

**Commonwealth of Pennsylvania
Public School Employees' Retirement System
Phone: (717) 720-4749
jowasiak@pa.gov**

To: PSERS Board of Trustees

From: Joseph E. Wasiak Jr., Deputy Executive Director of Administration

RE: Bylaws Change

Date: September 25, 2019

This memorandum serves as notice to all Board members of the upcoming change to the Board's Statement of Organization, Bylaws, and Other Procedures (Bylaws) to be proposed at the October 11, 2019 Board meeting.

Background. At the August 9, 2019 Board meeting the Board was informed that the section of the Bylaws dealing with political contributions (Section 6.3 (a)) conflicted with the Board's Ethics Policy. In summary, the Bylaws prohibited trustees from accepting political contributions whereas the Ethics Policy allowed for the receipt of political contributions but required the trustees to recuse themselves from participation in any matter pending before the Board that involved the business entity or the individual making that political contribution. See the citations below.

Bylaws:
Section 6.3. Political Activity.

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 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.

Ethics Policy:
Section 3(i).

A Trustee who has received a Political Contribution of \$250 or more within the past two years from an individual or an officer or director of a corporation or other business entity shall disclose the fact of the contribution and recuse themselves

from participation in any matter pending before the board that involves the business entity or the individual.

In addition to this apparent contradiction between these two policies, the Ethics Policy includes a definition for Political Contributions while Bylaws does not.

Recommendation. In order to address this situation, we are proposing that the definition of Political Contributions and the prohibition contained in the Board Ethics Policy be combined into one provision in the Bylaws, Section 6.3 (a) to read as follows:

Political Activity. Any member of the Board who has received a Political Contribution of \$250 or more within the past two years from an individual or an officer or director of a corporation or other business entity shall disclose the fact of the contribution and recuse themselves from participation in any matter pending before the Board that involves the business entity or the individual. For purposes of this Section 6.3(a), a Political Contribution shall be defined as any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate or political committee made for the purpose of influencing any election in this Commonwealth or for paying debts incurred by or for a candidate or committee before or after any election. This shall also include the purchase of tickets for events such as dinners, luncheons, rallies and all other fund-raising events; the granting of discounts or rebates not available to the general public; or the granting of discounts or rebates by television and radio stations and newspapers not extended on an equal basis to all candidates for the same office; and any payments provided for the benefit of any candidate, including any payments for the services of any person serving as an agent of a candidate or committee by a person other than the candidate or committee or a person whose expenditures the candidate or committee must report under this act. The word "contribution" includes any receipt or use of anything of value received by a political committee from another political committee and also includes any return on investments by a political committee.

At the October 10, 2019 Bylaws Policy Committee meeting the Committee will consider this change and whether to forward it to the Board for approval and inclusion in the Bylaws. Approval of this change will require a two thirds (2/3) vote of the members present at the meeting. Any questions regarding this memorandum should be forwarded to me as soon as possible.