

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

Regular Meeting

Minutes

August 12, 2009

1:05 P.M.

Board Members Present

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

Board Members Absent

Senator Patrick M. Browne
Ms. Tina Byles Williams

Staff Members Present

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

Visitors Present

Mr. Sandy Leopold

CALL TO ORDER Ms. Vogler called the meeting to order at 1:05 P.M. in the fourth floor Board Room at PSERS' headquarters.

MINUTES APPROVED Mr. Sando moved to approve the minutes of the June 11, 2009 Board meeting. Mr. Rose seconded the motion. The motion passed with Treasurer McCord abstaining.

FINANCE COMMITTEE REPORT

Mr. Richard Rose reported on the meeting held August 12, 2009.

MINUTES APPROVED Mr. Richard Rose stated that the Committee approved the minutes of the June 11, 2009 meeting.

PRESENTATIONS Mr. Richard Rose stated that Mr. Van Noord gave a Market Review and Comments report; Mr. Little presented the Investment Policy Statement Objectives and Guidelines; Mr. Spiller presented the Private Market and Real Estate Quarterly Report; held Executive Session on real estate fund issues; and Mr. Van Noord gave a preview of future meetings.

INVESTMENT OBJECTIVES AND GUIDELINES ADDENDA Mr. Rose moved that the Board adopt the proposed Investment Policy Statement, Objectives, and Guidelines and Investment Objectives and Guidelines Addenda listed below pursuant to the recommendation of James H. Grossman, Jr., Managing Director of External Public Markets, Risk & Compliance, dated July 31, 2009.

<u>Addendum</u>	<u>Addendum Title</u>
E	Internally Managed Indexed Equity Portfolios
E1	Internally Managed Alpha Generation Program
E2	Equity Rebalancing Program
F	Equity Option Program – Incremental Return
H	Full Discretion Commodity Program
H1	Enhanced Commodity Index Program
P	Active Currency Hedging Overlay Program
P1	Active Currency Program
Y1	LIBOR-Plus Short Term Investment Pool Portfolios

Ms. Tozer seconded the motion, which passed unanimously.

APPEALS/MEMBER SERVICES COMMITTEE REPORT

Ms. Tozer reported on the meeting held on August 12, 2009.

Ms. Tozer stated that the Committee approved the minutes of the June 11, 2009 meeting.

MINUTES APPROVED

Ms. Tozer moved to adopt the Opinion and Order of the Hearing Examiner and deny the request of Lisa E. Becker to be named beneficiary in the retirement account of Ronald A. Becker, deceased. Representative Grell seconded the motion, which passed unanimously.

ADJUDICATION:
RONALD A. BECKER

Ms. Tozer moved to adopt the Opinion and Order of the Hearing Examiner and deny the request of Elizabeth A. Harting to change her effective date of retirement from October 31, 2007 to June 20, 2007. Mr. Sando seconded the motion, which passed unanimously.

ADJUDICATION:
ELIZABETH A. HARTING

Ms. Tozer moved to adopt the Board Opinion and Order to grant PSERS preliminary objections and deny the request of Peter S. Jannis for an administrative hearing. Ms. Tozer seconded the motion, which passed unanimously.

ADJUDICATION:
PETER S. JANNIS

Ms. Tozer moved to adopt the Opinion and Order of the Hearing Examiner and dismiss with prejudice the appeal of Charlotte Macias to be named sole beneficiary in the retirement account of Frances C. Swartz, deceased. Mr. Rose seconded the motion, which passed unanimously.

ADJUDICATION:
FRANCES C. SWARTZ

Ms. Tozer stated that the Committee reviewed the Executive Staff Review Committee Report from the May 26 and June 17, 2009 meetings.

EXECUTIVE STAFF
REVIEW COMMITTEE

Ms. Tozer reported that the Committee discussed Return to Service Guidelines being developed by staff. Ms. Savidge requested input from the Committee.

RETURN TO SERVICE
GUIDELINES

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

BENEFITS PROCESSING
STATISTICS

HEALTH CARE COMMITTEE REPORT

Ms. Turley reported on the meeting held on August 12, 2009.

Ms. Turley stated that the Committee approved the minutes of the June 11, 2009 meeting.

MINUTES APPROVED

- PRESENTATIONS Ms. Turley stated that the Committee heard a presentation regarding the 2010 HOP Benefits and Rates by Mr. Schafer.
- HOP MEDICAL PLAN Ms. Turley moved that the Board approve, effective January 1, 2010, the monthly premium rates and benefits as recommended in the report: *2010 Premium Rates and Benefits HOP Medical Plan, Pre-65 Medical Plan, Basic and Enhanced Medicare Rx Options, HOP Managed Care Plan by Highmark, and Pre-65 Managed Care Plan by Highmark*. Ms. Tozer seconded the motion, which passed unanimously.
- SCHOOL DISTRICT OF PHILADELPHIA Ms. Turley reported that Mr. Clay and Mr. Schafer discussed with the Committee the results of the 2008 Premium Assistance Verification particularly its impact on members in the School District of Philadelphia.

PERSONNEL COMMITTEE REPORT

Mr. Clay reported on the meeting held on August 12, 2009.

- MINUTES APPROVED Mr. Clay stated that the Committee approved the minutes of the December 11, 2008 meeting.
- PERFORMANCE REVIEW Mr. Clay stated that the Committee discussed the formation of an agency committee to develop a performance review process for the Executive Director.
- POLICY MANUAL Ms. Winters moved that the Board approve the proposed amendments to the Policy Manual for Investment Professional Staff in accordance with the recommendation of Jeffrey B. Clay, Executive Director, dated August 3, 2009. Mr. Rose seconded the motion, which passed unanimously.

OLD BUSINESS

- BOARD MEETING DATE Ms. Vogler initiated a discussion regarding the date of the next Board meeting. The Board decided to let the date stand as October 1 and 2, 2009.
- Mr. Clay spoke regarding a potential issue with the October 7 and 8, 2010 Board Meeting date. The Board decided by consensus to let the date stand unless there was a timing issue concerning the approval of PSERS' administrative budget and/or, the June 30, 2010 financial statements by that date.

NEW BUSINESS

Ms. Winters moved that the Board express its sincere appreciation and gratitude to its entire staff for continuing to provide exemplary service to its members, notwithstanding the fact that during this time period they were not receiving their owed compensation as a result of the impact of the 2009 Budget Impasse.

STAFF APPRECIATION
RESOLUTION

We are grateful for the dedication of PSERS staff and sincerely thank you for the extraordinary amount of work and levels of accomplishment that were achieved during these difficult times.

On behalf of the members and employers of the PSERS and our constituents, we thank you.

Treasurer McCord seconded the motion, which passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Mr. Clay stated that the following information was available (See Board Book 343, Executive Director TAB):

INFORMATION
AVAILABLE

- PAPERS Summer 2009 Newsletter
- Election Biographies for the candidates running in this year's election for the non-certified active member seat on the Board
- A series of letters providing input to GASB concerning potential changes to GASB statements 25 and 27
- A letter from the Auditor General, dated July 7, 2009 requesting an update on PSERS' efforts to address the findings from the Auditor Generals 2006 Special Performance Audit of PSERS

Mr. Clay stated that he recently attended the PERC Valuation on June 18 and gave a presentation for the candidates running in this years non certified active member on the 13 to IU #20 on August 5.

RECENTLY ATTENDED
EVENTS

Mr. Clay stated that he is planning to give a presentation at IU#5 (Edinboro) on September 18 and give a presentation at the PAPERS Fall Workshop on September 23. He also noted that the Marriott/River Center trial in San Antonio, Texas was postponed until at least January 2010.

UPCOMING EVENTS

PSERS BUDGET Mr. Clay stated that the PSERS Budget was passed and is pending signature from the Governor. Mr. Clay extended his thanks to all involved.

RATE OF RETURN Mr. Clay informed the Board that the final investment rate of return will be available prior to the next Board meeting. The information will be made public in a press release when received, a copy of which will be forwarded to Board members.

FINANCIAL STATEMENTS Mr. Clay stated that the next meeting will include a presentation of the financial statements with the auditors in attendance, and a presentation on the 2010-2011 Administrative and Restricted Revenue Budgets.

CHIEF COUNSEL REPORT

MARRIOTT/
RIVERCENTER TRIAL Mr. Gornish reiterated that the Marriott/Rivercenter trial has been postponed until at least January 2010.

FOREIGN BANK
ACCOUNT REPORT Mr. Gornish informed the Board that the potential exists for PSERS to be required to file a Foreign Bank Account Report (FBAR) listing certain investments in foreign commingled funds. If such filing is necessary, PSERS is preparing to make a filing regarding approximately 25 foreign investments. Mr. Gornish recommended that PSERS join with SERS in filing comments with the IRS to show that public pension funds should not be required to file this list. The Board concurred.

AMICUS BRIEF Mr. Gornish stated that PSERS has tentatively agreed to participate in an amicus brief related to the Merck case. PSERS' joining in this amicus is consistent with other amicus briefs PSERS has joined relating to pleading requirements in securities litigation matters.

KAREN E. SNIZASKI
CASE Mr. Gornish informed the Board that the claimant asked the Supreme Court to review the case. Since, however, the claimant's counsel in this benefits case did not communicate with PSERS about the claimant's request for allowance of an appeal, the Agency was unable to support the petition to the Supreme Court. PSERS could only object to the petition or take no position, and thus did the latter.

CHIEF FINANCIAL OFFICER REPORT

PRESENTATION Mr. Carl gave a presentation to the Board which included the 1099-R and Form 945 Review, GL Closing, Year End Schedule, PSERS

Administrative Budget Update and GASB ITC Update (See Board Book 343, CFO Report TAB).

Ms. Vogler adjourned the meeting at 1:54 P.M.

ADJOURNMENT

The next regularly scheduled meeting of the Board of Trustees of the Public School Employees' Retirement Board will be held on October 2, 2009, in PSERS Board Room, 5 North 5th Street, Harrisburg, PA.

NEXT MEETING

Date _____

Approved _____

Jeffrey B. Clay,
Executive Director