



# Public School Employees' Retirement Board

## Board Meeting Minutes

March 5, 2021

Call to Order: Christopher SantaMaria, Board Chair, called the meeting to order at 1:34 P.M. via MS Teams.

### Board Members Present:

Christopher SantaMaria, Chair  
Rep. Frank Ryan, Vice-Chair  
Jason M. Davis  
Eric O. DiTullio  
Deborah J. Beck

Patrick Shaughnessy for Rep. Matt  
Bradford  
Sen. Patrick M. Browne  
Susan C. Lemmo  
Nathan G. Mains

Sen. Katie Muth  
Patrick Lord for Sec. Noe Ortega  
Treas. Stacy Garrity  
Melva S. Vogler  
Sec. Richard Vague

### Others Present:

Anne Baloga  
James Bloom  
Susan Boyle  
Thomas Clancy  
Stacey Connors  
Christopher Craig

Suzanne Dugan, Cohen Milstein  
Lloyd Ebright  
Alan Flannigan  
Brian Jacisin, PA Ethics Commission  
Sonia Kikeri  
Edward Quinn, Buck

Pilar Sorensen, Private Equity  
Stakeholder Project  
Jill Vecchio  
Don Vymazal

### Staff Present:

Connie Billett  
Brian Carl  
Tivia Danner  
Dwight Decker  
Mercedes Evans  
Dennis Filipovich  
Andrew Fiscus  
Darren Foreman  
Todd Fulton

Mei Gentry  
James Grossman  
Chuck Hodge  
Luke Jacobs  
Jill Johns  
John Kemp  
Denise Knapp  
Stephanie Lanus  
Jackie Lutz

Jennifer Mills  
Jarrett Richards  
Gene Robison  
Joe Sheva  
Kathrin Smith  
Charles Spiller  
Kelly Sprenkle  
William Stalter  
Laura Vitale

## Minutes from January 14, 2021

Eric DiTullio moved to approve the minutes of the January 14, 2021 meeting. Rep. Frank Ryan seconded the motion, which passed unanimously.

## Minutes from October 9, 2020

Rep. Frank Ryan moved to approve the corrected minutes of the October 9, 2020 meeting. Eric DiTullio seconded the motion, which passed unanimously.

## Old Business

### Workshop with Funston

At 9:05 A.M., Glen Grell, Executive Director, stated PSERB was moving into a workshop to provide an information briefing to the Board regarding the status of the Board Governance engagement with Funston Advisory Services. No action will be considered. Live Streaming will resume when the Board reconvenes at the conclusion of the workshop. Regular session resumed at 10:40 A.M.

### Educational Session

At 11:30 A.M., Brian Jacisin, Pennsylvania State Ethics Commission, provided Ethics training to the Board. Board members in attendance will receive Ethics credit in the Education log.

## Public Comment – Private Equity Stakeholder Project Presentation

At 1:41 P.M., Pilar Sorensen, Private Equity Stakeholder Project, presented statistics regarding pandemic-era evictions by Carlyle Realty Partners IX, L.P.

## Budget/Finance Committee Report

Sen. Patrick Browne reported on the Budget/Finance Committee meeting held on March 4, 2021.

Sen. Patrick Browne stated that the Committee approved the minutes of the December 3, 2020 meeting.

Sen. Patrick Browne stated that David Driscoll, Edward Quinn, and Salvador Nakar from Buck gave a presentation on the Demographic Assumptions for the Five-Year Actuarial Experience Review July 1, 2015 to June 30, 2020.

### Action Item –

**Resolution 2021-03** Re: Five-Year Actuarial Experience Review – Demographic Assumptions.

**Resolved**, that the Public School Employees' Retirement Board (the "Board") hereby accept the June 30, 2020 Five-Year Actuarial Experience Review Demographic Assumptions presentation prepared by Buck, and further recommends to adopt the demographic assumptions as more specifically set forth in the attached exhibits. The adopted assumptions will be implemented in the June 30, 2021 actuarial valuation. Sen. Patrick Browne moved, and Eric DiTullio seconded, which passed unanimously.

## Health Care Committee Report

Susan Lemmo reported on the Health Care Committee meeting held on March 4, 2021.

Susan Lemmo stated that the Committee approved the minutes of the January 14, 2021 meeting.

Susan Lemmo reported on the following:

- Peter Camacci reviewed and discussed the Health Options Program for the 2020-2021 Enrollment Experience.
- Peter Camacci and Melanie Clark, Segal, reviewed and discussed Health Options Program Market Competition Report.
- Melanie Clark, Segal, provided an update status review of the new Pharmacy Manager Request for Proposal.

## Investment Committee Report

Jason Davis reported on the Investment Committee meeting held on March 4, 2021.

Jason Davis stated that the Committee approved the minutes of the January 14, 2021 meeting.

Jason Davis reported on the following:

- James Grossman provided a PSERS Fund and Market Overview presentation.
- Robert Little and Richard Ko gave a presentation on the Absolute Asset Class Review.
- Jarret Richards, William Stalter, Cody Steele, and Melissa Quackenbush gave a presentation on the Real Estate and Infrastructure Asset Class Review.

### Educational Sessions

1. Cody Steele introduced Martijn Blanken, Infrastructure Industry Executive, Theodore Craver, retired chairman, president, and CEO of Edison International, Sean Klimczak, Global Head of Infrastructure for Blackstone, and Adil Rahmathulla, Co-founder and Managing Partner of I Squared Capital, who then gave a one-hour educational presentation covering the infrastructure investment market including the growth in the sector, the current investment environment and opportunities presented by the energy transition in the U.S. and abroad. Members and designees attending the educational presentation were noted in the Board Education Log.

2. Susan Oh introduced Cathie Wood and Ranato Leggi, ARK Investment Management, who then gave a seventy-minute educational presentation on ESG, Investing in Disruptive Innovation. Board members in attendance will receive credit in the Educational log.

### Action Items –

**Resolution 2021-04** Re: Investment Governing Policies.

**Resolved**, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed Investment Policy Statement (IPS) and Stand-alone Investment Policies for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated March 1, 2021. Jason Davis moved, and Melva Vogler seconded, which passed; with four opposed being Rep. Frank Ryan, Alan Flannigan, Treas. Stacy Garrity, and Nathan Mains; and one abstention being Sen. Katie Muth.

**Resolution 2021-05** Re: Carlyle Realty Partners IX, L.P.

**Resolved**, that the Public School Employees' Retirement Board (the "Board") hereby commits up to \$200 million, plus reasonable and normal investment expenses, to Carlyle Realty Partners IX, L.P., and/or related investment vehicles, in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, and Jarrett B. Richards, Intermediate Investment Professional, dated February 16, 2021 and Hamilton Lane, dated January 19, 2021. 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. Jason Davis moved, and Eric DiTullio seconded, which passed; with five opposed being Rep. Frank Ryan, Sen. Katie Muth, Alan Flannigan, Treas. Stacy Garrity, and Nathan Mains; no abstentions.

**Resolution 2021-06** Re: Apax Digital II L.P.

**Resolved**, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount of up to a combined \$175 million plus reasonable normal investment expenses, in Apax Digital II L.P., and/or related investment vehicles, in accordance with the recommendation of Darren C. Foreman, Director, and Luke M. Jacobs, Portfolio Manager, dated February 2, 2021 and Hamilton Lane, dated January 19, 2021. 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. Jason Davis moved, and Eric DiTullio seconded, which passed; with five opposed being Rep. Frank Ryan, Sen. Katie Muth, Alan Flannigan, Treas. Stacy Garrity, and Nathan Mains; no abstentions.

## Corporate Governance Committee Report

Treas. Stacy Garrity reported on the Corporate Governance Committee meeting held on March 4, 2021.

Treas. Stacy Garrity stated that the Committee approved the minutes of the March 5, 2020 meeting.

Treas. Stacy Garrity reported that Kern McPherson, Glass Lewis, gave a presentation on the proxy voting guidelines.

### Action Items –

**Resolution 2021-07** Re: U.S. and Non-U.S. Proxy Voting Policies.

**Resolved**, that the Public School Employees' Retirement Board (the "Board") hereby adopt the U.S. and Non-U.S. Proxy Voting Policies pursuant to the recommendation of Lenann T. Engler, Manager of Investment Processes, dated February 4, 2021. Eric DiTullio moved, and Rep. Frank Ryan seconded, which passed unanimously.

## Appeals and Member/Employer Services Committee Report

Deborah Beck reported on the Appeals and Member/Employer Services Committee meeting held on March 5, 2021.

Deborah Beck stated that the Committee approved the minutes of the January 14, 2021 meeting.

### Action Items –

1. Melva Vogler moved in the account of Gary D. Koch, Ph.D., to recommend that the Board sustain PSERS' first preliminary objection, deny the Blackhawk School District's request, and dismiss the appeal. Susan Lemmo seconded the motion, which passed unanimously.
2. Rep. Frank Ryan moved in the account of William R. Phillips, to recommend that the Board dismiss Claimant's appeal with prejudice. Jason Davis seconded the motion, which passed; with one abstention being Melva Vogler.

Deborah Beck reported the Committee reviewed the Executive Staff review Committee report for January 29, 2021.

## DC Plan Committee Report

Alan Flannigan for Sec. Richard Vague reported on the DC Plan Committee meeting held on March 5, 2021.

Alan Flannigan for Sec. Richard Vague stated that the Committee approved the minutes of the June 12, 2020 meeting.

Alan Flannigan for Sec. Richard Vague reported that Regina Lee and Mike Sanders of Cammack Retirement Group, presented on the Target Date Funds.

## Audit/Compliance Committee Report

Rep. Frank Ryan reported on the Audit/Compliance Committee meeting held on March 5, 2021.

Rep. Frank Ryan stated that the Committee approved the minutes of the December 20, 2020 meeting.

Rep. Frank Ryan on the following:

- Thomas Rey, Clifton Larsen Allen, LLC (CLA), presented on their firm's approach in performing the Fiscal Year 2020/2021 financial statement audit for PSERS. There was an opportunity for members of the Audit/Compliance Committee to request CLA to expand their review in selected areas or examine special areas of concern.
- Stephanie Lanus provided the final report for the travel expense reviews for the calendar years 2017 through 2019.
- Mei Gentry provided a quarterly update on the Fiscal Year 2020/2021 Audit and Monitoring Plan.

## Chief Financial Officer's Report

Brian Carl presented his Chief Financial Officer's Report, which included:

- PSERS Sources and Uses of Fund Assets for Six-Months Ended December 31, 2020 and 2019
- PSERS Statements of Fiduciary Net Position December 31, 2020 and June 30, 2020
- PSERS Total Fund Net Asset Value (NAV) from June 30, 1995 to December 31, 2020
- Governor's Budget Proposed Highlights
- State Share of PSERS' Employer Contributions (PDE Budget)
- Budget Hearing Material Excerpts
  - Commonwealth and School Contributions are Making a Positive Difference
  - Funded Ratio History Budget Hearing Book
  - Pension Benefits in Pennsylvania
- Other Finance Related Activities
  - Experience Study – Economic Assumptions
  - CAFR Automation Tool
  - GASB 68 (Pension) and GASB 75 (OPEB) – Employer Reporting Schedules
  - Training/Networking: Global Pension CFO Forum

## Executive Session

At 2:22 P.M., Glen Grell, Executive Director, 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 consultation with counsel in connection with potential or current litigation. According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss advice of counsel regarding pending or potential litigation and 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, and Quasi-judicial matters.” Rep. Frank Ryan moved, and Eric DiTullio seconded, which passed unanimously. Regular session resumed at 6:15 P.M.

### Action Items –

**Resolution 2021-08** Re: Withdrawal Liability.

**Resolved**, that the Public School Employees’ Retirement Board (the “Board”) directs the Public School Employees’ Retirement System staff to perform an outreach to relevant organizations to elicit input and feedback and to research and prepare a report for the Board assessing the applicability of Section 8327.1 of the Public School Employee’s Retirement Code to outsourcing scenarios prior to applying the provision of Section 8327.1 to such scenarios. Nathan Mains moved, and Jason Davis seconded, which passed; with one opposed being Susan Lemmo, and one abstention being Sen. Katie Muth.

## Deputy Executive Director’s Report

Jennifer Mills presented her Deputy Executive Director’s Report, which included:

- Priorities for 2021
- Board Education
- Discussion on Communication
- DC Quarterly Due Diligence Planned Meetings and DC Plan Statistics, Fees and Expenses, Balances by Asset Class and Balances by Investment as of 12/31/20, Investment Return Target Date Funds/Investment Return, Balances by Status/Age Group as of 12/31/20, Participants with Balances by Number of Investments, After-Tax Contributions, and DC Engagement.

**Executive Director’s Report** – due to time, Executive Director’s report is available for review in Diligent.

## Adjournment

The Board meeting adjourned at 6:35 P.M.

## Next Meeting

The next regularly scheduled meeting of the Public School Employee’s Retirement Board will be held June 10-11, 2021, via MS Teams at PSERS’ Headquarters, 5 North 5<sup>th</sup> Street, Harrisburg, PA.

DocuSigned by:  
*Glen Grell*  
D70A7322457F4E6...  
5/27/2021