

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

Regular Meeting

Minutes

August 10, 2018

11:24 A.M.

Board Members Present

Ms. Melva S. Vogler, Chairman
Ms. Deborah J. Beck
Mr. Luc Miron for Senator John P. Blake
Representative Stephen Bloom
Ms. Stacey Connors for Senator Patrick M. Browne
Mr. Jason M. Davis
Mr. Eric O. DiTullio
Ms. Susan C. Lemmo
Mr. Nathan Mains
Representative Joseph F. Markosek
Ms. Lori Graham for Secretary Pedro A. Rivera
Mr. Christopher SantaMaria
Treasurer Joseph M. Torsella
Mr. Leo Pandeladis for Secretary Robin L. Wiessmann

Board Members Absent

Ambassador Martin Silverstein

Others Present

Mr. James Bloom	Mr. Steve Nickol
Mr. Thomas Clancy	Ms. Lisa Taglang
Mr. Christopher Craig	Mr. Mike Tobash
Mr. Russ Diesinger, PASR	Mr. Mike Tolbert
Mr. Alan Flannigan	
Ms. Miriam Fox	
Mr. Bernard Gallagher	
Ms. Judy Guise, PASR	
Mr. Brian LaForme	

Staff Members Present

Ms. Barbara Book

Mr. Brian S. Carl

Ms. Maria Cattermole

Mr. Dennis Filipovich

Ms. Elizabeth Goldstein

Mr. Glen R. Grell

Mr. James H. Grossman, Jr.

Ms. Alicia E. James

Ms. Krista Roessler

Mr. Charles K. Serine

Mr. Charles J. Spiller

Ms. Patricia Lorenz

Mr. Joseph E. Wasiak, Jr.

Ms. Evelyn Tatkovski Williams

CALL TO ORDER

Ms. Vogler called the meeting to order at 11:24 A.M. in the Conference room at PSBA, 400 Bent Creek Boulevard, Mechanicsburg, Pa.

WELCOME GUESTS
AND NEW EMPLOYEES

Mr. Grell welcomed guests, Mr. Russ Diesinger PASR and Judy Guise PASR, Mr. Steve Nickol, PSEA; The Act 5 Pension Commissioners: Treasurer Torsella, Mr. Bernie Gallagher, Mr. James Bloom, Mr. Mike Tolbert and Chairman Mike Tobash and new employee, Mr. Dennis Filipovich new employee to the board liaison position.

Chuck Serine introduced new employee Elizabeth Goldstein.

MINUTES APPROVED

Mr. DiTullio moved to approve the minutes of the May 24, 2018 Board meeting. Mr. SantaMaria seconded the motion, which passed unanimously.

VISITOR COMMENTS

No visitor comments.

NEW BUSINESS

MEETING DATES

Mr. Grell provided the Board with the proposed 2019 meeting dates and asked the Board to advise him of any known scheduling conflicts in advance of the October Board Meeting.

OLD BUSINESS

ACT 5 UPDATE

Ms. Krista Roessler provided the Board with an ACT 5 Update.

GOVERNOR
/TREASURER LETTER

Mr. Grossman provided the Board with a presentation on Management Fees

NOTATIONAL BALLOT

Mr. Grell announced the passage of the July 3, 2018 Notational Ballot, regarding PIMCO Commercial Real Estate Debt Fund, L.P. Investment.

APPEALS AND MEMBER/EMPLOYER SERVICES
COMMITTEE REPORT

Ms. Beck reported on the meeting held on August 9, 2018.

Ms. Beck stated that the Committee approved the minutes of the May 23, 2018 meeting.

MINUTES

Ms. Beck stated in the account of Linda L. Reynolds, I move that the Board adopt the Hearing Examiner's recommendation to the dismiss Claimant's appeal with prejudice. Mr. Davis seconded the motion, which passed unanimously.

ACCOUNT OF
LINDA L. REYNOLDS

Ms. Beck stated in the account of Jeffrey W. Rosenberg, I move that the Board grant PSERS' Motion for Summary Judgement and dismiss the claimants appeal. Mr. Davis seconded the motion, which passed unanimously.

ACCOUNT OF
JEFFREY W.
ROSENBERG

Ms. Beck stated in the account of Daniel E. Waters, I move that the Board grant PSERS' Motion for Summary Judgement and dismiss the claimants appeal. Ms. Lemmo seconded the motion, which passed unanimously.

ACCOUNT OF
DANIEL E. WATERS

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the meeting held on August 9, 2018.

Ms. Lemmo stated that the Committee approved the minutes of the May 23, 2018 meeting.

MINUTES

Ms. Lemmo reported that Mr. Camacci presented an update on the 2019 Dental Program. Ms. Clark, of Segal, presented the 2019 MCO Plan update, and presented a Medicare Part D Update.

HOP MEDICAL PLAN

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approve the following monthly premium rates of the Basic Medicare Rx Option effective January 1, 2019 for calendar year 2019:

Basic Medicare Rx Option	2018	2019
Single	\$58	\$67
Two Person	\$116	\$134

Mr. Pandeladis seconded the motion, which passed unanimously.

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approve the following monthly premium rates of the Enhanced Medicare Rx Option effective January 1, 2019 for calendar year 2019:

Enhanced Medicare Rx Option	2018	2019
Single	\$111	\$125
Two Person	\$222	\$250

Mr. Miron seconded the motion, which passed unanimously.

BYLAWS/POLICY COMMITTEE REPORT

Representative Markosek reported on the meeting held on August 9, 2018.

MINUTES

Representative Markosek stated that the Committee approved the minutes of the May 23, 2018 meeting.

**CHANGE TO BYLAWS
SECTION 4.2(C)
BUDGET FINANCE
COMMITTEE**

Representative Markosek reported that Mr. Wasiak presented Change to Bylaws Section 4.2(c) Budget/Finance Committee.

Representative Markosek moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the changes to the Statement of Organization, Bylaws, and Other Procedures Section 4.2.(c) Budget/Finance Committee, pursuant to the recommendation of Joseph E. Wasiak, Jr., Assistant Executive Director, contained in the memorandum dated July 24, 2018, SUBJECT: Bylaws Update. Mr. DiTullio seconded the motion, which passed unanimously.

PERSONNEL COMMITTEE REPORT

Mr. SantaMaria reported on the meeting held on August 9, 2018.

MINUTES

Mr. SantaMaria stated that the Committee approved the minutes of the May 24, 2018 meeting.

**CHANGE TO POLICY
MANUAL FOR
INVESTMENT
PROFESSIONAL STAFF**

Mr. SantaMaria reported that Mr. Wasiak presented Change to Policy Manual for Investment Professional Staff.

Mr. SantaMaria moved that the Public School Employees' Retirement Board (the "Board") hereby approves the changes to the PSERS Policy Manual for Investment Professional Staff,

pursuant to the recommendation of Joseph E. Wasiak, Jr., Assistant Executive Director, contained in the memorandum dated July 24, 2018, SUBJECT: Proposed Changes to the Policy Manual for Investment Professional Staff. Mr. Davis seconded the motion which passed unanimously.

AUDIT/COMPLIANCE COMMITTEE REPORT

Representative Bloom reported on the meeting held on August 9, 2018.

Representative Bloom stated that the Committee approved the minutes of the May 24, 2018 meeting.

MINUTES

Representative Bloom stated that Ms. James reported on the Audit Plan Update FY 18/19 and the AG Audit Recommendations Status.

PRESENTATIONS

Representative Bloom reported that an Executive Session was held to discuss the Internal Control Assessment Results and Monitoring Plan.

EXECUTIVE SESSION

Representative Bloom 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, 2018 and the Monitoring Plan for the period July 1, 2018 through June 30, 2019 for the Public School Employees' Retirement System pursuant to the recommendation of Alicia E. James, Internal Auditor, dated August 3, 2018. Mr. Davis seconded the motion, which passed unanimously.

INTERNAL CONTROL
ASSESSMENTS AND
MONITORING PLAN

Ms. James introduced Mr. Keith Novak of CLA, who gave a 30 minute presentation on GASB. Members and Designees attending the Educational Presentation were noted in the Board Educational Log.

BOARD EDUCATION

INVESTMENT COMMITTEE REPORT

Mr. Mains, as Committee Chairman, reported on the meeting held on August 9-10, 2018.

Mr. Mains stated that the Committee approved the minutes of the May 24, 2018 meeting.

MINUTES APPROVED

PRESENTATION

Ms. Lemmo stated that Mr. Grossman gave his PSERS Fund and Market Overview; Ms. Claire Shaughnessy & Mr. Phil Kivarkis, AON Hewitt who gave a presentation on Asset/Liability Study and Mr. Grossman gave his Preview of Future Meetings.

BOARD EDUCATION

Ms. Lemmo reported that Ms. Claire Shaughnessy & Mr. Phil Kivarkis, AON Hewitt presented the Asset/Liability Study. Members and Designees attending the Educational Presentation were noted in the Board Educational Log.

Ms. Lemmo reported that the following action items were discussed.

NGP NATURAL
REAOURCES XII, L.P.

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$225 million plus reasonable normal investment expenses, in NGP Natural Resources XII, L.P. (and/or related investment vehicles), in accordance with the recommendation of Raymond J. Schleinkofer, Senior Portfolio Manager and Michael Tyler, Portfolio Manager, dated July 24, 2018 and Hamilton Lane, dated June 27, 2018. 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 abstention, being Treasurer Torsella and one opposed, being Mr.LaForme on behalf of Secretary Wiessmann.

STEADVIEW CAPITAL
PARTNERS LP

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$200 million plus reasonable normal investment expenses, in Steadview Capital Partners LP (and/or related investment vehicles), in accordance with the recommendation of Raymond J. Schleinkofer, Senior Portfolio Manager and Jeffrey R. Burton, Senior Portfolio Manager, dated July 24, 2018 and Aksia, LLC dated July 18, 2018. 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 opposed, being Mr.LaForme on behalf of Secretary Wiessmann.

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Investment Consulting Services Request for Proposals Evaluation Committee retains Aon Hewitt Investment Consulting, Inc. as the Investment Consultant for the Defined Contribution component 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, or by a memo to that effect appended to, the implementing investment contract. Mr. DiTullio seconded the motion, which passed unanimously.

PSERS RFP 2018-2
INVESTMENT
CONSULTING SERVICES

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") adopts proposed changes to sections IV. Strategic Asset Allocation and V. Performance Objectives of the Investment Policy Statement, Objectives, and Guidelines, as amended, for the Public School Employees' Retirement System pursuant to the recommendations of Joseph W. Sheva, Senior Risk Manager, dated July 23, 2018. Mr. DiTullio seconded the motion, which passed with one opposed, being Ms. Lori Graham on behalf of Secretary Rivera.

INVESTMENT
OBJECTIVES AND
GUIDELINES

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board") accepts the PSERS Investment Professional Response to Resolution 2017-41, supports the target of a \$2.49B fee reduction over the 30 year term, and authorizes PSERS Investments Professionals to begin implementing the various recommendations. PSERS Investment Professionals will monitor and report the progress to the Board, subject to further modifications upon the Board's consideration of any recommendations from the Act 5 Investment Commission. Mr. DiTullio seconded the motion, which passed with three opposed, being Treasurer Torsella, Mr. Pandeladis on behalf of Secretary Wiessmann and, Ms. Graham on behalf of Secretary Rivera.

INVESTMENT
PROFESSIONALS
RESPONSE TO
RESOLUTION 2017-41

Ms. Lemmo moved that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Investment Consulting Services Request for Proposals Evaluation Committee retains Aon Hewitt Investment Consulting, Inc. as the Investment Consultant for the Defined Benefit component 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

PSERS RFP 2018-2
INVESTMENT
CONSULTING SERVICES

signatures on, or by a memo to that effect appended to, the implementing investment contract. Mr. Davis seconded the motion, which passed unanimously.

ELECTION COMMITTEE REPORT

Ms. Graham reported on the meeting held on August 9, 2018.

MINUTES

Ms. Graham stated that the Committee approved the minutes of the December 7, 2017 meeting.

RESULTS

Mr. Grell reported that Ms. Lemmo and Ms. Beck ran unopposed and were announced for their new terms to run January 1, 2019 through December 31, 2021.

ACTING DEPUTY EXECUTIVE DIRECTORS' REPORT

DED REPORT

Ms. Cattermole presented her Acting Deputy Executive Director's Report, which included, Browser Post-Go Live Update and Member Self-Service.

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included: Year End Schedule, FY 2018/19 Administrative, DC and State Share of Employer Contribution Budget Updates, FY 2017/18 Budget Waiver requests, Browser Reporting Challenges, and Preliminary 2019/20 Administrative Budget Preview.

CHIEF COUNSEL REPORT

CC REPORT

Mr. Serine reported that the DC Plan document was filed with the IRS. Updated the board on lawsuits against universities alleging breach of fiduciary duty in operating their DC plans. Mr. Grell asked for volunteers to serve on the Evaluation Committee for the RFP for Fiduciary Counsel to the Board.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell reported that he attended the LVASBO meeting in Bath, PA on June 1; PSERS Employee Recognition Event on June 5; NCTR 31st Annual Directors' Meeting/Workshop in Atlanta, GA on

June 13-15; PSEA-R Annual Conference in Gettysburg, PA on June 24; NASRA Annual Conference in San Diego, CA on August 4-8; and PSERS offsite Committee and Board meetings on August 9-10.

Mr. Grell reported that he will attend the NCPERS Public Pension Funding Forum, September 16-18, 2018 in Cambridge MA, The Mountain Ridges PSEA-R as the luncheon speaker, October 4, 2018 in Boalsburg, PA, NCTR Annual Conference, October 7-9, 2018 in Washington D.C. and PSERS Committee/Board meetings, October 11-12, 2018.

Mr. Grell reported to the Board regarding the departure of Ms. Sanchez; Act 5 update, House Bill 1460 on fee transparency, PSERS/SERS Governance issues and DGS land transfer.

BOARD EDUCATION

Ms. Connors reported on the July NCTR Trustees' Workshop, which she and several other Board Members attended. Mr. Grell reported that updated Board Education hours for each Member are on Diligent were updated and asked members to submit the 2019 Training Input Form.

REPORT

MEMBER COMMENTS

Ms. Connors commented on the positive articles concerning PSERS. Ms. Beck offered a Thank you for all the Board Educational opportunities.

COMMENTS


Chairman Vogler adjourned the meeting at 1:42 P.M.

ADJOURNMENT

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on October 12, 2018 in the fourth floor Boardroom at PSERS Headquarters.

NEXT MEETING

9/29/2018
Date


Glen R. Grell
Executive Director