

**PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD**  
**5 North Fifth Street**  
**Harrisburg, Pennsylvania**

**Regular Meeting**

**Minutes**

**June 11, 2009**

**1:39 P.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Ms. Rebecca May Cole for Representative Dwight Evans  
Mr. Glen S. Galante  
Mr. Thomas J. Gentzel  
Representative Glen R. Grell  
Mr. John Raymond for Senator Shirley M. Kitchen  
Mr. John Lisko for Treasurer Robert M. McCord  
Mr. Hal Moss  
Mr. Richard N. Rose  
Mr. James M. Sando  
Ms. Patricia A. Tozer  
Ms. Sally J. Turley  
Mr. Scott Sikorski for Senator Rob Wonderling  
Mr. Steven Kniley for Secretary Zahorchak

**Board Members Absent**

Ms. Tina Byles Williams

**Staff Members Present**

Mr. Jeffrey B. Clay  
Mr. Brian S. Carl  
Ms. Barbara D. Flurie  
Mr. Gerald Gornish  
Mr. Richard Michlovitz  
Mr. Eugene W. Robison  
Mr. Frank Ryder  
Ms. Terrill J. Savidge  
Mr. Charles K. Serine  
Ms. Evelyn M. Tatkovski  
Mr. Alan H. Van Noord  
Ms. Theresa Yaukey  
Mr. Joseph E. Wasiak, Jr.

**Visitors Present**

Ms. Beatrice G. Hines, PASR  
Mr. Sandy Leopold  
Ms. Shannon Reilly,  
on behalf of Dr. John Baillie  
Mr. and Mrs. Seely, PASR

CALL TO ORDER Ms. Vogler called the meeting to order at 1:39 P.M. in the fourth floor Board Room at PSERS' headquarters.

WELCOME GUESTS Mr. Clay welcomed Ms. Hines of PASR; Ms. Reilly, counsel for Dr. John Baillie; Mr. Leopold and Mr. and Mrs. Seely of PASR.

MINUTES APPROVED Mr. Rose moved to approve the minutes of the May 1, 2009 Board meeting. Mr. Moss seconded the motion, which passed unanimously.

FINANCE COMMITTEE REPORT

Mr. Richard Rose reported on the meeting held June 11, 2009.

MINUTES APPROVED Mr. Richard Rose stated that the Committee approved the minutes of the April 30, 2009 meeting.

PRESENTATIONS Mr. Richard Rose stated that Mr. Van Noord gave a Market Review and Comments report; Mr. Smith gave the Public Market Performance Review; Mr. Bensur presented the Wilshire First Quarter Performance Update; Mr. Grossman reported on the Fixed Income Guidelines and Mr. Van Noord gave a preview of future meetings.

INVESTMENT OBJECTIVES AND GUIDELINES ADDENDA Mr. Rose moved that the Public School Employees' Retirement Board adopt the proposed Exhibit and Investment Objectives and Guidelines Addenda listed below pursuant to the recommendation of James H. Grossman, Jr., Managing Director of External Public Markets, Risk, and Compliance, dated May 28, 2009.

<u>Addendum</u>	<u>Addendum Title</u>
I	U.S. Core Plus Fixed Income Portfolios
K	U.S. High Yield Fixed Income Portfolios
K1	Mortgage and Asset Backed Securities Portfolios
L	Treasury Inflation Protection Securities Portfolios
Q	Global Core Plus Fixed Income Portfolios
Q1	Absolute Return Emerging Markets Fixed Income
Q2	Emerging Markets Fixed Income
Y	Short-Term Investment Pool Portfolios
Y1	LIBOR-Plus Short-Term Investment Pool Portfolios Internally-Managed Premium Assistance Program

Mr. Sando seconded the motion, which passed unanimously.



## APPEALS/MEMBER SERVICES COMMITTEE REPORT

Ms. Tozer reported on the meeting held on June 11, 2009.

Ms. Tozer stated that the Committee approved the minutes of the April 30, 2009 meeting.

MINUTES APPROVED

Ms. Tozer moved to adopt the Opinion and Order of the Hearing Examiner and deny the request of Lois B. Roney to purchase Federal Government service. Ms. Turley seconded the motion, which passed unanimously.

ADJUDICATION:  
LOIS B. RONEY

Ms. Tozer moved to adopt the proposed Opinion and Order in the account of Dr. John K. Baillie, Docket No. 2008-1, drafted in accordance with the Board's unanimous vote on March 13, 2009, in accordance with the recommendations of Gerald Gornish, Chief Counsel. Mr. Moss seconded the motion. Mr. Gentzel voted No. The motion passed.

ADJUDICATION:  
DR. JOHN K. BAILLIE

Ms. Tozer stated that the Committee reviewed the Executive Staff Review Committee Report from the March 26 and April 7, 2009 meeting.

EXECUTIVE STAFF  
REVIEW COMMITTEE

Ms. Tozer stated that Ms. Savidge presented an update on Benefits Processing Statistics.

BENEFITS PROCESSING  
STATISTICS

## BYLAWS/POLICY COMMITTEE REPORT

Mr. Sikorski reported on the meeting held on June 11, 2009, in the absence of Chairman Wonderling.

Mr. Sikorski stated that the Committee approved the minutes of the April 30, 2009 meeting.

MINUTES APPROVED

Mr. Sikorski stated that Mr. Clay gave an update on the change in PSERS' Right To Know Law practice with respect to fees charged in responding to various requests; and that Mr. Wasiak reviewed the proposed Board Code of Conduct.

PRESENTATIONS

Mr. Sikorski moved that the Board approve the proposed amendments to the Election Procedures and Guidelines Policy of the Commonwealth of Pennsylvania, Public School Employees Retirement System pursuant to the recommendation of Jeffrey Clay, Executive Director, dated May 29, 2009. Mr. Rose seconded the motion, which passed unanimously.

ELECTION PROCEDURES  
AND GUIDELINES POLICY

## HEALTH CARE COMMITTEE REPORT

Ms. Turley reported on the meeting held on June 11, 2009.

### MINUTES APPROVED

Ms. Turley stated that the Committee approved the minutes of the April 30, 2009 meeting.

### PRESENTATIONS

Ms. Turley stated that Mr. Johnson and Mr. Kaplan, of the Segal Company, gave a presentation on the Plan Year 2010 Fee-for-Service and Rx Plan Designs and Rates; and Mr. Lightner and Ms. Rotolo, of Highmark, spoke regarding the Preliminary Look at 2010 Premium Rates for Highmark.

## NEW BUSINESS

### NOTATIONAL BALLOT

Mr. Clay spoke regarding the proposed amendment to Article VII of the Board's Statement of Organization, Bylaws, and Other Procedures (Bylaws). Mr. Clay stated that the Board will receive a notational ballot on June 29, 2009 seeking their approval of the proposed amendment, with an effective date of July 1, 2009. The vote will be announced and ratified at the August Board Meeting.

### 2010 BOARD MEETING CALENDAR

Mr. Rose moved to accept the proposed 2010 Board Meeting calendar. Mr. Sando seconded the motion, which passed unanimously.

### RESOLUTION FOR MR. J. CURTIS ROSE

Mr. Clay informed the Board of the preparation of a Resolution commending Mr. J. Curtis Rose, designee for Mr. Gentzel, who retired June 1, 2009, for both his service on the Board and at PSBA. The Board made a unanimous motion to approve the Resolution.

Ms. Vogler expressed her pleasure at having worked with Mr. Curt Rose in different capacities over the years.

## EXECUTIVE DIRECTOR'S REPORT

### INFORMATION AVAILABLE

Mr. Clay stated that the following information was available (See Board Book 342, Executive Director TAB):

- Silver Sneakers follow up letter
- Senator Mellow's News Release
- Representative Josephs' letter to Ms. Vogler
- Representative Swanger's letter re: Investment Office travel



- PSERS' Press Release regarding investment performance and GFOA award
- School District Resolutions regarding funding of the System

Mr. Clay stated that he recently attended the PAPERS Conference on May 5-6; addressed a PASR retiree group in Montgomery County on May 7; gave a presentation to the IU #8 Superintendents in Altoona, PA on May 8, 2009; gave a presentation to the PSEA-R group in Bucks County on May 12; gave a presentation to the IU #10 Superintendents in Port Matilda on May 13; addressed a PASR retiree group in Scranton on May 14; gave a presentation to the Senate Finance Committee on June 8; and held a PSERS' Board Orientation on June 10.

RECENTLY ATTENDED  
EVENTS

Mr. Clay stated that he is planning to present the Annual Valuation to the Public Employees' Retirement Commission on June 18 and he will also be attending, as a witness, the Marriott/River Center trial in San Antonio, Texas in mid-August. The trial was postponed from June.

UPCOMING EVENTS

Ms. Flurie informed the Board that the new contract for approved lodging for Board members has not been finalized as of yet. Reservations will be made for Board members who require lodging for Board meetings as soon as the new information is available. She also stated that each Board member is required to submit a PA Tax Exempt form at check-in on each lodging occurrence.

LODGING ISSUE

Mr. Clay informed the Board that there will be a Board Education Day on August 11, 2009. The subject will be Investments and Benefits. The location has not yet been determined. The possibility exists for the August Board and Committee meetings to be condensed into one day, consecutive to the Board Education Day.

BOARD EDUCATION DAY

Mr. Clay stated that neither the General Fund nor PSERS budgets have passed. If PSERS' Budget is not passed by July 17, 2009, employees will be continuing to work, but will not get paid. Compensation will be made when the budget is passed. Lay off of certain individuals is a possibility as of July 1, 2009.

GENERAL FUND BUDGET

Mr. Clay stated that the Commonwealth hiring freeze is still in effect. PSERS has asked for exceptions for certain areas in critical need of personnel. These exceptions cannot be granted until the General Fund Budget has been resolved.

HIRING FREEZE

GROUP PHOTO Mr. Clay informed the Board that a group photo will be taken at the August meeting, if a replacement has been appointed for Senator Wonderling, who will be leaving Board service on July 31, 2009.

BOARD SERVICE Mr. Sikorski extended appreciation to the Board, on behalf of himself and the Senator, for their kindness over the years. Ms. Vogler offered gratitude on behalf of the Board for the service of Senator Wonderling and Mr. Sikorski.

#### CHIEF COUNSEL REPORT

INTRODUCTION Mr. Gornish introduced Theresa Yauckey, who is a student at Dickinson Law School and has been serving an internship in PSERS Office of Chief Counsel.

KAREN E. SNIZASKI CASE Mr. Gornish informed the Board that Commonwealth Court reversed PSERS decision in the Karen E. Snizaski case. Staff will not ask for reconsideration or for the Supreme Court to review the case.

SERVICE MARKS Mr. Gornish stated that the United States Patent and Trademark Office has issued official Certificates of Registration for the PSERS "Partners for your Future" and HOP (Health Options Program) service marks. This means that PSERS and the HOP now have all the rights under federal law at their disposal to defend their marks against infringement by any third party who would claim to provide financial or other services under the PSERS or HOP mark.

TESTIFYING AT ADMINISTRATIVE HEARINGS Mr. Gornish informed the Board that a program has been developed by Jennifer Mills, David Speck and Charles Serine to educate staff who testify at administrative hearings.

PLACEMENT AGENTS Mr. Gornish stated that the Office of Chief Counsel is working with the Investment Office to implement guidelines and to revise the standard forms to enhance the prohibition against placement fees on the public market side and to add disclosure and other requirements on the private market side.

MARRIOTT/ RIVERCENTER CASE Mr. Gornish informed the Board that trial will begin in the Marriott/Rivercenter case on August 10, 2009 and is expected to run until August 28, 2009.

#### BOARD COMMENTS

POSSIBLE MEETING DATE CHANGE Mr. Clay inquired as to the possibility of changing the October 2010 Board meeting to accommodate the submission of the Budget.



The date will tentatively be set to October 4 and 5, 2010. The issue will come before the Board for a vote at the August Board meeting.

CHIEF FINANCIAL OFFICER REPORT

Mr. Carl gave a presentation to the Board which included the March 31, 2009 Statement of Plan Net Assets and Statement of Changes in Plan Net Assets (See Board Book 342, CFO Report TAB).

PRESENTATION

VISITOR COMMENTS

Ms. Hines, of PASR, thanked the Board for the opportunity to attend meetings and report back to fellow retirees.

MS. BEATRICE HINES

Ms. May Cole thanked the Board for the flowers sent to her on the birth of her daughter.

THANK YOU

EXECUTIVE SESSION

At 2:29 P.M., Mr. Clay stated that "In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board, we are going into an Executive Session to discuss the item listed on today's agenda, namely litigation matters. According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss agency matters, which if conducted in public would violate a privilege."

EXECUTIVE SESSION

Mr. Galante moved that the Board enter into Executive Session. Ms. Turley seconded the motion, which passed unanimously. The meeting returned to Regular Session at 2:32 P.M., and immediately adjourned.

The next regularly scheduled meeting of the Board of Trustees of the Public School Employees' Retirement Board will be held on August 13, 2009, in PSERS Board Room, 5 North 5<sup>th</sup> Street, Harrisburg, PA.

NEXT MEETING

Date 7/14/09

Approved   
Jeffrey B. Clay,  
Executive Director