



# Commonwealth of Pennsylvania Public School Employees' Retirement Board

<b>Policy Name:</b>	<b>Board Policy Development</b>
<b>Policy Number:</b>	2025-POL-BD-02
<b>Effective Date:</b>	March 21, 2025
<b>Last Reviewed Date:</b>	March 21, 2025
<b>Executive Staff Contact:</b>	Executive Director

## I. Purpose

The purpose of this policy is to establish a framework for the development, adoption, review, and amendment of clear and comprehensive policies for the Public School Employees' Retirement Board (the "Board").

## II. Definitions

**"Board Member"** shall mean a member or designee of the Board.

**"Board Policy"** shall mean a policy for which the Board wishes to retain authority or whose intent is to provide direction to management that must be followed and cannot be changed without subsequent Board approval. Typically, Board Policies will address issues where the matter being addressed:

- Has the potential for substantial risk or benefit to the Public School Employees' Retirement System (PSERS) and requires consistent application.
- Is essential to the discharge of the Board's fiduciary duty,
- Is a Board governance matter,
- Is not an operational matter which would fall within the discretion of the Executive Director or other Executive Staff.

**"Responsible Committee"** shall mean the Committee of the Board responsible for making recommendations on a specific policy to the Board and is based on the duties and responsibilities specified in the Committee Charter.

## III. Scope

This policy provides a framework for the development and review of Board Policies.

## IV. Objective

The objectives of this policy are to:

1. Incorporate due diligence into the policy-setting process by utilizing Committees of the Board in the development, review, amendment, and recommendation of policies to the Board

Policies, for those areas under the purview of the Committee, as specified in the Committee Charter.

2. Ensure that the need for new policies and amendments to existing Board Policies is anticipated and planned for and that reviews of existing Board Policies take place on a regular basis.
3. Provide a method for effective and efficient development of unanticipated policies as they arise and for complex policy matters, the development of policy options with related pros and cons with the provision of supporting data.
4. Increase the likelihood that appropriate, comprehensive policies exist for all areas covered by the Board.
5. Reduce the risk of duplicate, conflicting, or unnecessary policies.
6. Ensure that policies are periodically benchmarked against best practices and peers.

## V. Policy

The Board, through its Bylaws, has established various Committees of the Board to assist the Board in fulfilling its fiduciary responsibilities, and through Committee Charters has delegated specific duties and responsibilities with respect to certain areas of operation of PSERS to each Committee. Included in each Committee's Charter is the responsibility to recommend direction and policy to the full Board on matters within the scope of the Committee's oversight. As a general matter, the following duties and responsibilities will guide the policy setting process.

1. Each Committee will develop, amend, review, and make recommendations to the Board on all Board Policies related to the Committee's areas of responsibility.
2. Questions of responsibility for a Board Policy may be directed to the Board Chairperson, who may refer the question to the Governance and Administration Committee for consideration and recommendation of Committee responsibility to the Board.
3. The Executive Director, with direction from the Committee Chair and in consultation with the Chief Counsel, Chief Investment Officer, Chief Compliance Officer, Committee Liaisons, and others in the Executive Office, as appropriate, shall provide support and assistance in identifying necessary Board Policy or Board Policy amendments, and for researching and drafting such for Committee consideration, including policy options with pros and cons as may be appropriate. Alternatively, or additionally, Committees may utilize Board service providers to lead or participate in fulfilling such duties.
4. Annually, each Committee may identify and document in the Committee's work plan those Board Policies it anticipates taking under consideration during the work plan year.
5. Committees may be assigned policy work from other Committees through the Board Chairperson.

6. This policy shall not preclude Committees from identifying additional policy priorities during the course of a given year.
7. Board Policy priorities should be based on the Board's strategic priorities and initiatives, risk and performance factors, legislative and regulatory changes, actual and pending litigation, and recommendations from studies or audits.
8. The Chief Compliance Officer, in conjunction with the Chief Counsel, shall review all proposed Board Policies, including proposed revisions to a Board Policy, for compliance, form and legality, including but not limited to, considering whether the policy's subject matter should be set forth in a regulation promulgated by PSERS. The Chief Compliance Officer and Chief Counsel shall report the results of this review to the Responsible Committee and the Board, as needed.
9. Board Policies should be organized into subsections and as applicable should contain the following elements:
  - A. Purpose
  - B. Definitions
  - C. Scope
  - D. Objectives
  - E. Policy
  - F. Compliance
  - G. Responsible Committee Ownership and Frequency of Review
  - H. Related Policies/Issuances
  - I. Policy History
  - J. Responsibilities, if they are not clear and incorporated into the mandatory sections of the policy
  - K. Appendix
10. Upon the adoption of a Board Policy, the Responsible Committee should consider providing education that may be necessary or beneficial to the Board and should forward a request for such education to the Board Information Officer for inclusion in the Board Education Plan.
11. The effective date of a new or modified Board Policy is the date of Board approval, unless otherwise specified by the approval Board resolution.
12. All Board Policies shall be publicly accessible unless the approval Board resolution specifies otherwise.
13. The Board Secretary or the Board Secretary's designee(s) shall be the custodian of Board Policies.
14. Board Policies should be reviewed by the Responsible Committee at a time specified within each policy, but no less frequently than every three years and when there are changes in the Board's strategic priorities and initiatives, risks or performance factors, legislation or

regulation, actual or potential litigation, or recommendations from studies or audits that may impact the efficacy of the policy. The Responsible Committee should report the results of this review to the Board.

15. The Chief Compliance Officer, in conjunction with the Chief Counsel, shall biannually review all Board Policies for form and legality and to determine whether compliance matters in the previous two years, changes in business activities, or legal changes may necessitate amending Board Policies. The Chief Compliance Officer and Chief Counsel shall report the results of this review to the Board.

## VI. Responsible Committee and Frequency of Review

1. The Responsible Committee for this policy is the Governance and Administration Committee.
2. This policy shall be reviewed by the Governance and Administration Committee every three years and when there are changes in the Board's strategic priorities and initiatives, risks or performance factors, legislation or regulation, actual or potential litigation, or recommendations from studies or audits that may impact the efficacy of the policy. The Governance and Administration Committee shall report the results of this review to the Board.

# Document Properties:

## Summary of Changes:

Date	Version	Summary
03/21/2025	1.0	NEW Policy adopted by Board Resolution 2025-27