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June 30th, 2021

VIA EMAIL

The Honorable Christopher SantaMaria
Chairman of the Board of Trustees
Public School Employees Retirement System
5 N 5th St
Harrisburg, PA 17101
chsanta@pa.gov

Dear Mr. Chairman,

Please consider this correspondence a formal request to renew my call for action to be taken to protect teachers and taxpayer money by the removal of Mr. Glen Grell, Executive Director, and Mr. James Grossman, Chief Investment Officer.

It is not appropriate, let alone wise —in the wake of significant allegations of misconduct and mismanagement coupled with a federal investigation —to continue to allow the same individuals full control at the helm of this organization, especially externally hired entities that are supposed to be reporting to the Board. I'm very concerned that failure to act and place them on administrative leave is a breach of the Board's fiduciary duty for a myriad of reasons. The reasons are clear: 1) the Board acts as a fiduciary for the exclusive benefit of the members, 2) the Board is becoming aware of alleged wrongdoing, and is in the process of investigating possible wrongdoing, and 3) the Board has the absolute power to terminate or suspend the staff of the System.

Indeed, every beneficiary of the System may likely have a viable legal claim against the Board for its failure to intervene in a timely manner, to stop the gross mismanagement of the fund. *See, e.g., Sweda v. Univ. of Pa.*, 923 F.3d 320, 324, 2019 U.S. App. LEXIS 13284, *1 (Pension plan participants' claim alleging breaches of fiduciary duty stated a claim by alleging that the plan paid excessive administrative fees, failed to solicit bids from service providers, failed to monitor revenue sharing, failed to leverage the plan's size to obtain lower fees, failed to provide prudent investment options, and failed to comprehensively review plan management).

I did not participate in the side agreement to withdraw a resolution calling for the above action during the June Board meeting earlier this month. Despite the "gentleman's agreement" that removed this important action from the table, I remain as committed to the removal of these individuals as I am to the proper stewardship of the fund. I urge you, Mr. Chairman, to consider raising this issue once more before the Board. Every day that passes without action represents increased risk to the beneficiaries. I am calling for both individuals to be placed on administrative leave, effective immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "KJM", with a stylized flourish at the end.

Senator Katie J. Muth