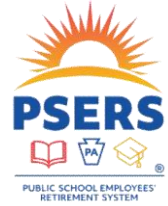


# May 31, 2024 PSERB Board Meeting

PSERS Board Room 5 North 5<sup>th</sup> Street, Harrisburg, PA 17101 and via MS Teams [Sunshine]



Chairperson Mr. Richard Vague  
Vice Chairperson Ms. Susan Lemmo  
Board Secretary Terrill J. Sanchez

## 1. **Call to Order**

The Board met on May 31, 2024 virtually and in-person at 5 North 5<sup>th</sup> Street in Harrisburg, PA. Chairperson Richard Vague called the meeting to order at 10:32 A.M. Terrill Sanchez took roll call and confirmed Board quorum.

### **Board Member Attendance:**

Chairperson Richard Vague In Person  
Vice Chairperson Susan Lemmo In Person  
Jordan Laslett for Rep. Matthew Bradford In Person  
Dr. Pamela Brown Virtual  
Jason Davis In Person  
Eric DiTullio Virtual  
Jill Vecchio for Rep. Torren Ecker Virtual  
Christopher Craig for Treas. Stacy Garrity In Person  
Ann Monaghan In Person  
Patrick Lord for Sec. Khalid Mumin Virtual  
Sen. Katie Muth Virtual  
Brian Reiser In Person  
Sen. Greg Rothman Virtual  
Sec. Wendy Spicher In Person  
*Absent Nathan Mains*

### **Additional Board Designee Attendance:**

Lloyd Ebright Virtual	Eric Pistilli Virtual
Michael Heckmann Virtual	Ben Slate Virtual
Veronica Hoof Virtual	Morgan Wagner Virtual

## 2. **Approval of Published Agenda or Requested Amendments**

Jason Davis moved to approve the published agenda with Brian Reiser seconding. The motion passed with one (1) absent being Nathan Mains.

## 3. **Approval of March 22, 2024 Minutes**

Brian Reiser moved to approve the minutes with Dr. Pamela Brown seconding. The motion passed with one (1) absent being Nathan Mains.

## 4. **Public Comment**

Terrill Sanchez noted that Brian Kimmet, from Rock the Capitol, was present and recording but did not request public comment.

## 5. **New Business**

### 5.1 **Committee Reports**

#### 5.1.1 **Audit, Compliance and Risk Committee Report**

Christopher Craig for Chair Treas. Stacy Garrity reported on the activities, findings, recommendations, and other relevant issues from the Audit, Compliance and Risk Committee meeting held on May 22, 2024.

Under New Business, the Committee:

- received an update from Elizabeth Goldstein on Chief Compliance Officer activities,
- received a presentation from Alicia James on the Investment Compliance Program Update,
- received a presentation from Mei Gentry, Chief Audit Officer, on the Audit, Compliance and Risk Committee 2024 Work Plan, and
- held an Executive Session to discuss Investment Compliance Review Report, CLA SOC1 Type 2 Engagement Readiness Assessment Phase Updates, FY23-24 Internal Audit Plan Updates, FY24-25 Internal Audit Plan Proposal, Chief Compliance Legal Updates, and Pending Legal Matters.

Christopher Craig moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Audit, Compliance, and Risk Committee and adopts the FY24-25 Internal Audit plan

Brian Reiser seconded.

The motion passed with one (1) absent being Nathan Mains, as **Resolution 2024-25**.

#### 5.1.2 Investment Committee Report

Chair Jason Davis reported on the activities, findings, recommendations, and other relevant issues from the Investment Committee meetings held on May 23, 2024 and May 30, 2024.

At the May 23, 2024 meeting, under New Business, the Committee:

- received presentations from Christopher Jones on Securities Lending Agent; from Sean Sarraf on ICG Europe Mid-Market Fund II, SCSp; from Jarrett Richards on Carlyle Realty Partners, X, L.P.; and from Cody Steele on CION Grosvenor Infrastructure Interval Fund, L.P., and
- held an Executive Session to discuss confidential provisions of the discussion items.

At the May 30, 2024 meeting, under New Business, the Committee:

- received a presentation from Robert Devine on the Investment Office Dashboard and the Investment Committee 2024 Work Plan,
- received a presentation from Joseph Sheva on Investment Related Policies,
- received a presentation from Mark Brubaker, Verus, on the Capital Markets Update and Q4 Performance Summary, and Mr. Brubaker provided Strategic Asset Allocation education,
- received Asset Class Review presentations from James Del Gaudio on Private Market/Private Equity, from Jeffrey Burton on Public Equity, from Steven Derr on Internal Fixed Income, and from Patrick McCafferty on Market Risk Overview and Stress Test,
- reviewed presentations provided at the May 23, 2024 Committee meeting listed under New Business, and
- held an Executive Session to discuss confidential provisions of the discussion items, Direct Real Estate, Chief Investment Officer Update, and Investment Compliance Monitoring Services.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee and adopts the changes to the following investment policies, attached:

Policies with changes only

- Investment Policy Statement
- Liquidity Policy
- Securities Lending Policy
- Tail Risk Mitigation Strategy Policy
- Qualified Independent Representative (QIR) Policy

Policies to be changed and consolidated

- Consolidation of the Cash Policy into the Public Markets Asset Class Policy
- Consolidation of the Derivatives Policy and the Leverage Policy into a single Derivatives and Leverage Policy.

Jordan Laslett seconded.

The motion passed with one (1) absent being Nathan Mains, as **Resolution 2024-26**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to hire Bank of New York Mellon as securities lending agent subject to the Investment Policy Statement, related Board policies, Objectives and Guidelines, as amended from time to time.

The final terms and conditions of the investment are subject to legal due diligence and 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 contracts.

Ann Monaghan seconded.

The motion passed with one (1) abstention being Sen. Katie Muth, and one (1) absent being Nathan Mains, as **Resolution 2024-27**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to invest an amount not to exceed €150,000,000 plus reasonable and normal investment expenses, to ICG Europe Mid-Market Fund II SCSp and/or related investment vehicles.

The final terms and conditions of the investment are subject to legal due diligence and 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 contracts.

Jordan Laslett seconded.

The motion passed with one (1) abstention being Sen. Katie Muth, and one (1) absent being Nathan Mains, as **Resolution 2024-28**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to invest an amount not to exceed \$300,000,000 plus reasonable and normal investment expenses, to Carlyle Realty Partners X, LP and/or related investment vehicles.

The final terms and conditions of the investment are subject to legal due diligence and 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 contracts.

Ann Monaghan seconded.

The motion passed with one (1) opposed being Sen. Katie Muth, and one (1) absent being Nathan Mains, as **Resolution 2024-29**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to invest an amount not to exceed \$300,000,000 plus reasonable and normal investment expenses, to CION Grosvenor Infrastructure Interval Fund, LP and/or related investment vehicles.

The final terms and conditions of the investment are subject to legal due diligence and 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 contracts.

Jordan Laslett seconded.

The motion passed with one (1) opposed being Sen. Katie Muth, and one (1) absent being Nathan Mains, as **Resolution 2024-30**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to authorize staff to negotiate the terms of a sole source procurement for Investment Compliance Monitoring Services with IQ EQ for a period of three years with not more than two one-year renewals negotiated at the discretion of staff.

The final terms and conditions of the contract are subject to legal due diligence and 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 contract

Sec. Wendy Spicher seconded.

The motion passed with one (1) absent being Nathan Mains, as **Resolution 2024-31**.

### 5.1.3 Benefits and Appeals Committee Report

Committee Chair Ann Monaghan reported on the activities, findings, recommendations, and other relevant issues from the Benefits and Appeals Committee meeting held on May 30, 2024.

Under New Business, the Committee:

- held an Executive Session to discuss adjudications, and
- discussed the Executive Staff Review Committee (ESRC) minutes from April 5, 2024.

Ann Monaghan moved the following:

**RESOLVED**, that in the matter of Charles H. Nelson (Deceased) under claim of Jean Nelson, Docket No. 2019-09, the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Benefits and Appeals Committee and adopts the attached Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Jason Davis seconded.

The motion passed with one (1) absent being Nathan Mains as **Resolution 2024-32**.

Ann Monaghan moved the following:

**RESOLVED**, that in the matter of Mark J. Zilinskas, Docket No. 2021-01, the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Benefits and Appeals Committee and adopts the attached Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Brian Reiser seconded.

The motion passed with one (1) absent being Nathan Mains as **Resolution 2024-33**.

Ann Monaghan moved the following:

**RESOLVED**, that in the matter of David J. Prusick, Docket No. 2019-11, the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Benefits and Appeals Committee and adopts the attached Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Jason Davis seconded.

The motion passed with one (1) absent being Nathan Mains as **Resolution 2024-34**.

#### 5.1.4 **Governance and Administration Committee Report**

Jordan Laslett for Committee Chair Rep. Matthew Bradford reported on the activities, findings, recommendations, and other relevant issues from the Governance and Administration Committee meeting held on May 30, 2024.

Under Unfinished Business, the Committee:

- received an update from Beverly Hudson, Deputy Executive Director of Administration, on the Board Direct Report Evaluation Survey,
- was informed that Eric Decker, Director of Governance and Strategic Initiatives, will present a Strategic Plan Update during the Executive Director Report located at agenda item 7.1, and
- held an Executive Session to discuss personnel matters.

Under New Business, the Committee:

- received presentations from Jordan Laslett on the Board Elections Provider contract and future RFP planning, on the Insurance Broker Overview and RFP planning, and on the Diligent Board contract and recommended contract extension.

Jordan Laslett moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Governance and Administration Committee and authorizes PSERS staff to initiate the request for proposal process for an insurance broker to provide services in securing cyber security insurance.

Sec. Wendy Spicher seconded.

The motion passed with one (1) absent being Nathan Mains, as **Resolution 2024-35**.

Jordan Laslett moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Governance and Administration Committee and authorizes staff to seek a software renewal of the Electronic Board Platform Services that are currently provided to PSERS by Diligent Corporation and extend the license to use such software for a period not to exceed five years.

The final terms and conditions of the contract are subject to legal due diligence and must be satisfactory to the Deputy Executive Director for Administration, 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.

Jason Davis seconded.

The motion passed with one absent being Nathan Mains, as **Resolution 2024-36**.

#### 5.1.5 Finance and Actuarial Committee Report

Committee Chair Eric DiTullio reported on the activities, findings, recommendations, and other relevant issues from the Finance and Actuarial Committee meeting held on May 30, 2024.

Under New Business, the Committee:

- received a presentation from Brian Lyman, Chief Financial Officer, on the March 31, 2024 Financial Statements and Budget Updates.

#### 5.1.6 Health Care Committee Report

Committee Chair Susan Lemmo reported on the activities, findings, recommendations, and other relevant issues from the Health Care Committee meeting held on May 30, 2024.

Under New Business, the Committee:

- held an Executive Session to discuss Proposed 2025 HOP Medical and Medicare Rx Plans and Rates.

Susan Lemmo moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Health Care Committee and adopts the plan design changes and monthly premium rates listed in the attached charts for the HOP Medical Plan, HOP Value Medical Plan, the Pre-65 HOP Medical Plan, the HOP "High" Medicare Part D Rx Plan, and the HOP "Low" Medicare Part D Rx Plan effective January 1, 2025 for plan year 2025.

The attached charts will be made public on October 1, 2024 pursuant to the marketing requirements and related provisions of the Medicare Advantage and Medicare Prescription Drug Benefit rules (Chapter 42 of the Code of Federal Regulations, Parts 422 and 423).

Sec. Wendy Spicher seconded.

The motion passed with one (1) absent being Nathan Mains, as **Resolution 2024-37**.

Susan Lemmo moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Health Care Committee and authorizes staff to negotiate the terms of renewing the Agreement for Prescription Drug Benefits Administration Services with OptumRx, Inc. and further authorizes the agreement to be amended to include the administration of the Medicare Prescription Payment Plan required under the Inflation Reduction Act of 2022.

The final terms and conditions of the amendments are subject to legal due diligence and must be satisfactory to the Office of Chief Counsel, the Health Insurance Office, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the amendment.

Ann Monaghan seconded.

The motion passed with one (1) absent being Nathan Mains, as **Resolution 2024-38**.

Susan Lemmo announced the PSERS HOP Rx Drug Plan has received the Pharmacy Quality Alliance Excellence in Quality Award.

- 5.2 Terrill Sanchez announced that The Board met on Friday, May 3, 2024, in Executive Session for the purpose of discussing agency business, which, if conducted in public would violate a lawful privilege or lead to the disclosure of information or confidentiality protected by law, namely active litigation related to Withdrawal Liability.

6. **Office of Chief Counsel Report**

At 11:01 A.M., Sec. Wendy Spicher moved to enter **Executive Session** with Ann Monaghan seconding, to consult with counsel with respect to pending or expected litigation.

**The Board resumed public session at 11:38 A.M.**

7. **Office of Executive Director**

Terrill Sanchez welcomed new employees and interns, recognized retiring employees, congratulated PSERS employee, Rachel Ferguson, upon her graduation from the Commonwealth Leadership Development Institute, highlighted the State Employee Recognition Day and PSERS Hot Dog Day, provided comments of appreciation for Years of Service Award winners, and announced PSERS 2023 SECA Campaign results.

Eric Decker provided a Strategic Plan Update and a SOC1 Type 2 MAP Update.

Paul Vezzetti, Communications Director, provided an update on the PSERS Promise campaign.


Mark Fetzko, Director of Government Affairs and Stakeholder Engagement, provided a legislative update.

8. **Next Meeting Agenda Items**

The Board had no recommendations for agenda items to add to the next Board Meeting.

9. **Motion to Adjourn**

At 11:57 A.M., Brian Reiser moved to adjourn with Ann Monaghan seconding. The motion passed with one (1) absent being Nathan Mains.

DocuSigned by:  
  
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7/25/2024