

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

**Regular Meeting**

**Minutes**

**August 9, 2019**

**8:55 A.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Mr. Nathan G. Mains, Vice Chairman  
Ms. Deborah J. Beck  
Senator John P. Blake  
Mr. Bernard Gallagher for  
    Representative Matt Bradford  
Ms. Stacey Connors for  
    Senator Patrick M. Browne  
Mr. Jason M. Davis  
Mr. Eric O. DiTullio  
Ms. Susan C. Lemmo  
Mr. Patrick Lord for  
    Secretary Pedro A. Rivera  
Representative Francis X. Ryan  
Mr. Christopher SantaMaria  
Treasurer Joseph M. Torsella  
Mr. Leo Pandeladis for  
    Secretary Robin L. Wiessmann

**Others Present**

Mr. Randy Albright, SERS  
Mr. Jim Baker, Private Equity Stakeholder Project  
Mr. Mark Barnhill, Platinum Equity  
Mr. James Bloom, Banking & Securities  
Mr. Stephen Caruso, Pa Capital-Star  
Mr. Thomas Clancy, Treasury  
Mr. Christopher Craig, Treasury  
Mr. Scott Davies, Hamilton Lane  
Ms. Suzanne Dugan, Cohen Millstein  
Mr. Lloyd Ebright, Treasury  
Ms. Cori English, Hamilton Lane  
Mr. Alan Flannigan, Banking & Securities  
Ms. Judith Guise, PSEA-R  
Ms. Amanda Janusz, Aon  
Ms. Andrea Kramer, Hamilton Lane

Mr. Luc Miron  
Mr. Luke Noel, Worth Rises  
Mr. James Nolen, SERS  
Ms. Claire Shaughnessy, Aon  
Ms. Pilar Sorensen, Private Equity Stakeholder Project  
Ms. Lisa Taglang  
Ms. Bianca Tylek, Worth Rises  
Mr. Tom Weeter, PSEA-R

Staff Members Present

Ms. Patricia Bartkowiak  
Mr. Thomas Bauer  
Ms. Tracey Burns  
Mr. Brian S. Carl  
Ms. Melanie Cubias  
Mr. Dwight Decker  
Mr. James Del Gaudio  
Mr. Steven Esack  
Ms. Andrea Etter  
Mr. Dennis Filipovich  
Mr. Andrew Fiscus  
Ms. Elizabeth Goldstein  
Mr. Glen R. Grell  
Mr. James H. Grossman, Jr.  
Mr. Wilhelm Gruszecki  
Mr. Charles Hodge  
Mr. Luke Jacobs  
Mr. Paul Joseph

Mr. John Kemp  
Mr. Robert Little  
Ms. Patricia Lorenz  
Ms. Jennifer Mills  
Ms. Susan Oh  
Mr. Antonio Parisi  
Ms. Melissa Quackenbush  
Mr. Eugene Robison  
Ms. Letitia Schubauer  
Mr. Charles K. Serine  
Mr. Charles J. Spiller  
Ms. Laura Vitale  
Mr. Joseph E. Wasiak, Jr.  
Ms. Evelyn Tatkovski Williams

**CALL TO ORDER**

Chairman Vogler called the meeting to order at 8:55 A.M. in the Conference Room at PSBA, 400 Bent Creek Boulevard, Mechanicsburg, Pa.

**WELCOME GUESTS**

Mr. Grell welcomed guests, Mr. Randy Albright, Mr. Jim Baker, Mr. Mark Barnhill, Mr. Stephen Caruso, Mr. Scott Davies, Ms. Cori English, Ms. Judith Guise, Ms. Amanda Janusz, Ms. Andrea Kramer, Mr. Luke Noel, Ms. Claire Shaughnessy, Ms. Pilar Sorensen, Ms. Bianca Tylek and Mr. Tom Weeter.

**MINUTES APPROVED**

Mr. Lord moved to approve the minutes of the May 23, 2019 Board meeting. Mr. DiTullio seconded the motion, which passed unanimously.

**VISITORS COMMENTS**

Ms. Pilar Sorensen of Private Equity Stakeholder Project and Mr. Luke Noel and Ms. Bianca Tylek of Worth Rises, all made

comments to the Board and presented materials raising objections to the System's investment in Platinum Equity Capital Partners, pertaining to certain investments in a portfolio company providing telephone services to incarcerated persons.

**AGENCY TRANSPARENCY COMMITTEE REPORT**

Mr. Mains reported on the Committee's activities and noted that the Committee minutes are posted in the Diligent Resource Center.

**UNFINISHED BUSINESS**

Mr. Grell gave a brief update to the Board on the current status of SERS/PSERS Collaboration, and on the PPMARC Recommendations and PSERS response to them.

SERS/PSERS  
COLLABORATION AND  
PPMARC  
RECOMMENDATIONS

At 9:21 A.M. Mr. Grell 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 items listed on today's agenda, namely Fiduciary Insurance, Bell Institutional Fund VII and a Deep Executive Session of the Board and their Counsel. According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss: Quasi-judicial matters. Ms. Connors moved that the Board enter Executive Session, Mr. Davis seconded the motion which, passed unanimously.

EXECUTIVE SESSION

The Executive Session adjourned at 11:10 A.M. and the regular session resumed.

**NEW BUSINESS**

Ms. Claire Shaughnessy, AON, gave a 60-minute presentation on Asset/Liability Study. Members and Designees in attendance received 1 hour of Education Credit.

EDUCATION

**AUDIT/COMPLIANCE COMMITTEE REPORT**

Ms. Connors reported on the meeting held on August 8, 2019.

Ms. Connors stated that the Committee approved the minutes of the May 22, 2019 meeting.

MINUTES

PRESENTATIONS

Ms. Connors stated that Ms. Lanius presented the Audit Plan Update for FY 19/20.

RESOLUTION 2019-29  
INTERNAL CONTROL  
ASSESSMENTS AND  
MONITORING PLAN

Ms. Connors moved, that the Public School Employees' Retirement Board (the "Board") hereby accepts the results of the Internal Control Assessments for the fiscal year ending June 30, 2019 and the Monitoring Plan for the period July 1, 2019 through June 30, 2020 for the Public School Employees' Retirement System pursuant to the recommendation of Stephanie L. Lanius, Acting Internal Auditor, dated August 8, 2019. Mr. DiTullio seconded the motion, which passed unanimously.

APPEALS AND MEMBER/EMPLOYER SERVICES  
COMMITTEE REPORT

Ms. Beck reported on the meeting held on August 8, 2019.

MINUTES

Ms. Beck stated that the Committee approved the minutes of the May 22, 2019 meeting.

ACCOUNT OF  
RUTH ELAINE KING

Ms. Beck moved in the Account of Ruth Elaine King, that the Board adopt the Hearing Examiner's opinion and recommendation and deny Claimant's appeal with the four modifications noted in the draft Board order. Mr. DiTullio seconded the motion, which passed unanimously.

ACCOUNT OF  
JOSE E. LEBRON

Ms. Beck moved in the Account of Jose E. Lebron, that the Board deny Claimant's request for oral argument, deny Claimant's appeal and affirm PSERS' determination. Mr. DiTullio seconded the motion, which passed unanimously.

ACCOUNT OF  
M.C.

Ms. Beck moved in the Account of M.C., that the Board adopt the Hearing Examiner's opinion and recommendation and deny Claimant's appeal and affirm PSERS' determination. Representative Ryan seconded the motion, which passed unanimously.

ACCOUNT OF  
JACQUELINE  
RUCHINSKI

Ms. Beck moved in the Account of Jacqueline Ruchinski, that the Board grant PSERS' Motion for Summary Judgment and dismiss Claimant's appeal. Mr. Davis seconded the motion, which passed unanimously.

ESRC

Mr. Davis stated that the Committee reviewed the Executive Staff Review Committee Reports from March 27, 2019, April 30, 2019 and May 28, 2019.

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the meeting held on August 8, 2019.

Ms. Lemmo stated that the Committee approved the minutes of the May 22, 2019 meeting.

MINUTES

Ms. Lemmo reported that Mr. Camacci presented Health Options Program 2020 which included, Metlife Dental Renewal & Open Enrollment and MCO Medicare Advantage Approved plans.

PRESENTATIONS

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby approves the following monthly premium rates of the Enhanced Medicare Rx Option effective January 1, 2020 for calendar year 2020:

RESOLUTION 2019-30  
ENHANCED MEDICARE  
RX OPTION PLAN AND  
RATES

**Monthly Premium Rates**

Enhanced Medicare Rx Option	2019	2020	% Increase
Single	\$125	\$128	2%
Two Person	\$250	\$256	2%

Mr. DiTullio seconded the motion which, passed unanimously.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby approves the following monthly premium rates of the Basic Medicare Rx Option effective January 1, 2020 for calendar year 2020:

RESOLUTION 2019-31  
BASIC MEDICARE RX  
OPTION PLAN RATES

**Monthly Premium Rates**

Basic Medicare Rx Option	2019	2020	% Increase
Single	\$67	\$69	3%
Two Person	\$134	\$138	3%

Mr. Davis seconded the motion which, passed unanimously.

**RESOLUTION 2019-32  
VALUE MEDICARE RX  
OPTION PLAN RATES**

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby approves the following monthly premium rates of the Value Medicare Rx Option effective January 1, 2020 for calendar year 2020:

**Monthly Premium Rates**

Value Medicare Rx Option	2019	2020	% Increase
Single	\$22	\$23	5%
Two Person	\$44	\$46	5%

Mr. SantaMaria seconded the motion which, passed unanimously.

**DC PLAN COMMITTEE REPORT**

Senator Blake reported on the DC Plan Committee's organizational meeting held on August 8, 2019

**PRESENTATIONS**

Senator Blake reported that Ms. Mills presented a DC Plan Overview and a DC Plan update. No action items.

**BYLAWS/POLICY COMMITTEE REPORT**

Mr. Gallagher reported on the meeting held on August 8, 2019.

**MINUTES**

Mr. Gallagher stated that the Committee approved the minutes of the May 23, 2019 meeting.

**PRESENTATION**

Mr. Gallagher stated that Mr. Wasiak presented Policy and Resolution Changes, resulting in the following action items:

**RESOLUTION 2019-33  
POLICY CHANGES**

Mr. Gallagher moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the changes to the following policies:

Securities Litigation Policy,  
Public Information Policy, and  
Education Policy

pursuant to the recommendation of Joseph E. Wasiak, Jr., Deputy Executive Director, contained in the memorandum dated July 23, 2019, SUBJECT: Changes to Board Policies and Resolutions. Mr. Davis seconded the motion which, passed unanimously.

Mr. Gallagher moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the changes to the Designated Signatory Resolution pursuant to the recommendation of Joseph E. Wasiak, Jr., Deputy Executive Director, contained in the memorandum dated July 23, 2019, SUBJECT: Changes to Board Policies and Resolutions.

Mr. Pandeladis seconded the motion which, passed unanimously.

RESOLUTION 2019-34  
DESIGNATED  
SIGNATORY  
RESOLUTION CHANGE

### INVESTMENT COMMITTEE REPORT

Ms. Lemmo reported on the meeting held on August 8, 2019.

Ms. Lemmo stated that the Committee approved the minutes of the May 22, 2019 meeting.

MINUTES APPROVED

Ms. Lemmo stated that Mr. Grossman presented the PSERS Fund and Market Overview, Bell Institutional Fund VII, L.P., Cabot Industrial Value Add Fund VI, L.P., DRA Growth and Income Fund X, LLC., AG Europe Realty Fund III, L.P. and SSG Capital Partners V, L.P. Ms. Lemmo added that Mr. Spiller and Mr. Barnhill gave a brief presentation on Platinum Equity Capital Partners V, L.P. Mr. Grossman gave his Preview of Future Meetings.

PRESENTATIONS

Ms. Lemmo presented the following action items:

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby adopt the proposed changes to the VI. Risk Management and Controls and VII. Monitoring and Reporting sections of the Investment Policy Statement, Objectives, and Guidelines, as amended, for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated July 22, 2019.

Mr. Davis seconded the motion, which passed with one abstention, being Treasurer Torsella.

RESOLUTION 2019-35  
INVESTMENT  
OBJECTIVES AND  
GUIDELINES

RESOLUTION 2019-36  
PLATINUM EQUITY  
CAPITAL PARTNERS V,  
L.P.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$300 million plus reasonable normal investment expenses, in Platinum Equity Capital Partners V, L.P. (and/or related investment vehicles), in accordance with the recommendation of Luke M. Jacobs, Portfolio Manager, dated April 29, 2019 and Hamilton Lane, dated April 1, 2019. The final terms and conditions of the investment 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 contract.

Mr. Davis seconded the motion, which passed with two opposed, being Treasurer Torsella and Mr. Lord on behalf of Secretary Rivera and one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-37  
BELL INSTITUTIONAL  
FUND VII, L.P.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses in Bell Institutional Fund VII, L.P. (and/or related investment vehicles), in accordance with the recommendation of Melissa A. Quackenbush, Senior Portfolio Manager, dated May 23, 2019 and Hamilton Lane, dated April 1, 2019. The final terms and conditions of the investment 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 contract. In addition, the Board's approval is conditional upon satisfactory review by the Board's Fiduciary Counsel and the Internal Auditor, a copy of which shall be presented to the Board in advance of close. Mr. DiTullio seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-38  
CABOT INDUSTRIAL  
VALUE FUND VI, L.P.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses in Cabot Industrial Value Fund VI, L.P. (and/or related investment vehicles), in accordance with the recommendation of Melissa A. Quackenbush, Senior Portfolio Manager, dated July 3, 2019 and Hamilton Lane, dated June 20, 2019. The final terms and conditions of the investment 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 contract. Mr. DiTullio seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses in DRA Growth & Income Master Fund X, LLC. (and/or related investment vehicles), in accordance with the recommendation of Melissa A. Quackenbush, Senior Portfolio Manager, dated July 11, 2019 and Hamilton Lane, dated June 24, 2019. The final terms and conditions of the investment 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 contract. Mr. Davis seconded the motion, which passed with one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-39  
DRA GROWTH AND  
INCOME MASTER FUND  
X, LLC.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses, in AG Europe Realty Fund III, L.P. (and/or related investment vehicles), in accordance with the recommendation of Melanie A. Cubias, Senior Investment Professional, and Melissa A. Quackenbush, Senior Portfolio Manager, dated July 5, 2019 and Hamilton Lane, dated June 24, 2019. The final terms and conditions of the investment 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 contract. Mr. Davis seconded the motion, which passed with one abstention, being Treasurer Torsella and one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-40 AG  
EUROPE REALTY FUND  
III, L.P.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$300 million plus reasonable normal investment expenses, in SSG Capital Partners V, L.P. (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated July 5, 2019 and Aksia, LLC dated June 18, 2019. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either

RESOLUTION 2019-41  
SSG CAPITAL PARTNERS  
V, L.P.

by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

Mr. DiTullio seconded the motion, which passed with one opposed, being Treasurer Torsella and one recusal, being Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-42  
INVESTMENT  
OBJECTIVES AND  
GUIDELINES  
STRATEGIC ASSET  
ALLOCATION

Mr. DiTullio moved, that the Public School Employees' Retirement Board (the "Board") hereby adopt the proposed short- and long-term asset allocation as presented by Aon Hewitt Investment Consulting, Inc. in their July 24, 2019 presentation entitled "Asset-Liability Study Results", effective October 1, 2019, as reflect in the changes to the IV. Strategic Asset Allocation section of the Investment Policy Statement, Objectives, and Guidelines, as amended, for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated July 22, 2019. Mr. Gallagher seconded the motion, which passed with three opposed, being Representative Ryan, Treasurer Torsella and Mr. Pandeladis on behalf of Secretary Wiessmann.

RESOLUTION 2019-43  
INVESTMENT  
OBJECTIVES AND  
GUIDELINES  
BENCHMARK

Mr. DiTullio moved, that the Public School Employees' Retirement Board (the "Board") hereby adopt the proposed benchmark changes as presented by Aon Hewitt Investment Consulting, Inc. in their July 2019 presentation entitled "Benchmark Review – Full Report", effective October 1, 2019, as reflected in the changes to the V. Performance Objectives, VI. Risk Management and Controls and VIII. Definitions sections of the Investment Policy Statement, Objectives, and Guidelines, as amended, for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated July 22, 2019. Mr. Gallagher seconded the motion, which passed unanimously.

PERSONNEL COMMITTEE REPORT

Mr. SantaMaria reported on the Personnel Committee meeting held on August 9, 2019

MINUTES APPROVED

Mr. SantaMaria reported that the Committee approved the minutes from August 8, 2018

EXECUTIVE SESSION

Mr. SantaMaria reported that an Executive Session was held for Executive Director Grell's performance evaluation.

### CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included: an update on the fiscal year end schedule. A preliminary June 30, 2019 Financial Results preview; Fiscal Year 2019-20 PSERS and state share of Employer Contribution budget recap; Distribution of Investment return assumptions; a preliminary 2020-21 Administrative Budget Preview, Act 72 financial related changes; and Employer contribution rates.

### DEPUTY EXECUTIVE DIRECTOR'S REPORT

DED REPORT

Ms. Mills gave her Deputy Executive Director's Report, which included: an update on the Bureau of Communications and Counseling and the Bureau of Benefits Administration; an overview of Appeals and Compliance reviews; and a review of Knowledge Management from CEM Defined Benefit Administration Benchmarking Analysis – FY 2018.

### EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell gave an update on the following current issues: 2019 Agency Goal tracking; a Legislative update on ACT 72 and on proposed legislation HB1640 Plan Closure; PSERS/SERS Investment Office, 812 Market Street update; IBOR Project Implementation; Board Elections; Board Education tracking report; and the Agency Risk Register project.

Mr. Grell also reported that he gave presentations at the LVASBO in Bath, PA.; PSEA – Retired at Gettysburg College; and a presentation with Dan Doonan, NIRS at the NASRA Annual Meeting in Williamsburg, VA. Mr. Grell also attended the NCTR Directors Only Conference in Boise ID. Mr. Grell announced he will be giving the following upcoming presentations; October 7 PASR Convention in King of Prussia; BOCC's Annual Training Conference on October 16; and at the PASR Region II Fall Meeting on October 11 in Philadelphia.

**BOARD MEMBER  
COMMENTS**

Mr. Davis reported that he and Ms. Beck, Mr. Gallagher, Mr. Mains and Mr. SantaMaria attended the NCTR 19<sup>th</sup> Annual Trustee Workshop. Mr. Davis gave an excellent review of the event and highly recommended that other Board Members attend future events.

Mr. Grell reminded the Board of the upcoming NCTR Annual Conference in Nashville October 12-15.

Ms. Beck thanked PSERS for allowing the Board Members to attend all the various conferences and outside training.

**ADJOURNMENT**

Chairman Vogler adjourned the meeting at 4:02 P.M.

**NEXT MEETING**

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on October 10-11, 2019, at PSERS' Headquarters, 5 N. 5<sup>th</sup> Street, Harrisburg, PA.

9/27/2019  
Date

  
Glen R. Grell  
Executive Director