

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

Regular Meeting

Minutes

March 6, 2020

10:18 A.M.

Board Members Present

Mr. Christopher SantaMaria, Chairman
Representative Francis X. Ryan, Vice Chairman
Ms. Deborah J. Beck (Telephonically)
Ms. Stacey Connors for
 Senator Patrick M. Browne
Mr. Jason M. Davis
Mr. Eric O. DiTullio
Mr. Alan Flannigan for
 Acting Secretary Richard Vague
Ms. Susan C. Lemmo
Mr. Patrick Lord for
 Secretary Pedro A. Rivera
Mr. Patrick Shaughnessy for
 Representative Matthew Bradford
Treasurer Joseph M. Torsella
Ms. Melva S. Vogler

Board Members Absent

Senator John P. Blake
Mr. Nathan G. Mains

Others Present

Ms. Anne Baloga
Mr. James Bloom
Mr. Stephen Caruso, Pennsylvania Capital-Star
Mr. Thomas Clancy
Mr. Russ Diesinger, PASR
Ms. Suzanne Dugan, Cohen Millstein
Mr. Lloyd Ebright
Ms. Miriam Fox
Ms. Pilar Sorenson, PESP
Ms. Lisa Taglang

Staff Members Present

Mr. Peter Camacci
Mr. Brian Carl
Mr. Terrell Davenport
Mr. Dwight A. Decker, Jr.
Mr. James Del Gaudio
Ms. Emily Detz
Mr. Robert Devine
Ms. Sarah Devos
Mr. Steven Esack
Ms. Mercedes Evans
Mr. Todd Fulton
Mr. Glen R. Grell
Mr. James H. Grossman, Jr.
Mr. Charles Hodge

Ms. Christina Irani
Ms. Cayla B. Jakubowitz
Ms. Alynna Lamourt
Ms. Stephanie Lanius
Ms. Jennifer Mills
Ms. Melissa Quackenbush
Mr. Eugene Robison
Mr. Charles K. Serine
Mr. Steven Skoff
Mr. Charles Spiller
Ms. Kelly Sprenkle
Mr. William Stalter
Mr. Benjamin Thomas
Mr. Andrew Turner
Ms. Laura Vitale

CALL TO ORDER Mr. Grell called the meeting to order at 10:18 A.M. in the fourth floor Board Room of PSERS' headquarters.

WELCOME GUESTS
AND NEW EMPLOYEES Mr. Grell welcomed guests, Mr. Caruso, Mr. Diesinger, and Ms. Sorensen; and new employees, Mr. Davenport, Ms. Devos, Ms. Irani, Ms. Lamourt, and Mr. Thomas.

MINUTES APPROVED Mr. DiTullio moved to approve the minutes of the January 16, 2020 Board meeting. Ms. Connors seconded the motion, which passed unanimously.

VISITOR COMMENTS Ms. Sorensen, of the Private Equity Stakeholder Project, spoke to the Board providing an update on the ongoing contract negotiations with Local 400 and Albertson's/Safeway employees.

UNFINISHED BUSINESS

AD HOC GOVERNANCE
COMMITTEE The finalized RFP was circulated for comment. The Board was asked to submit any additional comments prior to the issuance of the RFP, which is tentatively scheduled for May 27, 2020.

NEW BUSINESS

BOARD EDUCATION Ms. Suzanne Dugan, of Cohen Millstein, provided ethics 70 minutes of training on fiduciary duties. Board members and Designees present were noted in the Board Education Log.

APPEALS AND MEMBER/EMPLOYER SERVICES
COMMITTEE REPORT

Ms. Vogler reported on the meeting held on March 5, 2020.

Ms. Vogler stated that the Committee approved the minutes of the December 5, 2019 meeting.

MINUTES

Ms. Vogler moved in the Account of Heather Garrison, that the Board grant PSERS' Motion for Summary Judgment and dismiss Claimant's appeal. Mr. Davis seconded the motion, which passed unanimously.

ACCOUNT OF
HEATHER GARRISON

Ms. Vogler reported that the Committee reviewed the Executive Staff Review Committee Reports from November 26, 2019, and December 18, 2019.

ESRC REPORTS

CORPORATE GOVERNANCE COMMITTEE REPORT

Treasurer Torsella reported on the meeting held on March 5, 2020.

Treasurer Torsella stated that the Committee approved the minutes of the March 7, 2019 meeting.

MINUTES

Treasurer Torsella reported that Ms. Courtney Keatinge, of Glass Lewis, presented a recap of the 2019 Proxy Voting Season and preview of the 2020 Proxy Voting Season.

PROXY VOTING

Treasurer Torsella reported that an Executive Session was held, and that Representative Ryan recused himself from the Executive Session.

Treasurer Torsella moved that the Public School Employees' Retirement Board (the "Board") hereby adopt the proposed U.S. and Non-U.S. Proxy Voting Policies pursuant to the recommendation of Lenann T. Engler, Manager of Investment Processes, dated February 14, 2020. Mr. DiTullio seconded the motion, which passed unanimously.

PROXY VOTING
RESOLUTION

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the Health Care Committee meeting held on March 5, 2020.

Ms. Lemmo reported that the Committee approved the minutes from December 5, 2019.

MINUTES

PRESENTATIONS

Ms. Lemmo reported that Mr. Camacci presented the Enrollment Experience for 2019 and 2020 Option Selection Period, and the 2020 Market Report Comparison.

INVESTMENT COMMITTEE REPORT

Mr. Davis reported on the meeting held on March 5, 2020.

MINUTES

Mr. Davis stated that the Committee approved the minutes of the January 16, 2020 meeting.

PRESENTATIONS

Mr. Davis stated that Mr. Sheva gave a presentation on the Investment Policy Statement, Objectives, and Guidelines Mr. Grossman gave brief presentations on; Hg Genesis 9 A L.P, Hg Saturn 2 A L.P., New Mountain Partners VI, L.P. Mr. Grossman gave a PSERS Fund and Market Overview presentation and a preview of future Investment Committee meetings.

EDUCATION

Mr. Davis stated that Mr. Bhansali and Ms. Rappaport, Long Tail Alpha, who all gave a 90-minute Educational Presentation on "Long Tail Alpha". A discussion followed. Members and Designees attending the Educational Presentation were noted in the Board Education Log.

Mr. Davis presented the following action items:

RESOLUTION 2020-03
INVESTMENT
GOVERNING POLICIES

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed Investment Policy Statement and Stand-alone Investment Policies for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated February 28, 2020. Ms. Vogler seconded the motion which, passed with four opposed being, Mr. Flannigan on behalf of Acting Secretary Vague, Mr. Lord on behalf of Secretary Rivera, Representative Ryan and Treasurer Torsella.

RESOLUTION 2020-04
HG GENESIS 9 A L.P.

Mr. Davis 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 Hg Genesis 9 A L.P. (and/or related investment vehicles), in accordance with the recommendation of G. Anthony Meadows, Senior Investment Professional, and Darren C. Foreman, Director, dated February 11, 2020 and Hamilton Lane, dated January 6, 2020. 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, Mr. Flannigan on behalf of Acting Secretary Vague, Representative Ryan and Treasurer Torsella.

Mr. Davis 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 Hg Saturn 2 A L.P. (and/or related investment vehicles), in accordance with the recommendation of G. Anthony Meadows, Senior Investment Professional, and Darren C. Foreman, Director, dated February 11, 2020 and Hamilton Lane, dated January 6, 2020. 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. Shaughnessy seconded the motion which, passed with three opposed being, Mr. Flannigan on behalf of Acting Secretary Vague, Representative Ryan and Treasurer Torsella.

RESOLUTION 2020-05 HG
SATURN 2 A L.P.

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$175 million plus reasonable normal investment expenses, in New Mountain Partners VI, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, and Luke M. Jacobs, Manager, dated February 11, 2020 and Hamilton Lane, dated January 29, 2020. 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. Vogler seconded the motion which, passed with two opposed being, Mr. Flannigan on behalf of Acting Secretary Vague, Representative Ryan and one abstention being, Treasurer Torsella.

RESOLUTION 2020-06
NEW MOUNTAIN
PARTNERS VI, L.P.

RESOLUTION 2020-07
INVESTMENT
GOVERNING POLICIES

Mr. Shaughnessy moved, that the Public School Employees' Retirement Board (the "Board") hereby confirms that the Investment Policy Statement and Stand-alone Investment Policies, adopted on March 6, 2020, are not static documents. These documents are intended to be updated and reviewed at least annually to reflect changing market conditions, changes in investing strategy or as otherwise necessary as determined by the Board.

Without limitation of the foregoing, the Board members will provide specific suggestions on the IPS and Stand-alone policies to the Investment Office by May 1, 2020, with the goal of considering a continuous review schedule and initial schedule of topics at the June 2020 Board meeting. Ms. Vogler seconded the motion which, passed unanimously.

AUDIT/COMPLIANCE COMMITTEE REPORT

Representative Ryan reported on the meeting held on March 6, 2020.

MINUTES

Representative Ryan stated that the Committee approved the minutes of the December 5, 2019 meeting.

PRESENTATIONS

Representative Ryan stated that Mr. Thomas Rey, of CliftonLarsonAllen, gave a presentation on Financial Audit Planning; Ms. Lanius presented the Audit Plan Update; and Mr. Grell presented the proposed enterprise risk reorganization.

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included: December 31, 2019 Financial Statements, December 31, 2019 Budget Update, Governor's 2020-2021 Recommended Budget, Budget Hearing Materials, Actuarial Update, and Other Finance-related Activities.

CHIEF COUNSEL'S REPORT

CC REPORT

Mr. Serine presented his report, which included two court cases involving Defined Contribution plans.

DEPUTY EXECUTIVE DIRECTOR'S REPORT

Ms. Mills gave her Deputy Executive Director's Report, which included: provisions of the SECURE Act, the Voya Employer Support Team, an Employer Training Program, upcoming proposed Board presentations, status of Member Self-Service (MSS), upcoming travels, and reminders regarding the DC Quarterly Due Diligence meetings.

DED REPORT

EXECUTIVE DIRECTOR'S REPORT

Mr. Grell stated that he attended the NASRA/NCTR Joint Meeting from March 1-2 in Washington, DC, and the NIRS Meeting on March 3.

ED REPORT

Mr. Grell reported that he will attend the following meetings or presentations: SEC Office on March 19; presentation on PSERS to the Central PA Finance Planning Association on April 2; NTCR Spring Executive Committee meeting on May 3; 2020 Voya Client Summit on May 7; PAPERS Conference on May 19; LVASBO Presentation on June 5; and PSERS Employee Recognition Day on June 10. The meetings are subject to change.

Mr. Grell reported on current issues, including: coronavirus preparedness; agency budget and PSERS On Point; proposed legislation; items discussed at the NCTR/NASRA Winter Legislative Meeting; items discussed at the NIRS 2020 Vision meeting; and Statements of Financial Interest Ethics Commission and Governor's Code of Conduct. Mr. Grell also reported that Susan Oh will be presenting at Georgetown in April.

Ms. Vogler informed the Board that she attended the NCTR/NASRA conferences in Washington, DC, and that she found the meetings to be very helpful.

BOARD MEMBER
COMMENTS

Chairman SantaMaria adjourned the meeting at 1:28 P.M.

ADJOURNMENT

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on June 12, 2020, at PSERS' Headquarters, 5 N. 5th Street, Harrisburg, PA.

NEXT MEETING

Date 5/29/2020



Glen R. Grell
Executive Director