

Commonwealth of Pennsylvania
Public School Employees' Retirement System
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To: Bylaws/Policy Committee

From: Joseph E. Wasiak Jr., Assistant Executive Director

RE: PSERB 2018 Training Program

Date: November 28, 2017

General. The Board Training Program for 2018 will consist of three categories of presentations and events. The first is training presented by PSERS staff and consultants during scheduled committee and Board meetings. The second is attendance by members at outside professional conferences. The third is periodic presentations, not linked to a scheduled PSERB meeting, where topics related to Board business are presented (e.g. the Active/Passive Management presentation in October and the BlackRock Summit scheduled for December 13.) This training program is designed to provide the members with the knowledge they require to effectively participate as a Trustee of the Board and to provide them with the sufficient opportunities to meet their mandatory training requirements set forth in Act 5 of 2017. As a result of the guidance provided by the Board to staff, the following 2018 Training Program is submitted for review, discussion, and approval by the Board.

2018 Scheduled Training

Staff/Consultant Generated Training. The following topics were identified as those most frequently requested in the questionnaire given to the members at the October 2017 Board meeting. All but the last two qualify as subject areas that would meet the requirements of Act 5.

- Master Limited Partnership
- Risk Parity
- Absolute Return
- Risk management
- Operational Risk
- Commodities
- Asset Allocation
- Actuarial Cost Analysis

DC Plan Design
 GASB
 Ethics
 Act 5 Impact on PSERS

After coordinating with staff, the following schedule was developed and identifies the date for each training session, the amount of time allotted for each topic and the individual/organization responsible for developing the training. (See also Appendix 1) Most of this training will be presented during the Investment Committee or the Board meetings. The Actuarial Cost Analysis session in December will be presented during the Budget/Finance Committee meeting.

| <u>Date</u> | <u>Subject</u> | <u>Time</u> | <u>OPR</u> |
|---------------|-------------------------|--------------|--------------------|
| January 18 | Ethics | 1hr | Ethic Commission |
| March 8-9 | Operational Risk | 1hr | Kemp |
| | DC Plan Designs | 1hr | Pension Consultant |
| | Investing in China | 1.5hr | Gruver/Bridgewater |
| May 22 | MLPs | .5hr | Harvest/Salient |
| August 9-10 | Risk Parity | 1hr | Oh/Bridgewater |
| | Asset Allocation | 1hr | Aon |
| | GASB | 1hr | Consultant |
| October 11-12 | Absolute Return | .75hr | Aksia |
| | Commodities | .75hr | Bridgewater |
| | Act 5 Impact on PSERS | .75hr | Sanchez/Grell |
| December 6-7 | Risk Management | 1hr | Sheva/BlackRock |
| | Actuarial Cost Analysis | <u>.75hr</u> | Carl/Conduit |
| | | Total Time | 12hr |
| | | Act 5 Time | 10.25hr |

This represents over 10 hours of training of which 8.75 hours could be applied to the Act 5 requirement. The presentations on Ethics (January 18) and the Act 5 Impact on PSERS (October 11-12) would not count towards the annual required eight hours of training.

Conference Attendance. In addition to the sessions presented by PSERS staff and consultants there is also the opportunity to attend the Pennsylvania Association of Public Employee Retirement Systems (PAPERS) Spring

Conference, currently scheduled for May 23-24, 2018, and the Fall Workshop in November 2018. Each of these events present about 8-10 hours of topics addressing a wide array of pension management and investment related issues that would be of value to the PSERS Board. Much of that could also be applied to the Act 5 requirement. (In 2017, there were a total of 8 hours and 15 minutes of instruction and presentations, between those two events, that would qualify as Act 5 related training.)

In accordance with the PSERB Education Policy, Board members may attend other conferences such as the National Council on Teachers Retirement (NCTR). With the exception of the conferences sponsored by PAPERS and NCTR, not more than four PSERB Members or their respective Designees may be eligible for reimbursement of Costs for attending the same qualified Educational/Industry Meeting, unless their attendance is required to fulfill committee assignments and/or voting obligations for a Member Organization.

Periodic Investment Presentations. There also exists the possibility of PSERS investment staff periodically developing investment related educational opportunities, not tied to a scheduled Board meeting, that would be open to attendance by Board members. These would be designed to address a developing issue within the investment world or a perceived need not previously identified or requested by the Board. Examples of this are the Active/Passive Management Discussion (1.5hr) in October 2017 and the Blackrock Summit (3.0hr) scheduled for December 13, 2017.

Total Training Opportunities. The total training opportunities open to Board members over the 2018 year are listed below. All are relevant to the Board's mission, however, not all will qualify as Act 5 related training. All times are estimates.

| | |
|---|-----------|
| PSERS Staff/Consultant Generated Training | 12 hrs |
| PAPERS Spring Conference | 8-10 hrs |
| PAPERS Fall Workshop | 8-10 hrs |
| NCTR July Trustee Workshop | 10-12 hrs |
| NCTR October Annual Conference | 10-12 hrs |
| PSERS Periodic Investment Presentations | 3-5 hrs |

This does not account for unplanned training provided during committee meetings as part of an informational presentation on a topic related to the business of the Committee (e.g. HIPAA Compliance Requirements presentation to the Health Care Committee).

Summary. Based on the above planned program, Board members will be able to achieve the 8 hours of required Act 5 training and the 1 hour of Ethics training through attendance at the six scheduled Board meetings. Additional opportunities exist through attendance at the May 2018 PAPERS Spring Conference (immediately following the May Board meeting) and their Fall Workshop in November 2018. Should a member require additional opportunities there is the NCTR conferences in July and October. Finally, the Investment Office staff may periodically organize and present an ad hoc training event.

The PSERS HRO Training Officer, in coordination with the PSERB Board Liaison, will track the attendance of members at these training events throughout the year and will provide to the members a summary of the hours of training each member has received prior to the August and December Board meetings. The complete list with all members and their cumulative training time will also be posted to the Diligent website and updated as changes occur.

PSERS staff will endeavor to record scheduled training sessions in order to make them available to members who are unable to attend the training in person. We will also investigate other web based training opportunities which would address topics related to the investment responsibilities of the Board.

This plan can be amended at any time should the need arise to alter an existing or to add a new presentation as a result of changing priorities. Changes will be approved through the Board Secretary.

Appendix 1- 2018 PSERB Training Program

| Date | Time | Location | Subject | Committee | Instructor |
|-------------|------------------|----------------------------------|--|--------------------------|---|
| 1/18/2018 | 1 hr | PSERS Board Rm | Ethics for Trustees | Board Meeting | Ethics Commission |
| 3/8/2018 | 1 hr 1.5hr | PSERS Board Rm PSERS Board Rm | Operational Risk Investing in China | Investment Investment | John Kemp Prof Wm Gruver-Bucknell Mr Rbt Prince-Bridgewater |
| 3/9/2018 | 1 hr | PSERS Board Rm | DC Plan Designs | Board Meeting | Pension Consultant |
| 5/22/2018 | .5 hr | Hilton | MLPs | Investment | Harvest/Salient |
| 8/9/2018 | 1 hr 1 hr | PSBA Conf Rm PSBA Conf Rm | Risk Parity Asset Allocation | Investment Dinner | Susan Oh/Bridgewater Aon |
| 8/10/2018 | 1 hr | PSBA Conf Rm | GASB | Board Meeting | Brian Carl/Consultant |
| 10/11/2018 | .75 hr .75 hr | PSERS Board Rm PSERS Board Rm | Absolute Return Commodities | Investment Investment | Aksia Bridgewater |
| 10/12/2018 | .75 hr | PSERS Board Rm | Act 5 Impact on PSERS | Board Meeting | Terri Sanchez/Glen Grell |
| 12/6/2018 | 1 hr | PSERS Board Rm | Risk Management | Investment | Joseph Sheva/BlackRock |

| | | | | | |
|-----------|--------|----------------|-------------------------|----------------|--------------------|
| 12/7/2018 | .75 hr | PSERS Board Rm | Actuarial Cost Analysis | Budget/Finance | Brian Carl/Conduit |
|-----------|--------|----------------|-------------------------|----------------|--------------------|