

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

Regular Meeting

Minutes

January 19, 2012

1:00 P.M.

Board Members Present

Ms. Melva S. Vogler, Chairman
Ms. Stacey Connors for Senator Patrick Browne
Mr. Anthony Mannino for Senator Lawrence M. Farnese
Mr. Glen S. Galante
Mr. Thomas J. Gentzel
Ms. Lisa Taglang for Representative Glen R. Grell
Mr. Bernard Gallagher for Representative Joseph F. Markosek
Treasurer Robert M. McCord
Mr. Hal Moss
Mr. Richard N. Rose
Mr. James M. Sando
Mr. David Donley for Secretary Ronald J. Tomalis
Ms. Patricia A. Tozer
Ms. Sally J. Turley

Staff Members Present

Mr. Jeffrey B. Clay
Ms. Barbara B. Book
Mr. Brian S. Carl
Mr. Gerald Gornish
Mr. Jason Kuntz
Ms. Terrill J. Savidge
Ms. Kelly L. Sprenkle
Ms. Evelyn Tatkovski
Mr. Alan H. Van Noord
Mr. Joseph E. Wasiak, Jr.

Guests Present

Mr. Ronald Conrad, PASR
Ms. Joan Glass, PASR
Ms. Judith Guise, PASR
Mr. Sandy Leopold
Mr. Donald Steinmeier, PASR

Mr. Clay called the meeting to order at 1:00 P.M. in the fourth floor Board Room at PSERS' headquarters.

CALL TO ORDER

Mr. Clay called for nominations for Chairman of the Board of the Public School Employees' Retirement Board for the year 2012.

ELECTION OF BOARD
CHAIRMAN

Mr. Gentzel moved to elect Ms. Vogler as Chairman.
Treasurer McCord seconded the motion. No additional nominations were made. The motion passed unanimously.

ELECTION OF BOARD
VICE-CHAIRMAN

Mr. Clay called for nominations for Vice-Chairman of the Board of the Public School Employees' Retirement Board for the year 2012. Mr. Galante moved to elect Ms. Turley as Vice-Chairman. Mr. Sando seconded the motion. No additional nominations were made. The motion passed unanimously.

Mr. Clay turned the meeting over to Chairman Vogler.

WELCOME NEW
EMPLOYEES

Mr. Clay welcomed new employee, Mr. Jason Kuntz, and guests, Ms. Joan Glass, Ms. Judith Guise, Mr. Ronald Conrad and Mr. Donald Steinmeier.

MINUTES APPROVED

Ms. Turley moved to approve the minutes of the December 9, 2011 Board meeting. Mr. Moss seconded the motion, which passed unanimously.

FINANCE COMMITTEE REPORT

Mr. Rose reported on the meeting held January 19, 2012.

MINUTES APPROVED

Mr. Rose stated that the Committee approved the minutes of the December 8, 2011 meeting.

PRESENTATIONS

Mr. Rose stated that Mr. Van Noord gave a Market Review and Comments report; Mr. Grossman reported on Investment Office Expenses; Mr. Spiller gave his Private Markets Second Quarter Report and Real Estate Second Quarter Review; Mr. Spiller gave presentations on Internally Managed Private Markets and Real Estate Co-Investment & Secondary Program and Guidelines, Denham Commodity Partners Fund VI, LP and Platinum Equity Capital Partners III, LP; Mr. Sheva updated the committee on Investment Objectives and Guidelines; and Mr. Van Noord presented his Preview of Future Meetings.

PRIVATE MARKETS &
REAL ESTATE IN-
HOUSE CO-INVESTMT
& SECONDARY PROGR

Mr. Rose moved that the Public School Employees' Retirement Board (the "Board") invests an amount not to exceed \$100 million, in Private Markets and Real Estate In-House Co-Investment and Secondary Program, in accordance with the recommendation of Charles J. Spiller, Managing Director, Private Markets and Real Estate, dated January 19, 2012. Mr. Gallagher seconded the motion, which passed unanimously.

DENHAM COMMODITY
PARTNERS FUND VI,
L.P.

Mr. Rose moved that the Public School Employees' Retirement Board (the "Board") invests an amount not to exceed \$100 million plus reasonable normal investment expenses, in Denham

Commodity Partners Fund VI, L.P., in accordance with the recommendation of Charles J. Spiller, Managing Director, Private Markets and Real Estate, dated January 19, 2012. 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. Moss seconded the motion, which passed unanimously.

Mr. Rose moved that the Public School Employees' Retirement Board (the "Board") invests \$200 million plus reasonable normal investment expenses, in Platinum Equity Capital Partners III, L.P., in accordance with the recommendation of Charles J. Spiller, Managing Director, Private Markets and Real Estate, dated January 19, 2012. 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. Mr. Sando seconded the motion, which passed unanimously.

PLATINUM EQUITY
CAPITAL PARTNERS III,
L.P.

Mr. Rose moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed changes to the Investment Policy Statement, Objectives, and Guidelines, as amended, and the proposed Investment Objectives and Guidelines Addendum listed below for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Investment Professional - External Public Markets, Risk & Compliance, dated January 4, 2012.

INVESTMENT
OBJECTIVES AND
GUIDELINES

Addendum Addendum Title

**X3 Private Markets and Real Estate In-House Co-
Investment and Secondary Investment Policy**

Ms. Turley seconded the motion, which passed unanimously.

APPEALS/MEMBER SERVICES COMMITTEE REPORT

Ms. Tozer reported on the meeting held on January 19, 2012.

Ms. Tozer stated that the Committee approved the minutes of the December 8, 2011 meeting.

MINUTES APPROVED

ACCOUNT OF
ADELE E. KAMINSKY
(D)

Ms. Tozer moved to adopt the Hearing Officer's recommendation, with one modification, and deny the request of Eric Kaminsky in the case of Adele E. Kaminsky (D). Ms. Turley seconded the motion, which passed unanimously.

ESRC REPORT

Ms. Tozer stated that the Committee reviewed the Executive Staff Review Committee (ESRC) Report from the November 1, 2011 meeting.

BENEFITS
PROCESSING

Ms. Tozer stated that Ms. Savidge presented an update on Benefits Processing Statistics.

NEW BUSINESS

SIGNING OF
CONTRACTS,
INSTRUMENTS AND
OTHER DOCUMENTS

Mr. Rose moved that the Public School Employees' Retirement Board (the "Board") authorize any two or more of the persons occupying the following positions, namely, the Executive Director, Deputy Executive Director; Assistant Executive Director; Chief Financial Officer; Chief Investment Officer; Deputy Chief Investment Officer; and Director of Investment Accounting to execute and deliver any and all contracts, instruments, or documents that require written signatures in the name of the Public School Employees' Retirement System (the "System") or the Board, and to endorse, assign, or guarantee all such contracts, instruments, or documents in the name of the System or the Board.

RESOLVED FURTHER, that (i) in the case of investment contracts, the Chief Investment Officer, Deputy Chief Investment Officer or Director of Investment Accounting must be one of the two signatories, and the Executive Director, Deputy Executive Director, Assistant Executive Director or Chief Financial Officer must be one of the two signatories, except in exigent circumstances when the only authorized signatories who are available hold Investment Office positions; and (ii) in the case of all other contracts, the Executive Director, Deputy Executive Director, Assistant Executive Director or Chief Financial Officer must be one of the two signatories, except in exigent circumstances when none of the designated individuals is available.

Mr. Gentzel seconded the motion, which passed unanimously.

YEARLY POLICY
REVIEW

Mr. Clay informed the Board that the Policy Review was completed for 2012. Mr. Gornish verified that he reviewed policies, as noted in his memo to the Board. Mr. Van Noord also verified that he reviewed policies, as noted in his memo to the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Clay stated that the following information was available (See Board Book 360, Executive Director TAB):

INFORMATION
AVAILABLE

- Biography for potential Board member, Martin J. Silverstein

Mr. Clay had no recently attended events to report.

RECENTLY ATTENDED
EVENTS

Mr. Clay stated that he plans to attend the following events: Montgomery County School District's Legislative Committee on February 15; House Appropriations presentation by Mr. Van Noord on February 21; House and Senate Budget Hearings on February 23; PSBA Leadership Conference in State College on February 25th along with Mr. Van Noord.

UPCOMING EVENTS

Mr. Clay informed the Board that the next meeting will include the Asset Allocation and HOP reports.

NEXT MEETING

CHIEF COUNSEL REPORT

Mr. Gornish reported on the Rivercenter/Marriott litigation; Citigroup, Bank of America securities litigation; and the status of the SEC's proposed municipal advisor regulation. He also advised the Board that the Annual Report of the Office of Chief Counsel for 2011 was in the Board's red folders. He summarized the large amount of work production of the Office of Chief Counsel reflected in the Report, and reported that 410 hours had been devoted to securities litigation by OCC.

Mr. Gornish thanked the Board for its cooperation and support during his nearly nine years as Chief Counsel and reported he would be retiring in February.

RETIREMENT

CHIEF FINANCIAL OFFICER REPORT

Mr. Carl made a presentation to the Board including the 2012/2013 Commonwealth Appropriation of PSERS Contributions, Administrative Cost Per Member, 2011 1099's, and Annuitant Payroll Growth (See Board Book 360, CFO Report TAB).

At 1:45 P.M., Mr. Clay 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 litigation matters. The Board may hold an

EXECUTIVE SESSION

executive session for any one or more of the reasons enumerated in Section 708(a) of the Sunshine Act (65 Pa C.S. §708(a)), including 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 laws.”

Ms. Tozer moved that the Board enter into Executive Session. Ms. Turley seconded the motion, which passed unanimously. The Executive Session ended at 2:12 P.M. and the meeting immediately returned to Regular Session.

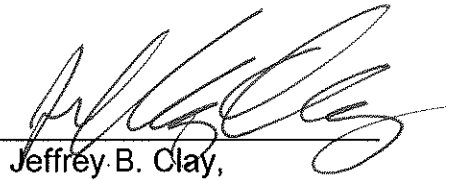
ADJOURNMENT

Chairman Vogler adjourned the meeting at 2:12 P.M.

NEXT MEETING

The next regularly scheduled meeting of the Board of Trustees of the Public School Employees’ Retirement Board will be held on March 9, 2012, in PSERS Board Room, 5 North 5th Street, Harrisburg, PA.

Date 2/1/2012

Approved 
Jeffrey B. Clay,
Executive Director