

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

**Regular Meeting**

**Minutes**

**March 15, 2013**

**8:30 A.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Ms. Deborah J. Beck  
Ms. Stacey Connors for Senator Patrick M. Browne (arrived at 8:47)  
Ms. Sally Keaveney for Senator Lawrence M. Farnese  
Mr. Glen S. Galante  
Representative Glen R. Grell  
Mr. Stuart L. Knade (arrived at 8:35)  
Mr. Bernard Gallagher for Representative Joseph F. Markosek  
Mr. Christopher Craig for Treasurer Robert McCord (arrived at 8:41)  
Mr. Hal Moss  
Mr. James M. Sando  
Ambassador Martin J. Silverstein  
Ms. Ann Spishock for Secretary Ronald Tomalis  
Ms. Sally J. Turley

**Board Members Absent**

Mr. Richard N. Rose

**Staff Members Present**

Mr. Frederick Alcaro  
Mr. Jeffrey B. Clay  
Ms. Connie Billett  
Mr. Brian S. Carl  
Ms. Michele M. Ferencz  
Ms. Alicia James  
Ms. Krista Knier  
Ms. Maryann Pavlovic  
Mr. Richard Micholwitz  
Ms. Terrill J. Sanchez  
Ms. Letitia Schubaur

**Staff Members Present**

(con't)  
Mr. Charles K. Serine  
Ms. Kelly L. Sprenkle  
Mr. David Vu  
Mr. Joseph E. Wasiak, Jr.

**Guests Present**

Mr. Ron Conard, PASR  
Ms. Judith Guise, PASR  
Mr. Sandy Leopold  
Ms. Angela Lutze, PSEA-R

CALL TO ORDER Ms. Vogler called the meeting to order at 8:30 A.M. in the fourth floor Board Room at PSERS' headquarters.

WELCOME GUESTS AND NEW EMPLOYEES Mr. Clay welcomed guests Mr. Conard, Ms. Guise, and Ms. Lutze. Mr. Clay announced new employees Frederick Alcaro, Krista Knier and David Vu.

MINUTES APPROVED Ms. Turley moved to approve the minutes of the January 25, 2013 Board meeting. Mr. Moss seconded the motion, which passed unanimously.

#### AUDIT/BUDGET COMMITTEE REPORT

Mr. Sando reported on the meeting held on March 14, 2013.

MINUTES APPROVED Mr. Sando stated that the Committee approved the minutes of the January 24, 2013 meeting.

PRESENTATION Mr. Sando stated that Mr. Halke spoke regarding SB & Company, LLC's background in performing financial audits for public pension funds and how they will approach the financial audit.

#### CORPORATE GOVERNANCE COMMITTEE REPORT

Mr. Sando reported on the meeting held March 14, 2013.

MINUTES APPROVED Mr. Sando stated that the Committee approved the minutes of the August 8, 2012 meeting.

Mr. Sando stated that Mr. McCormick , of Glass Lewis, presented the 2013 Proxy Season Preview.

U.S. AND NON-U.S. PROXY VOTING POLICIES Mr. Sando moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed U.S. and Non-U.S. Proxy Voting Policies pursuant to the recommendation of Lenann T. Engler, Senior Investment Analyst, dated February 28, 2013.

Representative Grell seconded the motion, which passed unanimously.

## FINANCE COMMITTEE REPORT

Mr. Moss reported on the meeting held March 14, 2013.

Mr. Moss stated that the Committee approved the minutes of the January 24, 2013 meeting.

MINUTES APPROVED

Mr. Moss stated that Mr. Van Noord gave a Market Review and Comments; Mr. Bensur presented a Fourth Quarter Performance Review; Mr. Smith presented a Fourth Quarter Performance Review; Mr. Ruehl from Aksia presented a Fourth Quarter Performance Review, Absolute Return Program; Mr. Bensur gave a presentation on Asset Allocation & Asset Liability; Ms. Engler presented the Proposed Revisions to the Investment Policy Statement, Objectives, and Guidelines; Mr. Spiller spoke regarding GoldPoint Partners Co-Investment V, L.P. and Bain Capital Fund XI, L.P.; Mr. Tyler gave a presentation on New Mountain Partners IV, L.P.; Ms. Stepp spoke regarding Cabot Industrial Value Fund IV, L.P.; Mr. Statler presented AREA Value Enhancement Fund VIII, L.P.; and Mr. Van Noord presented a Preview of Future Meetings

PRESENTATIONS

Mr. Moss moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed changes to Exhibit Band C of the Investment Policy Statement, Objectives, and Guidelines, as amended, listed below for the Public School Employees' Retirement System pursuant to the respective recommendations of James H. Grossman, Jr., Deputy Chief Investment Officer, dated February 28, 2013, and Wilshire Associates, dated March 14, 2013; and Exhibit F of the Investment Policy Statement, Objectives, and Guidelines, as amended, listed below for the Public School Employees' Retirement System pursuant to the recommendation of Lenann T. Engler, Senior Investment Analyst, dated February 28, 2013.

INVESTMENT POLICY  
STATEMENT,  
OBJECTIVES, AND  
GUIDELINES

<b>Exhibit</b>	<b><u>Exhibit Title</u></b>
B	Asset Allocation
C	Policy Index
F	Qualified Independent Representative Policy

Mr. Sando seconded the motion, which passed unanimously.

Mr. Moss moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$50

GOLDPOINT PARTNERS  
CO-INVESTMENT V, L.P.

million plus reasonable normal investment expenses, in GoldPoint Partners Co-Investment V, L.P., in accordance with the recommendations of Charles J. Spiller, Managing Director, Private Markets and Real Estate, dated March 14, 2013 and Portfolio Advisors LLC, dated February 21, 2013. 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 the implementing investment contract or by a memo to that effect appended to the implementing investment contract. Ms. Keaveney seconded the motion, which passed unanimously.

BAIN CAPITAL FUND  
XI, L.P.

Mr. Moss moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses, in Bain Capital Fund XI, L.P., in accordance with the recommendations of Charles J. Spiller, Managing Director, Private Markets and Real Estate, dated March 14, 2013 and Portfolio Advisors LLC, dated February 21, 2013. 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 the implementing investment contract or by a memo to that effect appended to the implementing investment contract. Ms. Turley seconded the motion, which passed with one No vote from Mr. Gallagher, on behalf of Representative Markosek.

NEW MOUNTAIN  
PARTNERS IV, L.P.

Mr. Moss moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$100 million plus reasonable normal investment expenses, in New Mountain Partners IV, L.P. in accordance with the recommendations of Michael Tyler, Senior Investment Analyst, Private Markets, dated March 14, 2013, and Portfolio Advisors LLC, dated February 21, 2013. 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 the implementing investment contract or by a memo to that effect appended to the implementing investment contract. Representative Grell seconded the motion, which passed unanimously.

CABOT INDUSTRIAL  
VALUE FUND IV, L.P.

Mr. Moss moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$75 million plus reasonable normal investment expenses, in Cabot Industrial Value Fund IV, L.P., in accordance with the

recommendations of Laurann H. Stepp, Portfolio Manager, Real Estate, dated March 14, 2013 and Courtland Partners Ltd., dated February 25, 2013. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Executive Director, as evidenced either by the appropriate signatures on the implementing investment contract or by a memo to that effect appended to the implementing investment contract. Representative Grell seconded the motion, which passed unanimously.

Mr. Moss moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$75 million in AREA Value Enhancement Fund VIII, L.P., in accordance with the recommendations of William P. Stalter, Portfolio Manager, Real Estate, dated March 14, 2013, and Courtland Partners Ltd., dated February 26, 2013. 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 the implementing investment contract or by a memo to that effect appended to the implementing investment contract. Mr. Sando seconded the motion, which passed unanimously.

AREA VALUE  
ENHANCEMENT FUND  
VIII, L.P.

#### APPEALS/MEMBER SERVICES COMMITTEE REPORT

Mr. Moss reported on the meeting held on March 14, 2013.

Mr. Moss stated that the Committee approved the minutes of the January 24, 2013 meeting.

MINUTES APPROVED

Mr. Moss moved to deny Mr. Hilt's request to intervene and to represent the claimants in the appeal. Ms. Turley seconded the motion, which passed unanimously.

MR. HILT

Mr. Moss stated that the Committee reviewed the Executive Staff Review Committee (ESRC) Reports from the November 29 and December 20, 2012 meetings.

ESRC REPORT

Mr. Moss stated that Ms. Sanchez presented an update on the Benefit and Member Services Statistics.

BENEFITS PROCESSING

PERSONNEL COMMITTEE REPORT

Mr. Knade reported on the meeting held March 14, 2013.

MINUTES APPROVED

Mr. Knade stated that the Committee approved the minutes of the August 9, 2012 meeting.

EXECUTIVE SESSION

Mr. Knade stated that an executive session was held regarding the CIO Search.

NEW BUSINESS

BOARD COMMITTEE  
LISTS

Ms. Vogler stated that she updated the Board Committee List.

EXECUTIVE DIRECTOR'S REPORT

RECENTLY ATTENDED  
EVENTS

Mr. Clay reported that he attended the following events: February 22 – Temple University, Pension Reform; February 27 – House and Senate Budget Hearing Sessions; March 1 – presentation to PASPA (PA Association of School Personnel Administrators) in Harrisburg; and on March 8th PERC's review of PSERS June 30, 2012 Actuarial Valuation.

UPCOMING EVENTS

Mr. Clay stated that he plans to attend the following events: March 22 – presentation at the PASBO Conference in Pittsburgh; and April 26 presentation to PSEA-R at Menno Haven in Chambersburg.

NEXT MEETING AGENDA

Mr. Clay stated that the next meeting of the Committees and the Board will be April 25 and 26, 2013 and will include the HOP Migration and Competitiveness Reports.

CHIEF COUNSEL REPORT

LEGAL UPDATES

Ms. Ferencz provided updates on the Bank of America case and preliminary discussion about settlement in Citigroup.

CHIEF FINANCIAL OFFICER'S REPORT

Mr. Carl reported on December 31, 2012 Financial Statements, December 21, 2012 Administrative Budget Update and Budget Hearing Materials.

Ms. Guise spoke thanking PSERS Board and staff for the hard work they do.

VISITOR COMMENT

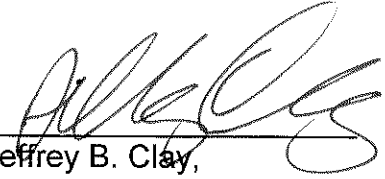
Chairman Vogler adjourned the meeting at 9:22 A.M.

ADJOURNMENT

The next regularly scheduled meeting of the Board of Trustees of the Public School Employees' Retirement Board will be held on April 26, 2013, in PSERS Board Room, 5 North 5<sup>th</sup> Street, Harrisburg, PA.

NEXT MEETING

Date 4/1/13

Approved   
Jeffrey B. Clay,  
Executive Director