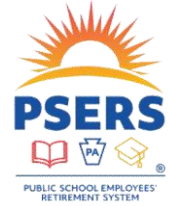


August 16, 2024 PSERB Board Meeting

PSBA 400 Bent Creek Blvd., Mechanicsburg, PA 17050 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 August 16, 2024 virtually and in-person at PSBA located at 400 Bent Creek Blvd. in Mechanicsburg, PA. Chairperson Richard Vague called the meeting to order at 9:00 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 In Person
Jason Davis In Person
Eric DiTullio Virtual
Rep. Torren Ecker Virtual
Christopher Craig for Treas. Stacy Garrity Virtual
Kevin Busher for Nathan Mains In Person (In @ 9:11)
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

Additional Board Designee Attendance:

Jeffrey Cavanaugh Virtual
Veronica Hoof Virtual
Eric Pistilli Virtual
Morgan Wagner Virtual

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

Ann Monaghan moved to approve the published agenda with Jason Davis seconding. The motion passed unanimously.

3. **Announcement of Emergency Meeting and Approval of May 31, 2024, and August 5, 2024 Minutes**

Terrill Sanchez announced that the Board held an emergency meeting on Monday, August 5, 2024 to discuss an opportunity to voluntarily enter into a Premium Stabilization Demonstration Program newly created by the Centers for Medicare & Medicaid Services (CMS). CMS made the announcement on July 29, 2024 with a deadline to respond by midnight on August 5, 2024.

Jason Davis moved to approve the minutes with Brian Reiser seconding. The motion passed unanimously.

4. **Public Comment**

Terrill Sanchez confirmed there was no request for public comment.

5. **Unfinished Business**

5.1 **Account of Musser [Docket No. 2021-03]**

Susan Lemmo moved the following:

RESOLVED, that in the matter of Brett A. Musser, Docket No. 2021-03, the Public School Employees' Retirement Board hereby accepts the recommendation of the Benefits and Appeals Committee and adopts the proposed Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Jason Davis seconded.

The motion passed with three (3) opposed being Treas. Stacy Garrity, Sen. Katie Muth, and Sen. Greg Rothman, and one (1) absent being Nathan Mains, as **Resolution 2024-40**.

6. **New Business**

6.1 **Committee Reports**

6.1.1 **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 August 7, 2024.

Under New Business, the Committee:

- received an update from Elizabeth Goldstein on Chief Compliance Officer activities,
- received updates from Eric Decker on SOC1 Type 2 Remediation Phase Status, Outstanding Management Action Plans, and Vital Signs,
- held an Executive Session to discuss Chief Compliance Officer Legal update, External Managers Selection & Due Diligent Summary, HOP/PDP Compliance Update, and Fraud, Waste, and Abuse Statistics.

6.1.2 **Investment Committee Report**

Chair Jason Davis reported on the activities, findings, recommendations, and other relevant issues from the Investment Committee meetings held on August 8, 2024 and August 14, 2024.

At the August 8, 2024 meeting, under New Business, the Committee:

- received presentations from Luke Jacobs on LLR Equity Partners VII, L.P.; from Melissa Quackenbush on Summit Partners Growth Equity Fund XII-A, L.P.; from Jarrett Richards on ACORE Opportunistic Credit II, L.P.; from Cody Steele on Blackstone Infrastructure Partners Europe (CYM), L.P.; and from Cody Steele on Peppertree Capital Fund X, L.P.; and
- held an Executive Session to discuss confidential provisions of the discussion items.

At the August 14, 2024 meeting, under New Business, the Committee:

- participated in a Strategic Asset Allocation Deep Dive education session conducted by Mark Brubaker from Verus,
- participated in an Investment Policy Statement Training and Benchmark Discussion education session conducted by Mark Brubaker and Benjamin Cotton, Chief Investment officer,

The Committee recessed at 4:31 P.M., and reconvened Thursday, August 15, 2024, at 9:01 A.M., and

- received a presentation from Robert Devine on the Investment Office Dashboard and Vital Signs,
- received a presentation from Joseph Sheva on Investment Related Policies,

- received a presentation from Steven Derr on the Cash and Liquidity Overview,
- received a presentation from Mark Brubaker, Verus, on the Capital Markets Update and Q1 2024 Performance Summary,
- received a presentation from Benjamin Cotton on the SOC1 Type 2 Update and Gap Reporting,
- received the Chief Investment Officer Report from Benjamin Cotton,
- fielded questions related to the discussion items presented at the August 8, 2024 Investment Committee, and
- held an Executive Session to discuss confidential provisions of the discussion items, and additional confidential information on terms and status of prior discussion items.

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

Policies to be changed and consolidated

- Consolidation of the Traditional Investments Due Diligence Policy and the Non-Traditional Investments Due Diligence Policy into a single External Manager Due Diligence and Monitoring Policy.

Dr. Pamela Brown seconded.

The motion passed with one (1) abstention being Sen. Katie Muth, as **Resolution 2024-41**.

Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to extend the term of Aksia contract - Hedge Fund and Private Credit Investment Consulting Services ("Aksia Contract #1"), from January 31, 2026, to February 29, 2028, to make it coterminous with Aksia contract - Private Markets Investment Consulting and Back-Office Services ("Aksia Contract #2").

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 unanimously as **Resolution 2024-42**.

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 \$125 million, plus reasonable and normal investment expenses, to LLR Equity Partners VII, L.P., 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.

Sec. Wendy Spicher seconded.

The motion passed with two (2) abstentions being Kevin Busher for Nathan Mains and Sen. Katie Muth, and one (1) recusal being Richard Vague, as **Resolution 2024-43**.

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 \$100 million, plus reasonable and normal investment expenses, to Summit Partners Growth Equity Fund XII - A, L.P., 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.

Brian Reiser seconded.

The motion passed with one (1) abstention being Sen. Katie Muth, as **Resolution 2024-44**.

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 \$175 million, plus reasonable and normal investment expenses, to ACORE Opportunistic Credit II, L.P., 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) abstention being Sen. Katie Muth, as **Resolution 2024-45**.

Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to (i) commit an amount not to exceed €200,000,000 plus reasonable and normal investment expenses, to Blackstone Infrastructure Partners Europe (CYM) L.P. and/or related investment vehicles, and (ii) authorizes the Investment Office in its discretion to commit additional sums to Blackstone Infrastructure Partners, L.P., Blackstone Infrastructure Partners Europe (CYM) L.P. and/or related investment vehicles provided that at the time of any such commitment, the NAV of these vehicles together with the additional commitment amount, does not exceed the greater of (a) \$1,000,000,000 or (b) 25% of the Private Infrastructure Portfolio's NAV, until such time as otherwise approved or amended.

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.

Dr. Pamela Brown seconded.

The motion passed with one (1) opposed being Sen. Katie Muth, as **Resolution 2024-46**.

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 \$100 million, plus reasonable and normal investment expenses, to Peppertree Capital Fund X QP, L.P., 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, as **Resolution 2024-47**.

6.1.3 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 August 15, 2024.

Under New Business, the Committee:

- received a presentation from Jennifer Mills, Deputy Executive Director and Director of Defined Contribution Investments, on Vital Signs,
- received a presentation from Christopher Doll, CEM, on the CEM Benchmarking Survey Results, and
- discussed the Executive Staff Review Committee (ESRC) minutes from May 15, 2024, and July 1, 2024, and
- held an Executive Session to discuss adjudications.

Ann Monaghan moved the following:

RESOLVED, that, in the matter of J.W., Docket No. 2021-02, the Public School Employees' Retirement 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) opposed being Sen. Katie Muth, as **Resolution 2024-48**.

6.1.4 Defined Contribution Committee Report

Committee Chair Rep. Torren Ecker reported on the activities, findings, recommendations, and other relevant issues from the Defined Contribution Committee meeting held on August 15, 2024.

Under New Business, the Committee:

- received presentations from Jennifer Mills, Deputy executive Director and Director of Defined Contribution Investments, on Vital Signs, SOC1 Type 2 Review, and the Q1 2024 Review.

6.1.5 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 August 15,

2024.

Under Unfinished Business, the Committee:

- held an Executive Session to discuss HOP Medicare Rx 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 revised monthly premium rates listed in the attached for the HOP Medicare Plus Rx Plan and the HOP Medicare Standard Rx Plan effective January 1, 2025 for plan year 2025.

The attached 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).

Ann Monaghan seconded.

The motion passed unanimously as **Resolution 2024-49**.

Under New Business, the Committee:

- received an educational presentation from Sonya Charlesworth on the Premium Assistance Overview and Verification Process,
- received a presentation from Jennifer Mills on Vital Signs,
- received a presentation from Melanie Clark, Segal, on the Medicare Advantage Plans and Rates Review, and
- received a presentation from Jennifer Mills on the RFP 2024-02 Health Care Plan Consulting and Management Services.

Susan Lemmo moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Health Care Committee and engages The Segal Company for RFP 2024-02 Health Care Plan Consulting and Management Services. The final terms and conditions of the contract are subject to legal due diligence and 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.

Jason Davis seconded.

The motion passed unanimously as **Resolution 2024-50**.

6.1.6 **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 August 15, 2024.

Under Unfinished Business, the Committee:

- received updates from Jordan Laslett on Cybersecurity Insurance Brokerage and Consulting Services, Board Elections Services, and Policy Manual for Investment Professionals (PMIP).

Under New Business, the Committee:

- received an update on the 2024 Board election

Terrill Sanchez stated there were two Board member elections scheduled for this year: one regular election for an active certified position, and one regular election for

an active non-certified position.

Mr. Brian Reiser was the only candidate who submitted a nomination petition for the active certified regular election. Mr. Reiser is qualified as a candidate for that position and his nomination petition was valid. He should therefore be elected by acclamation in accordance with Board's Election Procedures and Guidelines Policy. His three-year term will commence on January 1, 2025, and end on December 31, 2027.

The election for the active non-certified position is currently ongoing with two candidates who submitted nomination petitions and who are qualified as candidates. A drawing was conducted on Monday, June 24, 2024, at PSERS headquarters to determine the ballot position, which are:

1. Ann Monaghan

2. Wesley Bensing

Ballots were mailed on August 5, 2024, and the election will close on September 13, 2024.

- received presentations Eric Decker on Vital Signs and SOC1 Type 2,
- received an update from Beverly Hudson, Deputy Executive Director of Administration, on the IT & Cybersecurity Initiatives, and
- held an Executive Session to discuss personnel matters, namely the 2024 Executive Director Performance Evaluation.

7. **Office of Chief Counsel Report**

At 9:37 A.M., the Board entered **Executive Session** to consult with counsel with respect to pending or expected litigation.

The Board resumed public session at 10:19 A.M.

Susan Lemmo moved the following:

RESOLVED, that the Public School Employees' Retirement Board ("the Board") hereby authorizes the settlement of the claims of the Board against Aon Investments USA Inc. ("Aon") and the lawsuit brought against Aon in the Court of Common Pleas of Philadelphia County, Pennsylvania, Case No. 221102792 in exchange for a lump sum payment of \$7,000,000. The final terms and conditions of a settlement agreement and mutual release between the Board and Aon must be in conformance with this Resolution and satisfactory to the Office of Chief Counsel and the Board Chairperson, as evidenced either by the appropriate signatures on the settlement agreement or by a memo to that effect appended to the settlement agreement and mutual release.

Jason Davis seconded.

The motion passed with one (1) abstention being Sen. Katie Muth, as **Resolution 2024-51**.

8. **Office of Executive Director**

Terrill Sanchez referred the Board to the Executive Director Report in Diligent at tab 8, in which new employees and interns were announced, retiring employees were recognized, information related to the NASRA 70th Annual Conference was provided, and an announcement of PSERS Certificate of Achievement for Excellence in Financial Reporting was made.

Also included was an update from Eric Decker, Director of Governance and Strategic Initiatives, on the Strategic Plan, and a legislative activity summary from Mark Fetzko, Director of Government Affairs and Stakeholder Engagement.

9. **Next Meeting Agenda Items**

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

10. **Motion to Adjourn**

At 10:52 A.M., Jason Davis moved to adjourn with Brian Reiser seconding. The motion passed unanimously.

DocuSigned by:



DD466AF9D85D441...

10/22/2024