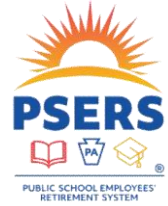


# October 20, 2023 PSERB Board Meeting

PSERS Board Room 5 North 5<sup>th</sup> Street, Harrisburg, PA 17101 and via MS Teams [Sunshine]



Chair Christopher Santa Maria  
Vice Chair Richard Vague  
Committee of the Whole  
Board Secretary Terrill Sanchez

## 1. **Call to Order**

The Board met on October 20, 2023 virtually and in-person at 5 North 5<sup>th</sup> Street in Harrisburg, PA. Chairperson Christopher Santa Maria called the meeting to order at 9:03 A.M. Terrill Sanchez took roll call and confirmed Board quorum.

### **Board Member Attendance:**

Anne Baloga for Rep. Matthew Bradford  
Virtual  
Jason Davis In Person  
Eric DiTullio In Person  
Rep. Torren Ecker Virtual  
Treas. Stacy Garrity In Person  
Susan Lemmo In Person  
Kevin Busher for Nathan Mains Virtual  
Ann Monaghan In Person

Patrick Lord for Sec. Khalid Mumin In  
Person  
Jeffrey Cavanaugh for Sen. Katie Muth  
Virtual  
Brian Reiser In Person  
Sen. Greg Rothman Virtual  
Christopher Santa Maria In Person  
Sec. Wendy Spicher In Person  
Richard Vague In Person

### **Board Designee Attendance:**

Christopher Craig Virtual  
Lloyd Ebright Virtual  
Michael Heckmann Virtual  
Veronica Hoof Virtual  
Jordan Laslett In Person

Matt McCarry In Person  
Eric Pistilli Virtual  
Jill Vecchio Virtual  
Morgan Wagner In Person

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

Patrick Lord moved to approve the published agenda with Eric DiTullio seconding. The motion passed unanimously.

## 3. **Approval of August 11, 2023 Minutes**

Eric DiTullio moved to approve the minutes with Brian Reiser seconding. The motion passed unanimously.

Christopher Santa Maria welcomed newly appointed designees for Rep. Matthew Bradford, Jordan Laslett and Matt McCarry.

## 4. **Public Comment**

Christopher Santa Maria introduced the following public comment guests.

- Ms. Sosseh Prom from African Communities Together (ACT) to provide public comment on PA PSERS investments with asset manager CIM Group;
- Ms. Melissa Reyes from International Brotherhood of Electrical Workers to provide public comment on Brookfield Asset Management and labor issues at the Westinghouse plant; and
- Mr. Jordan Fein, Mr. Jeyimmy Morales, and Ms. Dolores Solis from UNITE HERE Local 11 to provide public comment on Blackstone and PAI.

5. **Unfinished Business**

5.1 **Election of Vice-Chairperson**

Christopher Santa Maria called for nominations for Vice-Chairperson of the Public School Employees' Retirement Board to serve until the 2024 organizational meeting and until his or her successor is duly elected and qualified.

Susan Lemmo nominated Richard Vague to be appointed as PSERS Board Vice-Chairperson. Treas. Stacy Garrity seconded the nomination.

Eric DiTullio moved nominations be closed, with Ann Monaghan seconding the motion. The nominations were closed and Richard Vague was elected Vice-Chairperson, with one (1) abstention being Sen. Katie Muth. Richard Vague provided acceptance comments.

6. **New Business**

6.1 **Board Election Results**

As Secretary of the Board, Terrill Sanchez certified that Dr. Pamela Brown was a qualified candidate and was the only qualified candidate who submitted a nomination petition for the Active Certified seat election. The Board Election Procedures and Guidelines Policy states that if an election has only one qualified candidate to appear on the ballot, no election will be conducted. Therefore, in accordance with the Board's Election Procedures and Guidelines Policy, Dr. Brown should be "elected by acclamation". Her three-year term will commence on January 1, 2024, and end December 31, 2026.

As Chairperson of the Public School Employees' Retirement Board, Christopher Santa Maria declared that Dr. Pamela Brown was "elected by acclamation" in accordance with the Board's Election Procedures and Guidelines Policy and will serve on the Board for three years commencing January 1, 2024.

Dr. Pamela Brown provided acceptance comments.

As Secretary of the Board, Terrill Sanchez certified that Mr. Eric DiTullio was a qualified candidate and was the only qualified candidate who submitted a nomination petition for the School Board Member seat election. The Board Election Procedures and Guidelines Policy states that if an election has only one qualified candidate to appear on the ballot, no election will be conducted. Therefore, in accordance with the Board's Election Procedures and Guidelines Policy, Mr. DiTullio should be "elected by acclamation". His three-year term will commence on January 1, 2024, and end December 31, 2026.

As Chairperson of the Public School Employees' Retirement Board, Christopher Santa Maria declared that Mr. Eric DiTullio was "elected by acclamation" in accordance with the Board's Election Procedures and Guidelines Policy and will serve on the Board for three years commencing January 1, 2024.

Mr. Eric DiTullio provided acceptance comments.

7. **Committee Reports**

7.1 **Finance and Actuarial Committee Report**

Committee Chair Eric DiTullio reported on the activities, findings, recommendations, and other relevant issues from the Finance and Actuarial Committee meeting held on September 6, 2023 and October 19, 2023.

- During the September 6, 2023 meeting, under New Business, Buck presented on the partial withdrawal liability and calculation for employers with both a Partial and Full Withdrawal. The following action was taken by the Board.

Resolution 2023-36

**RESOLVED**, that the Public School Employees' Retirement Board, in accordance with the recommendation of the Finance and Actuarial Committee, adopts:

- the proposed payment plan methodology as an optional payment method for a partial withdrawal liability; and
- the proposed calculation for an employer with both a partial and a full withdrawal liability determination.

Eric DiTullio moved with Jason Davis seconding.

The motion passed unanimously.

- The Committee discussed requested increases to the original Fiscal Year 2023-2024 Budget. The following action was taken by the Board.

#### Resolution 2023-37

**RESOLVED**, that the Public School Employees' Retirement Board, in accordance with the recommendation of the Finance and Actuarial Committee, adopts the following increases to the original Fiscal Year 2023-24 Budget Requests:

- Additional \$261,000 for the 2023-24 Investment Related Expenses Budget, for a total not to exceed \$41,144,000.
- Additional \$5,000 for the 2023-24 Health Insurance Account (Premium Assistance) – Administrative Budget, for a total not to exceed \$1,269,000.
- Additional \$8,000 for the 2023-24 Health Options Program – Administrative Budget, for a total not to exceed \$1,652,000.

Eric DiTullio moved with Ann Monaghan seconding.

The motion passed with two (2) abstentions being Jeffrey Cavanaugh for Sen. Katie Muth and Morgan Wagner for Sen. Greg Rothman.

- The Committee discussed extending the contract with Buck Global LLC. The following action was taken by the Board.

#### Resolution 2023-38

**RESOLVED**, that the Public School Employees' Retirement Board adopts the recommendation of the Finance and Actuarial Committee to extend the term of the existing contract with Buck Global, LLC, for an additional twelve month time period for each of the Fixed Fee and Hourly Services. The final terms and conditions of the contract are subject to legal due diligence and must be satisfactory to the Office of Financial Management, 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 contract.

Eric DiTullio moved with Brian Reiser seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

- During the October 19, 2023 meeting, under Unfinished Business, the Committee discussed potential collection policy concepts for withdrawal liability.
- Under New Business, the Committee reviewed the Contract Log and moved to accept the Governance and Administration Committee's recommendation of the contracts over which the Committee has been delegated oversight, including the level of involvement.
- The Committee heard a presentation on the Fiscal Year 2024-25 Budget Request. The following action was taken by the Board.

Resolution 2023-39

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Finance and Actuarial Committee and approves the following Budget requests for Fiscal Year 2024–25.

1. The 2024-25 Administrative Budget, not to exceed \$61,403,000, subject to adjustments by the Governor's Budget Office or the General Assembly,
2. The 2024-25 Investment Related Expenses Budget, not to exceed \$40,682,000,
3. The 2024-25 Defined Contribution Budget, not to exceed \$1,282,000, subject to adjustments by the Governor's Budget Office or the General Assembly,
4. The 2024-25 Health Insurance Account (Premium Assistance) – Administrative Budget, not to exceed \$1,285,000,
5. The 2024-25 Health Options Program – Administrative Budget, not to exceed \$1,681,000 and,
6. The 2024-25 Directed Commissions Recapture Program Budget, not to exceed \$2,000,000, for the Public School Employees' Retirement System.

Eric DiTullio moved with Jason Davis seconding.

The motion passed with two (2) abstentions being Jeffrey Cavanaugh for Sen. Katie Muth and Morgan Wagner for Sen. Greg Rothman.

- The Committee heard a presentation on the June 30, 2023 and 2022 Financial Statements. The following action was taken by the Board.

Resolution 2023-40

**RESOLVED**, that the Public School Employees Retirement Board in accordance with the recommendation of the Finance and Actuarial Committee, adopts the June 30, 2023 and 2022 Financial Statements and ratifies all payments that are reflected within.

Eric DiTullio moved with Brian Reiser seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

7.2 **Audit, Compliance, and Risk Committee Report**

Committee Chair Treas. Stacy Garrity reported on the activities, findings, recommendations, and other relevant issues of the Audit, Compliance, and Risk Committee meeting held on October 19, 2023.

- The Committee heard a presentation of the Internal Auditor's Report from SB & Company. The following action was taken by the Board.

Resolution 2023-41

**RESOLVED**, that the Public School Employees' Retirement Board approves the Independent Auditor's Report for the audited financial statements, as presented by SB & Company, in accordance with the recommendation of the Audit, Compliance and Risk Committee.

Treas. Stacy Garrity moved with Susan Lemmo seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

### 7.3 Governance and Administration Committee Report

Anne Baloga for Committee Chair Rep. Matthew Bradford reported on the activities, findings, recommendations, and other relevant issues of the Governance and Administration Committee meeting held on October 19, 2023.

- Under Unfinished Business, the Committee discussed the Board Communications Policy, the Board Ethics Policy, and the Board Information Policy, and were updated on the Contract Log.
- Under Unfinished Business, the Committee discussed the Policy on Referrals of Investment Opportunities and Service Provider Candidates. The following action was taken by the Board:

Resolution 2023-42

**RESOLVED**, that the Public School Employees' Retirement Board adopts the attached Policy on Referrals of Investment Opportunities and Service Provider Candidates, in accordance with the recommendation of the Governance and Administration Committee.

Anne Baloga moved with Susan Lemmo seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

- Under Unfinished business, the Committee discussed the Board Education Policy. The following action was taken by the Board:

Resolution 2023-43

**RESOLVED**, that the Public School Employees' Retirement Board adopts the proposed amendments to the attached Board Education Policy, in accordance with the recommendation of the Governance and Administration Committee.

Anne Baloga moved with Jason Davis seconding.

The motion passed with one (1) abstention, being Morgan Wagner for Sen. Greg Rothman.

- Under New Business, the Committee discussed the Executive Director Evaluation Process for amendments to include Chief Counsel and Chief Investment Officer. The following action was taken by the Board:

Resolution 2023-44

**RESOLVED**, that the Public School Employees' Retirement Board hereby approves the amendments to the attached Executive Director Evaluation Process to include the evaluation processes for the Chief Counsel and Chief Investment Officer, formalized as the Board Direct Report Performance Evaluation Procedure.

Anne Baloga moved with Susan Lemmo seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

- Under New Business, the Committee discussed Office of Chief Counsel Salary Adjustments. The following action was taken by the Board:

Resolution 2023-45

**RESOLVED**, that the Public School Employees Retirement Board ("Board") accepts the recommendation of the Governance and Administration Committee to authorize salary adjustments for legal counsel situated in the System Office of Chief Counsel as of June 30, 2023 in accordance with salary increases authorized by the Executive Board of the

Commonwealth for attorneys under the Office of General Counsel until such time as the legal counsel is covered under a PSERS-specific compensation policy. Attorneys situated or hired into the Office of Chief Counsel on or after July 1, 2023, shall be authorized for subsequent increases as of January 1, 2024 and as authorized by the Executive Board of the Commonwealth.

Anne Baloga moved with Brian Reiser seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

#### 7.4 **Benefits and Appeals Committee Report**

Committee Chair Ann Monaghan reported on the activities, findings, recommendations, and other relevant issues of the Benefits and Appeals Committee meeting held on October 19, 2023.

- Under Unfinished Business, the Committee discussed the matter of the Account of Brett Musser that the Board returned to the Committee for reconsideration. The Committee moved to table the appeal pending an educational workshop on all military leaves of absence under the Retirement Code that the Committee previously requested.
- Under New Business, the Committee reviewed the Contract Log and moved to accept the Governance and Administration Committee's recommendation of the contracts over which the Committee has been delegated oversight, including the level of involvement.
- The Committee reviewed the minutes of the Executive Staff Review Committee for May 30, 2023, July 6, 2023, and August 31, 2023.
- The Committee discussed the appeal of Jeanine Esch. The following action was taken by the Board.

Resolution 2023-46

**RESOLVED**, that, in the matter of Jeanine Esch, Docket No. 2020-09, the Public School Employees' Retirement Board 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.

Ann Monaghan moved with Sec. Wendy Spicher seconding.

The motion passed unanimously.

- The Committee discussed the appeal of Rosina Cammisa-Cantz. The following action was taken by the Board.

Resolution 2023-47

**RESOLVED**, that, in the matter of Rosina Cammisa-Cantz, Docket No. 2020-11, the Public School Employees' Retirement Board accepts the recommendation of the Benefits and Appeals Committee and adopts the Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Ann Monaghan moved with Jason Davis seconding.

The motion passed unanimously.

#### 7.5 **Health Care Committee Report**

Committee Chair Susan Lemmo reported on the activities, findings, recommendations, and other relevant issues of the Health Care Committee meeting held on October 19, 2023.

- Under New Business, the Committee reviewed the Contract Log and moved to

accept the Governance and Administration Committee's recommendation of the contracts over which the Committee has been delegated oversight, including the level of involvement.

- The Committee reviewed the result of RFP #2023-2, CMS Medicare Part D PDP Compliance Consulting in Executive Session. The following action was taken by the Board.

Resolution 2023-48

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Health Care Committee and engages BluePeak Advisors for RFP #2023-2 CMS Medicare Part D PDP Compliance Consulting. The final terms and conditions of the contract are subject to legal due diligence and must be satisfactory to the Health Insurance 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 contract.

Susan Lemmo moved with Patrick Lord seconding.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

## 7.6 Investment Committee Report

Committee Chair Jason Davis reported on the activities, findings, recommendations, and other relevant issues of the Investment Committee meeting held on October 19, 2023.

- Under Unfinished Business, the Committee held an Executive Session to discuss an Investment Contract Term follow up.
- Under New business, the Committee heard a presentation of the PSERS Investment Office Dashboard, the Q2 2023 Preliminary Performance, the SEC Private Funds Advisor Rules, the Asset Class Review for Private Real Assets, the Chief Investment Office Update, and held an Executive Session to discuss confidential provisions of the proposed discussion items. The following action was taken by the Board:

Resolution 2023-49

**RESOLVED**, that the Public School Employees' Retirement Board, in accordance with the recommendation of the Investment Committee, authorizes an engagement with NISA Investment Advisors, LLC to manage and maintain up to \$10 billion of liquid markets exposure in a Directed Beta Overlay program as directed by the Investment Office. Such engagement will include the initial allocation and ongoing maintenance of supporting cash or physical assets as collateral not to exceed 25% of the authorized liquid markets exposure, with all exposures and supporting collateral maintained in separately managed investment and collateral maintenance accounts.

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.

Jason Davis moved with Treas. Stacy Garrity seconding.

The motion passed with one (1) absent being Rep. Matt Bradford, and one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth.

8. **Office of Chief Counsel**

At 10:04 A.M., Sec. Wendy Spicher moved to enter **Executive Session** with Brian Reiser seconding, to consult with counsel with respect to pending or expected litigation. At 10:31 A.M., Brian Reiser excused himself from the room during a portion of the Executive Session due to his stated interest in a litigation matter before the System and returned at 10:39. At 10:42 A.M., Jeffrey Cavanaugh excused himself from the room during a portion of the Executive Session due to his stated interest in a litigation matter before the System.

**The Board resumed public session at 10:59 A.M.** Jeffrey Cavanaugh returned to the meeting virtually. The following action was taken by the Board.

Resolution 2023-50

**Resolved**, that the Public School Employees' Retirement Board (the Board) hereby authorizes Womble Bond to provide access to Board members through the Womble Bond Dickinson, (US), LLP (Womble Bond) platform, to documents the Public School Employees' Retirement System (PSERS) has produced or is reasonably likely to produce to third-parties pursuant to litigation regarding the Shared Risk Calculation and the Harrisburg Real Estate and which the Office of Chief Counsel finds of significance.

The documents shall be made searchable but not downloadable and printable.

Access is to be provided on a per person (user account) basis, with a cost no greater than \$200 per user per month. Access to the Womble Bond platform will cease at the termination of the Womble contract.

**Further Resolved**, that the Board hereby authorizes that the Womble Bond contract be amended in order to provide the access designated herein and access to the Chief Counsel and any Office of Chief Counsel attorneys designated by the Chief Counsel. The purpose of the latter access is to allow the Chief Counsel to carry out his duties specified in this Resolution. The final terms and conditions of the amendment are subject to legal due diligence and must be satisfactory to 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 amendment.

Christopher Santa Maria moved with Susan Lemmo seconding.

The motion passed unanimously.

9. **Office of Executive Director**


Terrill Sanchez welcomed new employees and interns, and recognized retiring employees, provided an update on senior leadership positions and interviews, outlined some Legislative updates, and shared recent conference attendance and speaking engagements.

10. **Next Meeting Agenda Items**

The Board had no recommendations for agenda items to add to the next Board Meeting.

11. **Motion to Adjourn**

At 11:16 A.M., Eric Ditullio moved to adjourn with Richard Vague seconding. The motion passed unanimously.

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12/8/2023