

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

**Regular Meeting**

**Minutes**

**April 30, 2010**

**9:00 A.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Ms. Debbie Reeves for Representative Dwight Evans  
Mr. Glen S. Galante  
Mr. Thomas J. Gentzel  
Representative Glen R. Grell  
Mr. John Raymond for Senator Shirley M. Kitchen  
Ms. Karen Kelly for Treasurer Robert M. McCord  
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 Browne  
Ms. Tina Byles Williams  
Mr. Hal Moss

**Staff Members Present**

Mr. Jeffrey B. Clay  
Ms. Cindy Bolton  
Mr. Brian S. Carl  
Ms. Barbara D. Flurie  
Mr. Gerald Gornish  
Ms. Terrill J. Savidge  
Ms. Evelyn M. Tatkovski  
Mr. Alan H. Van Noord  
Mr. Joseph E. Wasiak, Jr.

- CALL TO ORDER Ms. Vogler called the meeting to order at 9:00 A.M. in the fourth floor Board Room at PSERS' headquarters.
- WELCOME NEW EMPLOYEE Mr. Clay welcomed new employee, Andrea Etter, of the Investment Office.
- MINUTES APPROVED Mr. Rose moved to approve the minutes of the March 12, 2010 Board meeting. Mr. Sando seconded the motion, which passed unanimously.

FINANCE COMMITTEE REPORT

Mr. Rose reported on the meeting held April 29, 2010.

- MINUTES APPROVED Mr. Rose stated that the Committee approved the minutes of the March 11, 2010 meeting.

- PRESENTATIONS Mr. Rose stated that Mr. Van Noord gave a Market Review and Comments report; Mr. Spiller presented a Private Market and Real Estate Quarterly Review; Mr. Peters gave a Trading Operations Review; Mr. Grossman presented an Investment Guidelines recommendation; and Mr. Van Noord gave a preview of future meetings.

- INVESTMENT OBJECTIVES AND GUIDELINES Mr. Rose moved that the Public School Employees' Retirement Board (the "Board") adopts the proposed changes to Addendum I - U.S. Core Plus Fixed Income Portfolios, for the Public School Employees' Retirement System pursuant to the recommendation of James H. Grossman, Jr., Managing Director of External Public Markets, Risk & Compliance, dated April 14, 2010. Mr. Raymond seconded the motion, which passed unanimously.

- EXECUTIVE SESSION Mr. Rose stated that an Executive Session was held regarding the results of the Evaluation Committee on the Hedgefund Recommendations.

- AKSIA LLC Mr. Rose moved that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Hedgefund Consultant Request for Proposal Evaluation Committee, retains Aksia LLC as the Fund's Hedgefund Consultant for a contract term not to exceed five-years.

The final terms and conditions of the contract 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 the implementing contract or by a memo to that

effect appended to the implementing contract. Mr. Galante seconded the motion, which passed unanimously.

Mr. Rose stated that the members of the Board were given a tour of the trading room.

TRADING ROOM TOUR

APPEALS/MEMBER SERVICES COMMITTEE REPORT

Ms. Tozer reported on the meeting held on April 29, 2010.

Ms. Tozer stated that the Committee approved the minutes of the March 11, 2010 meeting.

MINUTES APPROVED

Ms. Tozer moved to adopt the Opinion and Order of the Hearing Examiner, and dismiss with prejudice, the appeal of Linda L. Butcher to purchase service credit. Ms. Turley seconded the motion, which passed unanimously.

ADJUDICATION:  
LINDA L. BUTCHER

Ms. Tozer moved to adopt the Opinion and Order of the Hearing Examiner, to deny the request of Sandra Donn for multiple service. Mr. Raymond seconded the motion, which passed unanimously.

ADJUDICATION:  
SANDRA DONN

Ms. Tozer moved to adopt the Opinion and Order to grant PSERS' motion for summary judgement and deny the request of Martha I. Russell for an administrative hearing and to forfeit all benefits otherwise payable to Ms. Russell. Mr. Sando seconded the motion, which passed unanimously.

ADJUDICATION:  
MARTHA I. RUSSELL

Ms. Tozer moved to adopt the Opinion and Order to grant PSERS' motion for summary judgement to deny the request of Viola J. Bush for an administrative hearing and to forfeit all benefits otherwise payable to Ms. Bush. Mr. Gentzel seconded the motion, which passed unanimously.

ADJUDICATION:  
VIOLA J. BUSH

Ms. Tozer stated that the Committee reviewed the Executive Staff Review Committee Reports from the March 16, 2010 meeting.

EXECUTIVE STAFF  
REVIEW COMMITTEE

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

BENEFITS PROCESSING  
STATISTICS

ELECTIONS COMMITTEE REPORT

In Mr. Moss' absence, Ms. Vogler reported on the meeting held on April 29, 2010.

MINUTES APPROVED Ms. Vogler stated that the Committee approved the minutes of the January 22, 2009 meeting.

PRESENTATION Ms. Vogler reported that Ms. Savidge reviewed suggested changes to the criteria for determining the eligibility of members to participate in the process of electing certified and non-certified member representatives of the PSERS Board of Trustees.

ELECTIONS PROCEDURES AND GUIDELINES POLICY Mr. Galante moved that the Public School Employees' Retirement Board adopts the proposed changes to the Elections Procedures and Guidelines Policy, pursuant to the recommendation of Terrill J. Savidge, Deputy Executive Director, dated April 8, 2010. Ms. Turley seconded the motion, which passed unanimously.

BYLAWS/POLICY COMMITTEE REPORT

Representative Grell reported on the meeting held on April 29, 2010.

MINUTES APPROVED Representative Grell stated that the Committee approved the minutes of the January 21, 2010 meeting.

PRESENTATION Representative Grell reported that Mr. Wasiak reviewed the draft version of the proposed Ethics policy.

ETHICS POLICY Representative Grell moved that the Public School Employees' Retirement Board (the "Board") adopts the proposed PSERB Ethics Policy, effective July 1, 2010, as presented by Joseph E. Wasiak at the April 29, 2010 Bylaws/Policy Committee meeting. Mr. Sando seconded the motion, which passed unanimously.

HEALTH CARE COMMITTEE REPORT

Ms. Turley reported on the meeting held on April 29, 2010.

MINUTES APPROVED Ms. Turley stated that the Committee approved the minutes of the March 11, 2010 meeting.

PRESENTATIONS Ms. Turley stated that Ms. Bakich, Mr. Johnson and Mr. Kaplan, all of Segal, gave a presentation on the Health Care Reform Overview and the Impact of Reform on HOP Medical Plan, Medicare Rx Options and Companion Pre-65 Plan; and that Mr. Schafer gave presentations on the 2011 Open Enrollment and the Medicare Advantage and Companion Pre-65 Plans for 2011 Disposition of Legacy Plans.

Ms. Turley moved that the Public School Employees' Retirement Board (the "Board") approves conducting an Open Enrollment for HOP for the 2011 Plan year in accordance with the attached recommendation of Mark Schafer as presented at the April 29, 2010, Health Care Committee meeting. Ms. Tozer seconded the motion, which passed unanimously.

OPEN ENROLLMENT

Ms. Turley moved that the Public School Employees' Retirement Board (the "Board") approves contracting with Medicare Advantage and companion pre-65 managed care plans to fully participate in HOP effective January 1, 2011 in accordance with the attached recommendation of Mark Schafer as presented at the April 29, 2010, Health Care Committee meeting. Mr. Sando seconded the motion, which passed with 13 Yes votes, and abstentions from Representative Grell, and Ms. Reeves, on behalf of Representative Evans.

MEDICARE ADVANTAGE

### NEW BUSINESS

Mr. Raymond moved the following resolution:

BOARD RATIFICATION OF  
RESOLUTION 2010-13

WHEREAS, the Public School Employees' Retirement Board ("Board") adopted Resolution 2010-13, on April 5, 2010, authorizing the Public School Employees' Retirement System ("PSERS") to seek to serve as co-lead plaintiff, in partnership with one or more public pension funds, in the filed actions in the United States District Court for the Central District of California against Toyota Motor Corporation and other named defendants, alleging violations of the federal securities laws;

WHEREAS, PSERS' staff, in implementing Resolution 2010-13, deemed it advisable to partner with one private fund in addition to three public pension funds ("Staff Action");

WHEREAS, Resolution 2010-13 was silent with respect to whether PSERS could partner with a private fund in addition to one or more public funds; and

WHEREAS, the Board affirms that the Staff Action was consistent with Resolution 2010-13,

NOW THEREFORE, it is hereby RESOLVED, that the Board ratifies the Staff Action to implement Resolution 2010-13.

Mr. Rose seconded the motion, which passed unanimously.

Mr. Clay presented the State of the Fund (See Board Book 348, Executive Director TAB).

STATE OF THE FUND

## EXECUTIVE DIRECTOR'S REPORT

### RECENTLY ATTENDED EVENTS

Mr. Clay stated that since the March Board Meeting he had an in-person interview with the Philadelphia Inquirer; gave two presentations to the Allegheny IU; gave a presentation to the Upper St Clair School Board; gave a presentation at the Delaware County IU; attended the House Republicans Hearing in Lehigh Valley; attended the Upper Perkiomen Education Association public question and answer session; gave a presentation to the Montgomery County IU HR group; gave a joint presentation with SERS to the House Finance Committee; gave a presentation to the Shippensburg Study Council; took part in a PSBA Webinar; attended a presentation by Rep. Boyd to three school districts in Lancaster County; and made a PASA Board presentation. All events dealt with PSERS' funding issues.

### UPCOMING EVENTS

Mr. Clay stated that he will hold the PSERS Employee Recognition Program on May 5; give a presentation to the Board of the Riverside School District on May 6; make a presentation to the Board of the Greater Latrobe School District on May 11; will make a presentation to Westinghouse retirees in conjunction with Tom Gentzel on May 12; give a presentation at IU 17 in Canton, PA on May 13; make a presentation at IU 8 in Altoona, PA on May 14; give a presentation to the Philadelphia PASR chapter on May 27; and make a presentation to the Board of the South Butler School District on June 2.

### TRUST FUND DONATION

Mr. Clay informed the Board that a donation was made to the trust fund for the child of a recently deceased PSERS employee.

### ELECTIONS

Mr. Clay stated that an Active Certified Member election and an Annuitant Member election will be held in November 2010.

### NEXT MEETING

Mr. Clay informed the Board that the HOP issues will be revisited at the June meeting.

## CHIEF COUNSEL REPORT

### SECURITIES LITIGATION POLICY

Mr. Gornish stated that the Board's Securities Litigation Policy calls for PSERS to contract with one or two securities litigation consultants whose function is to review cases that meet our threshold and that we submit to them to advise whether we should seek to become a lead plaintiff or take other action regarding the particular case. The contract with the current securities litigation

consultant expires on December 31, 2010 and we are therefore going to issue an RFP in the near future. Mr. Gornish announced that any member of the Board who would like to be on the committee should inform Mr. Clay or himself.

### CHIEF FINANCIAL OFFICER REPORT

Mr. Carl gave a presentation to the Board containing the Administrative Budget Update, Other Financial Management Activities and the Ten Year Fund Net Asset Values (See Board Book 348, CFO Report TAB).

CFO REPORT

At 10:17 A.M., Mr. Clay stated: "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 Current and Pending Litigation. The Board may hold an executive session for any one or more of the reasons enumerated in Section 8(a) of the Sunshine Act (65 P.S. 278(a)), including agency business which, if conducted in public would violate a privilege or lead to the disclosure of information or confidentiality protected by law, including matters related to the initiation and conduct of investigations of possible or certain violations of laws."

EXECUTIVE SESSION

Mr. Rose moved that the Committee enter into Executive Session. Ms. Turley seconded the motion, which passed unanimously. The Executive Session ended at 10:42 A.M. and the meeting immediately returned to Regular Session.

Mr. Kniley moved that WHEREAS, the Public School Employees' Retirement Board (the "Board") adopted Resolution 2010-13, on April 5, 2010, authorizing the Public School Employees' Retirement System ("PSERS") to seek to serve as co-lead plaintiff, in a group with one or more public pension funds, in the filed actions in the United States District Court for the Central District of California against Toyota Motor Corporation and other named defendants, alleging violations of the federal securities laws (the "Class Action Suit");

TOYOTA MOTOR  
CORPORATION

WHEREAS, PSERS, as one member of a group of five prospective plaintiffs (the "Group") has filed an application seeking to be a co-lead plaintiff in the Class Action Suit;

WHEREAS, the Judge to whom the Class Action Suit has been assigned issued an Order, dated April 23, 2010, among other things, directing statements from the prospective plaintiffs, such as

PSERS, that are currently members of groups as to whether each would be willing to serve as lead plaintiff alone if the Court does not accept a group as lead plaintiff; and

WHEREAS, PSERS believes that as an alternative to being a co-lead plaintiff in the Group it can serve and fulfill the responsibilities as lead plaintiff alone on behalf of all shareholders of Toyota Motor Corporation;

NOW THEREFORE, it is hereby RESOLVED, that the Board authorizes the Executive Director, acting on behalf of PSERS, to respond to the Order issued by the judge in the Toyota Motor Corporation case, dated April 23, 2010, by submitting a statement to the Court stating that PSERS would be willing to serve as lead plaintiff alone if the Court does not accept a group as lead plaintiff in the Class Action Suit.

Ms. Tozer seconded the motion, which passed unanimously.

THANK YOU

Mr. Gentzel expressed appreciation to Mr. Clay for the extensive travel he has done to keep districts informed on the funding challenges facing PSERS and the districts. Ms. Vogler concurred.

ADJOURNMENT

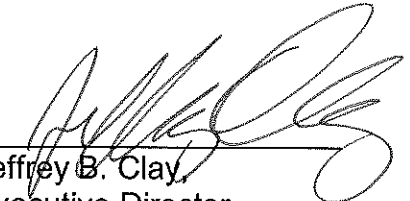
Ms. Vogler adjourned the meeting at 10:44 A.M.

NEXT MEETING

The next regularly scheduled meeting of the Board of Trustees of the Public School Employees' Retirement Board will be held on June 11, 2010, in PSERS Board Room, 5 North 5<sup>th</sup> Street, Harrisburg, PA.

Date 5/26/10

Approved

  
Jeffrey B. Clay,  
Executive Director