

## Board Governance and Personnel Committee Minutes April 30, 2024

### Attendance at Committee Meeting:

#### Board Governance and Personnel Committee:

- Gregory Thall, Chair
- Treasurer Stacy Garrity
  - Christopher Craig, Designee for Treasurer Garrity
  - Llyod Ebright, Designee for Treasurer Garrity
  - Thomas Waters, Designee for Treasurer Garrity
- David Henderson
- Senator Vincent Hughes, Assistant Chair
  - Matthew Lindsay, Designee for Senator Hughes
  - Antoinette Marchowsky, Designee for Senator Hughes
- Secretary Wendy Spicher
  - Seamus Dubbs, Designee for Secretary Spicher
  - Eric Pistilli, Designee for Secretary Spicher
  - Jeffrey Soderstedt, Designee for Secretary Spicher

#### Other Board Members:

- Senator John DiSanto
  - Charles Erdman, Designee for Senator DiSanto
- Donald Enders
- W. Russell Faber
- Rep. Dan Frankel
  - Anne Baloga, Designee for Rep. Frankel
  - Daniel Ocko, Designee for Rep. Frankel
  - Jordan Laslett, Designee for Rep. Frankel
  - Matt McCarry, Designee for Rep. Frankel
- Rep. Brett Miller
  - Michael Heckmann, Designee for Rep. Miller
  - Jill Vecchio, Designee for Rep. Miller
- Secretary Uri Munson

**SERS Senior Leadership**

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

**SERS Board Committee Support**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Kelly Bernhard<br><i>Administrative Assistant</i>              | <input checked="" type="checkbox"/> Jonathan Ryan<br><i>IT Generalist</i>           |
| <input type="checkbox"/> Joel Burgo<br><i>Information Security Specialist</i>                      | <input type="checkbox"/> Brett Shaffer<br><i>IT Generalist</i>                      |
| <input checked="" type="checkbox"/> Taylor Frey<br><i>Administrative Officer</i>                   | <input checked="" type="checkbox"/> Matthew Soule<br><i>IT Generalist</i>           |
| <input checked="" type="checkbox"/> Randy Gilson<br><i>Technical Support Division Director</i>     | <input checked="" type="checkbox"/> Mark Walter<br><i>IT Administrator</i>          |
| <input checked="" type="checkbox"/> Sheila Willrich<br><i>Executive Assistant, Board Education</i> | <input checked="" type="checkbox"/> Shannon Zimmerman<br><i>Executive Assistant</i> |

**Other SERS Staff**

- Robert Borski, *Investment Office*
- Mark Farina, *Chief Counsel's Office*
- Jonathan Ferrar, *Investment Office*
- Kirk Heavner, *Investment Office*
- Destiny July, *Investment Office*
- Meridith Jones, *Investment Office*
- Jenny Keim, *Investment Office*
- Alan Lin, *Investment Office*
- Jeffrey Meyer, *Investment Office*

- Stephen Shank, *Investment Office*
- Cara Trego, *Internal Audit Office*
- Frederic Wilson, *Investment Office*

#### **Other Attendees**

- Brian Kimmetz, *Rock the Capital*

#### **Narrative/Issues:**

##### **1. Call to Order**

The meeting was called to order at 10:15 a.m. by Gregory Thall, Chair of the Board Governance and Personnel Committee.

##### **2. Welcome and Introductions**

##### **3. Approval of the Minutes**

The Committee approved the minutes from the February 27, 2024, Board Governance and Personnel Committee meeting.

##### **4. Old Business**

###### **a. SERS Strategic Plan Update (July 1, 2023 – June 30, 2027)**

The Committee received a brief update on the planning and implementation activity that has been completed to-date on the current SERS Strategic Plan. A detailed report will be prepared at fiscal year end and presented to the Board at the July meeting.

###### **b. Outside Tax Counsel Update**

The Committee received an update on the status of the Outside Counsel Tax Counsel RFP. The current contract expires July 24, 2024. The RFP is posted through May 9, 2024. Chief Counsel Joseph Marcucci asked Board members interested in serving on the technical committee for the RFP to contact Chair Thall with their interest by Friday, May 3<sup>rd</sup>.

###### **c. Board Self-Evaluation Consultant Procurement**

The Committee received a presentation about the Board Self-Evaluation Process and were asked to approve staff beginning the RFP process to hire a consultant to assist the Board Self-Evaluation process. After review and discussion, the Committee voted to recommend that the State Employees' Retirement Board accept the Committee's recommendation as reflected at Agenda Item 4.c in BoardDocs.

By motion that was moved, seconded, and approved, it was **RESOLVED** that the Board Governance and Personnel Committee recommend that the State Employees' Retirement Board direct SERS staff to begin the RFP procurement process, consistent with the Commonwealth of Pennsylvania procurement procedures and the policies and guidelines of the SERS' Board, to secure a consultant to facilitate the 2024 Board Self-Assessment, as attached and set forth in BoardDocs at Agenda Item 4.c.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
|                     |             |
| <b>THALL</b>        | Yes         |
|                     |             |
| <b>GARRITY</b>      |             |
| Designee: Craig     | Yes         |
|                     |             |
| <b>HENDERSON</b>    | Absent      |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>SPICHER</b>      | Yes         |
| Designee:           |             |

**5. Special Presentations**

None

**6. New Business**

a. 2023 23 SERS BG&PC Governance Review

An update was provided to the Committee as to progress on the Governance Review that had begun in 2023. On the agenda as part of the Phase Seven Governance Review were the Board Committee Charters and several Board Policies and the newly drafted Internal Audit Office Charter and the amended Compliance Program Charter.

It was noted that there had been a placeholder confidentiality policy included in the Board Governance Manual; however, given the other policies and board

obligations set forth throughout the Board Governance Manual it was decided by the Committee that there was no need for a separate Board Confidentiality Policy at this time and no further action will be taken by the Committee with respect to this Board Policy.

i. Board Committee Charter Reviews

The Committee reviewed the recommendations from each of the Board Committees to the State Employees' Retirement Board and the Board Governance and Personnel Committee, requesting a review of the submitted Committee Charters and action by the Board Personnel Committee. After its review and discussion of the attached Committee Charters, the Board Governance and Personnel Committee advises the State Employees' Retirement Board that it concurs with the recommendations of the respective committees and recommends that the Board should approve the revised committee charters as reflected at Agenda Items 6.a.(i)(1 through 5) in BoardDocs.

By motion that was moved, seconded, and approved, it was **RESOLVED** that the Board Governance and Personnel Committee recommend that the State Employees' Retirement Board approve the amendments to the Charters of the Audit Risk and Compliance Committee, the finance and Member and Participant Services Committee and the Securities Litigation Committee as set forth in BoardDocs at Agenda Item 6.a(i)(1 through 5).

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
|                     |             |
| <b>THALL</b>        | Yes         |
|                     |             |
| <b>GARRITY</b>      |             |
| Designee: Craig     | Yes         |
|                     |             |
| <b>HENDERSON</b>    | Absent      |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>SPICHER</b>      | Yes         |
| Designee:           |             |

ii. Board Policies Review (Phase Seven)

The Committee discussed the following policies that had been reviewed and revised: (1) Policy for Indemnification, (2) Board Travel Policy, (3) Independent Actuarial Audit Policy, (4) Internal Audit Office Charter, (5) Compliance Program Charter, (6) Committee Work Plan Procedures. In discussing the Indemnification Policy at Agenda Item 6.a.(ii)(1) several questions as to the scope and operation of the policy were raised and that policy has been referred to the Chief Counsel’s Office for review and will be brought back before the Committee in June. Three other policies and two program charters were reviewed by the Committee. A vote was taken to recommend to the State Employees’ Retirement Board that it approve the Board Travel Policy, the Independent Actuarial Audit Policy, the Internal Audit Office Charter, the Compliance Program Charter, and the Committee Work Plan Procedures as set forth in Board Docs at Agenda Items 6.a(ii)(2 through 6).

By motion that was moved, seconded, and approved, it was **RESOLVED** that the Board Governance and Personnel Committee recommend that the State Employees’ Retirement Board adopt the Board Travel Policy, the Independent Actuarial Audit Policy, the Internal Audit Office Charter, the Compliance Program Charter, and the Committee Work Plan Procedures as set forth in BoardDocs at Agenda Items 6.a(ii)(2 through 6).

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
|                     |             |
| <b>THALL</b>        | Yes         |
|                     |             |
| <b>GARRITY</b>      |             |
| Designee: Craig     | Yes         |
|                     |             |
| <b>HENDERSON</b>    | Absent      |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>SPICHER</b>      | Yes         |
| Designee:           |             |

b. 2024 Board Education Plan

The 2024 Board Education Plan was presented to the Committee. Sheila Willrich,

the Executive Assistant for Board Education, was formally introduced to the Committee. After a discussion about the updated Education Plan the Committee voted to recommend to the State Employees' Retirement Board that it adopt and approve the 2024 Board Education Plan as set forth in BoardDocs at Agenda Item 6.b.

By motion that was moved, seconded, and approved, it was **RESOLVED** that the Board Governance and Personnel Committee recommend that the State Employees' Retirement Board approve the 2024 Board Education Plan, as set forth in the attached and in BoardDocs at Agenda Item 6.b.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
|                     |             |
| <b>THALL</b>        | Yes         |
|                     |             |
| <b>GARRITY</b>      |             |
| Designee: Craig     | Yes         |
|                     |             |
| <b>HENDERSON</b>    | Absent      |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>SPICHER</b>      | Yes         |
| Designee:           |             |

c. Compensation of Management-Classified and Non-Represented Job Titles

The Committee received information on the anticipated pay increase schedule for the next three years. Increases for management-classified positions generally, although not always, align to increases negotiated through the AFSCME contract.

The Retirement Code assigns compensation authority to the Retirement Board for positions not represented by a collective bargaining agreement and consistent with standards of compensation established by the Executive Board of the Commonwealth. Motion 2023-26 authorizing pay increases for management-classified and non-represented job titles expires June 30, 2024. The Committee moved to recommend that the State Employees' Retirement Board authorize a new motion spanning the period of July 1, 2024, through June 30, 2027.

By motion that was moved, seconded, and approved, it was **RESOLVED** that the Board Governance and Personnel Committee recommend that the State Employees' Retirement Board, in order to retain pay parity with other commonwealth positions, authorize salary increases and other payments to management-classified and non-represented positions, excluding those positions in the XH pay scale group, investment professionals, and legal counsel, at the time, in the amount, and in the same manner as established by the Executive Board of the Commonwealth for the period starting July 1, 2024 and ending June 30, 2027.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
|                     |             |
| <b>THALL</b>        | Yes         |
|                     |             |
| <b>GARRITY</b>      |             |
| Designee: Craig     | Yes         |
|                     |             |
| <b>HENDERSON</b>    | Absent      |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>SPICHER</b>      | Yes         |
| Designee:           |             |

## 7. **Executive Session**

The Committee **entered** into Executive Session at **11:12 a.m.**

- a. Investment Professional Pay Adjustment – Office of Financial Management  
During Executive Session, the Committee considered the Chief Financial Officer's request for approval of a six-month salary adjustment for an Investment Accountant made under the provisions of the SERS Compensation Policy for Investment Professional Staff.

The Committee **exited** Executive Session at **11:18 a.m.** and resumed the public session of the meeting.



**Public Session Resumed**

Once in public session, the Committee voted on the investment professional pay adjustment.

By motion that was moved, seconded, and approved, it was **RESOLVED** that the Board Governance and Personnel Committee approve and grant Investment Accountant **Mark Phillippy** an increase in regular hourly compensation to \$40.56 effective April 30, 2024.

The roll call vote tabulation was as follows:

| <b>Board Member</b> | <b>Vote</b> |
|---------------------|-------------|
|                     |             |
| <b>THALL</b>        | Yes         |
|                     |             |
| <b>GARRITY</b>      |             |
| Designee: Craig     | Yes         |
|                     |             |
| <b>HENDERSON</b>    | Absent      |
|                     |             |
| <b>HUGHES</b>       |             |
| Designee: Lindsay   | Yes         |
|                     |             |
| <b>SPICHER</b>      | Yes         |
| Designee:           |             |

**Information Recommendation(s):** None

The meeting adjourned at 11:22 a.m. on Tuesday, April 30, 2024.

Respectfully Submitted,  
/s/ Gregory Thall, Chair