



# Model Governance Manual Framework

**Introduction:** This transitional document is an unofficial consolidation of prevailing language from the *Statement of Organization, Bylaws, and Other Procedures of the Commonwealth of Pennsylvania Public School Employees' Retirement Board* ("Current Bylaws") and the newly adopted *PSERS Model Governance Manual Framework* ("Governance Framework") as revised/adopted by Board Resolution 2022-25 (March 15, 2022). This document reflects the Bylaws that are currently in effect.

The source of the prevailing language is distinguished by columns. If the source of the prevailing language is language newly adopted as part of the Board Governance initiative, it shows up in the left column. If the prevailing language is language from the base, pre-Governance Initiative Bylaws, it shows up in the right column.

PSERS Board, guided by the Governance and Administration Committee, will methodically review the remaining right column pre-Governance Initiative Bylaws language, re-adopt as is or with amendments, and move it to the left, Governance initiative language column within the Framework. Once this Governance Initiative is complete, this transitional document will no longer be necessary, and a new Bylaws document will be updated on this website.

*Note: Where there are blanks in both columns, that indicates an area where new recommended language may be added.*

Model Governance Manual Framework		Statement of Organization, Bylaws, and Other Procedures	
Article I: Bylaws Section 1: Introduction			
1.1 Introduction & Statement of Purpose		<b>INTRODUCTION</b>	Members of the Public School Employees' Retirement Board derive their official authority, and accept limitations on that authority, not only from the Public School Employees' Retirement Code but also under numerous other statutory codification and unconsolidated laws of the Commonwealth of Pennsylvania. Among relevant enactments outside the Retirement Code itself are (to use short titles or popular names) the Administrative Agency Law, the Administrative Code, the Adverse Interest Act, the Commonwealth Attorneys Act, the Fiscal Code, the Public Official and Employee Ethics Law, the Right-to-Know Law, and the Sunshine Act. Other pertinent rules that apply to the Board, whether of binding force or merely



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			<p>precatory, include the Governor's Code of Conduct, other rules and regulations of the Executive Board, and the General Counsel's interpretations of the Sunshine Act.</p> <p>The "Statement of Organization Bylaws, and Other Procedures" (the "Bylaws") sets forth many of the more important requirements of the above referenced laws and regulations particularly as they relate to the operations of the Board. For example, substantial portions of Article V of the Bylaws are derived from the open meeting requirements of the Pennsylvania Sunshine Law. In some cases, statutory and regulatory language has been incorporated into the Bylaws to facilitate the Board's efforts to fully comply with all applicable laws and regulations. As a result, the Bylaws contain extensive footnotes to indicate various sources from which different sections of the Bylaws are derived. However, it must be emphasized that the footnotes merely annotate the Bylaws. They are not intended to be a part of the Bylaws, and, therefore, do not bind the Board in any manner.</p> <p>Finally, important sections of the Bylaws concern the manner in which the Board operates in carrying out its fiduciary responsibilities. These sections are not derived from specific statutes or regulations and include such sections as the section found in Article IV of the Bylaws which relate to the responsibilities of various standing committees of the Board.</p>
		<p><b>Section 1.1.</b> <b><u>Name.</u></b></p>	<p>The name of the board of trustees of the Public School Employees' Retirement Fund (the "Fund") and the School Employees' Defined Contribution Trust ("Trust") of the</p>



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			Commonwealth of Pennsylvania (the "Commonwealth") is Public School Employees' Retirement Board (the "Board"). <sup>1</sup>
		<b><u>Section 1.2. Official Office and Mail Address.</u></b>	The office of the Board shall be at 5 North 5 <sup>th</sup> Street, Harrisburg, Pennsylvania. The mailing address of the headquarters is; 5 North 5 <sup>th</sup> Street, Harrisburg, Pennsylvania 17101.
		<b><u>Section 1.3. Status and Purpose.</u></b>	The Board is an independent administrative board of the Commonwealth. <sup>2</sup> The members of the Board stand in a fiduciary relationship to the members of the Pennsylvania Public School Employees' Retirement System (the "System") regarding the investments and disbursements of moneys of the Fund. <sup>3</sup> The members of the Board, as trustees of the Fund, have exclusive control and management of the Fund and full power to invest the fund, subject to observance of such standards of fiduciary conduct and such other terms, conditions, limitations and restrictions on the making of investments as may be provided by law. <sup>4</sup> The Board also performs other functions as are required for the administration of the System, including the payment of benefits. The Board may adopt and from time to time amend a "mission statement" for publication to System members, the government of the Commonwealth, and the general public. The Board determines the terms and provisions of the School Employees' Defined Contribution Plan (the "Plan") and shall perform functions as

<sup>1</sup> 24 Pa. C.S. §8102 (definitions of "board," "fund," "plan," "system," and "trust"), 8401(b) (members of the board are the trustees of the trust); and 8521(a) (members of board are trustees of fund).

<sup>2</sup> Id. §8501(a).

<sup>3</sup> Id. §8521(e).

<sup>4</sup> Id. §8521(a).



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			are required for the administration of the Plan, which shall be administered exclusively for the benefit of the participants of the Plan and their beneficiaries. <sup>5</sup> The Board administers the Trust and determines the types of investments available to participants. <sup>6</sup>
<b>1.2 Governing Statues and Regulations</b>			<b>(scattered throughout other sections of the bylaws)</b>
<b>1.3 Statement of Fiduciary Duties</b>			<b>(scattered throughout other sections of the bylaws)</b>
<b>Article I: Bylaws</b>			
<b>Section 2: Board Composition &amp; Powers</b>			
<b>2.1 Composition</b>		<b><u>Section 2.1. Composition.</u></b>	The Board shall consist of 15 members. <sup>7</sup> The members of the Board are the Secretary of Education, <i>ex officio</i> ; the State Treasurer, <i>ex officio</i> ; the Secretary of Banking and Securities, <i>ex officio</i> ; the Executive Secretary of the Pennsylvania School Boards Association, <i>ex officio</i> ; one person appointed by the Governor; three persons elected by the active professional members of the System and active certified (professional) Class DC participants in the Plan from among their number; one person elected by the active nonprofessional members of the System and active non-certified (nonprofessional) Class DC participants in the Plan from among their number; one person elected by the annuitants and eligible Class DC participants from among their number; one person elected by members of the Pennsylvania public school boards from among their number; and two Senators and two members of

<sup>5</sup> Id. §8401(a) and (b) and 8411.

<sup>6</sup> Id. §8401(b) and (c), 8411, and 8413.

<sup>7</sup> 24 Pa. C.S. §8501(a).



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			<p>the House of Representatives.<sup>8</sup> The appointments made by the Governor are subject to confirmation by the Senate.<sup>9</sup> The members from the Senate are appointed by the President <u>pro tempore</u> of the Senate and shall consist of one member from the majority and one member from the minority. The members from the House of Representatives are appointed by the Speaker of the House of Representatives and shall consist of one member from the majority and one member from the minority. Such legislative members shall serve on the Board for the duration of their legislative terms and shall continue to serve until 30 days after the convening of the next regular session of the General Assembly after the expiration of their respective legislative terms, or until a successor is appointed for the new term, whichever first occurs.<sup>10</sup></p>
<b>2.2 Appointment Qualifications</b>			
<b>2.3 Powers</b>	<p>Except as otherwise provided by law and these Bylaws, all powers of the System shall be exercised by or under the authority of, and the business and affairs of the System shall be managed under the direction of, the Board.</p>		

<sup>8</sup> The Board has developed an Elections Policy that governs the process for electing Trustees from the members of the System/participants in the Plan and from the members of the School Boards Association.

<sup>9</sup> Id. §8501(a).

<sup>10</sup> Id.



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<p><b>2.4 Term of Office</b></p>		<p><b>Section 2.3.</b> <b><u>Appointive and Elective Members; Term of Office.</u></b></p>	<p>Each member appointed to the Board shall serve for a term of three years<sup>11</sup> and until his or her successor is duly appointed and qualified.<sup>12</sup> Each member elected to the Board shall serve for a term of three years beginning on a January 1 and ending on the December 31 of the third calendar year of such term and until his or her successor is duly elected and qualified.<sup>13</sup> Each election shall be conducted in a manner approved by the Board.<sup>14</sup> Notwithstanding the preceding, in the event an elective member serving on the Board no longer is a member of the constituent group from which he or she was elected, then said seat shall be deemed vacant except that the nonqualified elective member shall continue to serve on the Board until his or her successor is duly elected and qualified pursuant to Section 2.4.</p>
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<sup>11</sup> 24 Pa. C.S. §8501(a).

<sup>12</sup> See Administrative Code of 1929, §207.1, 71 P.S. § 67.1(d) (4); Memorandum of Deputy Attorney General R. Kleiman to M. Andrew Sheffler, PSERS Executive Director, dated Dec. 27, 1979.

<sup>13</sup> 24 Pa. C.S. §8501(a) provides for a term of three years, but §8501(b) seeks to preserve a scheme of staggered terms by providing uniformly that elected members serve "until" January 1. The three-year term of §8501(a) thus holds for any newly elected member who is qualified to take his or her oath of office on the January 1 immediately after the predecessor's term expires. If the election results cannot be certified to the Board by January 1 or if, for any other reason, a successor is not in position to take the oath and occupy the office from the beginning of the nominal three-year term, then the predecessor in office will continue in office as a de facto public official until a successor is certifiably elected and has qualified. As to elective offices, if a valid holdover clause is applicable and no successor qualifies as such after the end of a term of years, the term of an incumbent is extended and there is no vacancy for the Governor or other appointing authority to fill. *Zemprelli v. Thornburgh*, 423 A.2d 1072, 1076 (Pa. Cmwlth. 1980).

<sup>14</sup> 24 Pa. C.S. §8501(a).



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<p><b>2.5 Vacancies</b></p>		<p><b><u>Section 2.4. Vacancies.</u></b></p>	<p>A vacancy occurring during the term of any member, whether appointive, elective, <u>ex-officio</u> or legislative, shall be filled for the unexpired portion of the term by a successor appointed or elected, as the case may be, in the same manner as his or her predecessor.<sup>15</sup> In determining the manner in which elections may be conducted, the Board may adopt standards for, and pursuant thereto maintain a practice of, conducting on the same ballot an election to fill a vacancy for the unexpired portion of a member's term together with the election of a successor to the next full term of the same office, if such a procedure would result in substantial cost savings to the Fund as compared to the cost of successive elections.<sup>16</sup></p>
<p><b>2.6 Designees</b></p>		<p><b><u>Section 2.2. Ex-officio and Legislative Members; Designees.</u></b></p>	<p>Each <u>ex-officio</u> member and each legislative member of the Board may at any time and from time to time appoint a duly authorized designee to act in his or her stead at any meeting of the Board or of any committee thereof or with respect to official business and activities of the Board conducted outside of meetings.<sup>17</sup> Each appointment shall be made in writing signed by the member and filed with the Executive Director of the System (the "Executive Director").<sup>18</sup> Both <u>ex-officio</u></p>

<sup>15</sup> Id. §8501(b).

<sup>16</sup> This process is more fully covered in the Board Elections Policy.

<sup>17</sup> Id. The phrase "at any meeting of the Board or of any committee thereof or with respect to official business and activities of the Board conducted outside of meetings" has been added to the statutory language to make clear that an ex-officio or legislative member's right to substitute for herself or himself is not confined to full Board meetings only.

<sup>18</sup> The requirement of a filing with the Executive Director is not statutory but appears warranted in the interest of insuring record regularity for the appointment of designees.



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		<p>and legislative members may authorize more than one designee either in priority preference or as alternates. Each designee of the Secretary of Education shall be an officer or employee of the Commonwealth holding office by appointment of the Secretary or of the Governor.<sup>19</sup> Each designee of the State Treasurer shall be an officer or employee of the Department of Treasury.<sup>20</sup> Each designee of the Executive Secretary of the Pennsylvania School Boards Association shall be an employee of such association.<sup>21</sup> As a duly appointed designee of an ex-officio member or legislative member of the Board, each designee, when acting in the stead of that member, shall adhere to the same standard of care, fiduciary relationship and responsibility imposed upon a member, as provided in Section 1.3. The appointment of a designee in the manner herein provided shall remain in full force and effect unless and until revoked in writing signed by the member by whom such designee was appointed and filed with the Executive Director, or until the earlier removal or resignation of such designee from the office or employment that qualified that person for appointment, or until the member of the Board ceases to</p>
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<sup>19</sup> This provision is in accord with several precedents whereby persons other than officers or employees of the Department of Education have been appointed as the Secretary's designees, usually other appointees of the Governor, directly or indirectly. The precedents appear to be impliedly lawful under the Administrative Code of 1929, §213 (71 P.S. §73) which subjects to the Governor's approval any department head's "named deputy" as a substitute on any board, etc., of which the department head is a member. The Governor's approval authority for an appointee of his own appointee is, realistically, the power to appoint the designee.

<sup>20</sup> See Op. Att'y Gen. No. 75-19 (1975), ruling that a department head, such as the State Treasurer, may authorize designated responsible deputies, including responsible employees not actually deputy department heads, to serve in his or her stead.

<sup>21</sup> Such an employment must be implied, otherwise the Executive Secretary's designee could be a mere interloper--whoever he or she chooses--thus not necessarily accountable to either of the employer interests involved, *i.e.*, neither to the Commonwealth nor to the employing school districts.





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			<p>hold the office that confers <u>ex-officio</u> or legislative membership on the Board.<sup>22</sup></p>
<p><b>2.7 Oath of Office</b></p>		<p><b>Section 2.5. <u>Oath of Office.</u></b></p>	<p>Each member of the Board, whether appointive, elective, <u>ex-officio</u> or legislative shall, before exercising any power or privilege of office, take and subscribe to the oath of office in the form prescribed by law. Such oath shall be certified to by the officer before whom it is taken and immediately filed in the office of the Secretary of the Commonwealth.<sup>23</sup> Each designee of an <u>ex-officio</u> or legislative member of the Board shall, upon his or her appointment by a member, be deemed to take and shall be bound by the oath of office prescribed herein and taken by the Board member who appointed the designee. No person shall be allowed to take the oath of office or enter or continue upon his duties as a member of the Board or as a designee of either an <u>ex-officio</u> or legislative member of the Board unless that person has filed a statement of financial interests for the preceding calendar year with the State Ethics Commission (or in the case of a designee who is a state employee, with his or her department or agency in the manner provided by the Public Official and Employee Ethics Act (the "Ethics Act")) and (through the Executive Director) with the Board, as required by the Ethics Act.<sup>24</sup> <u>Ex-Officio</u> and legislative members may appoint a</p>

<sup>22</sup> See comment supra, note 11. The intent of the last phrase of this provision is that all in-force designations made by an ex-officio or legislative member automatically lapse upon the latter's ceasing to hold office and the Board membership that goes with it, whatever may be the cause for the cessation.

<sup>23</sup> 24 Pa. C.S. §8501(c).

<sup>24</sup> 65 Pa. C.S. § 1104 (a) & (d). The stated rule adopts the State Ethics Commission's position that every member of the Board, including the elective members, fall within the definition of "public official" set forth in 65 Pa. C.S. § 1102. Even if members elected by sub-classes of the PSERS membership were not elected "by



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			designee prior to the designees' filing of a Statement of Financial Interests for the preceding calendar year and that designee may exercise their duties as a designee immediately upon their filing of Statement of Financial Interests for the preceding calendar and their taking of the oath of office.
<b>2.8 Removal &amp; Resignation from Office</b>		<b><u>Section 2.6. Removal and Resignation from Office.</u></b>	A member of the Board shall be subject to removal from office only in accordance with applicable provisions of Article VI of the Constitution of Pennsylvania, or of 65 P.S. §121, or both. <sup>25</sup> Any member may resign at any time. Such resignation shall be in writing filed with the Executive Director but the acceptance thereof by the Executive Director or by any other authority to whom such resignation is addressed shall not be necessary to make it effective.
<b>2.9 Compensation</b>		<b><u>Section 2.7. Compensation.</u></b>	Members of the Board who are members of the System or Class DC participants in the Plan shall serve without compensation from the Fund. Members of the Board who are not members of either the System or the State Employees' Retirement System or Class DC participants in the Plan may be paid \$100 per day when attending meetings. All members shall be reimbursed for any necessary expenses while

the public" within the meaning of the definition, the bylaw rule would properly rest on the discretionary authority of the Board "to adopt requirements to supplement Act" as set forth in 65 Pa. C.S. § 1111.

<sup>25</sup> Article VI, §6 of the Constitution makes civil officers of the Commonwealth liable to impeachment for any misbehavior in office. Article VI, §7 requires the automatic removal from office of any civil officer on conviction of misbehavior in office or of any infamous crime. In addition, under §7, appointed officials, other than certain judges, are subject to removal "at the pleasure of the power by which they shall have been appointed," while officers elected by the people (other than Governor, Lieutenant Governor, state legislators, and state judges) are subject to removal "for reasonable cause" under the so-called "address" procedure. It is clear from the constitutional scheme that elective members of the Board are not covered by any of the removal provisions of Article VI. In that case 65 P.S. §121 may yet be applicable provided the Board position is a "public office." Title 65 P.S. §121 requires forfeiture of office on conviction of any of certain crimes and offenses related to public office.



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			attending to official business. <sup>26</sup> No member of the Board may otherwise profit either directly or indirectly with respect to the investments and disbursements of any of the moneys of the Fund or Trust, <sup>27</sup> except in the case of a member of the System/participant of the Plan, and then only to the extent of such member's/participant's rights and benefits under applicable provisions of the Public School Employees' Retirement Code, the Plan, or other law. <sup>28</sup>
		<b>Section 2.8. Election of Board Members.</b>	As specified in Section 2.1 hereof, six Board members are elected to serve on the Board. The procedures governing full-term elections and elections to fill vacancies in the Board's elective membership are set forth in the "Election Procedures and Guidelines of the Commonwealth of Pennsylvania Public School Employees' Retirement Board," as amended from time to time, and are incorporated herein by reference.
<b>2.10 Attendance</b>			
<b>2.11 Statement of Economic Interests</b>			<b>(see 2.5 (Oath of Office))</b>
<b>2.12 Delegation</b>	<b>(only delegation currently referenced is in relation to committees (below))</b>		

<sup>26</sup> 24 Pa. C.S. §8501(d).

<sup>27</sup> *Id.* §§ 8401(a), (c), and 8521(e).

<sup>28</sup> The Ethics Act definition of "conflict of interest" set forth in 65 Pa. C.S. § 1102 does not include a member's participation in an action "which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member of his immediate family...." This statutory modification of trust law is analogous to the built-in conflict-of-interest under ERISA whereby corporate officers are specifically permitted to serve as pension fund fiduciaries of the sponsoring corporation's pension plan. See 29 U.S.C. § 1108(c)(3).



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<b>2.13 Board Direct Reports</b>			
<b>Article I: Bylaws Section 3: Meetings of the Board</b>			
<b>(Consider Funston recommendation re: excluding statements of law from the Bylaws)</b>		<b>Section 5.1. <u>Scope and Intent of Article.</u></b>	<p>This Article V shall apply to any meeting of the Board or of any committee thereof which is a "meeting" as defined in the Pennsylvania Sunshine Act, 65 Pa. C.S. §703, namely a prearranged gathering of the Board or committee which is attended or participated in by a quorum of the members thereof and held for the purpose of deliberating business or taking official action. "Deliberation," "official action," and other terms used in this Article which are also defined in the Sunshine Act shall have the same respective meanings herein as in such Act. This Article is intended to achieve compliance with the letter and spirit of the Sunshine Act and, in accordance with the provisions of 65 Pa. C.S. §710, to set forth the rules and regulations of the Board necessary for the conduct of its meetings and the maintenance of order at such meetings consistent with the intent of the Sunshine Act. The omission from within this Article of any provision of the Sunshine Act or related law, or of any matter set forth in the Interpretation of the Sunshine Act as Applied to Executive Agencies (4 Pa. Code §§1.41 <u>et seq.</u>), shall not be construed as a determination that such provision is inapplicable to the Board. Unless the context clearly indicates otherwise, the provisions of this Article which apply to the Board shall also apply to any committee thereof in the same manner and with the same effect.<sup>29</sup></p>
<b>3.1 Place of Meetings</b>		<b>Section 5.4. <u>Call, Time and Place of</u></b>	<p>The Board shall meet upon the call of the Chair at such times and places as the Chair shall designate and at such times and</p>

<sup>29</sup> An exception to this is an Agency Committee as defined in Section 4.5 of these Bylaws which is not bound by the requirements of the Sunshine Act.



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		<p><b><u>Meetings;</u></b> <b><u>Meeting Agendas.</u></b></p>	<p>places as the Board may by resolution designate.<sup>30</sup> In order that Board meetings be held at locations reasonably convenient and accessible to the general public, full Board meetings shall be held at the office of the Board specified in Section 1.2 to the extent practicable. The Board shall hold at least six regular meetings annually and such other meetings as are deemed necessary.<sup>31</sup> The Chair shall establish the agenda for each meeting of the Board by notice to members given at least one week prior thereto. A member may add an item to the agenda on an exceptional basis by providing a written statement of the proposed agenda item to the Chair, provided that such written statement is received by the Chair in sufficient time to provide not less than 24-hours advance notice of the agenda item to the Board. One or more or all members of the Board may participate in any Board meeting by means of conference telephone or similar communications equipment by means of which all members and other persons duly participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 5.4 shall constitute presence in person at the meeting.</p>
<p><b>3.2 Open Meetings</b></p>		<p><b><u>Section 5.3.</u></b> <b><u>General Rule;</u></b> <b><u>Open Meetings.</u></b></p>	<p>Official actions and deliberations by a quorum of the Board shall take place at a meeting open to the public unless closed for an executive session or unless such official actions and deliberations predominantly and primarily involve administrative action. Administrative action pertains to the execution of policies previously authorized or required by official action adopted at an open meeting and includes but is</p>

<sup>30</sup> Administrative Code of 1929, §518, 71 P.S. §198.

<sup>31</sup> 24 Pa. C.S. §8502(d).



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			not limited to internal operations of the System and the Plan. Official actions and deliberations with regard to budget recommendations to be submitted to the Secretary for Budget are not subject to open meeting requirements unless the Governor waives the privilege of confidentiality with respect thereto. The Chair shall preside at all meetings of the Board and shall have such other powers and duties as are provided by these Bylaws or by resolution of the Board to the extent not inconsistent with the Public School Employees' Retirement Code and other applicable law. The Vice Chair shall preside at all meetings of the Board in the absence or inability of the Chair to act and shall have such other powers and duties as may be provided by resolution of the Board to the extent not inconsistent with the Public School Employees' Retirement Code and other applicable law. In the event that neither the Chair or Vice Chair are able to be present at a meeting of the Board, the Chair will designate a Board member to preside over the meeting in their absence.
<b>3.3 Regular Meetings</b>			<b>(See 5.4)</b>
<b>3.4 Special Meetings</b>			<b>(See 5.5)</b>
<b>3.5 Emergency Meetings</b>		<b><u>Section 5.6. Emergency Meetings.</u></b>	The Chair may call an emergency meeting for the purpose of dealing with a real or potential emergency involving a clear and present danger to life or property. <sup>32</sup> Advance public notice is not required but the Chair shall to the extent practicable see to giving actual advance notice especially to individuals or organizations with a direct and substantial interest in the official action scheduled for consideration.

<sup>32</sup> As defined in the Sunshine Act, 65 Pa. C.S. §703.



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<b>3.6 Meeting Agendas</b>			<b>(See 5.4)</b>
<b>3.7 Annual Calendar</b>			
<b>3.8 Notice of Meetings</b>		<b>Section 5.5.</b> <b><u>Public Notice of Meetings.</u></b>	The Board shall give public notice of its first regular meeting in each year not less than three days in advance of the meeting, which meeting or any adjournment thereof shall be the organizational meeting of the Board in that year and shall be held as soon as practicable. The Board shall give public notice of the schedule of its remaining regular meetings either prior to or immediately following the organizational meeting. The Board shall give public notice of each special meeting or each rescheduled regular or special meeting at least twenty-four hours in advance of the time of the convening of the meeting specified in the notice. Notice shall be published and copies thereof posted or mailed at the times and places or to interested parties as specified in the Sunshine Act, 65 Pa. C.S. §709.
<b>3.9 Quorum and Voting</b>		<b>Section 5.2.</b> <b><u>Quorum.</u></b>	A majority of the Board or Committee as the case may be shall constitute a quorum. <sup>33</sup>
		<b>Section 5.10.</b> <b><u>Voting.</u></b>	At any open meeting, the vote of each member who actually votes on any resolution, rule, order, regulation or the setting of

<sup>33</sup> The Commonwealth Court enunciated the quorum majority rule in 2007 stating: “Unless there is contrary legislative intent to the common law rule requiring a vote of a full body to be valid, all that is needed is a majority of a quorum to take action; not that all the members of the Board must vote who are authorized but are not seated. *Ronald H. Brown Charter Sch. V. Harrisburg City Sch. Dist.*, 928 A.2d 1145, 1147 (Pa. Cmwlth. 2007). The *Ronald H. Brown* court quoted the Pennsylvania Supreme Court’s explanation in *Di Giancinto v. City of Allentown*: “Under the common law rule so long as a quorum is present at a meeting, all that is required is that the highest vote be equal to a majority of the quorum number, even though the highest vote constitutes only a plurality of all the legal votes cast. This is true even if more than the quorum number is present at the meeting.



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			official policy shall be publicly cast and, in the case of roll-call votes, recorded in the minutes. The vote of each member in the elections of the Chair and the Vice Chair, respectively, shall be publicly cast. Proxy voting is not allowed. Voting by designees of either <u>ex-officio</u> or legislative members of the Board does not constitute proxy voting for the purposes of these Bylaws. The act of a majority of members present and voting at a meeting at which a quorum is present shall constitute the official action of the Board or the Committee as the case may be. <sup>34</sup>
		<b>Section 5.8.</b> <b><u>Participation.</u></b>	Each member, including each designee acting in the stead of an <u>ex-officio</u> or legislative member, at any meeting, shall have equal rights to reasonable participation in the deliberations and other business of the meeting, provided that with respect to any one order of business not more than one designee of an <u>ex-officio</u> or legislative member shall have the right to participate. The Board or Committee Chair may grant recognition to more than one designee of an <u>ex-officio</u> or legislative member with respect to any one order of business. The Chair may also grant recognition to any employee of the System scheduled in advance to report, or resource person accompanying a Board member who requests his or her recognition for the purpose of reporting, on any order of business on the meeting agenda.
<b>3.10 Public Participation</b>		<b>Section 5.9.</b> <b><u>Public Participation.</u></b>	At any open meeting, the Chair or Committee Chair as the case may be shall, before entertaining any motion to adjourn, grant recognition to any member of the general public in attendance for the purpose of addressing the Board on any matter concerning the business and operations of the Board,

<sup>34</sup> See supra, note 38.





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			<p>subject, however, to such reasonable time limits as may be imposed on each speaker or on all such participation in the discretion of the Chair or Committee Chair as the case may be or by resolution of the Board. This Section 5.9 shall not apply to any proceeding governed by the Administrative Agency Act in relation to adjudications, nor to any proceeding for the adoption of rules and regulations or orders in the nature of rules and regulations.</p>
<p><b>3.11 Executive Session</b></p>		<p><b>Section 5.13.</b> <b><u>Executive Sessions.</u></b></p>	<p>(a) <u>Reasons for closed meeting.</u> The Board may hold an executive session for any one or more of the reasons enumerated in the Sunshine Act, 65 Pa. C.S. §708(a), including the discussion of personnel matters and labor relations, the purchase or lease of real property, pending or expected litigation, agency business which, if conducted in public, would violate a privilege, investigations, or quasi-judicial deliberations. To the extent that such a session is held to review and discuss agency business which, if conducted in public, would violate a lawful privilege or lead to the disclosure of information or confidentiality protected by law, as permitted by the Sunshine Act, 65 Pa. C.S. §708(a)(5), "information or confidentiality protected by law" shall include without limitation any information submitted to the Board under the terms of an express confidentiality agreement with a business entity offering any security for sale to and purchase by the Board in a non-public offering; deliberations with respect to the purchase, holding or sale of or the exercise of voting rights with respect to, the publicly traded securities of any business entity, which deliberations, if conducted in public, may or might have a material bearing on the market for such securities; any other deliberations</p>



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		<p>with respect to any proposed or actual investment of the Board which, if conducted in public, may or might so substantially affect the price or terms of any transaction concerning such investment, or the value thereof, as to adversely affect the Fund and its participants; privileged and confidential matters set forth in 4 Pa. Code §§ 1.50(a) and (b) and any information not subject to disclosure under 24 Pa. C. S. §8502(e).<sup>35</sup></p> <p>(b)<u>Use of conference telephone and similar equipment.</u> Whenever the Board meets in executive session as authorized by law, one or more or all members of the Board may participate in the meeting by means of conference telephone or similar communications equipment by means of which all members and other persons duly participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 5.13 (b) shall constitute presence in person at the meeting.<sup>36</sup></p> <p>(c)<u>Procedure.</u> Unless an executive session has been announced at an open meeting for a future time, members of the Board shall be given at least 24 hours' advance notice of the date, time, location and purpose of any executive session to be held other than during or immediately following an</p>
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<sup>35</sup> The Chief Counsel has the responsibility for rendering opinions as to other circumstances, such as those directly governed by federal and/or state securities laws, in which confidentiality should or must be invoked and would clearly not constitute a mere subterfuge to evade the open meeting requirement.

<sup>36</sup> Under 24 Pa. C.S. §8501(e), the Board possesses "the power and privileges of a corporation" for the purposes of the Public School Employees' Retirement Code. When executive sessions are authorized by law, the use of conference telephone equipment or conference calling on the same terms as apply in the corporate environment (15 Pa. C.S. §1708) would appear to be a practical and legally permissible means of conducting the meeting.



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		<p>open meeting of the Board. A waiver of such notice in writing, signed by the member or members entitled thereto, whether before or after the date and time stated therein, shall be deemed equivalent to the giving of notice.<sup>37</sup></p> <p>Attendance of a member at any executive session (including attendance through participation by any means authorized by Section 5.3(b)) shall also constitute a waiver of notice of the meeting except where such attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened or because an executive session is not authorized for the purpose involved.<sup>38</sup></p> <p>(d)<u>Announcements</u>. The Chair shall announce the reason for holding an executive session at the open meeting of the Board that occurs immediately prior or subsequent to the executive session.</p> <p>(e)<u>Official action</u>. Official action on any matter discussed or deliberated upon during an executive session held pursuant to law shall be taken at an open meeting. Official action on any such matter relating to an investment or investments of the Fund may be taken at an executive session if, and only if, such action: (1) is required as a matter of the Board's fiduciary duty in the circumstances; or (2) would, if then taken in a meeting open to the public, violate a lawful privilege or breach a confidentiality interest protected by law;</p>
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<sup>37</sup> The waiver procedure is based on 15 Pa. C.S. §1705(a).

<sup>38</sup> Waiver by attendance is covered by 15 Pa. C.S. §1705(b).



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			and (3) is confirmed or ratified at the first open meeting of the Board after any reason of privilege or confidentiality no longer applies. <sup>39</sup>
<p><b>3.12 Voting Conflicts</b></p>		<p><b>Section 5.11.</b> <b><u>Voting Conflicts.</u></b></p>	<p>Any member of the Board who would be required to vote on a matter that would result in a conflict of interest shall abstain from voting, refrain from participating in any discussions concerning the matter, and, prior to the vote being taken, publicly announce and disclose the nature of his or her interest as a matter of public record in a written memorandum filed with the Executive Director or acting secretary of the meeting, except that such memorandum may be filed after the vote is taken if the conflict does not become apparent to the Board member within a reasonable period of time prior to such vote.<sup>40</sup> A "conflict of interest" does not arise in connection with an action which would have an insignificant economic effect on any interest of the member or which affects the member only as a member of the general public or of a subclass of the general public, such as school employees or members of the System or participants in the Plan as a whole, which includes the member;<sup>41</sup> provided, however, that no member of the</p>

<sup>39</sup> The primary intent of this subsection (e) is to maintain the confidentiality of private-placement commitments and similar transactions until the corporation involved meets its own public disclosure obligations under the securities laws or (unlikely) determines that the transaction is not material for disclosure purposes. The Board must, however, have the opportunity to commit to an investment in a non-public offering before the corporation is willing to have any public disclosure of the fact of commitment or any of the terms of the proposed transaction.

<sup>40</sup> This procedure is based on section 1103(j) of the Ethics Act, 65 Pa. C. S. § 1103 (j), which applies "[w]here voting conflicts are not otherwise addressed by the Constitution of Pennsylvania or by any law, rule, regulation, order or ordinance. . . ." The quoted language appears to leave open to this Board the adoption of a rule or regulation which is different from the Ethics Law rule on the same subject, for example, a rule requiring abstention in the case of a conflict but not requiring public disclosure of the interest involved.

<sup>41</sup> See Ethics Act §1102, 65 Pa. C.S. §1102 (definition of "conflict of interest").



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			<p>Board shall vote on any quasi-judicial matter to which such member or a member of his or her immediate family is a party;<sup>42</sup> and provided, further, that this Section 5.11 applies only to the possible use by a member of his or her vote for private pecuniary benefit and does not in any way affect the member's other fiduciary responsibilities to the members of the System or participants in the Plan, in connection with official actions in which the member has no private interest.<sup>43</sup></p>
<p><b>3.13 Notational Voting</b></p>		<p><b>Section 5.12.</b> <b><u>Notational Voting.</u></b></p>	<p>Members of the Board may cast votes by notational or voting whereby a vote is taken of members individually upon a recommended written motion, resolution, rule, proposal, regulation, report or order prepared by the staff or an individual Board member and circulated for approval to all members and for information to non-voting members. Absent unusual circumstances to be determined by the Chair, the Board will resort to notational voting only in quasi-judicial matters to promote timely decision-making after full deliberations have been completed in executive session, or in certain financial or investment transactions in which a resolution or other similar formal action of the Board is required to expedite or complete the appropriate documentation. In quasi-judicial matters, the Chair shall, at the first open meeting after the adoption of written opinions or orders by notational voting, announce the substance of matters so decided and cause the record of the votes cast by</p>

<sup>42</sup> The stated rule is virtually Biblical in origin, namely that no person should even pretend to sit in impartial judgment on his or her own cause.

<sup>43</sup> The stated rule, therefore, is not intended to be exhaustive of all fiduciary standards of conduct. The fact that a member has no private interest in a Board action does not, for example, relieve him or her of the duty of loyalty to plan beneficiaries that requires attaching only secondary importance to the welfare of other persons in reaching a fiduciary decision.



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			individual members on each such matter to be entered in the minutes of the meeting.
<b>3.14 Rules of Order</b>		<b>Section 5.14. Other Rules of Order; Construction.</b>	Except to the extent otherwise provided by law or by these Bylaws, the rules of order for meetings of the Board and committees thereof shall follow as closely as practicable those prescribed for small assemblies or similar small bodies in the most recently published revision of <u>Robert's Rules of Order</u> . Such rules of order shall be construed to promote the orderly and efficient conduct of business and to avoid procedural complexity which may delay or hinder the taking of action required by law or advisable in the prudent exercise of the Board's fiduciary responsibility to members of the System and participants of the Plan.
<b>3.15 Minutes of Meetings</b>		<b>Section 5.7. Minutes.</b>	Written minutes shall be kept of each open meeting and after signing by the Executive Director or the person he or she designates to be secretary of the meeting, such minutes shall be made available for public inspection and copying. The minutes shall be prepared as required by the Sunshine Act, (65 Pa. C.S. §706). Audio tape recordings of open meetings may be made solely for the purpose of facilitating the preparation of written minutes. Such tape recordings shall be retained until Board approval of the minutes to which they relate.
<b>Article I: Bylaws Section 4: Committees of the Board</b>		<b>Article IV: Committees of the Board</b>	<b>(Repealed by Resolution 2022-25 (March 11, 2022))</b>
<b>4.1 Standing Committees</b>	The Board may establish by resolution one or more standing or special committees, each to consist of two or more Members. In addition, the Chairperson may establish special advisory or review committees. Any committee, to the extent, but only to the		



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	<p>extent, provided in an applicable resolution of the Board, committee charter or in these Bylaws, shall have and may exercise any of the powers and authority of the Board. The Board has established the following standing committees, which may be changed from time to time by Board resolution: Audit, Compliance, and Risk Committee; Benefits and Appeals Committee; Governance and Administration Committee; Defined Contribution Committee; Finance and Actuarial Committee; Health Care Committee; and Investment Committee; collectively, the "Standing Committees"). The Board shall delegate to the Standing Committees the authority to take such actions and perform such duties as expressly stated in the Standing Committees' committee charters; provided that no committee shall have the power to amend, modify or repeal a resolution of the Board or to amend these Bylaws or to take any action on matters committed by Board resolution or applicable law to the full Board under terms or provisions that make such action non-delegable.</p>		
<p><b>4.2 Ad Hoc Committees</b></p>	<p>In addition to the standing committees specified in Section 4.1 (Standing Committees), the Chairperson or the Board may at any time establish an ad hoc committee of the Board and fix its duties and responsibilities for any purpose which in the</p>		



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	<p>judgment of the Chairperson or the Board is better served by a temporary rather than standing committee. Each such committee shall consist of such number of members as the Chairperson shall determine, and the Chairperson shall also then appoint the chair and designate the other members of the Committee.</p>		
<p><b>4.3 Committee Membership</b></p>	<p>Unless designated by resolution, the Members of any committee ("Committee Members") shall be appointed by the Chairperson, with the Board's advice. The Chairperson may appoint a Member to multiple committees. The Chairperson shall appoint each Member to a committee as the Chairperson may reasonably determine.</p>		
<p><b>4.4 Committee Member Terms</b></p>	<p>Commencing March 2022, and biennially thereafter, in January of every other year, the Chairperson shall appoint the Committee Members, who shall have terms through December 31st of the following year. No Member may be appointed to both the Audit, Compliance and Risk Committee and the Finance and Actuarial Committee. In the event of a vacancy on a committee, the Chairperson shall appoint a replacement Committee Member for the balance of the term of the vacating Committee Member. Except as to membership on the Audit, Risk and Compliance Committee, there shall be no limitation on the number of full terms for which a Committee Member may be</p>		





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	<p>reappointed. No Member shall serve on the Audit, Compliance and Risk Committee for more than two consecutive full terms, except that a Committee Member may be reappointed to the Audit, Compliance and Risk Committee by the Chairperson following a one-year absence from the committee. Notwithstanding the foregoing, each Committee Member shall serve until his or her successor is duly appointed or until his or her earlier death, resignation, or removal, it being understood that termination of membership on the Board shall constitute a resignation from the committee.</p>		
<p><b>4.5 Committee Chairs</b></p>	<p>For elections after January 1, 2022, biennially, Committee Members shall elect a chair of the committee ("Committee Chair") at such time as the first committee meeting of the year or at such time as the Committee Chair position becomes vacant. The Chairperson may not serve as a Committee Chair, except that the Chairperson may serve as the Committee Chair for the Board Governance and Administration Committee. The Committee Chair shall take office effective as of the day of his or her election and shall serve as Committee Chair through December 31st of the following year or until the Committee Chair's successor is duly elected or such officer's earlier death, resignation, or removal. If the Committee Chair does not complete his or her term, then the</p>		



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	<p>Committee Members shall elect an interim Committee Chair at the Committee meeting following the Committee Chair's departure from the Committee. The interim Committee Chair shall serve until the new Committee Chair takes office according to the procedures outlined above. The Committee Chair shall preside at all meetings of the committee. The Committee Chair shall have such other powers and perform such other duties as may be delegated by the Board and as described in the Committee Chair Position Description. No Committee Chair shall serve for more than three consecutive terms.</p>		
<p><b>4.6 Committee Vice Chairs</b></p>	<p>For elections after January 1, 2022, biennially, the Committee Members shall elect a vice chair of the committee ("Committee Vice Chair"). The Committee Vice Chair shall preside at all meetings of the committee in the absence of the Committee Chair. The Committee Vice Chair shall have such other powers and perform such other duties as may be delegated by the Committee Chair and as described in the Committee Vice Chair Position Description. The Committee Vice Chair shall serve through December 31st of the following year or until the Vice Chair's successor is duly appointed or such officer's earlier death, resignation, or removal. No Assistant Chair shall serve for more than three consecutive terms.</p>		



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<b>4.7 Committee Officers</b>	Except as otherwise provided in these Bylaws or by Board resolution, Committee Members may, in their discretion, elect such other officer(s) for the committee as they shall determine from time to time.		
<b>4.8 Committee Governance</b>	The term "Board," when used in any provision of these Bylaws relating to the organization or procedures of, or the manner of taking action by, the Board, shall be construed to include and refer to any committee of the Board. Any provision of these Bylaws relating or referring to action to be taken by the Board or the procedure required therefor shall be satisfied by the taking of corresponding action by a committee of the Board to the extent authority to take the action has been delegated to such committee pursuant a resolution of the Board, committee charter or these Bylaws.		
<b>Article I: Bylaws Section 5: Board Officers</b>			
<b>Officers and Terms</b>			
<b>Powers and Duties of the Chairperson</b>		<b>Section 3.1. <u>Chair.</u></b>	The Board shall have a Chair who each year shall be elected by the Board members at the organizational meeting of the Board specified in Section 5.5 hereof. <sup>44</sup> The Chair shall serve until the organizational meeting in the succeeding year and until his or her successor is duly elected and qualified, until he

<sup>44</sup> 24 Pa. C.S. §8501(a). The stated rule codifies the Board's non-statutory practice of electing a Chair each year at the January meeting.



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			or she resigns or is removed from office, or (in the case of an elective member of the Board) until his or her term of office as a member expires, whichever occurs first. The Chair shall preside at all meetings of the Board and shall have such other powers and duties as are provided by these Bylaws or by resolution of the Board to the extent not inconsistent with the Public School Employees' Retirement Code and other applicable law.
		<b>Section 3.2. <u>Vice Chair.</u></b>	The Board shall have a Vice Chair who each year shall be elected at the organizational meeting and shall serve on the same terms as apply to the Chair. <sup>45</sup> The Vice Chair shall preside at all meetings of the Board in the absence or inability of the Chair to act and shall have such other powers and duties as may be provided by resolution of the Board to the extent not inconsistent with the Public School Employees' Retirement Code and other applicable law.
<b>Vacancies</b>		<b>Section 3.3. <u>Vacancies.</u></b>	In the event of the Chair's death, inability to discharge the duties of Board membership, or removal or resignation from office, the Vice Chair shall serve as Acting Chair until the Board shall elect from among its members a successor Chair to serve for the unexpired portion of the former Chair's term. In the event of the Vice Chair's death, inability to discharge the duties of Board membership, or removal or resignation from office, the Board shall, as soon thereafter as practicable, elect from among its members a successor Vice Chair to serve for the unexpired portion of the former Vice Chair's term. In the event that the terms of office of both the Chair and Vice Chair expire at the end of the same calendar year, the Board may designate a temporary Chair from among its members to

<sup>45</sup> The Public School Employees' Retirement Code makes no provision for a vice chair.



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			serve in that capacity until a permanent Chair is elected in the following calendar year as specified in Section 3.1 and 3.2 hereof.
<b>Chairperson Term Limits and Succession</b>			
<b>Powers and Duties of the Secretary/ Executive Director</b>		<b>Section 3.4. <u>Other Offices.</u></b>	<p>(a) <u>Secretary.</u> The Executive Director of the System shall act as Secretary of the Board,<sup>46</sup> and in that capacity shall in general have and exercise those powers and duties which pertain to secretaries of business corporations organized under the Pennsylvania Business Corporation Law of 1988.<sup>47</sup> Without limiting the generality of the foregoing, the Secretary shall keep or, through one or more assistant secretaries as the Secretary may designate, see to the keeping of the minutes of meetings of the Board and of its committees; shall maintain such minutes and other records of all of the Board's proceedings; shall give notices of meetings as required by law or by these Bylaws; and shall have such other powers and duties as may be prescribed by resolution of the Board.</p> <p>(b) <u>Treasurer.</u> The State Treasurer is the custodian of the Fund.<sup>48</sup> All payments from the Fund shall be</p>

<sup>46</sup> The "secretary" of the Board is referred to as such in 24 Pa. C.S. §8502(a).

<sup>47</sup> Under the Business Corporation Law of 1988, every domestic business corporation must have a secretary, or a person who acts as such regardless of the title by which he or she is designated, to have such authority and perform such duties as may be provided by or pursuant to the corporate by-laws or, in the absence of controlling provisions of the by-laws, as may be determined by or pursuant to resolutions or orders of the board. 15 Pa. C.S. §1732(a), (b).

<sup>48</sup> 24 Pa. C.S. §8521(c).



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			<p>made by the State Treasurer in accordance with requisitions signed by the Secretary of the Board, or his or her designee, and ratified by resolution of the Board.<sup>49</sup> The State Treasurer has such other powers and duties as may pertain to the Fund as are provided in the Constitution and laws of the Commonwealth.<sup>50</sup></p> <p>(c) <u>Legal Advisor</u>. The Board will employ such chief counsel and outside counsel as the Board deems necessary.<sup>51</sup> The chief counsel appointed by the Board or his or her designee shall attend all meetings of the Board, supervise and administer the legal services provided by assistant or outside counsel, and perform such other duties as may be requested by the Board or the Executive Director.<sup>52</sup></p>
<b>Article I: Bylaws Section 6: Legal Counsel</b>			<b>(See 3.4(c))</b>
<b>Article I: Bylaws Section 7: Indemnification</b>		<b>ARTICLE VII</b>	<b>Section 7.1 Indemnification and Insurance.</b> (a) Indemnification of Board Members, Designees, Officers and Employees.

<sup>49</sup> Id. Pursuant to 24 Pa. C.S. §8521(d) the Board will annually review and approve all payments that are reflected in the June 30 Financial Statements of that year.

<sup>50</sup> Administrative Code of 1929, §707, 71 P.S. §247. In relation to the Public School Employees' Retirement Fund, such powers include, without limitation, those set forth in 72 P.S. §§301 (concerning deposit of moneys of which State Treasurer is custodian), 301.1 (short-term investment of moneys accumulated beyond ordinary needs of various funds), 306 (examination and pre-audit of requisitions for disbursements), 307 (audits of and warrants for disbursements), 308 (allocation of disbursement costs).

<sup>51</sup> Commonwealth Attorneys Act §401, 71 P.S. §732-401.

<sup>52</sup> Id. §402, 71 P.S. §732-402.



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		<p><b><u>INDEMNIFICATION OF MEMBERS</u></b></p>	<p>(i) For purposes of this Article VII, (A) “Proceeding” shall mean any threatened, pending, or completed action, suit or proceeding (including, without limitation, an action, suit or proceeding by or in the right of the System), whether civil, criminal, administrative, investigative, or through arbitration; and (B) “Indemnitee” shall mean each current or former Board member, former or current duly-appointed designee of a Board member, officer, or employee (including, without limitation, the attorneys in the System’s Office of Chief Counsel) of the System who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding, by reason of the fact that such person is or was a Board member, designee of a Board member, officer, or employee of the System or is or was serving in any capacity at the request or for the benefit of the System as a director, officer, employee, agent, partner, or fiduciary of, or in any other capacity, for any corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise.</p> <p>(ii) Each Indemnitee shall be indemnified and held harmless by the System for all actions taken by such Indemnitee and for all failures to take action (including in either such case a breach of responsibility, obligation, or duty imposed upon or imputed to an Indemnitee under 24 Pa.C.S. §8521 or under any other provision of the Public School Employees’ Retirement Code, 24 Pa.C.S. §§8101-9102, under statutory or common law of the Commonwealth of Pennsylvania, or under federal law imposing or imputing responsibilities, obligations or duties upon an Indemnitee and any negligent act, negligent error or negligent omission of an Indemnitee, or that is imputed to an Indemnitee, taking place in the course of the administration of the System) to the fullest extent permitted by Pennsylvania law against all expense, liability,</p>
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		<p>and loss (including, without limitation, attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding. No indemnification pursuant to this Article VII shall be made, however, in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court of competent jurisdiction to have constituted criminal conduct, willful misconduct, or self dealing.</p> <p>(iii) The right to indemnification provided in this Article VII shall include the right to have the expenses reasonably incurred by the Indemnitee in defending any Proceeding paid by the System in advance of the final disposition of the Proceeding upon the receipt by the System of a written agreement by the Indemnitee to refund the amounts so advanced if it is ultimately determined that the Indemnitee is not entitled to indemnification under this Article VII.</p> <p>(iv) Indemnification pursuant to this Article VII shall continue as to an Indemnitee who has ceased to be a Board member, designee of a Board member, officer, or employee of the System and shall inure to the benefit of such person's legal representatives, heirs, executors, and administrators.</p> <p>(b) Defense of Proceedings. Two or more law firms ("Standing Counsel") shall be duly appointed in accordance with the Commonwealth Attorneys Act, 71 P.S. §§732 101 - 732-506, (i) to provide advice on coverage under this Article VII, and (ii) to defend claims covered by this Article VII. Standing Counsel shall be in place and available for assignment at all times. Upon an Indemnitee's receipt of notice of the commencement of any Proceeding for which such Indemnitee intends to seek indemnification under this Article VII, such Indemnitee shall give prompt written notice</p>
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		<p>to the System (to the attention of the Executive Director) and shall submit a copy of the claim and every demand, notice, summons or other process received by such Indemnatee or such Indemnatee’s representative, whereupon the System shall (i) assume the defense of such Proceeding and shall advise such Indemnatee of the identity of Standing Counsel appointed to represent the Indemnatee, or (ii) issue a written denial of coverage under this Article VII, which shall state the reasons for denial. If the System does not respond to the Indemnatee within thirty (30) days after receipt of a notice of Proceeding from the Indemnatee, an Indemnatee may retain counsel at reasonable prevailing market rates and the System shall advance the fees and expenses of such counsel. If the System does appoint Standing Counsel to represent an Indemnatee, the Indemnatee may engage other counsel to participate in the defense of such Proceeding, but the fees and expenses of such other counsel shall be paid solely by the Indemnatee and shall not be reimbursed by the System unless the System shall otherwise agree. The System shall have authority to settle any claim involving only monetary relief to be paid solely by the System. The System shall not settle any other claim without the prior written consent of the Indemnatee. No Indemnatee may settle a claim for which coverage is sought under this Article VII without the System’s prior written approval of such settlement. The Indemnatee shall reasonably cooperate with the System and, upon the System’s request, assist in making settlements, in the conduct of suits, and in enforcing any right of contribution or indemnity against any person or organization that may be liable to the Indemnatee because of actions or failure to take actions covered by this Article VII.</p>
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			<p>(c) Claims for Indemnification and Advancement of Expenses. To the extent that an Indemnitee has been successful on the merits or otherwise in defense of any Proceeding or in defense of any claim, issue, or matter therein, the System shall indemnify such person against expenses (including attorneys' fees, but subject to the limitation in subsection (b) above) actually and reasonably incurred by such person in connection therewith. If indemnification under this Article VII or advancement of expenses are not made or paid by the System, or on its behalf, within 90 days after a written claim for indemnification or a request for an advancement of expenses by an Indemnitee has been received by the System, such Indemnitee may, at any time thereafter, bring suit against the System to recover the unpaid amount of the claim and/or the advancement of expenses. The right to indemnification and advancement of expenses provided hereunder shall be enforceable by an Indemnitee in the Board of Claims, and if indemnification and/or advancement of expenses is obtained by an Indemnitee in whole or in part, the expenses reasonably incurred by such Indemnitee in connection with obtaining such indemnification and/or advancement of expenses shall also be indemnified by the System. No action shall lie against the System unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Article VII (including, without limitation, the notice requirements) and, in the case of an action for indemnification, the amount of the Indemnitee's obligation to pay shall have been finally determined either by judgment against the Indemnitee or by written agreement of the Indemnitee, the claimant, and the System. Any person or organization or the legal representative thereof who has secured such judgment or</p>
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		<p>written agreement shall thereafter be entitled to recover under this Article VII to the extent of the coverage afforded by this Article VII. No person or organization shall have any right under this Article VII to join the System as a party to any action against the Indemnitee to determine the Indemnitee's liability, nor shall the System be impleaded by the Indemnitee or his or her legal representative. Bankruptcy or insolvency of the Indemnitee or of the Indemnitee's estate shall not relieve the System of any of its obligations hereunder.</p> <p>(d) Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses provided in this Article VII shall not be exclusive of any other rights that any person may have or hereafter may acquire under any statute, regulation, management directive, or otherwise.</p> <p>(e) Insurance. The System may self insure or purchase and maintain insurance, at its expense, for the benefit of any person on behalf of whom insurance is permitted to be purchased by Pennsylvania law against any expense, liability or loss, in whole or in part, whether or not the System would have the power to indemnify such person under Pennsylvania law. The System may also self insure or purchase and maintain insurance to insure its indemnification obligations whether arising hereunder or otherwise.</p> <p>(f) Fund for Payment of Indemnification Obligations. To the extent permitted by law, the System may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise may secure in any manner its indemnification obligations under this Article VII.</p> <p>(g) Limitations on Indemnification. Notwithstanding the foregoing provisions:</p> <p>(i) the total amount of indemnification for any one calendar year or for any one claim or series of related claims based on</p>
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		<p>the same action or failure to take action shall be limited to forty million dollars (\$40,000,000) or such other amount as may be designated from time to time by resolution of the Board,</p> <p>(ii) the limit of liability under this Article VII and the limit of liability under a self insurance plan that the Board may establish shall be a single, combined limit of forty million dollars (\$40,000,000) or such other amount as may be designated from time to time by resolution of the Board,</p> <p>(iii) no indemnification shall be provided to the extent an Indemnitee receives reimbursement under insurance policies or a self-insurance program established by the Commonwealth (other than a self-insured plan established by the System),</p> <p>(iv) in the event that a such claim is covered under an insurance policy maintained by the System or a self-insurance program established by the Commonwealth (other than a self-insurance plan established by PSERS,) the forty-million dollar (\$40,000,000) limit of indemnification stated in this Section 7.1(g)(i) shall be applied to cover any liability that is in excess of the limit of liability of such insurance policy or self-insurance program, and</p> <p>(v) in the event of any payment under this Article VII on behalf of an Indemnitee, the System shall be subrogated to all of such Indemnitee’s rights of recovery against any person or organization, and such Indemnitee shall execute and deliver all instruments and papers required and shall do whatever else is reasonably requested by the System to secure such rights, including, without limitation, the execution of such documents necessary to enable the System effectively to bring suit in the name of such Indemnitee. The System shall not subrogate against any other person who is an Indemnitee</p>
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			<p>hereunder unless such other person is guilty of criminal conduct, willful misconduct, or self dealing under Subsection (a)(i) of Article 7.1.</p> <p>(h) Reservation of Immunities. The System reserves all immunities, defenses, rights, or actions arising out of its sovereign status or from the Eleventh Amendment to the United States Constitution. No provision of this Article VII shall be construed as a waiver of any such immunities, defenses, rights, or actions.</p> <p><b>Section 7.2. Amendment.</b> The provisions of this Article VII shall constitute a contract between the System and each Indemnatee that may be modified as to any Indemnatee only with that person's consent or as specifically provided in this Section 7.2. This Article VII may be repealed or amended without the consent of an Indemnatee for whom such repeal or amendment is adverse so long as such repeal or amendment applies to such Indemnatee only on a prospective basis and does not limit the rights of such Indemnatee to indemnification or to the advancement of expenses with respect to any action or failure to act occurring prior to the time of such repeal or amendment.</p>
		<p><b>ARTICLE IX</b></p> <p><b><u>FISCAL YEAR</u></b></p>	<p>The Fiscal Year of the Board, the System, the Fund, the Plan, and the Trust shall be July 1 to and including the June 30 of the following year.</p>
<p><b>Article I: Bylaws</b></p> <p><b>Section 8:</b></p>	<p>The Board (but not a committee thereof) shall have the power to modify, amend and repeal these Bylaws or any committee charter by a two thirds (2/3) vote of the Members present and voting at any open</p>	<p><b>ARTICLE X</b></p>	<p><b>Section 10.1. Adoption and Effective Date.</b> These Bylaws were originally adopted as the Bylaws of the Board on the 25th day of January, 1991, by the Board, effective upon adoption.</p>



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<p><b>Amendments<sup>53</sup></b></p>	<p>meeting at which a quorum is present after 15 days advance written notice to all Members. Such notice shall set forth the proposed modifications or amendments or specify the provisions proposed to be repealed. The text of each modification, amendment or repeal of the Bylaws or committee charter shall be attached to the Bylaws or committee charter (as appropriate) with a notation of the date of such modification, amendment, or repeal. At any time and from time to time, the Chairperson may direct the Executive Director/Secretary to certify and publish a restatement of these Bylaws or any committee charter, as amended as of the date of such certification.</p>	<p><b><u>ADOPTION, AMENDMENT AND REPEAL</u></b></p>	<p><b>Section 10.2. <u>Suspension of Rule.</u></b> Any rule of order which is set forth in these Bylaws and which the Board is not bound to observe by any provision of the Constitution or laws of the Commonwealth may be suspended for the purpose of any order of business at any meeting of the Board or committee thereof by a majority vote of the members present.</p> <p><b>Section 10.3. <u>Amendment or Repeal.</u></b></p> <p style="padding-left: 40px;">a. <u>By the Board.</u> Consistently with the Constitution and laws of the Commonwealth, these Bylaws may be amended or repealed, in whole or in part, and new Bylaws may be adopted by a two thirds (2/3) vote of the members of the Board present and voting at any open meeting after 15 days advance written notice to all members. Such notice shall set forth the proposed amendment or amendments or specify the Bylaws or part thereof proposed to be repealed.</p> <p style="padding-left: 40px;">b. <u>By operation of law.</u> These Bylaws shall be deemed amended by, and to the extent of, any change in law (or change in regulations or orders having the force of law which shall have been duly promulgated by any authority of the Commonwealth within the scope of its jurisdiction)</p>
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<sup>53</sup> Language in both columns in the “Amendments” columns exists because the Consolidated Bylaws is a hybrid, working document that contains language pulled from two separate documents—the newly adopted framework and the base, pre-governance Bylaws. Both of these underlying documents need their own amendments section to maintain consistency (i.e., 15 days’ notice and 2/3 vote to repeal/amend the old bylaws and to adopt/amend the new framework).



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			<p>with which any provision of these Bylaws conflicts or is inconsistent. Any such amendment shall be effective by operation of law on the taking effect of the relevant constitutional amendment, statute, regulation or order in accordance with its terms without formal change in the text of the affected provision or provisions of these Bylaws. Any subsequent restatement of the Bylaws, as provided in Section 10.4 hereof, shall, with the advice of counsel, be conformed to incorporate or reflect any changes in law since the last prior restatement.</p> <p><b>Section 10.4. Recording or Restatement.</b> The text of each amendment to or repeal of these Bylaws, together with a notation of the date of such amendment or repeal, shall be permanently maintained by the Board. Following the Board’s adoption of each amendment or repeal, an updated restatement of the Bylaws shall be prepared.</p>
<b>Article II. Committee Charters</b>			
<b>Section 1: Audit, Compliance &amp; Risk Committee</b>	<a href="#">II. 1. Audit, Compliance, and Risk Committee Charter</a>		
<b>Section 2: Benefits and Appeals Committee</b>	<a href="#">II. 2. Benefits and Appeals Committee Charter</a>		
<b>Section 3:</b>	<a href="#">II. 3. Governance and Administration Committee Charter</a>		



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<b>Board Governance &amp; Administration Committee</b>			
<b>Section 4: Defined Contribution Plan Committee</b>	<a href="#">II. 4. Defined Contribution Committee Charter</a>		
<b>Section 5: Finance &amp; Actuarial Committee</b>	<a href="#">II. 5. Finance and Actuarial Committee Charter</a>		
<b>Section 6: Health Care Committee</b>	<a href="#">II. 6. Health Care Committee Charter</a>		
<b>Section 7: Investment Committee</b>	<a href="#">II. 7. Investment Committee Charter</a>		
<b>Article III. Position Descriptions</b>			
<b>Section 1: Board Member Position Description</b>			
<b>Section 2: Board Chair Position Description</b>			
<b>Section 3: Board Vice Chair Position Description</b>			
<b>Section 4:</b>			





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<b>Committee Chair Position Description</b>			
<b>Section 5: Committee Vice Chair Position Description</b>			
<b>Article IV. Board Policies Section 1: Board Structure &amp; Operations</b>			<b>(NOT PASTED HERE. SEE <a href="#">Board Governance Manual (pa.gov)</a> FOR LINKS TO INDIVIDUAL POLICIES)</b>
<b>1.1 Strategic Planning Process</b>			
<b>1.2 Actuarial Services Policy</b>			
<b>1.3 Board Member Indemnification Policy</b>			<b>(See Article 7)</b>
<b>1.4 Securities Litigation Policy</b>			<a href="#">Securities Litigation Policy</a>
<b>1.5 Election Procedures and Guidelines Policy</b>			<a href="#">Election Procedures and Guidelines Policy</a>
<b>Article IV. Board Policies Section 2: Duties &amp; Powers Reserved for the Board</b>			
<b>Powers expressly reserved for the Board</b>			
<b>Article IV. Board Policies Section 3: Delegations</b>			
<b>3.1 Delegations to Executive Director</b>			



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3.2 Performance Review Process for Executive Director			
3.3 Board-Staff Relations			
<b>Article IV. Board Policies</b> <b>Section 4: Code of Conduct, Ethics &amp; Conflicts of Interest</b>			
4.1 Standards of Conduct		<b>ARTICLE VI</b> <u><b>STANDARDS OF OFFICIAL CONDUCT</b></u>	<p><b>Section 6.1. Public Official and Employee Ethics Act.</b><sup>54</sup> The Public Official and Employee Ethics Act is applicable to the Board and to the members thereof in accordance with its terms.</p> <p><b>Section 6.2. Governor's Code of Conduct.</b> The Governor's Code of Conduct<sup>55</sup> is applicable to the Board and to the members thereof, excepting the State Treasurer and legislative members and any designees thereof, in accordance with its terms.</p> <p><b>Section 6.3. Additional Standards.</b></p> <p>(a) <u>Political activity.</u> To avoid even an appearance that the Board may be influenced in the performance of its duties by political or other partisan considerations, no member of the Board shall solicit or shall lend his or her name to any solicitation of any political</p>

<sup>54</sup> 65 Pa. C.S. §§ 1101-1113. The Ethics Act was originally enacted on October 4, 1978 by Act 1978-170. It was amended and reenacted on June 26, 1989 by Act 1989-9. It was amended and codified on October 15, 1998 by Act 1998-93. To the extent they are not merely cumulative to the actual provisions of the Ethics Act, the State Ethics Commission's "Guide to Pennsylvania Public Official and Employee Ethics Act (Rev. 2/03)" and the Commission's decisions under the Ethics Law shall be accorded advisory weight and effect.

<sup>55</sup> 4 Pa.Code §§ 7.151-.159, .161-.164, .171-.179.



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		<p>contribution from any person who is a State consultant (as that term is used in the Ethics Law) to the Board or who, although not under contract to the Board currently, belongs to a business or occupational class from which State consultants to the Board are periodically drawn as needs arise.</p> <p>(b) <u>Other solicitations.</u> No member of the Board shall solicit or lend his or her name to any solicitation from any person who is a State consultant (or who may reasonably be considered a prospective State consultant) to the Board for any other purpose, including educational or charitable endeavors, under circumstances which the recipient of such a solicitation could regard as coercive or which in any other way could raise a legitimate question about the member's ability to fairly, impartially, and prudently perform his or her duties on the Board.</p> <p>(c) <u>Expenses of official business.</u> No member of the Board shall solicit or accept reimbursement, or permit payment to be made in his or her behalf, for the expenses of travel, accommodations, subsistence, and incidentals while on official Board business by any person other than the Board itself or other agency of the Commonwealth, it being the policy of the Board that members be reimbursed by the Board for the reasonable and necessary expenses of attending to Board business. Nothing in this subsection shall preclude (i) reimbursement or payment of Costs, as defined in the Board's Travel and Education Policy, by the approved pension industry organizations identified in the Board's Travel and Education Policy, (ii) the acceptance of food, refreshments, and/or recreational opportunities which are included as part of an educational conference or other officially approved meeting for which an inclusive registration</p>
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			fee is charged and is payable or reimbursable by the Board subject to any required Commonwealth approvals, regardless of whether the sponsorship of such conference or meeting may include, directly or indirectly, current or prospective State consultants, or (iii) other acceptance of food and refreshments of nominal value in the ordinary course of a luncheon or dinner meeting or other meeting; provided, however, that members of the Board may not accept any such benefit or thing of monetary value under circumstances which could raise a legitimate question about their ability to fairly, impartially, and prudently perform their duties on the Board.
<b>4.2 Ethical Conduct Policy</b>			<a href="#">Ethics Policy</a>
<b>4.3 Recusal Policy</b>			
<b>4.4 Board Confidentiality</b>			<b>(See Ethics Policy § 3(n))</b>
<b>4.5 Policy on Placement Agent Disclosures</b>			
<b>4.6 SEC “Pay-to-Play” Rule Compliance &amp; Reporting Policy</b>			
<b>4.7 Financial Disclosure Policy</b>			<a href="#">Executive Order 1980-18 - Code of Conduct</a> <a href="#">Management Directive 205.9 - Code of Conduct Statement of Financial Interest Filing</a> <a href="#">Management Directive 205.12 - Financial Disclosures Required of Former Public Employees and Former Public Officials</a>



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<b>4.8 Insider and Personal Trading Policy</b>			
<b>4.9 Referral of Investment Opportunities &amp; Service Provider Candidates; Related Communications ; Undue Influence</b>			
<b>4.10 Board Travel Policy</b>			<a href="#">PSERS Board Travel Policy</a>
<b>4.11 Whistleblower &amp; Reporting Policy</b>			<a href="#">Fraud, Waste, and Abuse Reporting and Investigation Policy</a>
<b>Article IV. Board Policies Section 5: Board Development &amp; Evaluation</b>			
<b>5.1 Board Self-Assessment Policy</b>			
<b>5.2 Board Education Policy</b>			<a href="#">Education Policy</a>
<b>5.3 Fiduciary Review Policy</b>			
<b>Article IV. Board Policies Section 6: Stakeholder Relations/ Communications</b>			
<b>6.1 Board Communications Policy</b>			



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6.2 Stakeholder Communications			
6.3 Legislative Communications			
6.4 Crisis Communications			
<b>Article IV. Board Policies</b>			
<b>Section 7: Performance, Risk &amp; Compliance Oversight</b>			
7.1 EPRM Policy			
7.2 Compliance Policy			
<b>Article IV. Board Policies</b>			
<b>Section 8: Independent Reassurance</b>			
Audit Policy		<p><b>ARTICLE VIII</b></p> <p><b><u>FINANCIAL REPORTING AND INDEPENDENT AUDITS</u></b></p>	<p><b>Section 8.1. Annual Financial Statement.</b> The Board shall prepare and have published, on or before January 1 of each year, a financial statement as of the fiscal year ending June 30 of the previous year showing the condition of the fund and the various accounts thereof, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning the benefit plan or plans provided by the Public School Employees’ Retirement Code. The Board shall submit the annual statement to the Governor of the Commonwealth and the members of the General Assembly and make it available to participating employers for the use of school employees and to the general public.<sup>56</sup></p>

<sup>56</sup> Section 8.1 based on 24 Pa. C.S. §8502(n).



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			<b>Section 8.2. Independent Audits.</b> The Board shall provide for an annual audit of the System and the Plan by an independent certified public accounting firm. <sup>57</sup>
<b>Article V. Core Functional Policies</b>			
<b>Section 1: Asset Management</b>			
<b>1.1 Investment Policy Statement</b>			<a href="#">Investment Policy Statement</a>
<b>1.2 Non-U.S. Proxy Voting Policy</b>			<a href="#">Non-U.S. Proxy Voting Policy</a>
<b>1.3 U.S. Proxy Voting Policy</b>			<a href="#">U.S. Proxy Voting Policy</a>
<b>1.4 ESG Policy</b>			
<b>Article V. Core Functional Policies</b>			
<b>Section 2: Liability-related</b>			
<b>Funding Policy</b>			
<b>Article V. Core Functional Policies</b>			
<b>Section 3: DC Plan</b>			
<b>Investment Policy Statement – DC Plan</b>			<a href="#">Investment Policy Statement, Objectives, and Guidelines of the DC Plan</a>

<sup>57</sup> Section 8.2 based on 24 Pa. C.S. §8502(o).



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OTHER PSERS FUNCTIONAL POLICIES NOT TO BE INCLUDED IN THE GOVERNANCE FRAMEWORK (see Report, pg. 59)	
	Reviewed/Revised pursuant to the Governance Framework implementation
<a href="#">Automation Policy</a>	<input type="checkbox"/> Notes:
<a href="#">External Board Appointment and Attendance at Meetings Policy</a>	<input type="checkbox"/> Notes:
<a href="#">Health Options Program Code of Conduct for Prescription Drug Program</a>	<input type="checkbox"/> Notes:
<a href="#">Health Options Program Eligibility and Enrollment Policy</a>	<input type="checkbox"/> Notes:
<a href="#">Investment Transparency Policy</a>	<input type="checkbox"/> Notes:
<a href="#">Oral Argument Policy</a>	<input type="checkbox"/> Notes:
<a href="#">Policy Manual for Investment Professional Staff</a>	<input type="checkbox"/> Notes:
<a href="#">Public Information Policy</a>	<input type="checkbox"/> Notes: