



Executive Update

September 23, 2021

PMRS continues to make significant progress in our ongoing transformation. I am extremely proud of our staff and their efforts to distribute the 2019 financial reports that were delayed by the technology systems upgrade.

As of mid-September, we have sent more than 90 percent of the 770 plan reports and approximately 80 percent of the GASB 68 reports have gone out to employers. Our staff and actuaries are finalizing the 2019 Annual Comprehensive Financial Report, and we are on track to complete all 2019 reporting in October. Preparing and sending all 2020 financial reports including annual statements to members will begin shortly. We are applying key learnings from the 2019 reports to ensure that 2020 report distribution goes as smoothly and quickly as possible.

PMRS has been severely understaffed and this has been exacerbated by departures of key people over the last several years. We are hiring and onboarding new employees and are approaching our full employee complement. We are working with consultants to assess our organization and identify how we should be structured to maximize performance and attract and retain the talent needed to meet the demands of a modern financial institution.

Our new Project Management Office is managing the ongoing integration of our technology systems. Specifically, we are creating automated member communications and case management capabilities. This is critical to grow member confidence and satisfaction and reduce the workload for our staff.

Following an extensive selection process, we approved MFS to manage our \$150 million U.S. Large Cap Value equities mandate and Smith Graham to manage our \$50 million U.S. Small Cap Value equities mandate. Our investments continue to drive PMRS' strong financial performance and these actions will further our plan to move to a more passively managed portfolio and reduce investment costs.

PMRS has turned the corner and we are increasingly looking to the future. We are focused on developing a long-term strategy, structuring our organization, improving member and employer satisfaction, building a culture of empowerment, and growing our financial strength.

I look forward to sharing these plans with you in the coming months.

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is fluid and cursive, with a long horizontal stroke at the end.

Timothy A. Reese
Chief Executive Officer
Pennsylvania Municipal Retirement System