



November 18, 2021

Letter of Transmittal

Mr. Christopher SantaMaria, Chair
Pennsylvania Public School Employees Retirement System
5 N 5th Street
Harrisburg, PA 17101-1905

Dear Chair SantaMaria:

We are pleased to submit the final report for our independent governance review of the Pennsylvania Public School Employees Retirement System (PSERS). While this report is being issued on November 18, 2021, it represents work that was essentially completed by the end of May 2021. Finalization and issuance of the report was deferred, in consultation with [PSERB and its legal counsel], to avoid interfering with the PSERB's focus on and independence of ongoing internal investigations commissioned by PSERSB which were outside the scope of this review. This hiatus allowed us to complete fact checking and issue our report at a time when the Board would be better positioned to concentrate its time and attention on forward-looking governance reforms.

As requested by the Board Chair, Vice-Chair and the Chair of the Ad Hoc Governance Committee, the attached report represents our best efforts to present our findings and recommendations at the point in time when our work on the various sections was originally completed, without any edits or comments that reflect events which have transpired since then. We believe this will most effectively place the PSERB in a position to consider implementation of governance reforms contained in this report.

We would like to thank the Board and PSERS staff members for their cooperation as we conducted the review inquiry and completed the report. We hope it will be of value to PSERB and benefit the system's participants and stakeholders.

Sincerely

A handwritten signature in blue ink, appearing to read "Rick Funston".

Rick Funston
CEO
Funston Advisory Services LLC