



Public School Employees' Retirement Board

Board Meeting Minutes

March 11, 2022, and March 15, 2022

Call to Order: Chair Christopher Santa Maria called the meeting to order at 3:55 P.M. from the PSERS Board Room and via MS Teams.

Committee Members Present:

Christopher Santa Maria, Chair	Jason Davis Eric DiTullio	Patrick Lord for Sec. Noe Ortega
Rep. Frank Ryan, Vice-Chair	Treas. Stacy Garrity	Joe Torsella
Patrick Shaughnessy for Rep. Matt Bradford	Susan Lemmo Nathan Mains	Sec. Richard Vague Melva Vogler
Stacey Connors for Sen. Patrick Browne	Ann Monaghan Sen. Katie Muth	

Other Board Members Present:

James Bloom	Christopher Craig	Alan Flannigan
Susan Boyle	Jason Davis	Jill Vecchio
Thomas Clancy	Lloyd Ebright	

Others Present:

Thomas Bauer	James Grossman	Sean Sarraf
Mark Brubaker, Verus	Bev Hudson	Chuck Serine
Peter Camacci	Luke Jacobs	Michael Severance
Dhanashree Chitnis	Christopher Jones	Andrew Sherman, Segal
Melanie Clark, Segal	Edward Kaplan, Segal	Joe Sheva
Tivia Danner	Patrick Knapp	Steve Skoff
Dwight Decker	Mike Kondas	Jarid Snyder
James DelGaudio	Jacob Kuntz	William Stalter
Bob Devine	Stephanie Lanius	Cody Steele
Lenann Engler	G. Anthony Meadows	Angie Turri
Mercedes Evans	Jennifer Mills	Phil VanGraafeiland
Andrew Fiscus	Susan Oh	Laura Vitale
Darren Foreman	Melissa Quakenbush	Caiti Witmer
Mei Gentry	Jarrett Richards	
Liz Goldstein	Terri Sanchez	

9.1 Acceptance of Published Agenda or Amendments

Chair Santa Maria moved to adopt the agenda with flexibility. Rep. Frank Ryan moved to accept the published agenda. Eric DiTullio seconded the motion, which passed unanimously.

9.2 Minutes from January 13, 2022

Melva Vogler moved to approve the minutes of the January 13, 2022, meeting. Rep. Frank Ryan seconded the motion, which passed unanimously.

9.3 Minutes from January 31, February 24, and March 3, 2022

Melva Vogler moved to approve the minutes of the January 31, February 24, and March 3, 2022, meetings. Rep. Frank Ryan seconded the motion, which passed unanimously.

9.4 Public Comment

Terri Sanchez, Board Secretary and Executive Director, confirmed her physical presence in the Board Room. No public comment has been requested.

9.5 Introduction of New Employees and Guests

Terri Sanchez welcomed new employees, Gloria Johnson, Candice Davila-Dorsey, Steven Wrye, Lauren Latchford, Kristen Petrosky, Emalie Shaffer, and Patrick McCafferty to PSERS, and introduced them to the Board. Presentation located in Diligent Board Book.

Chair Santa Maria restated that Charles Spiller, PSERS Investment office, and Thomas Clancy, Designee for the Treasury Department, announced their plans to leave PSERS, and provided appreciative comments for both.

Recess

Without objection, the Board Meeting recessed at 4:10 P.M. on Friday, March 11, 2022, to resume on Tuesday, March 15, 2022, at 3:30 P.M.

9.6 Old Business –

9.6.1 The Settlement Agreement holding at agenda item 9.6.1 was moved to be included in Executive Session under agenda item 9.11.1.

9.6.2 Bob Devine, Interim Chief Investment Officer, provided a high level update on the divestment efforts of PSERS Russian and Belarus investments.

9.7 New Business

Chair Santa Maria announced the creation of an Ad Hoc Committee to oversee the process of recruitment for the following executive positions of Executive Director, Chief Investment Officer, and Chief Counsel. The committee will supervise the initial screening of candidates and conduct first-round interviews of candidates with the goal of bringing a set of finalists to the full PSERS Board for consideration. The selection of the committee of five (5) was determined based on diversity and prior search experience, and members who will work well together. The committee includes Treasurer Stacy Garrity, Secretary Richard Vague, Stacey Connors sitting in for Senator Patrick Browne, Eric DiTullio, and chairing is Susan Lemmo.

Melva Vogler, Chair of the Personnel Committee, provided status of Hudepohl's work. Hudepohl's responded to the PSERS Board request for an accelerated process to discuss position specifications, compensation, marketing, and interviews. Hudepohl invited Board members to contact them for individual discussion. Hudepohl is flexible to schedule each Board member for evening or weekend, to conduct a 30 minute discussion, with topics provided in advance. The advertisement will be placed next week for Executive Director and Chief Counsel, except for print ad for Executive Director to run in Pensions and Investments March 28 edition. The electronic copy of the Pension and Investment print ad will be available online. Gary Hudepohl provided his contact information.

9.8 Executive Session Fiduciary Counsel - none

9.9 Committee Reports

9.9.1 Corporate Governance Committee

Treas. Stacy Garrity reported on the Committee meeting held on March 10, 2022.

Treas. Stacy Garrity stated that the Committee approved minutes of the March 4, 2021, meeting.

Treas. Stacy Garrity reported on the following:

Eric Shostal and Tarun Mehta from Glass Lewis provided an education session of Proxy Voting and Board members present received $\frac{3}{4}$ hour.

Lenann Engler presented proposed modification to the U.S. and Non-U.S. Proxy Voting Policies.

Action Item –

Resolution 2022-13 Re: U.S. and Non-U.S. Proxy Voting Policies

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby adopts 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 21, 2022.

Jason Davis moved, and Rep. Frank Ryan seconded the motion, which passed with two abstentions being Christopher Craig on behalf of Treas. Stacy Garrity and Sen. Katie Muth.

9.9.2 Health Care Committee

Susan Lemmo reported on the Committee meeting held on March 10, 2022.

Susan Lemmo stated that the Committee approved minutes of the December 16, 2021, meeting.

Susan Lemmo reported on the following:

Peter Camacci provided an update on the 2021-2022 HOP Enrollment Experience.

Melanie Clark, Segal, provided a review of the 2022 Market Competition Study.

The Committee met in Executive Session to discuss the Pharmacy Benefit Manager RFP.

Action Item –

Resolution 2022-14 Re: Pharmacy Benefit Management Services Effective January 1, 2023

RESOLVED, that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Technical Evaluation Committee for the RFP #2021-4, Medicare Employer Group Waiver Prescription Drug Plan and Pharmacy Benefit Management Services RFP, for services effective January 1, 2023, hereby retains OptumRx under a Direct Contract EGWP for an initial contract term of two (2) years beginning January 1, 2023 with options to renew annually for three (3) additional years. The final terms and conditions of the contract must be satisfactory to the Health Insurance 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 contract.

Susan Lemmo moved, and Patrick Shaughnessy seconded the motion, which passed with one abstention being Sen. Katie Muth.

9.9.3 Appeals and Member/Employer Services Committee

Ann Monaghan reported on the Committee meeting held on March 10, 2022.

Ann Monaghan stated that the Committee approved minutes of the January 13, 2022, meeting.

Action Item –

Ann Monaghan moved in the account of Rodichok, D. [Docket No. 2021-04], that the Board adopt the Hearing Examiner's proposed adjudication and order and grant Claimant's appeal. Rep. Frank Ryan seconded the motion, which passed unanimously. Ann Monaghan reported that the Committee reviewed the Executive Staff Review Committee reports for December 21, 2021, and February 9, 2022.

9.9.4 DC Plan Committee

Alan Flannigan reported on the Committee meeting held on March 10, 2022.

Alan Flannigan stated that the Committee approved minutes of the December 16, 2021, meeting.

Alan Flannigan reported on the following:

Scott Darcy from Voya presented on overview of the results of the member experience survey and the investment survey.

9.9.5 Personnel Committee

Melva Vogler reported on the Committee meeting held on March 10, 2022.

Melva Vogler stated that the Committee approved minutes of the January 13, 2022, meeting.

Melva Vogler reported on the following:

Gary Hudepohl, Hudepohl & Associates, provided a status update on the search for PSERS Executive Director, Chief Investment Officer, and Chief Counsel. Mr. Hudepohl explained the sequencing of the searches, preliminary work plan, best practices when searching, and advertising plans.

An Ad Hoc Committee to support the search was recommended and member complement was announced by Chair Santa Maria under New Business of the Board meeting.

9.9.6 Budget/Finance Committee

Stacey Connors reported on the Committee meeting held on March 10, 2022.

Stacey Connors stated that the Committee approved minutes of the December 16, 2021, meeting.

Stacey Connors reported on the following:

Brian Carl provided a status update on the December 31, 2021, budget and the Fiscal Year 2022-23 Governor's recommended budget.

Stacey Connors provided an update on emergency procurement to extend the Buck Global contract.

9.9.7 Audit/Compliance Committee

Rep. Frank Ryan reported on the Committee meeting held on March 10, 2022.

Rep. Frank Ryan stated that the Committee approved minutes of the December 16, 2021, and February 17, 2022, meetings.

Rep. Frank Ryan reported on the following:

Mei Gentry provide an Audit Plan Status update.

Mark Brubaker, Verus, presented the Investment Office Operational Processes and Procedures Report.

Sean Walker, CLA, present the Financial Statement Audit Planning.

Alicia James with Constellation Advisers staff provided an update of the Investment Compliance Program.

The Committee met in Executive Session to discuss results from the latest Investment Compliance Program Review, Investment Office Operational Processes and Procedures Review Report, Management Action Plan Status Update and HOP/PDP Compliance Status Report, Actuarial Audit and Financial Statement Audit Procurement, and Internal Controls.

The Committee hosted CLA who provided an Audit training session for PSERS Board members to count for CPE in-person attendees as well as 2 ¼ credit hours toward the annual education requirement.

Action Items –

Resolution 2022-15 Re: Investment Compliance Review Report

RESOLVED, that the Public School Employees’ Retirement Board (the “Board”), in accordance with the recommendation of the Technical Evaluation Committee for the RFP #2021-4, Medicare Employer Group Waiver Prescription Drug Plan and Pharmacy Benefit Management Services RFP, for services effective January 1, 2023, hereby retains OptumRx under a Direct Contract EGWP for an initial contract term of two (2) years beginning January 1, 2023 with options to renew annually for three (3) additional years. The final terms and conditions of the contract must be satisfactory to the Health Insurance 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 contract.

Rep. Frank Ryan moved, and Jason Davis seconded the motion, which passed with one abstention being Sen. Katie Muth.

Resolution 2022-16 Re: Verus Review Report

RESOLVED, that the Public School Employees’ Retirement Board (the “Board”) hereby approves the accompanying Investment Office Operational Processes and Procedures Review Report prepared for the Public School Employees’ Retirement System by Verus.

Rep. Frank Ryan moved, and Jason Davis seconded the motion, which passed with one abstention being Sen. Katie Muth.

Resolution 2022-17 Re: Special Investigation Internal Controls Follow Up

RESOLVED, that the Public School Employees’ Retirement Board (the “Board”) hereby approves the reviews below as an internal controls follow-up to the Womble Bond Dickson special investigation.

1. Recommendations to the board to refer to bylaws:
 - a. Bylaw implications of funds put in escrow that may be nonrefundable and the need for board approval
 - b. Audit committee and board notification processes and when automatic triggers should kick in
 - c. Review of corporate bylaws for potential board governance issues
 - d. Authorization for the establishment of subsidiaries
 - e. Leaks from board meetings executive sessions
 - f. Existence of internal or external pressures or incentives that may impact reporting of investment returns

2. Recommendations to the board for Internal Audit Office's review:
 - a. Review of internal procedures relative to appraisals for real estate investment acquisitions
 - b. Fund authorization processes
 - c. Shared risk calculation audit – design and effectiveness of the internal controls to ensure accuracy and completeness.

Sen. Katie Muth inquired why this is the purview of the Bylaws Committee solely and not a topic for the full Board. Rep. Frank Ryan explained that any action items coming out of the Bylaws Committee or the Board Governance & Administration Committee related to bylaw change would be passed to the full board for review. Sen. Katie Muth suggested a comparison of PSERS Bylaws to other like funds to recognize best practices.

Rep. Frank Ryan moved, and Jason Davis seconded the motion, which passed with one opposed being Sen. Katie Muth.

9.9.8 Investment Committee

Jason Davis reported on the Committee meeting held on March 11, 2022.

Jason Davis stated that the Committee approved minutes of the January 13, 2022, meeting.

Jason Davis reported on the following:

Bob Devine gave a PSERS Investment Office Dashboard overview.

Bill Stalter, Cody Steele, Jarrett Richards, and Melissa Quackenbush gave a presentation on Non-Traditional Investments – Private Real Estate and Infrastructure.

Claire Shaughnessy, Aon, presented the 4th Quarter Performance.

Michael Reid, CEM, provided a one-hour **educational session** on CEM 2020 Investment Cost Effectiveness Analysis.

Jarid Snyder provided a 15-minute **educational session** on 2020 Private Market Fees.

Mark Brubaker, Verus, provide a 30-minute **educational session** on Verus Fiscal Year 2021 Analysis of Investment Manager Fees.

Christopher Jones and Andre Etter provided a 30-minute **educational session** on IBOR Project Update.

The Committee met in Executive Session to discuss proposed items, Whitehorse Liquidity Partners V, L.P., PIMCO Commercial Real Estate Debt Fund II, L.P., Oak HC/FT V Partners, L.P., CIM Infrastructure Fund III L.P., EQT Exeter Industrial Core-Plus Fund IV, L.P., and Proposed Transition Plan to New Asset Allocation.

The Investment Policy Statement (IPS) presentation from Joe Sheva was not conducted during the Committee session due to time so was brought to the Board at this time. A discussion followed.

Action Items –

Resolution 2022-18 Re: Whitehorse Liquidity Partners V, L.P.

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$200 million, plus reasonable normal investment expenses, to Whitehorse Liquidity Partners V LP (and/or related investment vehicles) and the establishment of a fund-of-one to be formed and managed by Whitehorse on behalf of PSERS, that will ultimately hold PSERS' interest in the Fund and PSERS' prior investment in Whitehorse Liquidity Partners IV LP, and that the investment office shall have authority to invest additional sums up to \$50 million

(taken together with recallable distributions from prior funds) to maintain a \$200 million target commitment level to each of any subsequent flagship fund, in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated December 21, 2021 and Aksia, LLC dated December 21, 2021. 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.

Jason Davis moved, with Melva Vogler seconding. The motion passed with two opposed being Sen. Katie Muth and Joe Torsella.

Resolution 2022-19 Re: Hg Saturn 3 A L.P.

RESOLVED, 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 3 A L.P. (and/or related investment vehicles), in accordance with the recommendation of Patrick G. Knapp, Portfolio Manager, dated February 17, 2022 and Hamilton Lane, dated January 31, 2022. 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.

Jason Davis moved, with Eric DiTullio seconding. The motion passed with one opposed being Sen. Katie Muth, and one abstention being Joe Torsella.

WITHDRAWN Resolution 2022-__ Re: Oak HC/FT Partners V, L.P.

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million, plus reasonable and normal investment expenses, to Oak HC/FT Partners V, L.P., (and/or related investment vehicles), in accordance with the recommendation of G. Anthony Meadows, Portfolio Manager, dated February 11, 2022 and Hamilton Lane, dated January 25, 2022. 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.

Jason Davis moved, with Susan Lemmo seconding.

Sen. Katie Muth requested verification that all conflicts within Oak HC/FT Partners V, L.P. had been reviewed relative to contracts with the Commonwealth of Pennsylvania. G. Anthony Meadows explained the PSERS process to verify non-existence of conflicts. A discussion followed.

Jason Davis motioned to withdraw the resolution and move to notational ballot, with Susan Lemmo seconding the withdrawal.

Resolution 2022-20 Re: CIM Infrastructure Fund III, L.P.

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$250 million, plus reasonable and normal investment expenses, to CIM Infrastructure Fund III, L.P., (and/or related investment vehicles), in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, dated February 10, 2022 and Hamilton Lane, dated January 20, 2022. 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.

Jason Davis moved, with Melva Vogler seconding. The motion passed with one opposed being Sen. Katie Muth.

Resolution 2022-21 Re: EQT Exeter Industrial Core-Plus IV, L.P.

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million, plus reasonable and normal investment expenses, to EQT Exeter Industrial Core-Plus IV, L.P., (and/or related investment vehicles), in accordance with the recommendation of Melissa A. Quackenbush, Senior Portfolio Manager, dated February 11, 2022 and Hamilton Lane, dated January 3, 2022. 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.

Jason Davis moved, with Eric DiTullio seconding. The motion passed with one opposed being Sen. Katie Muth.

Resolution 2022-22 Re: Investment Policy Statement – Absolute Return

RESOLVED, that the Investment Committee of the Public School Employees' Retirement Board (the "Board") hereby recommends that the Board suspend the Absolute Return Policy tolerance bands for the Public School Employees' Retirement System pursuant to the memo from Joseph W. Sheva, Director - Risk and Compliance, dated March 7, 2022.

Jason Davis moved, with Rep. Frank Ryan seconding. The motion passed unanimously.

Resolution 2022-23 Re: Investment Policy Statement

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby adopts the changes to the Investment Policy Statement and Stand-alone Investment Policies for the Public School Employees' Retirement System pursuant to the memo from Joseph W. Sheva, Director - Risk and Compliance, dated March 7, 2022 and memo from Robert Devine, Interim CIO and Joseph W. Sheva, Director - Risk and Compliance dated March 15, 2022.

Jason Davis moved, with Eric DiTullio seconding. The motion passed with one abstention being Sen. Katie Muth.

Resolution 2022-24 Re: Verus Advisory, Inc. Contract Renewal

RESOLVED, that Public School Employees Retirement Board (the "Board") hereby authorize staff of the Public School Employees' Retirement System to amend paragraph 1.2 of the contract with Verus Advisory, Inc. dated May 5, 2021 ("Contract"), to reflect renewals of six month increments for the remainder of the contract term. The final terms and conditions of the amendment 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 amendment.

Jason Davis moved, with Rep. Frank Ryan seconding. The motion passed unanimously.

9.9.9 Bylaws/Policy Committee

Action Item –

Resolution 2022-25 Re: PSERS Model Governance Manual Framework

WHEREAS, pursuant to Resolution 2020-43, the Public School Employees' Retirement Board (the "Board") retained Funston Advisory Services, LLC ("FAS") as the Board Governance Consultant. *WHEREAS*, on November 18, 2021, FAS submitted its final report, "Transforming Governance at the Pennsylvania Public School Employees' Retirement System – An Independent Governance Review," to the Board.

WHEREAS, FAS recommended that the Board update its current Statement of Organization, Bylaws, and Other Procedures of the Commonwealth of Pennsylvania Public School Employees' Retirement Board ("Current Bylaws") by instituting a Model Governance Manual Framework.

WHEREAS, FAS recommended that the Board reorganize its committee structure.

WHEREAS, the Board wishes to begin the process of reviewing and implementing FAS' recommendations.

RESOLVED, that the Board hereby adopts the proposed PSERS Model Governance Manual Framework ("Governance Framework") dated March 11, 2022 and attached hereto as "Attachment A," including the provisions contained in Article I, Sections 2.3, 4, & 8 and Article II, Sections 1 through 7.

Further **RESOLVED**, that to the extent a conflict exists between the Governance Framework and the Current Bylaws, the Governance Framework shall control.

Further **RESOLVED**, that following passage of this resolution the Chair of the Board shall appoint members to each new committee.

Further **RESOLVED**, that, at the first meeting of each Committee under Section 4.1 of the Governance Framework, each Committee shall review their charter and make recommendations to the Governance & Administration Committee.

Further **RESOLVED**, that Article IV (Committees of the Board) of the Current Bylaws is repealed.

Stacey Connors offered a friendly amendment to retain practice that Chair of Board designates Committee Chairs and Vice-Chairs, with Melva Vogler seconding. Patrick Shaughnessy and Melva Vogler accepted the friendly amendment. A discussion followed.

The friendly amendment did not pass.

Christopher Craig offered a friendly amendment to strike the following clause from paragraph 4.4, Committee Member Terms, on the Model Governance Manual Framework, "with the service at the pleasure of the Chairperson", with Rep. Frank Ryan seconding. Patrick Shaughnessy and Melva Vogler accepted the friendly amendment. A discussion followed.

The friendly amendment passed.

Patrick Shaughnessy moved, with Melva Vogler seconding. The motion passed with one opposed being Sen. Katie Muth, and one absence from vote being Eric DiTullio.

Christopher Santa Maria requested each Board member provide their preferences on which Committee they want to serve; he will assign and report at a later date. Future Committee meetings will be scheduled in order for each Committee can vote for Chair and Vice-Chair.

9.10 Chief Financial Officer Report

Brian Carl presented Chief Financial Officer's Report through a slide deck, which included:

December 31, 2021 Financial Statements

Other Finance-Related Activities

- ACFR/Budget Book Automation Tool
- GASB 68 (Pension) and GASB 75 (OPEB)
- FY21-22 Commonwealth General Fund Revenues
- Delinquent Employer Contribution Collection Improvement
- SOC Compliance Planning
- Next Meeting on March 31, 2022, Financial Statements
- Long-Term Actuarial Projections in June

9.11 Office of Chief Counsel Report

Chuck Serine, Interim Chief Counsel, presented Office of Chief Counsel's Report, which included:

- An update on the Steinke class action suit filed against Hamilton Lane, Aon and 812 Market. PSERS received official court order approving 812 Market Street dismissal from the case.
- Action to create an RFP Evaluation Committee for the Indemnification Counsel. Board members interested in participating on the committee should contact Chair Santa Maria directly.

Executive Session

At 6:20 P.M., Terri Sanchez, Interim Executive Director, 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 to discuss **settlement agreement updates for Cohen Milstein Sellers & Toll PLLC, Pillsbury Winthrop Shaw Pittman LLP, and Lewis Brisbois Bisgaard & Smith and Settlement Agreement**. 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."

Rep. Frank Ryan moved that the Board enter Executive Session, with Jason Davis seconding the motion. The motion passed unanimously.

Regular session resumed at 7:38 P.M.

Chief Counsel stated the CohenMilstein contract discussion would be referred to the Board Governance & Administration Committee for deliberation.

Action Items –

Resolution 2022-26 Re: Settlement Agreement for Legal Services with Lewis Brisbois Bisgaard & Smith LLP

RESOLVED, the Board authorizes PSERS staff to enter into a Settlement Agreement with Lewis Brisbois Bisgaard & Smith LLP to pay invoices received for legal services related to the federal investigation in a total amount not to exceed \$16,000. The final terms and conditions of the settlement agreement must be satisfactory to the Office of Chief Counsel and the Executive Office as evidenced by their respective signatures on the Settlement Agreement.

Rep. Frank Ryan moved, with Melva Vogler seconding. The motion passed with one opposed being Sen. Katie Muth, and one absence from vote being Eric DiTullio.

Proposed Resolution 2022-__ Re: Contract Amendment and Settlement Agreement for Legal Services with Pillsbury Winthrop Shaw Pittman, LLP

Christopher Santa Maria moved, with Susan Lemmo seconding.

Christopher Craig motioned to amend the resolution before the board to be divided; the division would be a separate vote on the payment for services rendered to date and a second vote on the resolution as it pertains to amending the existing contract with the Pillsbury firm to include services related to the Muth litigation. Sen. Katie Muth seconded. The motion to divide passed with four opposed being Christopher Santa Maria, Jason Davis, Ann Monaghan, and Melva Vogler. The proposed resolution was separated into two resolutions as follows:

Resolution 2022-27 Re: Contract Amendment and Settlement Agreement for Legal Services with Pillsbury Winthrop Shaw Pittman, LLP

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby authorizes PSERS staff to enter into a Settlement Agreement with Pillsbury to pay invoices received for legal services related to the Commonwealth Court Litigation rendered on or after October 27, 2021 and prior to the effective date of this resolution not to exceed \$22,000. The final terms and conditions of the settlement agreement must be satisfactory to the Office of Chief Counsel and the Executive Office as evidenced by their respective signatures on the contract amendments.

Rep. Frank Ryan moved, with Jason Davis seconding. The motion passed with one opposed being Sen. Katie Muth, and two absent from vote being Eric DiTullio and Joseph Torsella.

Discussion followed related to the second division, including concerns on Pillsbury, and possibly tabling the resolution.

Christopher Santa Maria, as maker, suggested replacing Pillsbury in the resolution with Morgan Lewis & Bockius LLP. Susan Lemmo seconded.

Resolution 2022-28 Re: Commonwealth Court Litigation

RESOLVED, that the Public School Employees' Retirement Board (the "Board") authorizes Morgan Lewis & Bockius LLP to represent the Board in all matters relating to the litigation before Commonwealth Court captioned The Honorable Katie J. Muth v. Public School Employees' Retirement Board, Christopher Santamaria, in his Official Capacity as Chairman, Glen R. Grell in his Official Capacity as Executive Director, and the Public School Employees' Retirement System (Docket No. 182 MD 2021) (the "Commonwealth Court Litigation"). Pillsbury Winthrop Shaw is not authorized to represent the Board in the Commonwealth Court Litigation going forward.

Christopher Santa Maria moved, with Susan Lemmo seconding. The motion passed with one opposed being Sen. Katie Muth, and two absent from vote being Eric DiTullio and Joseph Torsella.

Chuck Serine, Chief Counsel, expressed the potential that Morgan Lewis & Bockius LLP may decline the representation. If so, the Board would need to hold a Special Board meeting to consider other law firm options.

9.12 Deputy Executive Director of Administration Report

Bev Hudson presented a summary of the Deputy Executive Director's Report through a slide deck, which included:

- Continued Initiatives including:
 - Information Security, Security Assessment Action Items, Cyber Insurance Policy Renewal, ISO Future State
 - Human Resources, Permanent Telework Implementation, New HR Director, Employee Life Cycle Services
 - Administrative Services, Continuity of Operations Planning, Improved Procurement, Succession Planning

9.13 Executive Director Report

Terri Sanchez presented a summary of the Executive Director's Report through a slide deck, which included:

- House State Government Subcommittee on Pensions, Benefits, and Risk Management
- Divestiture Legislation
- Other Legislative Items

9.14 Board Members Comments –

Susan Lemmo provided an update on the Executive Director and Chief Counsel search. At this point, three Trustee interviews have been completed, eight others are scheduled for later in the week, and invitations are out to the four remaining Board members to confirm time. In order to move the process through expeditiously, it was requested it be one interview per Board seat, understanding that designees and their principal would be communicating their input. Interviews with Terri Sanchez and her direct reports are being scheduled. Hudepohl has drafted postings for the web for the Executive Director and Chief Counsel to be shared with the Ad Hoc Committee later in the week. Hudepohl has draft recruitment position specifications based on the Trustee interviews. These will be shared with the Ad Hoc Committee and to anyone expressing interest in the position.

Adjournment

Without objection, the Board Meeting adjourned at 8:26 P.M. on Tuesday, March 15, 2022.

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