

PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
5 North Fifth Street
Harrisburg, Pennsylvania

Regular Meeting

Minutes

May 24, 2018

3:14 P.M.

Board Members Present

Ms. Melva S. Vogler, Chairman
Ms. Deborah J. Beck
Mr. Luc Miron for Senator John P. Blake
Representative Stephen Bloom
Senator Patrick M. Browne
Mr. Jason M. Davis
Mr. Eric O. DiTullio
Ms. Susan C. Lemmo
Representative Joseph F. Markosek (out at 2:05 P.M.)
Ms. Lori Graham for Secretary Pedro A. Rivera
Mr. Christopher SantaMaria
Ambassador Martin J. Silverstein
Mr. Thomas Clancy for Treasurer Joseph M. Torsella
Mr. Leo Pandeladis for Secretary Robin L. Wiessmann

Board Members Absent

Mr. Nathan G. Mains, Vice Chairman

Others Present

Mr. Jim Baker, PESP
Ms. Melanie Clark, Segal
Mr. Russ Diesinger, PASR
Mr. Alan Flannigan
Mr. Bernard Gallagher
Mr. Mike Sanders, Cammack Retirement
Ms. Emily Wrightson, Cammack Retirement

Staff Members Present

Ms. Barbara Book

Mr. Brian S. Carl

Ms. Marla Cattermole

Ms. Patricia Dence

Ms. Kathleen Doyle

Mr. Jonathan Dvorak

Mr. Glen R. Grell

Mr. James H. Grossman, Jr.

Ms. Alicia E. James

Ms. Krista Roessler

Mr. Charles K. Serine

Mr. Charles J. Spiller

Ms. Patricia Lorenz

Mr. Joseph E. Wasiak, Jr.

Ms. Evelyn Tatkovski Williams

CALL TO ORDER

Ms. Vogler called the meeting to order at 3:14 P.M. in the fourth floor Boardroom at PSERS Headquarters.

WELCOME GUESTS
AND NEW EMPLOYEES

Mr. Grell welcomed guests, Mr. Baker and Mr. Diesinger; and new employees, Ms. Dence, Mr. Dvorak, and Ms. Doyle

MINUTES APPROVED

Mr. DiTullio moved to approve the minutes of the March 9, 2018 Board meeting. Mr. SantaMaria seconded the motion, which passed unanimously.

VISITOR COMMENTS

Mr. Baker, of the Private Equity Stakeholder Project, spoke to the Board and presented materials for review, regarding the failure of Toys R Us to make severance payments to its furloughed employees.

OLD BUSINESS

NOTATIONAL BALLOT

Mr. Grell announced the passage of the April 10, 2018 Notational Ballot, regarding Keystone Florida LLC.

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the meeting held on May 23, 2018.

MINUTES

Ms. Lemmo stated that the Committee approved the minutes of the March 9, 2018 meeting.

HOP MEDICAL PLAN

Ms. Lemmo reported that Mr. Camacci and Ms. Clark, of Segal, presented the 2019 HOP Plan Rates and Benefits.

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approves the following benefit change and monthly premium rates of the HOP Medical Plan effective January 1, 2019 for calendar year 2019:

Benefit Changes

Benefit Category	Member's 2018 Payment	Member's 2019 Payment
Major Medical Out-of-pocket Maximum Annual Payment	\$750	\$1,000

Monthly Premium Rates

		Southeast (Out of State Zone 1)		
HOP Medical Plan		2018	2019	% Increase
Standard Rates	Single	\$199	\$203	2%
	Two Person	392	400	2%
Age 65 Rates	Single	170	173	2%
	Two Person	334	341	2%
Age 65 Rates (2 nd Year)	Single	176	179	2%
	Two Person	347	353	2%
Age 65 Rates (3 rd Year)	Single	182	185	2%
	Two Person	359	365	2%
Age 65 Rates (4 th Year)	Single	188	191	2%
	Two Person	371	377	2%
Age 65 Rates (5 th Year)	Single	194	197	2%
	Two Person	383	389	2%

Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties)

Zone 1: FLORIDA (Alachua, Bay, Bradford, Brevard, Broward, Calhoun, Charlotte, Citrus, Clay, Collier, Dixie, Miami-Dade, Duval, Gilchrist, Glades, Gulf, Hamilton, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lafayette, Levy, Liberty, Martin, Monroe, Nassau, Okaloosa, Orange, Palm Beach, Pinellas, Putnam, St. Johns, Seminole, Sumter, Union, & Walton) **NEW JERSEY** (Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union), **NEW YORK** (Kings (Brooklyn), Nassau, Orange, Putnam, Queens, Rockland, Suffolk, Sullivan, Ulster, Westchester)

		Southwest (Out of State Zone 2)		
HOP Medical Plan (no Rx coverage)		2018	2019	% Increase
Standard Rates	Single	\$190	\$194	2%
	Two Person	375	383	2%
Age 65 Rates	Single	162	165	2%
	Two Person	319	326	2%
Age 65 Rates (2 nd Year)	Single	168	171	2%
	Two Person	332	338	2%
Age 65 Rates (3 rd Year)	Single	173	177	2%
	Two Person	342	350	2%
Age 65 Rates (4 th Year)	Single	179	183	2%
	Two Person	354	362	2%
Age 65 Rates (5 th Year)	Single	185	189	2%
	Two Person	367	374	2%

Pennsylvania (Allegheny, Fayette, Greene, Indiana, Washington, and Westmoreland Counties)

Zone 2: ALABAMA, ALASKA, ARKANSAS, CALIFORNIA, COLORADO,

CONNECTICUT, FLORIDA (Baker, Columbia, De Soto, Escambia, Flagler, Franklin, Gadsden, Hardee, Holmes, Jackson, Jefferson, Lake, Lee, Leon, Madison, Manatee, Marion, Okeechobee, Osceola, Pasco, Polk, Saint Lucie, Santa Rosa, Sarasota, Suwannee, Taylor, Volusia, Wakulla, Washington),

GEORGIA, ILLINOIS, INDIANA, KANSAS, KENTUCKY, LOUISIANA, MARYLAND,

MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI,

MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY (Burlington,

Camden, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Ocean, Salem & Warren), **NEW YORK**

(Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia,

Courtland, Dutchess, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson,

Lewis, Livingston, Madison, Montgomery, New York, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego,

Rensselaer, Richmond, Saratoga, Seneca, Schenectady, Schuyler, Schoharie, Steuben, Tioga, Tompkins, St.

Lawrence, Warren, Washington, Wayne, Wyoming, Yates), **OKLAHOMA, SOUTH CAROLINA,**

TENNESSEE, TEXAS, UTAH, WEST VIRGINIA, WYOMING

Ms. Beck seconded the motion, which passed unanimously.

VALUE MEDICAL PLAN

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approves the following benefit change and monthly premium rates of the Value Medical Plan effective January 1, 2019 for calendar year 2019:

Benefit Changes

Benefit Category	Member's 2018 Payment	Member's 2019 Payment
Hospital Deductible per Admission	\$500	\$300

Monthly Premium Rates

Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties)		Southeast (Out of State Zone 1)		
Value Medical Plan		2018	2019	% Increase
Standard Rates	Single	\$117	\$117	0%
	Two Person	231	231	0%

Pennsylvania (Allegheny, Fayette, Greene, Indiana, Washington, and Westmoreland Counties)		Southwest (Out of State Zone 2)		
Value Medical Plan		2018	2019	% Increase
Standard Rates (only)	Single	\$115	\$115	0%
	Two Person	227	227	0%

Pennsylvania (All Other Counties)		North & Central		
Value Medical Plan		2018	2019	% Increase
Standard Rates (only)	Single	\$102	\$102	0%
	Two Person	199	199	0%

Out of State Zone 3 (to Zone 2 for 2019)		Out of State Zone 3 (to Zone 2 for 2019)		
Value Medical Plan		2018	2019	% Increase
Standard Rates (only)	Single	\$102	\$115	13%
	Two Person	199	227	14%

Zone 1: FLORIDA (Alachua, Bay, Bradford, Brevard, Broward, Calhoun, Charlotte, Citrus, Clay, Collier, Dixie, Miami-Dade, Duval, Gilchrist, Glades, Gulf, Hamilton, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lafayette, Levy, Liberty, Martin, Monroe, Nassau, Okaloosa, Orange, Palm Beach, Pinellas, Putnam, St. Johns, Seminole, Sumter, Union, & Walton) **NEW JERSEY** (Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union), **NEW YORK** (Kings (Brooklyn), Nassau, Orange, Putnam, Queens, Rockland, Suffolk, Sullivan, Ulster, Westchester)

Zone 2: ALABAMA, ALASKA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, FLORIDA (Baker, Columbia, De Soto, Escambia, Flagler, Franklin, Gadsden, Hardee, Holmes, Jackson, Jefferson, Lake, Lee, Leon, Madison, Manatee, Marion, Okeechobee, Osceola, Pasco, Polk, Saint Lucie, Santa Rosa, Sarasota, Suwannee, Taylor, Volusia, Wakulla, Washington), **GEORGIA, ILLINOIS, INDIANA, KANSAS, KENTUCKY, LOUISIANA, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY** (Burlington, Camden, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Ocean, Salem & Warren), **NEW YORK** (Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Dutchess, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Montgomery, New York, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Rensselaer, Richmond, Saratoga, Seneca, Schenectady, Schuyler, Schoharie, Steuben, Tioga, Tompkins, St. Lawrence, Warren, Washington, Wayne, Wyoming, Yates), **OKLAHOMA, SOUTH CAROLINA, TENNESSEE, TEXAS, UTAH, WEST VIRGINIA, WYOMING**

Current Zone 3 (Moving to Zone 2): ARIZONA, DELAWARE, GUAM, HAWAII, IDAHO, IOWA, MAINE, NEW MEXICO, NORTH CAROLINA, NORTH DAKOTA, OHIO, OREGON, PUERTO RICO, RHODE ISLAND, SOUTH DAKOTA, VERMONT, VIRGIN ISLANDS, VIRGINIA, WASHINGTON, WASHINGTON, DC, WISCONSIN

Mr. SantaMaria seconded the motion, which passed unanimously.

PRE-65 MEDICAL PLAN

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approves the following benefit change and monthly premium rates of the Pre-65 Medical Plan effective January 1, 2019 for calendar year 2019:

Benefit Changes

Benefit Category	Member's 2018 Benefit	Member's 2019 Benefit
Maximum Lifetime Benefit	\$250,000	\$300,000

Monthly Premium Rates

Pre-65 Retiree Options	All Regions		
	2018	2019	% Increase
Pre-65 Medical Only			
Single	\$889	\$889	0%
Two Person	1,956	1,956	0%
Pre-65 Medical with Rx			
Single	\$1,001	\$1,001	0%
Two Person	2,201	2,201	0%

Mr. Davis seconded the motion, which passed unanimously.

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the Enhanced Medicare Rx Option effective January 1, 2019 for calendar year 2019:

**ENHANCED MEDICARE
RX OPTION**

Changes Mandated By CMS

	2018	2019
Initial Coverage Stage Limit	\$ 3,750	\$ 3,820
Out-of-Pocket Threshold for Catastrophic Coverage Stage	5,000	5,100
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.35	\$ 3.40
Other	8.35	8.50

Maximum Member Payment in Coverage Gap:	2018	2019
Generic Rx [‡]	44%	37%
Brand Rx	35% (after 50% manufacturer discount and 15% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)
Non-Preferred Brand Rx	35% (after 50% manufacturer discount and 15% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)

[‡] Although CMS mandates 37% for generic drugs in the coverage gap, under the Enhanced Medicare Rx Option the Member payment is only 25%

Monthly Premium Rates

Enhanced Medicare Rx Option	2018	2019	% Increase
Single	\$111	\$122	10%
Two Person	\$222	\$244	10%

Mr. Miron seconded the motion, which passed unanimously.

Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the Basic Medicare Rx Option effective January 1, 2019 for calendar year 2019:

**BASIC MEDICARE RX
OPTION**

Changes Mandated By CMS

	2018	2019
Initial Coverage Stage Limit	\$ 3,750	\$ 3,820
Out-of-Pocket Threshold for Catastrophic Coverage Stage	5,000	5,100
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.35	\$ 3.40
Other	8.35	8.50

Maximum Member Payment in Coverage Gap:	2018	2019
Generic Rx†	44%	37%
Brand Rx	35% (after 50% manufacturer discount and 15% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)
Non-Preferred Brand Rx	35% (after 50% manufacturer discount and 15% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)

Benefit Changes

Basic Medicare Rx Option	Member's 2018 Payment	Member's 2019 Payment
Annual Deductible	\$0	\$100 (Preferred and Non-Preferred Brand and Specialty Only)
Specialty Drugs	33%	30%

Monthly Premium Rates

Basic Medicare Rx Option	2018	2019	% Increase
Single	\$58	\$64	10%
Two Person	\$116	\$128	10%

Mr. Davis seconded the motion, which passed unanimously.

VALUE MEDICARE RX
OPTION

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the Value Medicare Rx Option effective January 1, 2019 for calendar year 2019:

Changes Mandated By CMS

	2018	2019
Initial Coverage Stage Limit	\$ 3,750	\$ 3,820
Out-of-Pocket Threshold for Catastrophic Coverage Stage	5,000	5,100
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.35	\$ 3.40
Other	8.35	8.50

Maximum Member Payment in Coverage Gap:	2018	2019
Generic Rx [†]	44%	37%
Brand Rx	35% (after 50% manufacturer discount and 15% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)
Non-Preferred Brand Rx	35% (after 50% manufacturer discount and 15% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)

Benefit Changes

Formulary Change

Value Medicare Rx Option	2018	2019
Formulary	PSERS Custom	OptumRx Gold5

Benefit Change

Member Pays	2018	2019
Annual Deductible	\$405	\$415 [†]
Initial Coverage Preferred Generic Drugs	25%	\$2 (not subject to the deductible)

[†] Maximum deductible established by CMS

Monthly Premium Rates

Value Medicare Rx Option	2018	2019	% Increase
Single	\$22	\$22	0%
Two Person	\$44	\$44	0%

Mr. SantaMaria seconded the motion, which passed unanimously.

APPEALS AND MEMBER/EMPLOYER SERVICES
COMMITTEE REPORT

Ms. Beck reported on the meeting held on May 23, 2018.

MINUTES

Ms. Beck stated that the Committee approved the minutes of the March 9, 2018 meeting.

ACCOUNT OF
WILLIAM L PRIETO

Ms. Beck moved in the case of William L. Prieto, that the Board adopt the Hearing Examiner's recommendation and dismiss Claimant's appeal. Mr. DiTullio seconded the motion, which passed unanimously.

ESRC REPORTS

Ms. Beck reported that the Committee reviewed the Executive Staff Review Committee Reports from March 5 and March 27, 2018.

BYLAWS/POLICY COMMITTEE REPORT

Representative Markosek reported on the meeting held on May 23, 2018.

MINUTES

Representative Markosek stated that the Committee approved the minutes of the December 7, 2017 meeting.

FRAUD, WASTE AND
ABUSE REPORTING
AND INVESTIGATION
POLICY

Representative Markosek reported that Ms. James presented the Fraud, Waste and Abuse Reporting and Investigation Policy.

Representative Markosek moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the Fraud, Waste and Abuse Reporting and Investigation Policy pursuant to the recommendation of Joseph E. Wasiak, Jr., Assistant Executive Director, contained in the memorandum dated May 3, 2018, SUBJECT: Fraud, Waste and Abuse Reporting and Investigation Policy. Mr. DiTullio seconded the motion, which passed unanimously.

PERSONNEL COMMITTEE REPORT

Mr. SantaMaria reported on the meeting held on May 24, 2018.

MINUTES

Mr. SantaMaria stated that the Committee approved the minutes of the March 9, 2018 meeting.

Mr. SantaMaria reported that an Executive Session was held to discuss the Executive Director's evaluation, and to discuss the creation of the Deputy Executive Director and Director of Defined Contribution Investments position.

EXECUTIVE SESSION

Mr. SantaMaria moved that the Public School Employees' Retirement Board hereby authorizes the reclassification of an investment professional position, subject to the Policy Manual of Investment Professional Staff, entitled: "Deputy Executive Director and Director of Defined Contribution Investments." Appropriate staff are authorized to take appropriate action as necessary to effectuate this decision. Mr. Davis seconded the motion, which passed unanimously.

DEPUTY EXECUTIVE
DIRECTOR AND
DIRECTOR OF DEFINED
CONTRIBUTION
INVESTMENTS

INVESTMENT COMMITTEE REPORT

Ms. Lemmo, as Committee Vice Chairman, reported on the meeting held on May 24, 2018.

Ms. Lemmo stated that the Committee approved the minutes of the March 8, 2018 meeting.

MINUTES APPROVED

Ms. Lemmo reported that a Board Education session was held. Professor William Gruver, of Bucknell University, spoke about investing in China. Board members present were credited with 1.25 hours of Education.

BOARD EDUCATION

Ms. Lemmo stated that Mr. Grossman gave his PSERS Fund and Market Overview; Investment Policy Statement, Objectives and Guidelines were presented; Asset Class Reviews were given; an Executive Session was held regarding Real Estate Issues; and Mr. Grossman gave his Preview of Future Meetings.

PRESENTATIONS

Ms. Lemmo reported that the following action items were discussed.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby adopts proposed changes to Addendum X5 – Private Markets and Real Estate Pennsylvania In-house Co-investment Investment Policy, of the Investment Policy Statement, Objectives and Guidelines, as amended, for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated May 3, 2018. Mr. SantaMaria seconded the motion, which passed unanimously.

INVESTMENT POLICY
STATEMENT,
OBJECTIVES AND
GUIDELINES

ECM FEEDER FUND 2,
L.P.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$200 million plus reasonable normal investment expenses, in ECM Feeder Fund 2, L.P. (and/or related investment vehicles), in accordance with the recommendation of Raymond J. Schleinkofer, Senior Portfolio Manager dated May 4, 2018 and Aksia, LLC dated May 3, 2018. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract. Mr. DiTullio seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

TSSP OPPORTUNITIES
PARTNERS IV, L.P.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$150 million plus reasonable normal investment expenses, in TSSP Opportunities Partners IV, L.P. (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Portfolio Manager, dated May 1, 2018 and Hamilton Lane Advisors, L.L.C., dated April 23, 2018. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract. Mr. Davis seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

TRILANTIC CAPITAL
PARTNERS VI (NORTH
AMERICA), L.P.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$150 million plus reasonable normal investment expenses, in Trilantic Capital Partners VI (North America), L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Senior Portfolio Manager, and Patrick G. Knapp, Senior Investment Professional, dated April 16, 2018 and Hamilton Lane Advisors, L.L.C., dated April 3, 2018. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract. Ms. Beck seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$150 million plus reasonable normal investment expenses, in AG Realty Value Fund X, L.P. (and/or related investment vehicles), in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, dated April 25, 2018 and Courtland, a StepStone company, dated April 11, 2018. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract. Mr. Miron seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

AG REALTY VALUE FUND
X, L.P.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses, in LEM Multifamily Fund V, L.P. (and/or related investment vehicles), in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, and Melanie A. Cubias, Senior Investment Professional, dated April 23, 2018 and Courtland, a StepStone company, dated April 17, 2018. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract. Mr. DiTullio seconded the motion, which passed with three recusals, being Ambassador Silverstein, Mr. Pandeladis on behalf of Secretary Wiessmann and Mr. Clancy on behalf of Treasurer Torsella.

LEM MULTIFAMILY FUND
V, L.P.

AUDIT/COMPLIANCE COMMITTEE REPORT

Representative Bloom reported on the meeting held on May 24, 2018.

Representative Bloom stated that the Committee approved the minutes of the March 8, 2018 meeting.

MINUTES

Representative Bloom stated that Ms. James reported on the AG Audit Recommendations Status and the Internal Audit Office Annual Report for FY 17/18; and presented the Audit Plan for FY 18/19.

PRESENTATIONS

AUDIT PLAN

Representative Bloom moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the Audit Plan for FY 2018/19 pursuant to the recommendation of Alicia E. James, Internal Auditor, dated May 4, 2018. Mr. Davis seconded the motion, which passed unanimously.

BUDGET/FINANCE COMMITTEE REPORT

Mr. Davis reported on the meeting held on May 24, 2018.

MINUTES

Mr. Davis stated that the Committee approved the minutes of the October 5, 2017 meeting.

PRESENTATIONS

Mr. Davis reported that Mr. Carl presented the Budget/Finance Committee Charter Review.

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included; March 31, 2018 Financial Statements; Unfunded Liability Update; March 31, 2018 Administrative Budget Status; Investment Return Assumption; and Other Financial Management Activities.

Representative Bloom left at this time.

CHIEF COUNSEL REPORT

CC REPORT

Mr. Serine presented his report, which included; CLE Credit for China and Ethics Training; Act 5 Implementation; and the hiring of a new Investment attorney.

ACTING DEPUTY EXECUTIVE DIRECTOR'S REPORT

DED REPORT

Ms. Cattermole presented her Acting Deputy Executive Director's Report, which included; Browser Post-Go Live Update; Member Self-Service; Managed Medical Review Organization Pilot; and Berwyn Obituary Checker and Address Locator Services.

Representative Markosek left at this time.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell stated that he attended the SECA Recognition Ceremony @ Governor's Residence, April 26; the Pensions & Investments Conference on 401(k)/403(b) Investment Plans in New York City, May 2-4, 2018; presented at the Midwest Region PSEA-Retired

spring breakfast meeting in New Castle, PA, May 17, 2018; and spoke at the PASR Region 12 luncheon in Verona, PA on May 17, 2018.

Mr. Grell reported that he will attend the LVASBO meeting in Bath, PA on June 1; PSERS Employee Recognition Event on June 5; NCTR 31st Annual Directors' Meeting/Workshop in Atlanta, GA on June 13-15; PSEA-R Annual Conference in Gettysburg, PA on June 24; NASRA Annual Conference in San Diego, CA on August 4-8; and PSERS offsite Committee and Board meetings on August 9-10.

Mr. Grell reported to the Board regarding the departure of Ms. Sanchez; C2B Transition and MSS Soft Rollout; and Act 5 Implementation.

At 4:26 P.M., Mr. Grell stated: "In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board, we are going into Executive Session to discuss the item listed on today's agenda, namely the Act 5 Implementation. The Committee may hold an Executive Session for any one or more of the reasons enumerated in Section 708(a) of the Sunshine Act (65 Pa C.S. §708(a)), including agency business which, if conducted in public would violate a privilege or lead to the disclosure of information or confidentiality protected by law, including matters related to the initiation and conduct of investigations of possible or certain violations of law.

EXECUTIVE SESSION

Ms. Beck moved that the Committee enter into Executive Session. Mr. Miron seconded the motion, which passed unanimously.

Mr. Silverstein left the meeting at 5:20 P.M.

The Executive Session ended at 5:25 P.M. and the meeting immediately returned to Regular Session.

Mr. Davis moved that the Public School Employees' Retirement Board (the "Board") hereby authorizes the Executive Director, with the advice and assistance of the Office of Chief Counsel and outside tax counsel, to submit a draft Plan Document of the School Employees' Defined Contribution Plan to the Internal Revenue Service ("IRS"), in accordance with the recommendation of Glen R. Grell, dated May 23, 2018. The Board further authorizes the Executive Director to take such actions required to obtain an IRS determination letter for the draft Plan Document. Such actions may include, but are not limited to: communicating with the IRS; drafting

DC PLAN DOCUMENT
UNDER ACT 5

required changes to the draft Plan Document, if any; and remitting the necessary fees and paying costs associated with such preparation, legal review, and filing.

Resolved further, that the Board hereby directs the Executive Director to report the status of PSERS' efforts in obtaining an IRS determination letter. The final form of the draft Plan Document, as approved by the IRS, shall be submitted to the Board for review and ratification. Mr. Pandeladis seconded the motion, which passed unanimously.

DC PLAN – QUALIFIED
DEFAULT INVESTMENT
ALTERNATIVE

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby adopts the T. Rowe Price Retirement Blend Target Date Funds as the default investment option for the Defined Contribution plan, subject to terms acceptable to the Executive Director and the Office of Chief Counsel, pursuant to the recommendation of Krista A. Roessler, Senior Investment Professional, and Charles W. Cammack Associates, Inc., dated May 24, 2018. Mr. Davis seconded the motion, which passed with one recusal being Mr. Pandeladis on behalf of Secretary Wiessmann.

DC PLAN – THIRD-
PARTY PLAN
ADMINISTRATION RFP

Mr. DiTullio moved that the Public School Employees' Retirement Board, in accordance with the recommendation of the evaluation committee for PSERS' Request for Proposals for Third-Party Administrator to Provide Recordkeeping Services for Defined Contribution Plan, hereby engages Voya Institutional Plan Services (VIPS), effective on or about August 16, 2018. The final terms and conditions of the contract must be satisfactory to the Executive Director and the Office of Chief Counsel. Mr. SantaMaria seconded the motion, which passed unanimously.

ADJOURNMENT

Chairman Vogler adjourned the meeting at 5:33 P.M.

NEXT MEETING

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on August 10, 2018, at PSBA Headquarters, 400 Bent Creek Blvd, Mechanicsburg, PA.

7/26/2018
Date


Glen R. Grell
Executive Director