

MINUTES of SERS Board Meeting – Tuesday, May 7, 2024

CALLED TO ORDER: 9:36 a.m. by Chair Gregory C. Thall

IN-PERSON/MICROSOFT TEAMS MEETING/LIVESTREAM

ATTENDEES:

Members and Designees

Gregory C. Thall – Chair	In-Person
John M. DiSanto	Absent
Donald Enders Jr.	In-Person
W. Russell Faber	In-Person
Dan B. Frankel	Absent
Stacy Garrity	Absent
J. David Henderson	via TEAMS
Vincent J. Hughes	Absent
Brett R. Miller	In-Person
Uri Monson	via Teams
Wendy Spicher	In-Person
Seamus Dubbs – Designee for Secretary Wendy Spicher	via Teams
Lloyd Ebright – Designee for Treasurer Stacy Garrity	via Teams
Charles Erdman – Designee for Senator John M. DiSanto	via Teams
Michael Heckmann – Designee for Representative Brett R. Miller	Absent
Matt Lindsay – Designee for Senator Vincent J. Hughes	via Teams
Jordan Laslett – Designee for Representative Dan B. Frankel	In-Person
Toni Marchowsky – Designee for Senator Vincent J. Hughes	Absent
Matt McCarry – Designee for Representative Dan B. Frankel	In-Person
Dan Ocko – Designee for Representative Dan B. Frankel	via Teams
Eric Pistilli – Designee for Secretary Wendy Spicher	Absent
Jeffrey Soderstedt – Designee for Secretary Wendy Spicher	Absent
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

Consultants

Ryan Horn	via Teams
Britt Murdoch, Callan LLC	via Teams
Tom Shingler, Callan LLC	via Teams

SERS Staff

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
Jim Nolan
Jon Ryan
Brett Shaffer
Steven Skoff
Matthew Soule
William Truong
Mark Walter
Sheila Willrich
Shannon Zimmerman

In-Person
In-Person
In-Person
In-Person
In-Person
via Teams
In-Person
via Teams
In-Person
In-Person

MINUTES of the SERS Board Meeting TUESDAY, May 7, 2024

1. CALL TO ORDER

Chair Gregory Thall called the meeting to order at 9:36 a.m.

2. WELCOME AND ROLL CALL

A. Executive Director Joseph Torta conducted a roll call of board members and designees. A quorum was met.

B. Recognition for SERS Employees

Chair Thall honored SERS Employees for National Public Service Recognition Week by reading a board commendation and thanked them for their diligent service with the Commonwealth (ATTACHMENT A).

3. ADOPTION OF THE AGENDA

MOTION: 2024-16

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

RESOLVED: That the board adopts the agenda for the May 7, 2024, board meeting.

4. APPROVAL OF CONSENT CALENDAR

A. Approving Board Meeting Minutes – March 5, 2024

MOTION: 2024-17

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 May 7, 2024, board meeting.

5. COMMITTEE REPORTS/ACTION ITEMS

A. Investment Committee

Committee Chair Uri Monson presented a report of the Investment Committee meeting of April 30, 2024, to the board. The following actions were taken:

UPDATES TO THE EMERALD'S INVESTMENT MANAGEMENT AGREEMENT

MOTION: 2024-18

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 Investment Committee to approve the proposed updates to Emerald's Investment Management Agreement, as set forth in the attachment (ATTACHMENT B).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

SERS U.S. AND INTERNATIONAL PROXY VOTING POLICY**MOTION: 2024-19**

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 Investment Committee to adopt the proposed revisions to the SERS U.S. and International Proxy Voting Policy, as set forth in the attachment (ATTACHMENT C).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

B. Board Governance and Personnel Committee

Committee Chair Gregory Thall presented a report of the Board Governance and Personnel Committee meeting of April 30, 2024, to the board. The following actions were taken:

BOARD SELF-EVALUATION CONSULTANT PROCUREMENT**MOTION: 2024-20**

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 that it 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 process, as set forth in the attachment (ATTACHMENT D).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

2024 BOARD COMMITTEE CHARTER REVIEWS**MOTION: 2024-21**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accept the recommendation and concurrence of the Board Governance and Personnel Committee to approve the amendments to the Charters of the Finance and Member and Participant Services Committee, the Board Governance and Personnel Committee, the Investment Committee and the Securities Litigation Committee, as set forth in the attachment (ATTACHMENT E).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

BOARD POLICIES REVIEW (PHASE SEVEN)**MOTION: 2024-22**

By motion that was moved, seconded, and approved unanimously by board members, it was **RESOLVED:** That the State Employees' Retirement Board accept the recommendation and concurrence of the Board Governance and Personnel Committee to adopt the following Board Governance Policies:

- 1. *[Omitted from Motion – Action Deferred]*
 - 2. Board Travel Policy
 - 3. Independent Actuarial Audit Policy
 - 4. Internal Audit Office Charter
 - 5. *[Omitted from Motion – Action Deferred]*
 - 6. Committee Work Plan Procedures,
- as set forth in the attachment (ATTACHMENT F).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

2024 AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER REVIEW**MOTION: 2024-23**

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

RESOLVED: That the State Employees' Retirement Board accept the recommendation and concurrence of the Board Governance and Personnel Committee to approve the amendments to the Charter of the Audit, Risk and Compliance Committee, as set forth in the attachment (ATTACHMENT G).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

2024 BOARD EDUCATION PLAN**MOTION: 2024-24**

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 2024 Board Education Plan, as set forth in the attachment (ATTACHMENT H).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

COMPENSATION OF MANAGEMENT-CLASSIFIED AND NON-REPRESENTED JOB TITLES**MOTION 2024-25**

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 retain pay parity with other commonwealth positions, to authorize salary increases and other payments to management-classified and non-represented positions, excluding those positions in the XH pay scall 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.

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

C. Finance and Member & Participant Services Committee

Designee Matt McCarry on behalf of Committee Chair Dan Frankel presented a report of the Finance and Member & Participant Services Committee meeting of April 30, 2024, to the board. The following action was taken:

2023 ACTUARIAL VALUATION RESULTS AND PROPOSED FY 2024/2025 CONTRIBUTION RATES

MOTION: 2024-26

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 Finance and Member & Participant Services Committee to:

(A) approve the results of the December 31, 2023, actuarial valuation; and for the Commonwealth’s fiscal year 2024-2025, certify the following contribution rates: 1. Shared-risk contribution rate of 0.00%; 2. Employer normal cost contribution rate of 7.94%; 3. Composite employer contribution rate necessary for the funding of the system of 33.60%; and 4. Employer contribution rates by group and class of service of employees as set forth in the actuarial valuation as calculated by SERS’ consulting actuary, Korn Ferry, pursuant to Section 5508 of the State Employees’ Retirement Code;

(B) authorize SERS staff and Korn Ferry to use those rates to develop all the employer rates for the period of July 1, 2024, through June 30, 2025, pursuant to Section 5902(k) of the State Employees’ Retirement Code;

(C) establish an employer contribution rate of .05% for fiscal year 2024-2025 to fund the Benefits Completion Plan established pursuant to Section 5941 of the State Employees’ Retirement Code; and

(D) authorize the Executive Director to certify such rates to all employers with employees who are active members of SERS and to the Secretary of the Budget, as set forth in the attachment (ATTACHMENT I).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

D. Audit, Risk and Compliance Committee

Designee Tom Waters on behalf of Committee Chair Stacy Garrity presented a report of the Audit, Risk, and Compliance Committee meeting of April 30, 2024, to the board. The following action was taken:

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER UPDATE**MOTION: 2024-27**

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 Audit, Risk and Compliance Committee to approve the amendment to the Audit, Risk and Compliance Committee charter, after the Board receives input from the Board Governance and Personnel Committee, as set forth in the attachment (ATTACHMENT J).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

INTERNAL AUDIT OFFICE CHARTER UPDATE**MOTION: 2024-28**

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 Audit, Risk, and Compliance Committee to approve and adopt the State Employees' Retirement System's Internal Audit Office Charter, after the Board receives input from the Board Governance and Personnel Committee, as set forth in the attachment (ATTACHMENT K).

John M. DiSanto	Designee Charles Erdman	Yes
Donald Enders Jr.		Yes
W. Russell Faber		Yes
Dan B. Frankel	Designee Matt McCarry	Yes
Stacy Garrity	Designee Tom Waters	Yes
J. David Henderson		Yes
Vincent J. Hughes	Designee Matt Lindsay	Yes
Brett R. Miller		Yes
Uri Monson		Yes
Wendy Spicher		Yes
Gregory C. Thall		Yes

6. OLD BUSINESS – NONE**7. NEW BUSINESS - NONE**

8. SPECIAL PRESENTATION - NONE

9. REPORTS OF EXECUTIVE DIRECTOR AND AGENCY STAFF

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

- (i) Annual Statements of Financial Interest were due May 1, 2024.
- (ii) SERS has completed the 2024 Supplemental Budget Book.
- (iii) SERS has contracted with Ernst and Young (E&Y) to conduct a Policy and Procedure Review and Gap Assessment. E&Y has commenced working with SERS staff.
- (iv) The annual SERS Board retreat will be held on July 29-30, 2024, with a board meeting to be conducted the afternoon of July 30, 2024.
- (v) On Tuesday, March 19, 2024, we welcomed two new designees for Rep. Dan Frankel, Jordan Laslett and Matt McCarry, and administered the required oaths of office.
- (vi) Since our last board meeting, the legislature has spent most of its time in recess as it awaited the completion of repairs to the Capitol roof and ceiling. Both the House and Senate returned to session on April 8, 2024. As noted previously, legislation that would provide a Cost-of-Living-Adjustment was widely discussed among legislators, interest groups, and the media. H.B. 1416, which passed the House in November 2023, currently resides with the Senate State Government Committee.
- (vii) Following are the results of the notational ballots from the December 2023 and March 2024 Board meetings regarding the following accounts.

1. Account of James Keilman
Docket No. 2020-07
Claim of James Keilman

The State Employees' Retirement Board DENIED Claimant's request that the Board reclassify his employment as a Psychological Services Specialist to a correction officer with age 55 superannuation service credit.

Treasurer Garrity, Senator Hughes, and Mr. Henderson dissented from the Board's denial.

2. Account of Michael H. Miholics (Deceased)
Docket No. 2019-07
Claim of Morgan L. Miholics

The State Employees' Retirement Board unanimously DENIED Claimant's request to receive the death benefit of the account of Michael H. Miholics.

3. Account of Stephen H. Stetler
Docket No. 2020-01
Claim of Stephen H. Stetler

The State Employees' Retirement Board DENIED Claimant's request for interest on his retroactive monthly annuity payments after the reinstatement of benefits previously forfeited under the Public Employee Pension Forfeiture Act.

Senator Hughes and Representative Frankel dissented from the Board's denial.

(viii) The following is a summary of the Orders approved and signed by Chairman Thall, pursuant to Board Resolution delegating to the Chairman the authority to perform ministerial functions in uncontested matters:

1. Account of Dominic Serapiglia
Docket No. 2023-06
Claim of Dominic Serapiglia

Dominic Serapiglia (“Mr. Serapiglia”), through counsel, filed an appeal that requested that he be permitted to apply for a disability retirement benefit after he terminated State service.

An administrative hearing was scheduled to be held remotely on March 19, 2024. On March 15, 2024, Mr. Serapiglia formally withdrew his appeal. By Order dated March 29, 2024, the Board DISMISSED Mr. Serapiglia’s appeal WITH PREJUDICE.

2. Account of Eric Spillane
Docket No. 2023-05
Claim of Eric Spillane

Eric Spillane, a Pennsylvania State Police Officer, elected Class A-4 membership. Mr. Spillane subsequently filed an appeal requesting that he be allowed to cancel his Class A-4 election and be a member of Class A-3.

A telephonic prehearing conference was held on February 2, 2024. On February 5, 2024, Mr. Spillane formally withdrew his appeal. By Order dated March 29, 2024, the Board DISMISSED Mr. Spillane’s appeal WITH PREJUDICE.

3. Account of James Short
Docket No. 2020-04
Claim of James Short

James Short’s pension benefits were forfeited as a result of his pleading guilty in the United States District Court for the Middle District of Pennsylvania to one count of “Honest Services Mail Fraud.”

Mr. Short’s appeal was continued pending the Pennsylvania Supreme Court’s decision in *O’Neill v. State Employees’ Retirement System*, 280 A.3d 873 (Pa. 2022), which involved a similar legal issue. After the Supreme Court ruled in Mr. O’Neill’s favor, SERS determined that Mr. Short’s crimes did not result in pension forfeiture under the legal standard enunciated in *O’Neill* and reinstated Mr. Short’s pension benefit. By letter dated April 18, 2024, Mr. Short withdrew his appeal. By Order dated May 3, 2024, the Board DISMISSED Mr. Short’s appeal WITH PREJUDICE.

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. Administrative Adjudications

Account of James Keilman
Docket No. 2020-07
Claim of James Keilman

At 10:16 a.m., the board recessed and entered executive session to receive reports and to receive legal advice on other executive session agenda items. The public meeting resumed at 10:48 a.m.

11. BOARD COMMENTS/ANNOUNCEMENTS/DATES TO REMEMBER

May 22, 2024 – Special Finance and Member & Participant Services meeting followed by a special meeting of the full board

June 11, 2024 – next regularly scheduled committee meetings

June 18, 2024 – next regularly scheduled board meeting

12. MOTION TO ADJOURN

MOTION: 2024-29

By motion of Chair Thall, the board unanimously agreed to adjourn the meeting at 10:49 a.m.

Respectfully submitted,



Joseph A. Torta
Executive Director