



Joint State Government Commission
2017 Senate Bill 1, Printer's No. 902

Public Pension Management and Asset Investment Review Commission

May 30, 2018 @ 9:30 a.m.
Senate Room 461, Capitol Building
Harrisburg, Pennsylvania 17120

MINUTES

I. ATTENDANCE

PPMAIC Members: James Bloom; Bernard Gallagher; Representative Michael Tobash (chair); Michael Torbert; Pennsylvania State Treasurer Joseph Torsella (vice-chair).

Joint State Government Commission Staff: Yvonne Hursh, Counsel; Stephen Kramer, Esq.; Kahla Lukens, Administrative Assistant; Glenn J. Pasewicz, Executive Director; Elise Yoder, PPMAIRC Project Manager/Analyst.

Approximately 20 legislative staff, pension fund staff, and members of the general public.

II. ADMINISTRATIVE MATTERS

Mr. Pasewicz opened the meeting at 9:30, briefly explaining the role of the JSGC and inviting each commissioner to introduce himself.

III. ELECTION OF CHAIR AND VICE-CHAIR

A quorum being present, Mr. Pasewicz called for nominations for PPMAIRC chair and vice-chair. Rep. Tobash was unanimously approved as chair (nominated by Mr. Bloom, seconded by Treas. Torsella). Treas. Torsella was unanimously approved as vice-chair (nominated by Rep. Tobash, seconded by Mr. Torbert).

IV. RULES OF ORDER

Members discussed the rules of order to be used for PPMAIRC meetings. Mason's Manual of Legislative Procedure was proposed, given that the PPMAIRC is a legislative commission. Questions arose about the role of the chair under Mason's, and particularly the chair's role in setting the meeting agendas. Mr. Gallagher suggested establishing a consensus vote by the commission for setting agenda items for commission meetings. JSGC distributed proposed rules for conducting meetings. The discussion was tabled until the end of the meeting, when Rep.

Tobash proposed the use of Mason's; the motion carried 4 to 1. The commission asked JSGC to provide a summary of Mason's as it applies to the PPMaIRC.

V. PUBLICIZING PPMaIRC MEETINGS

Members expressed their commitment to transparency of the PPMaIRC's meetings. In addition to posting the meeting minutes on the JSGC's public web site, possibilities include audio and video recordings, stenography, transcription, and live webcast. (An audio recording of this meeting was begun at approximately 10:00.) Commissioners were asked to send suggestions and offers of resources to JSGC by June 13. JSGC will report back to the commission with options and associated expenses. The Office of the Treasurer ("Treasury") may be able to contribute to expenses.

JSGC distributed a memorandum responding to specific commission questions regarding the application of the Sunshine Law and Right-To-Know Law as they pertain to the PPMaIRC.

VI. FUTURE MEETINGS AND PUBLIC HEARINGS

Treas. Torsella described his view of the commission's work as falling into three broad themes, each of which would be the subject of a public hearing:

- Fee transparency and stress testing
- Evaluating the systems (SERS and PSERS) with respect to benchmarks
- Formulating recommendations to reduce external fees as specified in Act 5

Treas. Torsella distributed a proposed outline of topics and potential witnesses/exhibits for each of the three themes and an initial list of proposed expert witnesses. Mr. Gallagher also distributed a list of proposed expert witnesses. Commissioners were asked to send any additional expert witness suggestions to JSGC (copying all commissioners) by June 13.

The question of budget for expert witness travel arose. Mr. Pasewicz noted that JSGC's entire annual budget for all its advisory committee and expert witness travel is around \$12,000. After the commission has honed the list of prospective witnesses, JSGC will estimate travel expenses. There may be some funds available from Treasury and from the legislature.

Rep. Tobash proposed a timeframe for public hearings to occur in July, September and October. Mr. Gallagher suggested, and there was unanimous agreement, that each hearing should address one theme, with all witnesses relevant to that theme testifying at the same hearing in order to be comprehensive. It was further agreed that the order of themes would follow the list proposed by Treas. Torsella.

Commissioners were asked to send their 'blackout dates' for meeting availability through October to JSGC by June 6.

VII. INITIAL DATA REQUESTS FOR SERS AND PSERS

Treas. Torsella distributed a proposed list of data requests for SERS and PSERS. Commissioners were asked to submit any additional proposed requests to JSGC (copying all commissioners) by June 4.

JSGC distributed proposed procedures for communicating requests and responses.

Members discussed their concern that the pension funds may not wish to provide certain detailed information about external manager fee structures that is proprietary to those managers, and thus held confidential. Mr. Bloom asked whether the PPMAIRC can hold executive sessions to consider confidential material; JSGC will provide their opinion on the conditions under which executive sessions may be held. Mr. Gallagher will seek clarification from the systems' lawyers about what data may be shared. Mr. Gallagher also noted that he is wearing several pension-related hats, and that there may be a difference between what he can request from the systems as one of their trustees and what he can request as a member of a statutory commission.

On the issue of proprietary information, Treasurer Torsella noted that it would be unfortunate if the commission tasked with evaluating fee transparency and performance did not have access to accurate information regarding fee transparency and performance, and urged the importance of devising a method for the commission to access relevant information, regardless of proprietary status. Chairman Tobash stated his hope that the systems will cooperate with the commission's data request, but cited possibilities of executive sessions, non-disclosure agreements, or other means to access proprietary data.

VIII. ANNOUNCEMENT OF TREASURY'S EXTERNAL CONSULTANT

Treas. Torsella announced that, as part of their work in support of the commission, Treasury has engaged Dr. Ashby Monk as an external consultant. Treas. Torsella distributed a brief biography of Dr. Monk, who is the Executive and Research Director of the Stanford Global Projects Center. Treas. Torsella encouraged all members to speak directly with Dr. Monk and to regard him as a resource for the entire commission. In response to a question about possible conflicts of interest, Treas. Torsella explained that Dr. Monk has performed no prior work for Pennsylvania, and that avoiding conflicts of interest was one reason Treasury turned to the academic sector to find a suitable consultant.

IX. ADJOURNMENT

The meeting was adjourned by Rep. Tobash, chair, at 10:40 am.

Minutes submitted by E. Yoder, Joint State Government Commission