

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

**Regular Meeting**

**Minutes**

**May 25, 2017**

**10:00 A.M.**

**Board Members Present**

Nathan G. Mains, Vice Chairman  
Ms. Deborah J. Beck  
Mr. James R. Biery (out at 11:33 A.M.)  
Mr. Luc Miron for Senator John P. Blake  
Representative Stephen Bloom  
Ms. Stacey Connors for Senator Patrick M. Browne  
Mr. Jason M. Davis  
Ms. Virginia M. Lastner  
Representative Joseph F. Markosek  
Ms. Lori Graham for Secretary Pedro A. Rivera  
Mr. Christopher SantaMaria  
Treasurer Joseph M. Torsella

**Board Members Absent**

Ms. Susan C. Lemmo  
Ambassador Martin J. Silverstein  
Ms. Melva S. Vogler, Chairman

**Others Present**

Mr. Chris Ade, Lord Abbett  
Mr. Brian Allen, CS McKee, LP  
Mr. Nadejda Bojinava, Nikko Asset Mgmt  
Mr. Christopher Craig  
Mr. Peter Cunningham, BNY Mellon  
Mr. Jeff Davidek, CS McKee, LP  
Mr. Phil Falivene, BNY Mellon  
Mr. Bernard Gallagher  
Mr. Rob Gronda, Bentall Kennedy  
Ms. Judy Guise, PASR  
Mr. Steve Leming, Penn Capital  
Mr. Scott Maguire, Center Square Inv. Mgmt.  
Mr. Gene Natali, CS McKee, LP  
Mr. Shane Nickolich, CS McKee, LP  
Mr. Patrick Shaughnessy  
Ms. Val Whittaker, DVEG

Staff Members Present

Mr. Christopher Baker	Mr. Tony Parisi
Mr. Tom Bauer	Mr. Troy Peechatka
Mr. Michael Benson	Ms. Krista Roessler
Ms. Connie Billett	Ms. Terrill J. Sanchez
Ms. Barbara Book	Mr. Ray Schleinkofer
Mr. Jeffrey Burton	Mr. Charles K. Serine
Mr. Brian S. Carl	Ms. Kristen Shelton
Mr. Glen R. Grell	Mr. Joseph Sheva
Mr. James H. Grossman, Jr.	Mr. Steven Skoff
Ms. Alicia James	Mr. Charles Spiller
Ms. Stephanie Lanius	Ms. Kelly Sprengle
Ms. Lynne Leopold-Sharp	Mr. Joseph E. Wasiak, Jr.
Ms. Susan Oh	Ms. Evelyn Tatkovski Williams

CALL TO ORDER

Mr. Mains called the meeting to order at 10:00 A.M. in the Juniata Room at the Hilton Harrisburg.

WELCOME GUESTS

Mr. Grell welcomed all guests and PAPERS Conference attendees to the meeting.

MINUTES APPROVED

Mr. Biery moved to approve the minutes of the March 10, 2017 Board meeting. Ms. Lastner seconded the motion, which passed unanimously.

APPEALS/MEMBER SERVICES COMMITTEE REPORT

Ms. Beck reported on the meeting held on May 25, 2017.

MINUTES APPROVED

Ms. Beck stated that the Committee approved the minutes of the March 10, 2017 meeting.

ACCOUNT OF  
PAUL D. MAKOVSKY

Ms. Beck moved in the case of Paul D. Makovsky, that the Board adopt the Hearing Examiner's recommendation and dismiss the claimant's appeal with prejudice. Mr. SantaMaria seconded the motion, which passed unanimously.

ACCOUNT OF JUDY  
TODOROWSKI

Ms. Beck moved in the case of Judy Todorowski, that the Board grant PSERS' motion to dismiss the claimant's appeal. Representative Bloom seconded the motion, which passed unanimously.

Ms. Beck stated that the Committee reviewed the Executive Staff Review Committee (ESRC) Reports from the February 23 and March 30, 2017 meetings.

ESRC REPORTS

BYLAWS/POLICY COMMITTEE REPORT

Representative Markosek reported on the meeting held on May 25, 2017.

Representative Markosek stated that the Committee approved the minutes of the March 10, 2017 meeting.

MINUTES APPROVED

Representative Markosek reported that Mr. Wasiak presented proposed PSERB Committee changes.

PRESENTATION

Representative Markosek moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed changes to Statement of Organization, Bylaws, and Other Procedures for the Public School Employees Retirement Board pursuant to the recommendations of Joseph E. Wasiak, Jr., Assistant Executive Director, contained in the memorandum dated May 5, 2017, SUBJECT: Recommendations for Changes to the PSERB Committees. Ms. Lastner seconded the motion, which passed unanimously.

AMENDMENTS TO THE PSERB STATEMENT OF ORGANIZATION, BYLAWS, AND OTHER PROCEDURES

CHIEF INVESTMENT OFFICER'S REPORT

Mr. Grossman presented his Market Review and Comments.

Ms. Lastner moved that the Public School Employees' Retirement Board (the "Board") hereby invests an additional amount, not to exceed \$50 million plus reasonable normal investment expenses, in Aisling Capital IV, LP (and/or related investment vehicles), in accordance with the recommendation of Luke M. Jacobs, Portfolio Manager, Private Markets, dated May 3, 2017 and Portfolio Advisors, LLC., dated May 3, 2017. This will bring PSERS total commitment to Aisling Capital IV, LP to \$100 million. 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. Representative Markosek seconded the motion, which passed unanimously.

AISLING CAPITAL IV, LP

Mr. Baker and Mr. Burton presented their Asset Class Review.

Mr. Biery left at this time.

DEPUTY EXECUTIVE DIRECTOR'S REPORT

DED REPORT

Ms. Sanchez gave an update, which included Return to Service Process and Guidelines; Fleetwood Office Closing; Retirement Numbers; Factor Table Changes; and C2B.

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl gave an update, which included the March 31, 2017 Financial Statements; and Other Financial Management Activities.

INTERNAL AUDITOR'S REPORT

IA REPORT

Ms. James gave an update, which included the Auditor General's Performance Audit; and the Actuarial Audit.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell stated that he taped a program for PCN on March 14; gave a presentation to PSEA-R in Lehigh Valley on March 16; attended the Pensions & Investments East Coast Defined Contribution Conference in Miami March 19–22; taped a PLS podcast on March 28; gave a presentation to the PA Farm Bureau in Harrisburg on April 4; gave a presentation to the Montgomery County Superintendents at their Spring Retreat in Hershey on April 20; and gave presentations to PSEA-R in Luzerne County on May 4, Juniata Rails/Altoona on May 9, and Lycoming County on May 23.

Mr. Grell reported that he will make a presentation in Lehigh Valley on June 2; attend the PSEA Annual Leadership Conference in Gettysburg on July 26; and attend the NASRA Annual Conference in Baltimore August 5-9.

Mr. Grell updated the Board on ongoing pension legislation and the potential costs and complement challenges associated with potential passage.

Mr. Grell spoke regarding a letter to the Board members from the Governor and State Treasurer regarding the reduction of external management fees, collaboration with SERS Investment Office and the possibility of a Supplemental Savings Plan. Mr. Grell stated that this will be discussed further at the June meeting. Treasurer

Torsella added that he looks forward to discussing these initiatives with the Board.

Mr. Grell reminded the Board that the Agency Committee on Governance Issues will meet on June 14, one day prior to the June Board meeting. He invited additional Board members to volunteer for the Agency Committee if they so desire.

CHIEF COUNSEL REPORT

Mr. Serine stated that a placement agent letter has been made available in the Diligent Red File Folder.

CC REPORT

Mr. Serine reported that Commonwealth Court confirmed PSERS' decision in the Robertson case. He extended his appreciation to Ms. Mills for her work on the case.

Mr. Serine stated that PSERS received a \$13.7M settlement in the Moody's Class Action against MacGraw Hill and Standard and Poor.

Mr. Serine reported that the court dismissed the intentional fraud case in the Liondell Bankruptcy.

BOARD EDUCATION

Mr. Grell requested PAPERS Conference attendance information from the Board members for the record.

BOARD EDUCATION

Mr. Grell stated that the NCTR Conference will be held in Cambridge in July and asked that all trustees interested in attending make their intentions known in the near future so that arrangements can be made.

At 12:31 P.M., Mr. Grell stated: "In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board, we are going into Executive Session to discuss the item listed on today's agenda, namely the Auditor General's Audit Report. The Committee may hold an Executive Session for any one or more of the reasons enumerated in Section 708(a) of the Sunshine Act (65 Pa C.S. §708(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 law."

EXECUTIVE SESSION

Representative Bloom moved that the Board enter into Executive Session. Mr. SantaMaria seconded the motion, which passed unanimously.

The Executive Session ended at 12:46 P.M. and the meeting immediately returned to Regular Session.

ADJOURNMENT

Vice Chairman Mains adjourned the meeting at 12:46 P.M.

NEXT MEETING

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on June 16, 2017, at PSERS Headquarters, 5 N. 5th Street, Harrisburg, PA.

6/1/2017  
Date

Glen R. Grell  
Glen R. Grell  
Executive Director