



Public School Employees' Retirement Board

Special Board Meeting Minutes

Monday, January 31, 2022 [Sunshine]

Call to Order: Christopher Santa Maria, Chair, called the meeting to order at 8:13 P.M. via MS TEAMS.

Board Members Present:

Christopher Santa Maria, Chair
Rep. Frank Ryan, Vice-Chair
Patrick Shaughnessy for Rep.
Matt Bradford
Stacey Connors for Sen. Patrick
Browne

Jason Davis
Treas. Stacy Garrity
Susan Lemmo
Nathan Mains
Ann Monaghan
Sen. Katie Muth

Patrick Lord for Sec. Noe Ortega
Joe Torsella
Sec. Richard Vague
Melva Vogler

Board Members Absent:

Eric DiTullio

Others Present:

Meredith Auten, MorganLewis
James Bloom
Thomas Clancy
Christopher Craig
Lloyd Ebright

Alan Flannigan
Zane Memeger, MorganLewis
Claire Rauscher,
WombleBondDickinson

Sarah Stone,
WombleBondDickinson
William Sullivan, Pillsbury

Staff Present:

Tivia Danner
Terri Sanchez

Charles Serine

1. Acceptance of Published Agenda or Amendments

Rep. Frank Ryan motioned, with Jason Davis seconding. The motion passed unanimously.

2. Public Comment – none

3. Consultation with Counsel in Connection with Potential or Current Litigation

At 8:15 P.M., Terri Sanchez stated “In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board, we are going into **Executive Session** to discuss the item listed on today's agenda, namely consultation with counsel in connection with potential or current litigation. According to

Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss agency business which, if conducted in public would violate a privilege or lead to the disclosure of information or confidentiality protected by law, including matters related to the initiation and conduct of investigations of possible or certain violations of law.”

Rep. Frank Ryan moved that the Board enter Executive Session, with Treas. Stacy Garrity seconding the motion. The motion passed unanimously.

The Regular session resumed at 10:52 P.M.

4. Action Items

Resolution 2022-08 Re: Issuance of the Womble Bond Report Concerning the Investigation of the Shared Risk Calculation and the Harrisburg Real Estate

WHEREAS, pursuant to Resolution 2021-11 (A/C), the Audit/Compliance Committee of the Public School Employees’ Retirement Board (the “Board”) authorized the engagement of Womble Bond Dickinson (“Womble Bond”) to conduct a special independent investigation surrounding the circumstances of the misstatement of the 9-year investment performance used for the shared risk calculation in December 2020 (the “Shared Risk Calculation”);

WHEREAS, pursuant to Resolution 2021-27 (A/C), the Public School Employees' Retirement Board (the "Board") expanded the scope of the special independent investigation to be conducted by Womble Bond, to include facts and circumstances surrounding the purchase and valuation of the following properties in Harrisburg, Pennsylvania by PSERS: 1) former Harrisburg, Patriot News facilities on Market, Ninth and Tenth Streets; 2) former Department of General Services Building on Market Street; 3) three additional Tenth Street Parcels; 4) 1000 Market Street; and 5) the use in 2019 of \$5 Million for these purchases (collectively the “Harrisburg Real Estate”);

WHEREAS, Womble Bond has submitted its written report dated January 31, 2022 on its investigation of the Shared Risk Calculation and the Harrisburg Real Estate (the “Report”);

RESOLVED, that the Board hereby authorizes the public issuance of the Womble Bond Report, including all of its appendices, with exhibits to follow, by posting the Report on its website at the conclusion of the meeting.

Rep. Frank Ryan moved the resolution, and Joe Torsella seconded.

Comments:

Sen. Katie Muth stated the following, *“For the public, if they even knew to listen because of the late hour and also the massive delay in the Sunshine Board meeting, for those who are listening and hopefully the meeting minutes will correctly reflect my comments, that despite my immense support for making all reports and findings public, that this report did not give any sort of recommendation, that this public report will be redacted for privilege, and that also there was debate over what was redacted versus what was not. I think that is an important thing to note because this is a tax-payer funded report and I hope that the questions raised today will be answered and followed up on thoroughly and urgently as they are imperative to actually determining how to take the appropriate steps moving forward to make sure this never happens again.”*

Treas. Stacy Garrity expressed she was *“very pleased that the Board has chosen to release the complete Womble Bond report. This is an issue of great public interest, the public deserves to have access to the report, of Womble Bond’s independent investigation. As the Board moves forward this is the kind of transparency that will give the public confidence in our actions.”*

Rep. Frank Ryan stated *"I want to thank everyone that participated in this, but I will also concur with the Treasurer's comment. This is a level of transparency, a level of thoroughness, a level of accuracy, and the vast majority of folks relative to the cooperation to provide an accurate and full report relating to what transpired for the shared risk issue in the Harrisburg property calculation, and I recognize that as we move forward from this and as well as with the Funston report that we will be making recommendations for additional changes to governance and the implementation of some of those changes that have already been enacted by statute to include the project that's already been working underway relative to the SOC1 Type2 engagement, we will find an additional set of internal controls that we will be able to affect. Again, this is a good step and the Board has been doing this for quite some time now, to be able to make sure that level of overall supervision controls that continue to reflect that the assets have been fully protected have clearly been identified."*

Nathan Mains comments, *"I just want to thank the folks from Womble. It was a long and difficult process and long and difficult day. While they are sitting right now, they've actually been able to stand for 15 hours and keep going. Kudos to them. Secondly, to thank the Audit Committee and specifically Frank Ryan who has driven the Audit Committee as they've led this, and then Chris to you as well. I know you and Frank have been busier with this than any other Board member and given up more hours than just about anybody else, and hopefully you can start to reclaim some of your time, both of you, so my thanks."*

Sec. Richard Vague stated, *"I would heartily endorse what Nathan Mains said. I would absolutely concur with what Treasurer Garrity said. This is a document that will bring great benefit to us, we have learned a lot in the process, and I think the organization will be greatly improved as we consider the matters in this document and implement the necessary things to make this a better organization. And lastly, I'd like to thank Chairman Santa Maria for his terrific leadership over the last year to get us to this point. I'm very excited about the things that are going on inside PSERS now and very optimistic about the future."*

Sen. Katie Muth responded with, *"I would like to add for the public's records that the documents that we were privy to were those presented to us, of all those collected, the Board has still not seen them all in their hard copy format to verify the findings in this complete report, which I would say complete is an operational definition for each Board member to define for themselves, so thank you."*

Chairman Santa Maria thanked everyone.

The resolution passed, with one absence being Eric DiTullio.

5. Other Business - none

Without objection, Christopher Santa Maria adjourned the meeting at 11:00 P.M.

DocuSigned by:

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