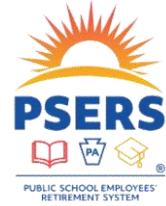


December 20, 2024 PSERB Board Meeting

PSERS Board Room 5 North 5th 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 December 20, 2024 virtually and in-person at PSERS located at 5 North 5th Street in Harrisburg, PA. Chairperson Richard Vague called the meeting to order at 9:02 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, Virtual
Dr. Pamela Brown, In Person
Jason Davis, In Person
Eric DiTullio, In Person
Rep. Torren Ecker, Virtual
Patrick Lord for Acting Sec. Angela Fitterer, Virtual
Treas. Stacy Garrity, Virtual
Nathan Mains, Absent
Ann Monaghan, Virtual
Jeffrey Cavanaugh for Sen. Katie Muth, Virtual
Brian Reiser, In Person
Morgan Wagner for Sen. Greg Rothman, Virtual
Sec. Wendy Spicher, Virtual

Additional Board Designee Attendance:

Christopher Craig, Virtual
Michael Heckmann, Virtual
Veronica Hoof, Virtual
Jill Vecchio, Virtual

Jason Davis announced his resignation from the Pennsylvania Public School Employees' Retirement Board effective December 31, 2024.

Richard Vague moved the following:

WHEREAS, Jason Davis will depart from the Board of Trustees of the Public School Employee's Retirement System (PSERS) at the end of the year following 7 years of service; and

WHEREAS, Mr. Davis has served with distinction as an elected representative for PSERS active certified members since January 2017; and

WHEREAS, Mr. Davis never wavered in his duties as a fiduciary to PSERS members; and

WHEREAS, Mr. Davis served as Chair of the Investment Committee; and further served as a Chair of the Budget & Finance Committees; and

WHEREAS, Mr. Davis additionally served as Vice Chair of the Health Care Committee, and participated as member of the Audit, Compliance, and Risk Committee; and

WHEREAS, Mr. Davis recently announced his desire to pursue other professional opportunities,

following a distinguished career spanning more than 20 years as a teacher of economics, AP microeconomics, and macroeconomics; and

WHEREAS, PSERS greatly benefited from the knowledge and expertise gained through Davis' private sector service at Mellon Bank in Institutional Trust focusing on various trusts and pensions before starting his education career and rose through the ranks to become a union leader of the Pennsylvania State Education Association; and

WHEREAS, Mr. Davis's inclusive leadership style, empathetic personality and passion for investing and finance have been invaluable in guiding and securing the system's long-term investment success, and in establishing a PSERS holiday cookie tray tradition; and

WHEREAS, Mr. Davis sacrificed considerable hours and energy to the benefit of PSERS', its members, and his colleagues, and we are deeply grateful for his service and the exceptional work he has done in furtherance of PSERS' mission.

NOW THEREFORE BE IT **RESOLVED**, that the PSERS Board of Trustees hereby offers its thanks and deepest appreciation for his dedicated and excellent service to PSERS, and its best wishes to him in his future endeavors.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-72**.

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

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

3. **Approval of October 25, 2024 Minutes**

Jason Davis 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 confirmed there was no request for public comment.

5. **New Business**

5.1 Update on 2025 Committee and Board Meetings

Terrill Sanchez shared the proposed 2025 Committee and Board meeting dates for consideration. The Committees and Board will hold organizational meetings on Friday, January 10, 2025, during which time the 2025 Committee Work Plans will be adopted and Committee meeting dates confirmed. With the resignation of Jason Davis, Investment Committee Vice Chair Garrity will move into the Committee Chair position and the Committee will elect a new Vice Chair. Additionally, the Health Care Committee will elect a new Vice Chair. The Board will also hold an organizational meeting on January 10 to elect the Board Chairperson and Vice Chairperson as well as confirm remaining Board meeting dates.

5.2 Revised Attachment to Resolution 2024-68

Benjamin Cotton, Chief Investment Officer, presented a technical error modification to the 2024-68 Board Resolution Investment Policy Statement and Asset Allocation.

Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board modifies Slide 3 of the attachment to Board Resolution 2024-68 Re: Investment Policy Statement Asset Allocation to reflect the correct Private Real Estate benchmark of NFI and Burgiss TR, one-quarter lagged.

Sec. Wendy Spicher seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-73**.

5.3 Committee Reports

5.3.1 Audit, Compliance and Risk Committee Report

Chair Treas. Stacy Garrity, reported on the activities, findings, recommendations, and other relevant issues from the Audit, Compliance and Risk Committee meeting held on December 4, 2024.

Under New Business, the Committee:

- Considered changes to the Internal Audit Office Charter,
- Heard from Eric Decker, Director of Governance and Strategic Initiatives, changes to the Enterprise Risk management Program and staff organization and reporting structure,
- Received an update from Eric Decker on the Management Action Plans (MAPs),
- Received an update from Alicia James on the Investment Compliance Program, and
- Held an Executive Session to discuss Investment Compliance Review Report, External Managers Compliance Review Summary, Internal Audit Plan Update, HOP/PDP Compliance Program Update, Lawson User Access Review Results, and Chief Compliance Officer Update and Proposed Compliance Plan.

Treas. Garrity moved the following:

RESOLVED, that the Public School Employees' Retirement Board accepts the recommendation of the Audit, Compliance, and Risk Committee and adopts the changes to the Internal Audit Office Charter, as attached.

Jason Davis seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-74**.

5.3.2 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 December 19, 2024.

Under New Business, the Committee:

- Received a presentation from Eugene Robison, Director of Bureau of Communications and Counseling, on the Q3 2024 Review.

5.3.3 Benefits and Appeals Committee Report

Chair Ann Monaghan reported on the activities, findings, recommendations, and other relevant issues from the Benefits and Appeals Committee meeting held on December 19, 2024.

Under New Business, the Committee:

- Discussed the Executive Staff Review Committee (ESRC) minutes from November 8, 2024,
- Held an Executive Session to discuss adjudications,
- And heard a presentation from Jennifer Mills, Deputy Executive Director and Director of Defined Contribution Investments, on the Oral Argument Policy.

Ann Monaghan moved the following:

RESOLVED, that, in the matter of Alida M. Pulsinelli-Ruffner, Docket No. 2021-13, 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.

Dr. Pamela Brown seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-75**.

Ann Monaghan moved the following:

RESOLVED, that, in the matter of Pauline Katina Zozos, Docket No. 2021-22, 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.

Dr. Pamela Brown seconded.

The motion passed with one (1) opposed being Jeffrey Cavanaugh, and one (1) absent being Nathan Mains, as **PSERB Resolution 2024-76**.

Ann Monaghan moved the following:

RESOLVED, that, in the matter of Betsy R. Korb, Docket No. 2021-11, 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.

Eric DiTullio seconded.

The motion passed with one (1) opposed being Jeffrey Cavanaugh, and one (1) absent being Nathan Mains, as **PSERB Resolution 2024-77**.

5.3.4 Health Care Committee Report

Chair Susan Lemmo reported on the activities, findings, recommendations, and other relevant issues from the Health Care Committee meeting held on December 19, 2024.

Under Unfinished Business, the Committee:

- Received a presentation from Jennifer Mills on the Health Care Committee Vital Signs.

Under New Business, the Committee:

- Received a presentation from Sonya Charlesworth, Deputy Director of the Health Insurance Office, and Melanie Clark, from Segal, on the proposed 2025 HOP Budget,
- Received an update from Jennifer Mills on the SilverSneakers Fitness Program, and Amendment No 1. To Agreement for Prescription Drug Benefits Administration Services, and
- Held an Executive Session to discuss Third Party Administrative Services Agreement Contract Extension.

Susan Lemmo moved the following:

RESOLVED, that the Public School Employees Retirement Board hereby accepts the recommendation of the Health Care Committee and adopts the following vital signs for health insurance:

- New Enrollment
- CMS Star Rating
- Member Satisfaction with Plan Options
- HOP Administrative Expenses
- Self-Insured Plan Reserves
- PDP Medical Loss Ratio

Jason Davis seconded.

The motion passed with one (1) absent being Nathan Mains, **PSERB Resolution 2024-78**.

Susan Lemmo moved the following:

RESOLVED, that the Public School Employees Retirement Board hereby accepts the recommendation of the Health Care Committee and adopts the proposed Health Options Program Budget and two supplemental budgets for the sponsor's Administrative and Medicare Prescription Drug Program for the Plan Year 2025 in the aggregate amount of \$590,768,000.

Ann Monaghan seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-79**.

Susan Lemmo moved the following:

RESOLVED, that the Public School Employees Retirement Board hereby accepts the recommendation of the Health Care Committee and extends the term of the existing contracts with Luminare Health Benefits, Inc. for Third Party Administrative Services for Premium Assistance and the Health Options Program (the "Contracts") for an additional twelve month time period. The terms and conditions of the extension shall be in accordance with the existing terms of the Contracts.

Sec. Wendy Spicher seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-80**.

5.3.5 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 December 19, 2024.

Under New Business, the Committee:

- Received a presentation from David Driscoll, Salvador Nakar, and Maria Simmers from Gallagher, on the Actuarial Valuation Results and Contribution Rates,
- Received a presentation from Brian Lyman, Chief Financial Officer, on the Pension Funding and Employer Contribution Rate, on the Annual Comprehensive Financial Report (ACFR) and September 30, 2024 Financial Statements, and on Shared Risk Monitoring, and
- Held an Executive Session to discuss Verification of Actuary Independence.

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 June 30, 2024, Actuarial Valuation Report prepared by Buck Global, LLC, and the actuarial factors, assumptions, and methodologies contained therein, which result in an employer contribution rate of 34.00% for Fiscal Year July 1, 2025 through June 30, 2026.

Brian Reiser seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh, and one (1) absent being Nathan Mains, as **PSERB Resolution 2024-81**.

5.3.6 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 meetings held on December 19, 2024.

Under Unfinished Business the Committee:

- Received an update from Beverly Hudson, Deputy Executive Director of Administration, on the Classification and Compensation Plan Policy (CCPP) Implementation, and
- Received an update from Eric Decker on the Funston Working Group.

Under New Business, the Committee:

- Received a presentation from Elizabeth Goldstein, Chief Compliance Officer on the “Pay-to-Play” Rule Compliance and Reporting Policy,
- Received a presentation from Beverly Hudson on the Executive Director Compensation Adjustment,
- Received an update from Eric Decker on the Strategic Plan,
- Heard from Eric Decker on organizational changes in the Office of Enterprise Risk Management, and
- Held an Executive Session to discuss a Cybersecurity Briefing.

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 adopts the revisions to the Classification and Compensation Plan Policy and Classification and Compensation Plan Policy Transition Plan, attached.

Jason Davis seconded.

The motion passed with two (1) abstentions being Jeffrey Cavanaugh and Morgan Wagner, and one (1) absent being Nathan Mains, as **PSERB Resolution 2024-82**.

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 “Pay-to-Play” Rule Compliance and Reporting Policy, as attached.

Susan Lemmo seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-83**.

Jordan Laslett moved the following:

RESOLVED, that the Public School Employees’ Retirement Board accepts the recommendation of the Governance and Administration Committee and approves the Cost of Living Adjustment of 3.4% for the Executive Director, as proposed by the Office of Administration.

Sec. Wendy Spicher seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh and, one (1) absent being Nathan Mains, as **PSERB Resolution 2024-84**.

5.3.7 Investment Committee Report

Chair Jason Davis reported on the activities, findings, recommendations, and other relevant issues from the Investment Committee meetings held on December 5, 2024, and December 19, 2024.

At the December 5, 2024 meeting, under New Business the Committee:

- Received presentations from Sean Sarraf, Portfolio Manager, on Private Credit: Sixth Street Specialty Lending Europe, III, L.P., and from Jarrett Richards, Portfolio Manager, on Private Real Estate: WCP NewCold III, L.P.,
- Held an Executive Session to discuss confidential provisions of the discussion items, and
- Received a presentation from Benjamin Cotton, Chief Investment Officer, on the

External Manager Due Diligent and Monitoring Policy.

At the December 19, 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 Christopher Jones, Director, on the Operations Overview, and from Jeffrey Burton, Director, on the Asset Class Review for Public Real Asset Update,
- Received a presentation from Mark Brubaker, Verus Advisory, Inc., on the PSERS Q3 2024 Total Plan Performance and Update on Capital Markets,
- Received a presentation from Patrick Adelsbach, Aksia, LLC., on the Overview and Discussion of Private Markets Benchmarks,
- Received a presentation from Benjamin Cotton on the External Manager Due Diligent and Monitoring Policy,
- Received a presentation from Benjamin Cotton and Mark Brubaker, on the General Consultant Annual review Framework,
- Fielded questions related to the discussion items presented at the December 5, 2024 Investment Committee meeting,
- Held an Executive Session to discuss confidential provisions of the discussion items, and to conduct the confidential portion of the General Consultant's Annual Review/Verus.

Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board accepts the recommendation of the Investment Committee and adopts the following vital signs and metrics for the Investment Program:

- Asset Allocation
- Liquidity
- Market Risk
- Private Market Pacing
- Operational Stability

Sec. Wendy Spicher seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-85**.

Jason Davis moved the following:

RESOLVED, that that the Public School Employees' Retirement Board accepts the recommendation of the Investment Committee and adopts the changes to the External Manager Due Diligence and Monitoring Policy, attached

Brian Reiser seconded.

The motion passed with one (1) absent being Nathan Mains, as **PSERB Resolution 2024-86**.

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 \$165 million plus reasonable, normal investment expenses, to Sixth Street Specialty Lending Europe III, (A) L.P. and/or related investment vehicles in accordance with the recommendation of Sean T. Sarraf, Portfolio Manager and Aksia, LLC.

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.

Eric DiTullio seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh, and one (1) absent being Nathan Mains, as **PSERB Resolution 2024-87**.

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 \$150 million plus reasonable, normal investment expenses, to WCP NewCold III, LP and/or related investment vehicles, in accordance with the recommendation of Jarrett Richards, Portfolio Manager, and Aksia, LLC.

The final terms and conditions of the engagement 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..

Eric DiTullio seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh, and one (1) absent being Nathan Mains, as **PSERB Resolution 2024-88**.

6. **Office of Chief Counsel Report**

At 9:51 A.M., the Board entered **Executive Session** to consult with counsel with respect to pending or expected litigation.

The Board resumed public session at 10:08 A.M.

7. **Office of Executive Director Report**


Terrill Sanchez welcomed new employees and interns, introduced Steve Esack, Press Secretary to present the Legislative Report, and announced PSERS receipt of the Public Pension Coordinating Council Public Pension Standards Award for Funding and Administration for 2024

8. **Next Meeting Agenda Items**

Terrill Sanchez announced that an organizational meeting for the Board will be held on January 10, 2025.

9. **Adjournment**

Without objection, Chairperson Richard Vague adjourned the Board meeting at 10:14 A.M..

DocuSigned by:

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