

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

**Regular Meeting**

**Minutes**

**May 23, 2019**

**9:30 A.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Mr. Nathan G. Mains, Vice Chairman  
Ms. Deborah J. Beck telephonically  
Senator John P. Blake  
Mr. Bernard Gallagher for  
    Representative Matt Bradford  
Ms. Stacey Connors telephonically for  
    Senator Patrick M. Browne  
Mr. Jason M. Davis  
Ms. Lisa Taglang for  
    Representative Fred Keller  
Ms. Susan C. Lemmo  
Mr. Patrick Lord for  
    Secretary Pedro A. Rivera  
Mr. Christopher SantaMaria  
Mr. Thomas Clancy  
    for Treasurer Joseph M. Torsella  
Mr. Leo Pandeladis for  
    Secretary Robin L. Wiessmann

**Board Members Absent**

Mr. Eric O. DiTullio

**Others Present**

Mr. Russ Diesinger, PASR  
Ms. Suzanne Dugan, Cohen Millstein  
Mr. Lloyd Ebright, Treasury  
Mr. Alan Flannigan, Banking & Securities  
Mr. Luc Miron  
Mr. John A. Nixon, Esq., Duane Morris  
Mr. Brian Jacisin, State Ethics Commission

Staff Members Present

Mr. Thomas Bauer  
Mr. Brian S. Carl  
Mr. Dwight Decker  
Mr. Steven Esack  
Mr. Dennis Filipovich  
Mr. Andrew Fiscus  
Mr. Steven Goldstein  
Mr. Glen R. Grell  
Mr. James H. Grossman, Jr.  
Mr. Wilhelm Gruszecki  
Mr. Charles Hodge  
Ms. Cayla Jakubowitz  
Ms. Alicia James  
Mr. Paul Joseph

Mr. John Kemp  
Ms. Patricia Lorenz  
Ms. Jennifer Mills  
Ms. Melissa Quackenbush  
Mr. Eugene Robison  
Ms. Letitia Schubauer  
Mr. Charles K. Serine  
Mr. Charles J. Spiller  
Mr. William Snyder  
Mr. Joseph E. Wasiak, Jr.  
Ms. Evelyn Tatkovski Williams

**CALL TO ORDER**

Chairman Vogler called the meeting to order at 9:30 A.M. in the fourth floor Board Room at PSERS Headquarters.

**WELCOME GUESTS**

Mr. Grell welcomed guests, Mr. Russ Diesinger, Mr. Lloyd Ebright, and Mr. Alan Flannigan.

**MINUTES APPROVED**

Mr. Mains moved to approve the minutes of the March 8, 2019 Board meeting. Mr. Davis seconded the motion, which passed unanimously.

**VISITORS COMMENTS**

Mr. Jim Baker of Private Equity Stakeholder Project and Mr. Luke Noel of Worth Rises, both made comments to the Board and presented materials raising objections to the System's investment in Platinum Equity Capital Partners, pertaining to certain investments in telephone services to incarcerated persons.

UNFINISHED BUSINESS

**ETHICS TRAINING**

Mr. Brian Jacisin, State Ethics Commission delivered a 60 minute presentation and training segment on Ethics. A discussion followed. Board members and Designees present were noted in the Board Education Log.

**EXECUTIVE SESSION**

At 10:50 A.M. Mr. Grell stated "In accordance with Section 5.13 of the Bylaws of the Public School Employees' Retirement Board, we are going into an Executive Session to discuss the item listed on today's agenda, namely advice from 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, including matters related to the initiation and conduct of investigations of possible or certain violations of law. Mr. Pandeladis moved that the Board enter Executive Session, Mr. Mains seconded the motion which, passed unanimously.

The Executive Session adjourned at 11:30 A.M. and the regular session resumed.

NEW BUSINESS

Ms. Mills and the Board relocated to the 3<sup>rd</sup> floor training room for “DCPalooza”, and a series of presentations regarding Act 5 implementation. Representatives from Voya were on site and gave a demonstration of the member experience, and answered questions from the Board. Upon returning to the Board Room, Ms. Mills and Tax Counsel, John Nixon of Duane Morris, presented the PSERS Defined Contribution Plan Update, resulting in the following Action Items:

PSERS DEFINED  
CONTRIBUTION PLAN  
UPDATE

Ms. Connors MOVED, that the Public School Employees’ Retirement Board (the “Board”) hereby adopts the Plan Document of the School Employees’ Defined Contribution Plan and Trust, pursuant to the recommendation of Jennifer A. Mills, Deputy Executive Director of Benefits and Director of Defined Contribution Investments, contained in the memorandum dated May 3, 2019, SUBJECT: School Employees’ Defined Contribution Plan, and contained in Attachment A. Senator Blake seconded the motion, which passed unanimously.

RESOLUTION 2019-13  
ADOPTION OF PLAN  
DOCUMENT OF SCHOOL  
EMPLOYEES’ DEFINED  
CONTRIBUTION PLAN

Mr. Mains moved that the Public School Employees’ Retirement Board (the “Board”) hereby adopts the Vanguard Treasury Money Market Fund to invest the assets held in the forfeiture account for non-vested employer contributions, the account for stale-dated checks, and the Plan Expense Reimbursement Account of the School Employees’ Defined Contribution Plan and Trust, pursuant to the recommendation of Jennifer A. Mills, Deputy Executive Director of Benefits and Director of Defined Contribution Investments, contained in the memorandum dated May 3, 2019, SUBJECT: School Employees’ Defined Contribution Plan. Mr. Davis seconded the motion, which passed unanimously.

RESOLUTION 2019-14  
VANGUARD TREASURY  
MARKET FUND

RESOLUTION 2019-15  
CALVERT BALANCED  
FUND

Senator Blake moved, that the Public School Employees' Retirement Board (the "Board") hereby amends the share class of the Calvert Balanced Fund that was previously adopted as an investment option for the School Employees' Defined Contribution Plan from Class I to Class R6, pursuant to the recommendation of Jennifer A. Mills, Deputy Executive Director of Benefits and Director of Defined Contribution Investments, contained in the memorandum dated May 3, 2019, SUBJECT: School Employees' Defined Contribution Plan. Ms. Lemmo seconded the motion which, passed unanimously.

APPEALS AND MEMBER/EMPLOYER SERVICES  
COMMITTEE REPORT

Mr. Davis reported on the meeting held on May 22, 2019.

MINUTES

Mr. Davis stated that the Committee approved the minutes of the March 7, 2019 meeting.

ACCOUNT OF  
EVELYN CORTEZ

Mr. Davis moved in the account of Evelyn Cortez, that the Board grant PSERS Motion for Summary Judgment and dismiss Claimant's appeal. Mr. Mains seconded the motion, which passed unanimously.

ESRC

Mr. Davis stated that the Committee reviewed the Executive Staff Review Committee Report from February 27, 2019.

AUDIT/COMPLIANCE COMMITTEE REPORT

Ms. Connors reported on the meeting held on May 22, 2019.

MINUTES

Ms. Connors stated that the Committee approved the minutes of the March 8, 2019 meeting.

PRESENTATIONS

Ms. Connors stated that Ms. James presented the Internal Audit Office Annual Report for FY 18/19, the Audit & Compliance Monitoring Plan for FY 19/20.

RESOLUTION 2019-16  
AUDIT & COMPLIANCE  
MONITORING PLAN  
FOR FY 19/20

Ms. Connors moved, that the Public School Employees' Retirement Board (the "Board") hereby recommends the Board adopt the Audit & Compliance Monitoring Plan for FY 19/20 pursuant to the

recommendation of Alicia E. James, Internal Auditor, dated May 2, 2019. Mr. Mains seconded the motion, which passed unanimously.

**HEALTH CARE COMMITTEE REPORT**

Ms. Lemmo reported on the meeting held on May 22, 2019.

Ms. Lemmo stated that the Committee approved the minutes of the March 7, 2019 meeting. **MINUTES**

Ms. Lemmo reported that Mr. Kaplan and Ms. Clark presented the 2019 Health Options Program Plan Rates and Benefits. **PRESENTATIONS**

Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following benefit change and monthly premium rates of the HOP Medical Plan effective January 1, 2020 for calendar year 2020: **RESOLUTION 2019-17 HOP MEDICAL PLAN BENEFIT CHANGES AND RATES**

**Benefit Changes**

Benefit Category	Member's 2019 Payment	Member's 2020 Payment
Specialist Physician Office Visit	\$15	\$20

**Monthly Premium Rates**

HOP Medical Plan		Southeast (Out of State Zone 1)		
		2019	2020	% Increase
Standard Rates	Single	\$203	\$203	0%
	Two Person	400	400	0%
Age 65 Rates	Single	173	173	0%
	Two Person	341	341	0%
Age 65 Rates (2 <sup>nd</sup> Year)	Single	179	179	0%
	Two Person	353	353	0%
Age 65 Rates (3 <sup>rd</sup> Year)	Single	185	185	0%
	Two Person	365	365	0%
Age 65 Rates (4 <sup>th</sup> Year)	Single	191	191	0%
	Two Person	377	377	0%
Age 65 Rates (5 <sup>th</sup> Year)	Single	197	197	0%
	Two Person	389	389	0%

**Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties)**

**Zone 1: FLORIDA** (Alachua, Bay, Bradford, Brevard, Broward, Calhoun, Charlotte, Citrus, Clay, Collier, Dixie, Miami-Dade, Duval, Gilchrist, Glades, Gulf, Hamilton, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lafayette, Levy, Liberty, Martin, Monroe, Nassau, Okaloosa, Orange, Palm Beach, Pinellas, Putnam, St. Johns, Seminole, Sumter, Union, & Walton) **NEW JERSEY** (Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union), **NEW YORK** (Kings (Brooklyn), Nassau, Orange, Putnam, Queens, Rockland, Suffolk, Sullivan, Ulster, Westchester)

		<b>Southwest (Out of State Zone 2)</b>		
<b>HOP Medical Plan (no Rx coverage)</b>		<b>2019</b>	<b>2020</b>	<b>% Increase</b>
Standard Rates	Single	\$194	\$194	0%
	Two Person	383	383	0%
Age 65 Rates	Single	165	165	0%
	Two Person	326	326	0%
Age 65 Rates (2 <sup>nd</sup> Year)	Single	171	171	0%
	Two Person	338	338	0%
Age 65 Rates (3 <sup>rd</sup> Year)	Single	177	177	0%
	Two Person	350	350	0%
Age 65 Rates (4 <sup>th</sup> Year)	Single	183	183	0%
	Two Person	362	362	0%
Age 65 Rates (5 <sup>th</sup> Year)	Single	189	189	0%
	Two Person	374	374	0%

**Pennsylvania (Allegheny, Fayette, Greene, Indiana, Washington, and Westmoreland Counties)**

**Zone 2: ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, DELAWARE, FLORIDA** (Baker, Columbia, De Soto, Escambia, Flagler, Franklin, Gadsden, Hardee, Holmes, Jackson, Jefferson, Lake, Lee, Leon, Madison, Manatee, Marion, Okeechobee, Osceola, Pasco, Polk, Saint Lucie, Santa Rosa, Sarasota, Suwannee, Taylor, Volusia, Wakulla, Washington), **GEORGIA, GUAM, HAWAII, IDAHO, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY** (Burlington, Camden, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Ocean, Salem & Warren), **NEW MEXICO, NEW YORK** (Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Courtland, Dutchess, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Montgomery, New York, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Rensselaer, Richmond, Saratoga, Seneca, Schenectady, Schuyler, Schoharie, Steuben, Tioga, Tompkins, St. Lawrence, Warren, Washington, Wayne, Wyoming, Yates), **NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PUERTO RICO, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGIN ISLANDS, VIRGINIA, WASHINGTON, WASHINGTON, DC, WEST VIRGINIA, WISCONSIN, WYOMING**

HOP Medical Plan (no Rx coverage)		North & Central		
		2019	2020	% Increase
Standard Rates	Single	\$175	\$175	0%
	Two Person	341	341	0%
Age 65 Rates	Single	149	149	0%
	Two Person	291	291	0%
Age 65 Rates (2 <sup>nd</sup> Year)	Single	154	154	0%
	Two Person	301	301	0%
Age 65 Rates (3 <sup>rd</sup> Year)	Single	160	160	0%
	Two Person	312	312	0%
Age 65 Rates (4 <sup>th</sup> Year)	Single	165	165	0%
	Two Person	322	322	0%
Age 65 Rates (5 <sup>th</sup> Year)	Single	170	170	0%
	Two Person	332	332	0%

**Pennsylvania** (Adams, Armstrong, Beaver, Bedford, Berks, Blair, Bradford, Butler, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Cumberland, Dauphin, Delaware, Elk, Erie, Forest, Franklin, Fulton, Huntingdon, Jefferson, Juniata, Lackawanna, Lancaster, Lawrence, Lebanon, Lehigh, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Montour, Northampton, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Wayne, Wyoming and York Counties)

Ms. Taglang seconded the motion which, passed unanimously.

Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following monthly premium rates of the Value Medical Plan effective January 1, 2020 for calendar year 2020:

**RESOLUTION 2019-18  
VALUE MEDICAL PLAN  
PREMIUM RATES**

**Monthly Premium Rates**

Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties)		Southeast (Out of State Zone 1)		
Value Medical Plan		2019	2020	% Increase
Standard Rates	Single	\$117	\$117	0%
	Two Person	231	231	0%

Pennsylvania (Allegheny, Fayette, Greene, Indiana, Washington, and Westmoreland Counties)		Southwest (Out of State Zone 2)		
Value Medical Plan		2019	2020	% Increase
Standard Rates (only)	Single	\$115	\$115	0%
	Two Person	227	227	0%

Pennsylvania (All Other Counties)		North & Central		
Value Medical Plan		2019	2020	% Increase
Standard Rates (only)	Single	\$102	\$102	0%
	Two Person	199	199	0%

**Zone 1: FLORIDA** (Alachua, Bay, Bradford, Brevard, Broward, Calhoun, Charlotte, Citrus, Clay, Collier, Dixie, Miami-Dade, Duval, Gilchrist, Glades, Gulf, Hamilton, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lafayette, Levy, Liberty, Martin, Monroe, Nassau, Okaloosa, Orange, Palm Beach, Pinellas, Putnam, St. Johns, Seminole, Sumter, Union, & Walton) **NEW JERSEY** (Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union), **NEW YORK** (Kings (Brooklyn), Nassau, Orange, Putnam, Queens, Rockland, Suffolk, Sullivan, Ulster, Westchester)

**Zone 2: ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, DELAWARE, FLORIDA** (Baker, Columbia, De Soto, Escambia, Flagler, Franklin, Gadsden, Hardee, Holmes, Jackson, Jefferson, Lake, Lee, Leon, Madison, Manatee, Marion, Okeechobee, Osceola, Pasco, Polk, Saint Lucie, Santa Rosa, Sarasota, Suwannee, Taylor, Volusia, Wakulla, Washington), **GEORGIA, GUAM, HAWAII, IDAHO, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY** (Burlington, Camden, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Ocean, Salem & Warren), **NEW MEXICO, NEW YORK** (Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Courtland, Dutchess, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Montgomery, New York, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Rensselaer, Richmond, Saratoga, Seneca, Schenectady, Schuyler, Schoharie, Steuben, Tioga, Tompkins, St. Lawrence, Warren, Washington, Wayne, Wyoming, Yates), **NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PUERTO RICO, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGIN ISLANDS, VIRGINIA, WASHINGTON, WASHINGTON, DC, WEST VIRGINIA, WISCONSIN, WYOMING**

Ms. Connors seconded the motion which, passed unanimously.



Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following monthly premium rates of the Pre-65 Medical Plan effective January 1, 2020 for calendar year 2020:

**RESOLUTION 2019-19  
PRE-65 MEDICAL PLAN  
PREMIUM RATES**

**Monthly Premium Rates**

Pre-65 Retiree Options	All Regions		
	2019	2020	% Increase
<b>Pre-65 Medical Only</b>			
Single	\$889	\$889	0%
Two Person	1,956	1,956	0%
<b>Pre-65 Medical with Rx</b>			
Single	\$1,001	\$1,001	0%
Two Person	2,201	2,201	0%

Mr. Davis seconded the motion which, passed unanimously.

Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the Enhanced Medicare Rx Option effective January 1, 2020 for calendar year 2020:

**RESOLUTION 2019-20  
ENHANCED MEDICARE  
RX OPTION PLAN**

**Changes Mandated By CMS**

	2019	2020
Initial Coverage Stage Limit	\$ 3,820	\$ 4,020
Out-of-Pocket Threshold for Catastrophic Coverage Stage	5,100	6,350
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.40	\$ 3.60
Other	8.50	8.95

Maximum Member Payment in Coverage Gap:	2019	2020
Generic Rx <sup>‡</sup>	37%	25%
Brand Rx	25% (after 70% manufacturer discount and 5% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)
Non-Preferred Brand Rx	25% (after 70% manufacturer discount and 5% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)

<sup>‡</sup> Although CMS mandated 37% for generic drugs in the coverage gap in 2019, under the Enhanced Medicare Rx Option the Member payment was only 25%

**Benefit Change**

<b>Member Pays – Initial Coverage Phase</b>	<b>2019</b>	<b>2020</b>
Preferred Generic	\$7	\$4
Non-Preferred Generic (new tier)	7	11
Preferred Brand	25% (\$75 max)	25% (\$150 max)
Non-Preferred Brand	35% (\$100 max)	35% (\$200 max)

**Monthly Premium Rates**

<b>Enhanced Medicare Rx Option</b>	<b>2019</b>	<b>2020</b>	<b>% Increase</b>
Single	\$125	\$139	11%
Two Person	\$250	\$278	11%

Mr. Davis seconded the motion which, passed unanimously.

**RESOLUTION  
2019-21 BASIC  
MEDICARE RX OPTION  
PLAN**

Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the Basic Medicare Rx Option effective January 1, 2020 for calendar year 2020:

**Changes Mandated By CMS**

	<b>2019</b>	<b>2020</b>
Initial Coverage Stage Limit	\$ 3,820	\$ 4,020
Out-of-Pocket Threshold for Catastrophic Coverage Stage	5,100	6,350
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.40	\$ 3.60
Other	8.50	8.95

<b>Maximum Member Payment in Coverage Gap:</b>	<b>2019</b>	<b>2020</b>
Generic Rx <sup>†</sup>	37%	25%
Brand Rx	25% (after 70% manufacturer discount and 5% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)
Non-Preferred Brand Rx	25% (after 70% manufacturer discount and 5% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)

### Benefit Changes

Member Pays – Initial Coverage Phase	2019	2020
Preferred Generic	\$8	\$5
Non-Preferred Generic (new tier)	8	12
Preferred Brand	30% (\$100 max)	30% (\$200 max)

### Monthly Premium Rates

Basic Medicare Rx Option	2019	2020	% Increase
Single	\$67	\$73	9%
Two Person	\$134	\$146	9%

Mr. Pandeladis seconded the motion which, passed unanimously.

Ms. Lemmo moved, that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the Value Medicare Rx Option effective January 1, 2020 for calendar year 2020:

**RESOLUTION 2019-22  
VALUE MEDICARE RX  
OPTION PLAN**

### Changes Mandated By CMS

	2019	2020
Initial Coverage Stage Limit	\$ 3,820	\$ 4,020
Out-of-Pocket Threshold for Catastrophic Coverage Stage	5,100	6,350
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.40	\$ 3.60
Other	8.50	8.95

Maximum Member Payment in Coverage Gap:	2019	2020
Generic Rx†	37%	25%
Brand Rx	25% (after 70% manufacturer discount and 5% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)
Non-Preferred Brand Rx	25% (after 70% manufacturer discount and 5% plan benefit)	25% (after 70% manufacturer discount and 5% plan benefit)

### Monthly Premium Rates

Value Medicare Rx Option	2019	2020	% Increase
Single	\$22	\$25	14%
Two Person	\$44	\$50	14%

Ms. Taglang seconded the motion which, passed unanimously.

### INVESTMENT COMMITTEE REPORT

Mr. Mains reported on the meeting held on May 22, 2019.

#### MINUTES APPROVED

Mr. Mains stated that the Committee approved the minutes of the March 7, 2019 meeting.

#### BOARD EDUCATION

Mr. Mains stated that Mr. Gardner of Bridgewater Associates and Ms. Shaughnessy of AON, gave a 90-minute presentation on "Leverage". A discussion followed. Board members and Designees present were noted in the Board Education Log.

#### PRESENTATIONS

Mr. Mains stated that Mr. Grossman presented the PSERS Fund and Market Overview, Bain Capital Distressed and Special Situations 2019, Platinum Equity Capital Partners V, L.P., Incline Elevate Fund and Hahn & Company III, L.P. and Mr. Grossman gave his Preview of Future Meetings.

Mr. Mains presented the following action items:

#### BAIN CAPITAL DISTRESSED AND SPECIAL SITUATIONS 2019

Mr. Mains 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 Bain Capital Distressed and Special Situations 2019 (A), L.P. (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated April 22, 2019 and Hamilton Lane, dated April 11, 2019. 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 opposed, being Mr. Clancy on behalf of Treasurer Torsella and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.

Mr. Mains 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 Incline Elevate Fund, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, Private Markets and Luke M. Jacobs, Portfolio Manager, dated April 26, 2019 and Hamilton Lane, dated April 1, 2019. 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. Ms. Taglang seconded the motion, which passed with two opposed, being Mr. Clancy on behalf of Treasurer Torsella and Mr. Lord on behalf of Secretary Rivera and one abstention, being Mr. Pandeladis on behalf of Secretary Wiessmann.

INCLINE ELEVATE FUND,  
L.P.

Mr. Mains moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed a combined \$150 million plus reasonable normal investment expenses, in Hahn & Company III, L.P. and Hahn & Company III-S, L.P. (and/or related investment vehicles), in accordance with the recommendation of Michael Tyler, Portfolio Manager, and G. Anthony Meadows, Sr. Investment Analyst, dated May 3, 2019 and Hamilton Lane, dated April 10, 2019. 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 two abstentions, being Mr. Clancy on behalf of Treasurer Torsella and Mr. Pandeladis on behalf of Secretary Wiessmann.

HAHN & COMPANY III, L.P.

#### BYLAWS/POLICY COMMITTEE REPORT

Mr. Gallagher reported on the meeting held on May 23, 2019.

- MINUTES Mr. Gallagher stated that the Committee approved the minutes of the March 8, 2019 meeting.
- DC PLAN GOVERNANCE Mr. Gallagher reported that Mr. Sanders and Ms. Wrightson of Cammack gave a presentation on DC Plan Governance, resulting in the following action items:
- RESOLUTION 2019-26 BYLAWS Mr. Gallagher moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed changes to the Statement of Organization, Bylaws, and Other Procedures of the Public School Employees Retirement Board, pursuant to the recommendation of Joseph E. Wasiak, Jr., Deputy Executive Director of Administration, contained in the memorandum dated May 1, 2019, SUBJECT: School Employees' Defined Contribution Plan Governance Structure, and contained in Attachment A. Mr. Mains seconded the motion which, passed unanimously.
- RESOLUTION 2019-27 POLICIES Mr. Gallagher MOVED, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed changes to the following policies of the Public School Employees Retirement Board pursuant to the recommendation of Joseph E. Wasiak, Jr., Deputy Executive Director of Administration, contained in the memorandum dated May 1, 2019, SUBJECT: School Employees' Defined Contribution Plan Governance Structure:
1. Election Procedures and Guidelines Policy, Attachment C
  2. Fraud, Waste and Abuse Reporting and Investigation Policy, Attachment D
  3. Oral Argument Policy, Attachment E
- Ms. Taglang seconded the motion which, passed unanimously.
- RESOLUTION 2019-28 INVESTMENT POLICY Mr. Gallagher MOVED, that the Public School Employees' Retirement Board (the "Board") hereby adopts the Investment Policy Statement, Objectives, and Guidelines of the School Employees Defined Contribution Plan of the Public School Employees' Retirement Board ("DC Investment Policy"), pursuant to the recommendation of Joseph E. Wasiak, Jr., Deputy Executive Director of Administration, contained in the memorandum dated May 1, 2019, SUBJECT: School Employees' Defined Contribution Plan Governance Structure, and contained in Attachment B Senator Blake seconded the motion which, passed unanimously.

## AGENCY TRANSPARENCY COMMITTEE REPORT

Mr. Mains reported on the Committee meeting on May 21, 2019.

### CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included: an update on the March 31, 2018 Financial Statements, State share of Employer Contributions Budget Update, March 31, 2019 Admin Budget Status, Employer Contribution Rate Funded Ratio and Other Financial Management Activities. Mr. Carl informed the Board of a conditional amendment to the proposed Agency Budget, to make up to \$4 million of funding authorization available to support any consolidation of SERS and PSERS Investment offices and expenses related thereto. There was a consensus of the Board to support this conditional funding amendment in the submitted Budget.

### CHIEF COUNSEL REPORT

Mr. Serine gave a status update of the IRS Approval of Document for the DC Plan.

CC REPORT

### EXECUTIVE DIRECTOR'S REPORT

Mr. Grell gave an update on the following current issues: Act 5 Readiness; PSERS/SERS Investment Office; 812 Market Street update; IBOR Project Implementation; 2019 Agency Goal tracking.

ED REPORT

Mr. Grell also reported on the Agency Employee Recognition event and thanked Chair Vogler for attending; recognized the completion of the recent LAMP (leadership training) program; and U.S. Congressional Delegation visits on March 27-28.

Mr. Grell recognized Alicia James for her contributions to the System and announced her leaving PSERS, to become the CFO at SERS, effective June 22.

BOARD MEMBER  
COMMENTS

Mr. SantaMaria reminded the Board members that they need to submit their evaluations for Mr. Grell's EPR.

Senator Blake stated that he and Senator Browne were happy to have done the Senate Resolution acknowledging PSERS 100<sup>th</sup> Anniversary.

Mr. Grell also reminded the Board that the NCTR Conference would be in Berkeley California July 21-24.

Mr. Mains presented a cake to recognize the recent accomplishments of the Investment Office, specifically Susan Oh, Darren Foreman and James Del Gaudio.

ADJOURNMENT

Chairman Vogler adjourned the meeting at 3:56 P.M.

NEXT MEETING

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on August 8 & 9, 2019, at PSBA Headquarters, 400 Bent Creek Blvd. Mechanicsburg, Pa. 17050

7/25/2019  
Date

  
Glen R. Grell  
Executive Director