

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

**Regular Meeting**

**Minutes**

**Friday December 6, 2019**

**10:23 A.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Mr. Nathan G. Mains, Vice Chairman  
Ms. Deborah J. Beck  
Senator John P. Blake  
Ms. Miriam Fox for  
    Representative Matt Bradford  
Ms. Stacey Connors for  
    Senator Patrick M. Browne  
Mr. Jason M. Davis  
Mr. Eric O. DiTullio  
Ms. Susan C. Lemmo  
Mr. Patrick Lord for  
    Secretary Pedro A. Rivera  
Ms. Jill Vecchio for  
    Representative Francis X. Ryan  
Mr. Christopher SantaMaria  
Mr. Lloyd Ebright for  
    Treasurer Joseph M. Torsella  
Mr. Leo Pandeladis for  
    Secretary Robin L. Wiessmann

**Others Present**

Ms. Anne Baloga  
Mr. James Bloom  
Mr. Phillip Contee, UFCW  
Ms. Suzanne Dugan, Cohen Millstein  
Mr. Alan Flannigan  
Ms. Judy Guise, PASR  
Mr. Alan Hanson, UFCW  
Mr. James Henninger Voss, PSEA  
Ms. Michelle Lee, UFCW  
Mr. Luc Miron  
Mr. Patrick Shaughnessy  
Ms. Pilar Sorenson, PESP

Ms. Jane St. Louis, UFCW  
Ms. Lisa Taglang

Staff Members Present

Mr. Thomas Bauer  
Mr. Brian Carl  
Mr. Dwight Decker  
Mr. James Del Gaudio  
Mr. Steven Esack  
Mr. Dennis Filipovich  
Mr. Andrew Fiscus  
Mr. Todd Fulton  
Mr. Glen R. Grell  
Mr. James H. Grossman, Jr.  
Ms. Elizabeth Goldstein  
Mr. Steven Goldstein

Mr. Steven Hocker  
Ms. Patricia Lorenz  
Ms. Jennifer Mills  
Mr. Eugene Robison  
Mr. Charles K. Serine  
Ms. Kathrin Smith  
Mr. Charles Spiller  
Ms. Laura Vitale  
Mr. Joseph E. Wasiak, Jr.  
Ms. Evelyn Tatkovski Williams

**CALL TO ORDER**

Chairman Vogler called the meeting to order at 10:23 A.M. in the fourth floor Board Room at PSERS' headquarters.

**WELCOME GUESTS  
AND NEW EMPLOYEES**

Mr. Grell welcomed new employees, Mr. Michael Siegel, Ms. Kerry Mader, Ms. Stephanie Bates, Ms. Marci Barney, Mr. Bruce Mizak and Mr. Jarret Richards to PSERS, and introduced them to the Board. Mr. Grell also welcomed Ms. Judy Guise and Mr. James Henninger Voss to the meeting. Mr. Grell also introduced Ms. Pilar Sorenson from Private Equity Stakeholders Project and Mr. Phillip Contee, Mr. Alan Hanson, Ms. Michelle Lee and Ms. Jane St. Louis of UFCW Local 400.

**MINUTES APPROVED**

Mr. Davis moved to approve the minutes of the October 11, 2019 Board meeting as corrected. Mr. DiTullio seconded the motion, which passed unanimously.

**VISITORS COMMENTS**

Ms. Michelle Lee and Ms. Jane St. Louis of UFCW Local 400, made comments to the Board and presented materials raising objections to the System's investment in Cerberus, pertaining to the ongoing contract negotiations with Local 400 and Albertson's/Safeway employees.

## UNFINISHED BUSINESS

Mr. Grell gave a brief update to the Board on the current status of SERS/PSERS Collaboration, and on the PPMAIRC Recommendations and PSERS response to them.

SERS/PSERS  
COLLABORATION AND  
PPMAIRC  
RECOMMENDATIONS

Mr. SantaMaria moved that the Committee approve the Minutes from the October 11, 2019 meeting. Mr. DiTullio seconded the motion, which passed unanimously. There was a discussion on Governance Consulting services. The Board was asked to submit comments to the draft RFP by the January Board Meeting, after which staff will present a revised RFP for approval in March.

AD HOC GOVERNANCE  
COMMITTEE

Mr. Mains reported that the Committee had completed its work and brought forth the following Action Items

AGENCY COMMITTEE ON  
FEE TRANSPARENCY

Mr. Mains moved, that the Public School Employees' Retirement Board (PSERB) hereby adopts the accompanying Investment Fee Transparency Policy as recommended by the Agency Committee on Fee Transparency and the Office of Chief Counsel. Mr. Davis seconded the motion, which passed unanimously.

FEE TRANSPARENCY  
RESOLUTION

Mr. Mains moved to Sunset the Agency Committee on Fee Transparency. Senator Blake seconded the motion, which passed unanimously. Chair Vogler thanked the Committee Members for their work.

Ms. Mills gave an update on the status of purchasing Fiduciary Insurance for the DC Plan.

FIDUCIARY INSURANCE  
FOR DC PLAN

At 11:14 A.M. Mr. Grell stated "In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board, we are going into an Executive Session to discuss the items listed on today's agenda, namely Cyber Insurance and a Deep Executive Session of the Board and their Fiduciary Counsel.

EXECUTIVE SESSION

According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss: 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, and Quasi-

judicial matters. Senator Blake moved that the Board enter Executive Session, Mr. SantaMaria seconded the motion which, passed unanimously.

The regular session resumed at 12:10 P.M.

2019-65 CYBER  
INSURANCE  
RESOLUTION

Mr. DiTullio moved, that the Public School Employees' Retirement Board (the "Board") hereby approves the purchase of cyber insurance in accordance with the memorandum of Charles K. Serine, Chief Counsel, dated November 22, 2019, through Lockton Insurance, an insurance broker, with an aggregate insurance limit and deductibles within the ranges specified in the Lockton Cyber Insurance proposal. The final terms and conditions of the insurance policy must be satisfactory to the Office of Chief Counsel, Office of Technology, and the Office of Executive Director. Mr. Davis seconded the motion, which passed unanimously.

APPEALS AND MEMBER/EMPLOYER SERVICES  
COMMITTEE REPORT

Ms. Beck reported on the meeting held on December 5, 2019.

MINUTES

Ms. Beck stated that the Committee approved the minutes of the October 10, 2019 meeting.

ACCOUNT OF  
M.M.

Ms. Beck moved in the Account of M.M., that the Board grant PSERS' Motion to Dismiss Claimant's appeals. Mr. DiTullio seconded the motion, which passed unanimously.

ACCOUNT OF  
RAYMOND J. WHALEN

Ms. Beck moved in the account of Raymond J. Whalen, that the Board grant PSERS' Motion for Summary Judgment and dismiss Claimant's appeal. Mr. Pandeladis seconded the motion, which passed unanimously.

ESRC

Ms. Beck stated that the Committee reviewed the Executive Staff Review Committee Reports from September 25, 2019 and October 30, 2019.

AUDIT/COMPLIANCE COMMITTEE REPORT

Ms. Connors reported on the meeting held on December 5, 2019.

Ms. Connors stated that the Committee approved the minutes of the October 11, 2019 meeting.

MINUTES

Ms. Connors stated that Ms. Lanius presented an Audit Plan Update and the HOP PDP Code of Conduct Policy.

PRESENTATIONS

Ms. Connors moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the Health Options Program (HOP) Prescription Drug Plan (PDP) Code of Conduct Policy pursuant to the recommendation of Stephanie L. Lanius, Acting Internal Auditor and Medicare Part D Compliance Officer, dated November 19, 2019. Within 90 days of the adoption of the HOP PDP Code of Conduct Policy, all covered parties will be required to provide written acknowledgement of receipt and understanding of the policy. Mr. DiTullio seconded the motion, which passed unanimously.

RESOLUTION 2019-54  
HOP PDP CODE OF  
CONDUCT

BYLAWS/POLICY COMMITTEE REPORT

Ms. Fox reported on the meeting held on December 5, 2019.

Ms. Fox stated that the Committee approved the minutes of the October 10, 2019 meeting.

MINUTES

Ms. Fox stated that Mr. Wasiak led an open discussion on the provisions within the Bylaws that address political contribution and participation in RFP committees and voting on certain procurement actions.

PRESENTATION

DC PLAN COMMITTEE REPORT

Senator Blake reported on the DC Plan Committee meeting held on December 5, 2019

MINUTES

Senator Blake stated that the Committee approved the minutes of the October 10, 2019 meeting.

**PRESENTATIONS**

Senator Blake reported that Ms. Mills presented an update on Defined Contribution Plan statistics, along with an Overview of the Quarterly Due Diligence Process and meeting structure and a third quarter 2019 Due Diligence overview.

**ELECTION COMMITTEE REPORT**

Mr. Bloom reported on the Election Committee meeting held on December 5, 2019

**MINUTES**

Mr. Bloom stated that the Committee approved the minutes of the August 10, 2018 meeting.

**CERTIFICATION OF RESULTS**

Mr. Bloom notified the Committee that Ms. Melva S. Vogler won the Annuitant Seat Election with 67.57% of the vote. Her three-year term will commence on January 1, 2020 and end December 31, 2022. Mr. Grell, as Secretary of the Board, certified this to be true.

Mr. Bloom notified the Committee that Mr. Jason M. Davis ran unopposed and was elected by acclamation to a three-year term as an Active Certified member, whose term runs from January 1, 2020 through December 31, 2022. Mr. Grell, as Secretary of the Board, certified this to be true.

**HEALTH CARE COMMITTEE REPORT**

Ms. Lemmo reported on the Health Care Committee meeting held on December 5, 2019

**MINUTES**

Ms. Lemmo stated that the Committee approved the minutes of the August 8, 2019 meeting.

**PRESENTATION**

Ms. Lemmo stated that Mr. Camacci along with Ms. Clark and Mr. Sherman presented the proposed 2020 Health Options Program and two detailed budgets for Administrative and Medicare Prescription Drug Program.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed Health Options Program Budget and two supplemental budgets for the sponsor's Administrative and Medicare Prescription Drug Program (PDP) for the Plan Year 2020 in the aggregate amount of \$463,161,000 as recommended by Peter Camacci, Director Health Insurance Office in the Memo dated November 21, 2019. Mr. SantaMaria seconded the motion, which passed unanimously.

RESOLUTION 2019-55  
HOP BUDGET

### INVESTMENT COMMITTEE REPORT

Mr. Mains reported on the meeting held on December 5, 2019.

MINUTES APPROVED

Mr. Mains stated that the Committee approved the minutes of the October 10, 2019 meeting.

Mr. Mains reported that Ms. Claire Shaughnessy, Aon gave a 30-minute Educational Presentation on "Investment Policy Statement". A discussion followed. Members and Designees attending the Educational Presentation were noted in the Board Education Log.

EDUCATION

Mr. Mains stated that Mr. Grossman presented the PSERS Fund and Market Overview, SASOF V L.P., Portfolio Advisors Secondary Fund IV L.P., Incline Equity Partners V L.P., Apax X USD, L.P. and Clearlake Capital Partners VI L.P. Messrs. Snyder, Bauer & Spiller gave a presentation on Annual Investment Expenses Review. Mr. Sheva gave a presentation on the Investment Policy Statement, Objectives, and Guidelines. A discussion followed. It was also announced that on February 27 or 28 there would be a IPS Workshop. Mr. Sean Sarraf was introduced as new member of the Private Equity Group. The Board and other meeting attendees were divided into four groups to participate in the first two small group Asset Class Reviews at various locations within the Investment Office dealing with (1) Internally Managed Global Equity (2) Internally Managed US Fixed Income (3) Internally Managed Risk Parity, Currency Hedging, and Strategic Implementation (4) External Managers. Later in the meeting, two additional rotations of Asset Class Review were conducted. Mr. Grossman gave his Preview of Future Meetings.

PRESENTATIONS

Mr. Mains presented the following action items:

RESOLUTION 2019-56  
IPS GUIDELINES

Mr. Mains moved, that the Public School Employees' Retirement Board (the "Board") hereby adopt the proposed changes to the Introduction and Purpose, Roles and Responsibilities and Investment Objectives sections 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 November 19, 2019. Mr. Davis seconded the motion, which passed unanimously.

RESOLUTION 2019-57  
SASOF V L.P.

Mr. Mains 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 SASOF V LP (and/or related investment vehicles) in accordance with the recommendation of Robert E. Little, Senior Portfolio Manager, dated November 18, 2019, and Aksia, LLC, dated November 15, 2019. 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 two opposed, being Mr. Ebright on behalf of Treasurer Torsella, Ms. Vecchio on behalf of Representative Ryan and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-58  
PORTFOLIO ADVISORS  
SECONDARY FUND V

Mr. Mains 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 Portfolio Advisors Secondary Fund IV, L.P. (and/or related investment vehicles), in accordance with the recommendation of Luke M. Jacobs, Manager, Private Markets, dated November 21, 2019 and Hamilton Lane, dated October 29, 2019. 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 opposed, being Ms. Vecchio on behalf of Representative Ryan and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.



Mr. Mains 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 Incline Equity Partners V, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, Private Markets and Luke M. Jacobs, Manager, Private Markets, dated November 20, 2019 and Hamilton Lane, dated October 25, 2019. 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 opposed, being Ms. Vecchio on behalf of Representative Ryan, Mr. Lord on behalf of Secretary Rivera and Mr. Ebright on behalf of Treasurer Torsella and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-59  
INCLINE EQUITY  
PARTNERS V L.P.

Mr. Mains 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 Apax X USD, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, and Luke M. Jacobs, Manager, Private Markets, dated November 18, 2019 and Hamilton Lane, dated September 3, 2019. 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 Senator Blake seconded the motion, which passed with two opposed, being Ms. Vecchio on behalf of Representative Ryan, and Mr. Ebright on behalf of Treasurer Torsella and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-60  
APAX X USD L.P.

Mr. Mains 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 Insight Partners XI, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, Private Markets and Luke M. Jacobs, Portfolio Manager, Private Markets, dated November 21, 2019 and Hamilton Lane, dated November 5, 2019. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office

RESOLUTION 2019-61  
INSIGHT PARTNERS XI.

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 two opposed, being Ms. Vecchio on behalf of Representative Ryan, and Mr. Ebright on behalf of Treasurer Torsella and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-62  
CLEARLAKE CAPITAL  
PARTNERS VI L.P.

Mr. Mains 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 Clearlake Capital Partners VI, L.P. (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated November 6, 2019 and Hamilton Lane, dated October 28, 2019. 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 two opposed, being Ms. Vecchio on behalf of Representative Ryan and Mr. Lord on behalf of Secretary Rivera and two abstentions, being Mr. Ebright on behalf of Treasurer Torsella and Mr. Pandeladis on behalf of Secretary Wiessmann.

BUDGET/FINANCE COMMITTEE REPORT

Mr. Davis reported on the Budget/Finance Committee meeting held on December 6, 2019

MINUTES APPROVED

Mr. Davis reported that the Committee approved the minutes from October 11, 2019.

PRESENTATIONS

Mr. Davis reported that Mr. David Driscoll, Mr. Ed Quinn and Mr. Sal Nakar from Buck Consultants, presented the June 30, 2019 Actuarial Valuation. and Mr. Carl presented the Pension Funding and Employer Contribution Rates, which resulted in the following action item.

Mr. Davis moved. that the Public School Employees' Retirement Board (PSERB) hereby accepts the June 30, 2019 actuarial valuation report prepared by Buck, and adopts the actuarial factors, assumptions, and methodologies contained therein, which result in an employer contribution rate of 34.51% for Fiscal Year July 1, 2020 through June 30, 2021. Mr. Mains seconded the motion, which passed with one opposed, being Ms. Vecchio on behalf of Representative Ryan.

RESOLUTION 2019-63  
ACTUARIAL VALUATION  
ANF FY20/21 EMPLOYER  
CONTRIBUTION RATES

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included: an update on the September 30, 2019 Financial Statements, the PSERS' FY 2019 Comprehensive Annual Financial Report (CAFR) and other financial management activities.

CHIEF COUNSEL'S REPORT

OCC REPORT

Mr. Serine updated the Board on some recent breach of fiduciary duty lawsuits.

DEPUTY EXECUTIVE DIRECTOR'S REPORT

DED REPORT

Ms. Mills gave her Deputy Executive Director's Report, which included: an update on the Bureau of Communications and Counseling and the Bureau of Benefits Administration; an overview of the CEM Benchmarking Member Engagement Survey results; and a review of Public Employee Pension Forfeiture Act.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell gave an update on the following current issues: 2019 Agency Goal tracking; and legislative updates on Commonwealth Pension Investment Office and on proposed legislation HB1962 Stress Testing, HB 1964 on Fee Transparency and HB 1996 Audit/Governance, and Pre-Act 9 COLA. Mr. Grell announced a focused IPS day on February 27, 2020, staff volunteer event at Ronald McDonald House and other charitable efforts, and Board Education tracking report. He also notified the Board of a water damage incident at PSERS Harrisburg Headquarters and commended all staff and the restoration company for the recovery effort and working through the inconvenience.

Mr. Grell announced he gave the following presentations; BOCC's Annual Training Conference on October 16; PASR Region II Fall Meeting in Philadelphia on 10/17; PASR Northampton County Chapter in Bethlehem on 10/23. Mr. Grell attended the NCTR Annual Conference in Nashville on 10/11-15 with several Trustees; 2019 NIRS Visionary Circle meeting in Washington, DC; and the PAPERS Conference in Pittsburgh 11/20-21. Mr. Grell also reported on his visits to the PSERS field offices over the course of October and November.

Mr. Grell also announced that Mr. Pandeladis was taking a new position and was leaving as a Designee on the Board, and that Ms. Fox would be retiring in the future. Mr. Grell commended Mr. Pandeladis and Ms. Fox on their dedication and service to PSERS and its Members and presented them with a token of appreciation.

**BOARD MEMBER  
COMMENTS**

Chair Vogler reported on the NCTR Nashville conference and its benefits to our Members. Mr. SantaMaria gave a brief update on the Fall PAPERS conference in Pittsburgh.

Chair Vogler complimented the Board on a spirited but civil discussion, which is good for the Board, and extended holiday best wishes to all in attendance.


**ADJOURNMENT**

Chair Vogler accepted a motion to adjourn the meeting at 1:10 P.M.

**NEXT MEETING**

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on January 16, 2020 at PSERS' Headquarters, 5 N. 5<sup>th</sup> Street, Harrisburg, PA.

1/2/2020  
Date

  
Glen R. Grell  
Executive Director