

Opening Comments from Chris Santa Maria, PSERS Board Chairman at PSERS Emergency Board Meeting on 3/3/2022

Good afternoon, everyone.

I have a brief statement.

On Monday I expressed my deepest concern, on behalf of the System, for the people of Ukraine who are suffering under the terrible military campaign being inflicted upon them by Russia with the cooperation of Belarus.

Last week I asked our investment staff to research the direct investment we have with firms doing business in Russia and Belarus. They estimate that our exposure in those two Countries is between \$270 – 300 million, or less than one half of one percent of our entire portfolio. That being said, any amount of investment in these two countries now poses an unacceptable risk, in my opinion.

In my statement I said that our investment staff would continue to monitor the situation closely ahead of our regularly scheduled March

11 Board meeting, and that at that meeting we would make a decision on these investments.

Over the past three days I have been contacted by Board members who questioned whether it was necessary or prudent to wait another week to address this issue given that the situation over in the Ukraine has only gotten worse each day, and that many state and local governments, along with private sector firms, have already begun to take action.

Waiting until March 11 may be a matter of scheduling convenience, but it most certainly doesn't reflect the sense of urgency the Board feels at this moment.

After a discussion involving the Vice Chair, the Investment Committee Chair, the Executive Director, our Interim Chief Investment Officer, and our Fiduciary Counsel along with our Chief Counsel, I have exercised my authority under the By-Laws to call for this emergency meeting of the Board so that we can

take action now on behalf of our members. I have asked our Chief Counsel to prepare a resolution for consideration that would direct the Investment Office to begin the divestment of PSERS from Russia and Belarus in an expedited manner consistent with our fiduciary responsibility of prudence. The resolution will also halt any future consideration of direct investments in Russia or Belarus, including firms based in those two countries, until such time as the Board changes that order.

Bob Devine, our interim chief investment officer is here along with Suzanne Dugan, our fiduciary counsel. Bob, I will ask you to let me know if there is a need to take us into executive session for you to respond to a question.

And, finally, I want to acknowledge the receipt of a letter today from Governor Wolf asking the Board to take action now to divest from Russia.

I will now open up the meeting up for discussion.