



Public School Employees' Retirement Board

Board Meeting Minutes

January 13, 2022

Call to Order: Christopher Santa Maria, Board Chair, called the meeting to order at 1:19 P.M. from the PSERS Board Room and via MS Teams.

Board Members Present:

Christopher Santa Maria, Chair	Jason Davis	Sen. Katie Muth
Rep. Frank Ryan, Vice-Chair	Eric DiTullio	Patrick Lord for Sec. Noe Ortega
Patrick Shaughnessy for Rep. Matt Bradford	Treas. Stacy Garrity (out @ 4:24)	Joe Torsella
Stacey Connors for Sen. Patrick Browne	Susan Lemmo	Sec. Richard Vague
	Nathan Mains (out @ 4:00)	Melva Vogler
	Ann Monaghan	

Others Present:

James Bloom	Christopher Craig	Claire Shaughnessy, Aon
Susan Boyle	Suzanne Dugan, CohenMilstein	Jill Vecchio
Mark Brubaker, Verus	Lloyd Ebright (out @ 3:33)	
Thomas Clancy	Alan Flannigan	

Staff Present:

Brian Carl	Eugene Meadows	Charles Spiller
Tivia Danner	Jennifer Mills	William Stalter
Bob Devine	Jarrett Richards	Laura Vitale
Mercedes Evans	Terri Sanchez	Caitlin Witmer
Todd Fulton	Sean Sarraf	
Bev Hudson	Chuck Serine	

Opening Comments: Christopher Santa Maria welcomed Terri Sanchez, as PSERS Interim Executive Director, and Ann Monaghan as a newly elected PSERS Board Trustee.

5.1 Acceptance of Published Agenda or Amendments

Jason Davis moved to amend the agenda to remove Whitehorse Liquidity Partners V, L.P. and Great Hill Equity Partners VII, L.P. from proposed resolution vote as they were removed from the Investment Committee meeting. Rep. Frank Ryan seconded the proposed amendment, which passed unanimously. Rep. Frank Ryan moved to accept the amended agenda. Patrick Shaughnessy seconded the motion, which passed unanimously.

5.2 Approval of Minutes from December 17, 2021

Melva Vogler moved to approve the minutes of the December 17, 2021. Jason Davis seconded the motion, which passed unanimously.

5.3 Minutes from Special Board Meetings

Rep. Frank Ryan moved to approve the minutes of the January 5, 2022, Special Board Meetings. James Bloom seconded the motion, which passed unanimously.

5.4 Public Comment

Private Equity Stakeholders provided written statements, located in the Diligent Board Book.

Sen. Katie Muth made a request to schedule a follow up discussion on prior Board meeting public comments.

5.5 Introduction of New Employees – Terri Sanchez

Terri Sanchez welcomed new employees, Marcella Shoffner, Kendra Cramer, John Paul Kanavy, and Nicholas Sanayka to PSERS, and introduced them to the Board. Presentation located in Diligent Board Book.

5.6 Old Business – none

5.7 New Business

5.7.1 Election of Chair and Vice-Chair –

Terri Sanchez called for nominations for Chairman of the Board of the Public School Employees' Retirement Board for the year 2022.

Rep. Frank Ryan nominated Christopher Santa Maria to be reappointed as PSERS Board Chair. Jason Davis seconded the nomination.

Melva Vogler moved nominations be closed, with Rep. Frank Ryan seconding the motion. The nominations passed, with one abstention being Sen. Katie Muth. Christopher Santa Maria provided acceptance comments.

Terri Sanchez called for nominations for Vice-Chairman of the Board of the Public School Employees' Retirement Board for the year 2022.

Christopher Santa Maria nominated Rep. Frank Ryan to be reappointed as PSERS Board Vice-Chair. Susan Lemmo seconded the nomination.

Melva Vogler moved nominations be closed, with Jason Davis seconding the motion. The nominations passed, with one abstention being Sen. Katie Muth. Rep. Frank Ryan provided acceptance comments.

Terri Sanchez turned the meeting over to Chairman Santa Maria.

5.7.2 Committee Assignments

Christopher Santa Maria explained Committee assignments will be discussed with Trustees for their interest and experience ahead of the March 10-11, 2022, Board meeting after consideration of the Funston Advisory Services recommendations. Christopher Santa Maria did assign new Board Trustee, Ann Monaghan, to fill the open assignments for retired Trustee Deborah Beck; namely Chair to Appeals and Member/Emp Svcs Committee, Vice-Chair to the Health Care Committee, and as member to the Budget/Finance Committee.

Sen. Katie Muth commented prior to any Committee assignments, the Board should be fully informed of the Funston recommendations as well as the investigation results.

5.7.3 Action Item

Resolution 2021-02 Re: Second Three-Month Renewal with Verus Advisory, Inc.

RESOLVED, that, pursuant to paragraph 1.2 of the contract with Verus Advisory, Inc. dated May 5, 2021 (“Contract”), the Public School Employees Retirement Board authorizes staff of the Public School Employees’ Retirement System to enter into the second optional renewal for a term of three (3) months. The terms and conditions of the second renewal shall be in accordance with the existing terms of the Contract.

Jason Davis moved, and Rep. Frank Ryan seconded the motion, which passed unanimously.

5.7.4 Executive Session

At 1:39 P.M., Terri Sanchez, Interim 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 discussion with Securities Litigation Consultant. According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss agency business which if, conducted in public would violate a privilege or lead to the disclosure of information or confidentiality protected by law.”

Melva Vogler moved, and Rep. Frank Ryan seconded the motion, which passed unanimously.

Regular session resumed at 1:49 P.M.

5.7.4.1 Christopher Santa Maria indicated the proposed Action Item is to be tabled for further discussion between the Deputy Executive Director Report and Chief Counsel Report.

5.8 Executive Session Fiduciary Counsel

At 1:50 P.M., Terri Sanchez, Interim 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 in consultation with Fiduciary Counsel. According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss agency business which if, conducted in public would violate a privilege or lead to the disclosure of information or confidentiality protected by law.”

Christopher Santa Maria moved, and Sec. Richard Vague seconded the motion, which passed unanimously.

Regular session resumed at 3:28 P.M

Christopher Santa Maria announced The Public School Employees’ Retirement Board will hold an Executive Session pursuant to Section 708(a)(5) of the Sunshine Act to review and discuss agency business which, if conducted in public, would violate a lawful privilege or lead to the disclosure of information of confidentiality protected by law, including matters related to the initiation and conduct of investigations of possible or certain violations of the law and quasi-judicial deliberations, namely an update on the Womble Bond investigation. In accordance with Section 708(b), the Board was being notified 24 hours in advance of the meeting time, and of the date, location, and purpose. That Executive Session was to be held Tuesday, January 18. In light of the pending weather forecast, it will be moved to the first week of February, to be determined.

5.9.1 Appeals and Member/Emp Svcs Committee Report

Melva Vogler reported on the Audit/Compliance Committee meeting held on January 13, 2022.

Melva Vogler stated that the Committee approved the minutes of the December 16, 2021, meeting.

Action Items –

Melva Vogler moved in the account of Docket No. 2019-03, that the Board adopt the Hearing Examiner's proposed opinion and recommendation and deny Claimant's appeal with the modification noted in the draft Board order. Jason Davis seconded the motion, which passed unanimously.

Melva Vogler reported that the Committee reviewed the Executive Staff Review Committee reports for October 29, 2021, and November 30, 2021.

5.9.2 Bylaws/Policy Committee Report

Patrick Shaughnessy reported on the Bylaws/Policy Committee meeting held on January 13, 2022.

Patrick Shaughnessy stated that the Committee approved the minutes of the August 5, 2021, meeting.

Patrick Shaughnessy reported the Bylaws/Policy Committee discussed next steps and approach for the Funston Advisory Services recommendations, with focus on the Committee reorganization.

5.9.3 Investment Committee Report

Jason Davis reported on the Investment Committee meeting held on January 13, 2022.

Jason Davis stated that the Committee approved the minutes of the December 17, 2021, meeting.

Jason Davis reported on the following:

Bob Devine gave a PSERS Investment Office Dashboard Overview.

Action Items –

Resolution 2022-03 Re: Keystone Partners, L.P.

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby accepts the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated April 26, 2021 and updated as of November 17, 2021, and Aksia, dated April 30, 2021, to invest an amount not to exceed \$250 million plus reasonable normal investment expenses, in Keystone Partners, L.P. (and/or related investment vehicles). 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 Sec. Richard Vague seconded the motion, which passed, with one opposed being Sen. Katie Muth and one recusal being Joe Torsella.

Resolution 2022-04 Re: Clearlake Capital Partners Fund VII, L.P.

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million, plus reasonable normal investment expenses, to Clearlake Capital Partners Fund VII, L.P., (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, Private Equity and G. Anthony Meadows, Portfolio Manager, dated December 23, 2021 and Hamilton Lane, dated October 15, 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.

Sen. Katie Muth provided comment for the record that she will abstain versus a no vote, potentially being an investment to support, since not being provided ESG related policies in advance, and in future be able to vote rather than abstain.

Jason Davis moved, and Rep. Frank Ryan seconded the motion, which passed, with two abstentions being Sen. Katie Muth and Joe Torsella.

Resolution 2022-05 Re: LEM Multifamily Fund VI, LP

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million, plus reasonable normal investment expenses, to LEM Multifamily Fund VI, 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 May 8, 2021, and updated December 15, 2021, and Hamilton Lane, dated March 25, 2021, and confirmed on November 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 Sec. Richard Vague seconded the motion, which passed, with one opposed being Sen. Katie Muth, and one recusal being Joe Torsella.

5.9.4 Personnel Committee Report

Melva Vogler reported on the Personnel Committee meeting held on January 13, 2022.

Melva Vogler stated that the Committee approved the minutes of the August 5, 2021, meeting.

Action Item –

Resolution 2022-06 Re: Engagement of Search Consulting Firms

RESOLVED, that the Public School Employees' Retirement Board (the "Board"), having determined that circumstances exist to warrant an emergency procurement of a search consulting firm to provide candidates for the positions of Executive Director, Chief Investment Officer, and Chief Counsel, as well as conduct a salary compensation study for each of these positions, having considered multiple vendors and at least four(4) written proposals, hereby authorizes and directs the Office of Chief Counsel to engage Hudepohl and Associates for such purposes, subject to successful contract negotiations.

Upon selection and engagement, Hudepohl and Associates shall report directly to the full Board on all matters within the scope of work.

Melva Vogler moved, and Treas. Stacy Garrity seconded the motion, which passed unanimously.

5.10 Chief Financial Officer's Report

Brian Carl presented Chief Financial Officer's Report through a slide deck, which included:

Preliminary Financial Results: Six Months ended December 31, 2021

Budgetary Activities

- No FY2022-23 Budget Hearings scheduled for PSERS
- FY2022-23 Commonwealth Budget release February 8, 2022
- PSERS Proposed Budgets for FY2022-23
- Commonwealth General Fund Revenue

Next meetings:

- December 31, 2021 Financial Statements
- December 31, 2021 Budget Update
- Key Excerpts from Budget Hearing Materials
- Governor's Budget Hearing
- Long-term Actuarial Projections

Previously Tabled Item 5.7.4.1 Action Item –

Resolution 2022-07 Re: PSERS RFP 2021-3 Securities Litigation Consultant

RESOLVED, that the Public School Employees' Retirement Board, in accordance with the recommendation of the Securities Litigation Consultant Evaluation Committee, hereby retains Reinhart Boerner Van Deuren as the Securities Litigation Consultant 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.

Jason Davis moved, and Melva Vogler seconded the motion, which passed, with two opposed being Rep. Frank Ryan and Sen. Katie Muth, and one recusal being Joe Torsella.

5.11 Office of Chief Counsel Report

Chuck Serine, Interim Chief Counsel, presented Office of Chief Counsel's Report, which included:

Report on the annual review of Policies and Regulations for edits due to statutory changes, including the need for amendments to:

- Statement of Organization, Bylaws, and Other Procedures;
- Education Policy;
- Election Procedures and Guidelines Policy; and
- Public Information Policy

Annual of Report of Chief Counsel included in the Diligent Board Book, with appreciation to OCC staff Kathrin Smith and Steve Skoff, and others.

Supreme Court decision reversing Commonwealth Court affirming Board's decision a settlement payment was not recovered compensation.

Office of Open Records (OOR) decision upholding Board's view that records related to a partnership are not public record under the Right to Know Law.

OCC completed service level agreements ("SLAs") that will govern the responsiveness and timing of services provided by Bank of New York Mellon (BNYM).

OCC developed guidelines, procedures, and communications for remote video administrative hearings and began scheduling such hearings in March 2021.

PSERS completed its sale of its Limited Partnership interests in Windjammer Senior Equity Fund IV, L.P., WCI-HFG Holding, LLC, and WCI-Quantum holdings, Inc.

Sec. Richard Vague provided comment of appreciation for Mr. Serine's willingness to come out of retirement as Interim Chief Counsel.

5.12 Deputy Executive Director of Administration Report - none

5.13 Deputy Executive Director and Director of Defined Contribution

Jennifer Mills presented the Deputy Executive Director's Report through a slide deck, which included:

- Update from Bureau of Communications and Counseling under Gene Robison
- Update from Bureau of Benefits Administration under Todd Fulton

- Update from Health Insurance Office under Peter Camacci
- Update from Knowledge Management under Laura Vitale
- Update from Appeals and Compliance under Troy Peechatka
- Update on School Employees' Defined Contribution Plan

5.14 Executive Director Report

Terri Sanchez presented the Executive Director's Report through a slide deck, which included:

- Legislative Hearings for House State Government Subcommittee on Pensions, Benefits, and Risk Management – Various legislative bills through January 20, 2022
- House State Government Subcommittee on Pensions, Benefits, and Risk Managements – Governance on March 9, 2022

5.14 Board Members Comments

Rep. Frank Ryan commented in relation to the legislative report given by Terri Sanchez, some bill amendments have not yet been posted but are ready.

Rep. Ryan expressed concern for the timing of the March 9, 2022, Subcommittee in light of the upcoming PSERS Board Executive Session to be rescheduled for the first week of February.

Sec. Richard Vague provided appreciation for Terri Sanchez's return to support PSERS.

Sen. Katie Muth reiterated interest in participating in the Bylaws/Policy Committee future meeting to discuss the Funston Advisory Services recommendations specifically related to information sharing, what type of information is shared, and the type of electronic platform.

Sen. Katie Muth expressed concern on the delay for the internal investigation report. While she understood inclement weather poses travel risks, it is one of several delays that have already occurred when this Board was to already have the information to be presented to them in November, and the members have not stopped being asked to make votes on big investments, without knowing the findings of the report, and that the information needs to be made available immediately and urges the reconsideration of the movement of the meeting to earlier than the beginning of February.

Adjournment

Without objection, the Board meeting adjourned at 4:52 P.M.

Next Meeting

The next regularly scheduled meeting of the Public School Employee's Retirement Board will be held March 10-11, 2022, via MS Teams and in-person at PSERS' Headquarters, 5 North 5th Street, Harrisburg, PA.

DocuSigned by:

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