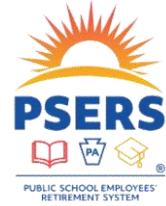


# October 25, 2024 PSERB Board Meeting

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 October 25, 2024 virtually and in-person at PSERS located at 5 North 5<sup>th</sup> Street in Harrisburg, PA. Chairperson Richard Vague called the meeting to order at 9:37 A.M. Terrill Sanchez, Executive Director and Board Secretary, 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  
Rep. Torren Ecker Virtual  
Christopher Craig for Treas. Stacy Garrity Virtual  
Kevin Busher for Nathan Mains Virtual  
Patrick Lord for Sec. Khalid Mumin Virtual  
Sen. Katie Muth Virtual  
Brian Reiser In Person  
Morgan Wagner for Sen. Greg Rothman Virtual  
Sec. Wendy Spicher Virtual  
*Absent Ann Monaghan*

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

Jeffrey Cavanaugh Virtual  
Lloyd Ebright, Virtual  
Veronica Hoof Virtual  
Eric Pistilli 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 Ann Monaghan.

## 3. **Approval of August 16, 2024, August 28, 2024, September 12, 2024 and September 25, 2024 Minutes**

Jason Davis moved to approve the minutes, with September 25 as edited, with Jordan Laslett seconding. The motion passed with one (1) absent being Ann Monaghan.

## 4. **Public Comment**

Terrill Sanchez confirmed there was a request for public comment from Angela Turri, a current PSERS employee in the Office of Financial Management, whose position is in the Classification and Compensation Plan Policy (CCPP). Ms. Turri did not request to speak to the Board; however, she did provide written comments related to the CCPP, which were placed and in the Diligent Board book under Tab 4.

5. **Unfinished Business**

5.1 Notational Ballot

A notational ballot process for RFP 2024-3 Cybersecurity Insurance Brokerage and Consulting Services was commenced on 10/08/24, and ran through 12:00 noon on 10/11/2024, upon which the votes were tabulated by the Board Liaison and verified by the Executive Director.

The Notational Ballot passed with thirteen (13) in favor, and two (2) abstentions being Nathan Mains and Sen. Katie Muth, as **Resolution 2024-53**.

6. **New Business**

6.1 Committee Reports

6.1.1 Audit, Compliance and Risk Committee Report

Christopher Craig, Designee 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 October 16, 2024.

Under Unfinished Business, the Committee:

- Received an update from Eric Decker, Director of Governance and Strategic Initiatives, on the Audit, Compliance and Risk Committee Vital Signs, and on the SOC1 Type 2 Remediation Phase Status.

Christopher Craig moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Audit, Compliance and Risk Committee to adopt the following vital signs and metrics for the internal audit office and enterprise risk management program:

- Planned Progress vs. Actual Progress on Annual Audit Plan
- Residual Risk Heat Map
- Management Action Plan Status Tracker

Jason Davis seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-54**.

Under New Business, the Committee:

- Received an update from Eric Decker on the Management Action Plans (MAPs),
- Heard from Tiana Wynn, SB & Company, on the Financial Statement Audit Report,
- Received an update from Elizabeth Goldstein on Chief Compliance Officer activities,
- Received an update from Alicia James on the Investment Compliance Program, and
- Held an Executive Session to discuss the Investment Compliance Program, Enterprise Risk Management Assessment Result, Chief Compliance Officer Legal Update, Internal Audit Plan Update, Mailroom and Imaging Incoming Checks Processing Assessment Results, and HOP/PDP Compliance Update.

Christopher Craig moved the following:

**RESOLVED**, that the Public School Employees' retirement Board accepts the recommendation of the Audit, Compliance and Risk Committee and approves the attached SB & Company Independent Auditor's Report for the audited financial statements.

Jason Davis seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-55**.

### 6.1.2 Governance and Administration Committee Report

Jordan Laslett, Designee for Chair Rep. Matthew Bradford, reported on the activities, findings, recommendations, and other relevant issues from the Governance and Administration Committee meeting held on October 24, 2024.

Under Unfinished Business, the Committee:

- Received a presentation from Beverly Hudson, Deputy Executive Director of Administration, on the Governance and Administration Committee Vital Signs, and
- Discussed the PSERS Classification and Compensation Plan Policy (CCPP), formerly the Policy Manual for Investment Professionals (PMIP), led by Jordan Laslett.

Jordan Laslett moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Governance and Administration Committee and adopts the following vital signs and metrics for its key areas of oversight:

#### Human Resources

- # days from applicant packets distributed to start date established
- % EPRs not delivered timely (within 14 days of due date)
- % PDs not updated within one year of last update
- % employees with approved performance standards

#### Information Technology

- # critical outages
- % "healthy" application deployments (timeliness, SCRs fixed – new SCRs)
- # vulnerabilities addressed (patches applied, age of vulnerabilities, improvement from baseline)
- # failed phishing tests

#### Procurement

- # days from bid/proposal opening date to Recommendation for Contractor Selection
- # sole source contracts, # emergency contracts, # settlement agreements

#### Imaging

- # days from document receipt to full validation
- # document errors

#### Governance

- % of policy inventory reviewed by the Board within the last 3 years

Kevin Busher seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-56**.

Jordan Laslett moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Governance and Administration Committee and adopts the attached Classification and Compensation Plan Policy and Classification and Compensation Plan Policy Transition Plan (formerly the Policy Manual for Investment Professionals).

As part of the discussion for the motion Susan Lemmo read the written public comments provided by Ms. Turri. At 10:07 A.M., the Board entered **Executive Session** to discuss personnel matters, namely the written comments submitted related to the CCPP.

**The Board resumed public session at 10:30 A.M.**

Jason Davis seconded.

The motion passed with one (1) opposed being Morgan Wagner, one (1) abstention

being Sen. Katie Muth, and one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-57**.

#### 6.1.3 Finance and Actuarial Committee Report

Chair Eric DiTullio reported on the activities, findings, recommendations, and other relevant issues from the Finance and Actuarial Committee meeting held on October 24, 2024.

Under Unfinished Business, the Committee:

- Discussed the Withdrawal Liability Collection Policy, led by Brian Lyman, Chief Financial Officer.

Eric DiTullio moved the following:

**RESOLVED**, that the Public Employees' Retirement Board accepts the recommendation of the Finance and Actuarial Committee and adopts the attached Withdrawal Liability Collections Policy.

Jordan Laslett seconded.

The motion passed with one (1) opposed being Morgan Wagner, two (2) abstentions being Kevin Busher and Sen. Katie Muth, and one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-58**.

Under New Business, the Committee:

- Received a presentation from Brian Lyman on the Extension of Actuarial Contract with Buck Global, LLC., and on the Finance and Actuarial Committee Vital Signs, and
- Was presented the Fiscal Year 2025-26 Budget Request from Andrew Fiscus, Director of Investment Accounting and Budget.

Eric DiTullio moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Finance and Actuarial Committee and exercises the optional one-year extension of the term of the existing contract with Buck Global, LLC, for each of the Fixed Fee and Hourly Services. The final terms and conditions of the contract are subject to legal due diligence and must be satisfactory to the Office of Financial Management, 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.

Brian Reiser seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-59**.

Eric DiTullio moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Finance and Actuarial Committee and adopts the following vital signs and metrics for financial management:

- Growth in Employer Covered Payroll
- % Change in Employer Annual Normal Cost of Benefits
- Actuarial Funded Ratio
- % Change in Employer Contribution Rate
- Average % of Actuarially Determined Contribution Received
- Actual Expenditures/Commitments vs. Budget

Brian Reiser seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-60**.

Eric DiTullio moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board accepts the recommendation of the Finance and Actuarial Committee and approves the following Budget requests for Fiscal Year 2025-26, subject to adjustments by the Governor's Budget Office or the General Assembly.

1. The 2025-26 Administrative Budget, not to exceed \$64,523,000.
2. The 2025-26 Investment Related Expenses Budget, not to exceed \$40,881,000.
3. The 2025-26 Defined Contribution Budget, not to exceed \$1,405,000.
4. The 2025-26 Health Insurance Account (Premium Assistance) – Administrative Budget, not to exceed \$1,317,000.
5. The 2025-26 Health Options Program – Administrative Budget, not to exceed \$1,767,000.
6. The 2025-26 Directed Commissions Recapture Program Budget, not to exceed \$2,000,000 for the Public School Employees' Retirement System.

Jason Davis seconded.

The motion passed with one (1) abstention being Morgan Wagner, and one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-61**.

Eric DiTullio moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Finance and Actuarial Committee and adopts the attached June 30, 2024, and 2023 Financial Statements and ratifies all payments that are reflected within.

Jasn Davis seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-62**.

#### 6.1.4 Benefits and Appeals Committee Report

Vice Chair Brian Reiser reported on the activities, findings, recommendations, and other relevant issues from the Benefits and Appeals Committee meeting held on October 24, 2024.

Under Unfinished Business, the Committee:

- Received a presentation from Jennifer Mills, Deputy Executive Director and Director of Defined Contribution Investments, on the Benefits and Appeals Committee Vital Signs.

Brian Reiser moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Benefits and Appeals Committee and adopts the vital signs and metrics for member services:

- Retirements Processed
- Refunds Processed
- Non-Exception Retirement Estimates
- Average Call Times
- Average Secure Messaging Response Time
- Average Member Call Abandonment Rate

Dr. Pamela Brown seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-63**.

Under New Business, the Committee:

- Discussed the Executive Staff Review Committee (ESRC) minutes from July 31,

- 2024, and September 7, 2024,
- Received an update from Jennifer Mills on the 2024-25 Board Inquiry, and
- Held an Executive Session to discuss adjudications.

Brian Reiser moved the following:

**RESOLVED**, that, in the matter of Annette Patterson, Docket No. 2021-16, 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 the Claimant's appeal with prejudice.

Jason Davis seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-64**.

Brian Reiser moved the following:

**RESOLVED**, that, in the matter of Patrick Fuhrman Docket No. 2022-16, 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 dismissed the Claimant's appeal with prejudice.

Dr. Pamela Brown seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-65**.

Brian Reiser moved the following:

**RESOLVED**, that, in the matter of Ellen Wright, Docket No. 2020-05, 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 the Claimant's appeal with prejudice.

Jordan Laslett seconded.

The motion passed with one (1) opposed being Sen. Katie Muth, and one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-66**.

#### 6.1.5 Defined Contribution Committee Report

Chair Rep. Torren Ecker reported on the activities, findings, recommendations, and other relevant issues from the Defined Contribution Committee meeting held on October 24, 2024.

Under Unfinished Business, the Committee:

- Received an update from Jennifer Mills on the Defined Contribution Committee Vital Signs.

Under New Business, the Committee:

- Received a presentation from Christopher Doll, CEM, on the CEM Benchmarking Report, and
- Received a presentation from Jennifer Mills on the Q2 2024 Review, an update on the review of the Defined Contribution Plan, and an update on the Defined Contribution Investment Policy Statement.

Rep. Torren Ecker moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Defined Contribution Committee and adopts the changes to the Investment Policy Statement, Objectives, and Guidelines of the School Employees' Defined Contribution Plan, attached.

Jason Davis seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-67**.

#### 6.1.6 Investment Committee Report

Chair Jason Davis reported on the activities, findings, recommendations, and other relevant issues from the Investment Committee meetings held on October 17, 2024, and October 24, 2024.

At the October 17, 2024 meeting, under New Business the Committee:

- Received presentations from Sean Sarraf, Portfolio Manager, on Private Equity: Sixth Street Lending Europe III, L.P.; from Cody Steele, Portfolio Manager, on Private Infrastructure: Brookfield Infrastructure Structured Solutions, L.P., and
- Held an Executive Session to discuss confidential provisions of the discussion items.

At the October 24, 2024 meeting, under New Business, the Committee:

- Received a presentation from Robert Devine, Deputy Chief Investment Officer, on the Investment Office Vital Signs,
- Heard reports from James Del Gaudio, Managing Director, on Private Markets Annual Fee Carry Over Report, and on Private Markets Delegated Authorizations,
- Received an update from Carl Lantz, Senior Manager, on the Public Markets Watchlist,
- Received a presentation from Steven Derr, Director, and James Del Gaudio, on the Asset Class Reviews for Public and Private Fixed Income,
- Participated in an educational debrief on Proxy Voting, 2024 Season, from Glass Lewis,
- Received presentations from Mark Brubaker, Verus Advisory, Inc., on PSERS 2Q 2024 (FY-2024) Investment Performance and Market Update, and on Strategic Asset Allocation,
- Received the Chief Investment Officer Report from Benjamin Cotton,
- Fielded questions related to the discussion items presented at the October 17, 2024 Investment Committee meeting,
- Held an Executive Session to discuss confidential provisions of the discussion items, and additional confidential information on terms and status of prior discussion items, and
- Recessed and reconvened Friday, October 25, into Executive Session to discuss confidential provisions of the 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 removes the long term targets and adopts Asset Allocation Targets and Ranges, and the Policy Benchmarks and Policy Weights identified for Option 02 as attached to be effective from December 1, 2024.

Further resolved that the Investment Office is authorized to amend sections VI. Asset Allocation and VII. Performance Objectives of the Investment Policy Statement for the Public School Employees' Retirement System, subject to review by the Office of Chief Counsel, to reflect the removal of the long term targets, and the adoption of the Allocation Targets and Ranges, Policy Benchmark and Policy Benchmark Weights.

Brian Reiser seconded.

The motion passed with one (1) abstention being Sen. Katie Muth, and one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-68**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee and retires the Tail Risk

Mitigation Strategy Policy as of June 30, 2025, and in the interim, delegates the manner and timing with which the related activities are discontinued, to Benjamin L. Cotton, Chief Investment Officer.

Jordan Laslett seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-69**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee and commits an amount not to exceed \$250 million plus reasonable, normal investment expenses, to Brookfield Infrastructure Specialized Solutions, L.P. and/or related investment vehicles in accordance with the recommendation of Cody Steele, Portfolio Manager and Aksia, LLC; and

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) opposed being Sen. Katie Muth, and one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-70**.

Jason Davis moved the following:

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee and authorizes (1) the creation of a new 501(c)(25) corporation and (2) the transfer of the assets held by Commonwealth Holdings, Inc., to the new corporation.

The final terms and conditions 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 organizational documents.

Brian Reiser seconded.

The motion passed with one (1) absent being Ann Monaghan, as **PSERB Resolution 2024-71**.

7. **Office of Chief Counsel Report**

At 10:59 A.M., the Board entered **Executive Session** to consult with counsel with respect to pending or expected litigation.

**The Board resumed public session at 11:16 A.M.**

8. **Office of Executive Director Report**

Terrill Sanchez referred the Board to the Executive Director report in Diligent at Tab 8.1, welcomed new employees and interns, and directed Board Members to the Legislative Report in Diligent at Tab 8.2.

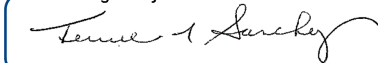
9. **Next Meeting Agenda Items**

The Board had no recommendations for agenda items to add to the next Board meeting scheduled for Friday, December 20, 2024.

10. **Adjournment**

Without objection, Chairperson Richard Vague adjourned the Board meeting at 11:17 A.M..

DocuSigned by:



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12/11/2024