom Shingler, Callan LLC	via TEAMS

SERS Staff

Rose Agnew
Kelly Bernhard
Beth Christian
Cindy Collins
Jo Ann Collins
Brenda Cunard
Thomas Derr

Randy Gilson
Pam Hile
Dan Krautheim
Katie Mathews
Ryan McCoy
M. Catherine Nolan
Amy Nowak
Michelle Rhizor
Jon Ryan
Brett Shaffer
Steven Skoff
Matthew Soule
Bill Truong
Mark Walter
Courtney Yurovich

via TEAMS

Visitors

Brian Kimmetz, Rock the Capital

MINUTES of the SERS Board Meeting TUESDAY, September 26, 2023

1. CALL TO ORDER

Chair Fillman called the meeting to order at 9:44 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: 2023-38

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the board adopts the agenda for the September 26, 2023, board meeting.

4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – July 25, 2023

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

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

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

MOTION: 2023-39

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 September 26, 2023, board meeting.

5. COMMITTEE REPORTS/ACTION ITEM

A. Securities Litigation

Committee Chair Jordan presented a report of the Securities Litigation Committee meeting of September 19, 2023, to the board. The following action was taken:

PARTICIPATION IN THE NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS' SECURITY FRAUD RECOVERY SERVICES PILOT PROJECT

MOTION: 2023-40

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accepts the recommendation of the Securities Litigation Committee to approve SERS' participation in the National Conference on Public Employee Retirement Systems' securities fraud recovery services pilot project, and the engagement of DIVIDEX Management, LLC for securities fraud recovery services via the pilot project, subject to successful completion of contract negotiations and execution and delivery of contracting 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	Designee Dan Ocko	YES

Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

B. Investment Committee

Committee Chair Becker presented a report of the Investment Committee meeting of September 19, 2023, to the board.

C. Finance and Member & Participant Services Committee

Designee Seamus Dubbs for Committee Assistant Chair Wendy Spicher presented a report of the Finance and Member & Participant Services Committee meeting of September 19, 2023, to the board. The following actions were taken:

2023 STRESS TESTING AND RISK ASSESSMENT REPORT

MOTION: 2023-41

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees’ Retirement Board accepts the recommendation of the Finance and Member and Participant Services Committee to approve the 2023 Stress Testing and Risk Assessment Report prepared by SERS’ actuary, Korn Ferry.

Glenn E. Becker		YES
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

AUTHORIZED SECURITIES SIGNATORIES

MOTION: 2023-42

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees’ Retirement Board accepts the recommendation of the Finance and Member and Participant Services Committee to authorize any two or more of the following representatives of the board, from at least two of the following offices within the State Employees’ Retirement System (SERS):

- Executive Office
 - Executive Director
 - Director of Governance & Strategic Initiatives
- Office of Administration

- Deputy Executive Director for Administration
- Office of Member and Participant Services
 - Deputy Executive Director for Member and Participant Services
- Investment Office
 - Chief Investment Officer
 - Deputy Chief Investment Officer
 - Investment Portfolio Managers
- Office of Financial Management
 - Chief Financial Officer
 - Assistant Chief Financial Officer
 - Investment Accountants

and such other titles as may be adopted from time to time, acting together with two representatives designated by the Pennsylvania Department of Treasury, to serve as signatories for the following purposes:

(1) to sell, transfer or request payment of any obligation of the United States of America or of any other security registered in the name of or held by the board in any capacity, including the SERS, the State Employees' Defined Contribution Plan, the Benefits Completion Plan, or the Deferred Compensation Plan; and

(2) to appoint one or more attorneys-in-fact to effect any such sale, transfer, or request for payment.

Furthermore, each such board representative hereby is authorized:

(1) to make certifications in relation to any such sale, transfer, or request for payment to warrant propriety of same; and

(2) to agree, in any case where the Uniform Fiduciaries Act may not afford full protection for any such disposition, to reimburse the issuer of such obligation or security and its transfer agent the reasonable costs, including counsel fees, which either may bear in connection with such disposition of any obligation or security held in the name of SERS & CO. or any other name.

Further, that all prior authorized securities signature lists established by the board will no longer be effective, including, but not limited to, those established by Resolution Number 2012-03.

Glenn E. Becker		YES
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

FY2024-2025 BUDGET

MOTION: 2023-43

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accepts the recommendation of the Finance and Member and Participant Services Committee to approve, for Fiscal Year 2024-2025, the following proposed budgets:

- (1) SERS Administrative Budget;
 - (2) SERS Investment Budget;
 - (3) State Employees’ Defined Contribution Plan Budget; and
 - (4) Commonwealth’s State Employees Deferred Compensation Plan Budget,
- each substantially in the same form as presented in the Chief Financial Officer’s SERS FY 2024-2025 Budget Report in BoardDocs at Agenda Item 6.c., and each as amended and/or ultimately approved by the Office of the Budget.

Glenn E. Becker		YES
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

D. Audit, Risk, and Compliance Committee

Committee Chair Garrity presented a report of the Audit, Risk, and Compliance Committee meeting of September 19, 2023, to the board.

E. Board Governance and Personnel Committee

Committee Chair Fillman presented a report of the Board Governance and Personnel Committee meetings of September 19 and 26, 2023, to the board. The following actions were taken:

BOARD POLICY REVIEW

MOTION: 2023-44

By motion that was moved, seconded, and approved unanimously 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 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 (ATTACHMENT A)
 - a. Exhibit A – Ethical Conduct Policy (ATTACHMENT B)
 - b. Exhibit B – Recusal Policy (ATTACHMENT C)
 - c. Exhibit F – Board Financial Disclosure Policy (ATTACHMENT D)
- 2. Insider and Personal Trading Policy (ATTACHMENT E)
- 3. SEC Pay to Play Compliance and Reporting Policy (ATTACHMENT F)
- 4. Governing Laws, Mission, and Guiding Principles (ATTACHMENT G)
- 5. Evaluation Process for Select Key Positions, renamed *Performance Management for Select Key SERS Positions* (ATTACHMENT H)

Glenn E. Becker		YES
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

SALARY ADJUSTMENT FOR INVESTMENT PROFESSIONALS

MOTION: 2023-45

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accepts 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.

Glenn E. Becker		YES
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

SALARY ADJUSTMENT FOR DEPUTY CHIEF INVESTMENT OFFICER

MOTION: 2023-46

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accepts 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, to 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.

Glenn E. Becker		YES
John M. DiSanto		YES

David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

SALARY ADJUSTMENT FOR MANAGING DIRECTOR OF INVESTMENT OPERATIONS

MOTION: 2023-47

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees’ Retirement Board accepts 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, to approve a salary increase outside of the established review cycle to \$148 an hour for Managing Director of Investment Operations Jeffrey Meyer with the increase to be effective September 26, 2023.

Glenn E. Becker		YES
John M. DiSanto		YES
David R. Fillman		YES
Dan B. Frankel	Designee Dan Ocko	YES
Stacy Garrity		YES
Vincent J. Hughes	Designee Matt Lindsay	YES
Gregory K. Jordan		YES
Brett R. Miller		YES
Uri Monson		YES
Wendy Spicher	Designee Seamus Dubbs	YES
Gregory C. Thall		YES

6. OLD BUSINESS – NONE

7. NEW BUSINESS- NONE

8. SPECIAL PRESENTATION

A. Education Session

Capital Markets Update

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

9. REPORT OF EXECUTIVE DIRECTOR

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

- (i) Secretary of the Budget Uri Monson was welcomed to the SERS board since his Senate confirmation on August 30, 2023.
- (ii) Recruitment to fill Don Bell’s position continues.
- (iii) The responses from the survey of the board retreat have been compiled and the results showed that the retreat was well received. This information will be used when planning the 2024 board retreat.

- (iv) The State College Regional Counseling Center is relocating for security purposes and easier access for SERS members. This move is expected to occur at the end of October, 2023.
- (v) Work on the Strategic Plan by senior leadership will continue with a retreat on October 25.
- (vi) SERS' 100-year anniversary luncheon was a success. Former Board Chair Nicholas Maiale and three former executive directors John Brosius, Eric Henry, and Terri Sanchez were in attendance, along with many current SERS employees. At the luncheon, Senator John DiSanto presented a Senate resolution (ATTACHMENT I) on behalf of Senator Vincent Hughes and himself to acknowledge SERS' 100 years.
- (vii) SERS' staff and actuary continues to draft and cost (respectively) COLA bills, HB 1415 and HB 1416.
- (viii) 2024 tentative board meeting dates have been circulated and will be finalized at the December meeting.

10. EXECUTIVE SESSION

A. Notational Ballot

Account of James Keilman

Docket No. 2020-07

Claim of James Keilman

B. Benefits Administration and Appellate Litigation Update

C. INFORMATION ITEM ONLY - Chief Compliance Officer Report on Board Referrals:

Prospective Investment Opportunities and Service Provider Candidates

D. *Roberts v. Pa. State Employees' Retirement Board*, No. 339 M.D. 2022 (Pa. Commonwealth Ct.) Update

At 10:51 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 11:22 a.m.

11. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

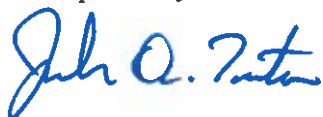
Next Committee and Board Meeting Dates – December 5 and 12, 2023

12. MOTION TO ADJOURN

MOTION: 2023-48

By motion of Chair Fillman, the board unanimously agreed to adjourn the meeting at 11:23 a.m.

Respectfully submitted,



Joseph A. Torta
Executive Director