

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

**Regular Meeting**

**Minutes**

**September 9, 2016  
9:15 A.M.**

**Board Members Present**

Ms. Melva S. Vogler, Chairman  
Ms. Deborah J. Beck  
Mr. Frederick T. Berestecky  
Representative Stephen Bloom  
Ms. Stacey Connors for Senator Patrick M. Browne  
Ms. Sally Keaveney for Senator Lawrence M. Farnese  
Ms. Virginia M. Lastner  
Ms. Susan C. Lemmo  
Mr. Nathan G. Mains  
Representative Joseph F. Markosek  
Ms. Jennifer Langan for Treasurer Timothy A. Reese  
Ms. Lori Graham for Secretary Pedro A. Rivera

**Board Members Absent**

Mr. James R. Biery  
Mr. James M. Sando  
Ambassador Martin J. Silverstein

**Others Present**

Mr. Thomas Bachner, Bridgewater  
Ms. Janet Ciccocioppo, Office of the Auditor General  
Mr. Steve Cummings, AON Hewitt  
Ms. Franca D'Agostino  
Mr. Eric Friedman, AON Hewitt  
Mr. Bernard Gallagher  
Ms. Ellen Gerhart  
Mr. Greg Jensen, Bridgewater  
Mr. Sandy Leopold  
Mr. Doug Lorenzen  
Mr. John Lori, Office of the Auditor General  
Ms. Claire Shaughnessy, AON Hewitt  
Ms. Lisa Taglang  
Mr. Tom Weeter, PSEA-R  
Ms. Denise Wimberly, Office of the Auditor General

Staff Members Present

Ms. Megan Alley	Ms. Susan Oh
Mr. Thomas Bauer	Mr. Tony Parisi
Ms. Barbara Book	Mr. Eugene Robison
Mr. Brian S. Carl	Ms. Terrill J. Sanchez
Ms. Marla Cattermole	Mr. Charles K. Serine
Mr. Robert Devine	Mr. Joseph Sheva
Mr. Andrew Fiscus	Mr. Steven Skoff
Mr. Glen R. Grell	Mr. Charles J. Spiller
Mr. James H. Grossman, Jr.	Ms. Kelly Sprenkle
Ms. Alicia James	Mr. Joseph E. Wasiak, Jr.
Mr. John Kemp	Mr. Wesley Weymers
Ms. Lynne Leopold-Sharp	Ms. Evelyn Tatkovski Williams
Ms. Jennifer Mills	

**CALL TO ORDER** Chairman Vogler called the meeting to order at 9:15 A.M. at the PSBA Headquarters in Mechanicsburg, Pennsylvania. The Chairman expressed appreciation to PSBA for hosting the Board's September meeting and dinner.

**MINUTES APPROVED** Ms. Lemmo moved to approve the minutes of the June 10, 2016 Board meeting. Ms. Langan seconded the motion, which passed unanimously.

**WELCOME GUESTS** Mr. Grell welcomed guests; Ms. Ciccocioppo, Ms. Wimberly and Mr. Lori, of the Auditor General's Office; Ms Gerhart and Mr. Lorenzen.

**PUBLIC COMMENTS** Ms. Gerhart and Mr. Lorenzen each briefly addressed the board regarding their concern over energy related investments. Mr. Grell noted that an internet petition was delivered before the Board meeting from FoodandWaterWatch.org expressing opposition to the Bakken Pipeline.

UNFINISHED BUSINESS

**NOTATIONAL BALLOT** Mr. Grell announced the results of the August 12, 2016 Notational Ballot, which passed with 12 YES votes.

**2017 MEETING DATES** The Board voted to pass the 2017 meeting schedule as proposed.

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the meeting held on September 9, 2016.

Ms. Lemmo stated that the Committee approved the minutes of the June 9, 2016 meeting. MINUTES APPROVED

Ms. Lemmo stated that Mr. Schafer presented the Medicare Advantage and Pre-65 Managed Care Plans Premium Rates and Benefits review. PRESENTATIONS

APPEALS/MEMBER SERVICES COMMITTEE REPORT

Ms. Beck reported on the meeting held on September 9, 2016.

Ms. Beck stated that the Committee approved the minutes of the June 9, 2016 meeting. MINUTES APPROVED

Ms. Beck stated that the Committee reviewed the Executive Staff Review Committee (ESRC) Reports from the June 29, 2016 meeting. ESRC REPORT

INTERNAL AUDITOR'S REPORT

Ms. James gave an update on the status of the Auditor General's Performance Audit, the Actuarial Audit and the Financial Audit. IA REPORT

CHIEF INVESTMENT OFFICER'S REPORT

Mr. Grossman presented PSERS Fund and Market Review. CIO REPORT

CHIEF FINANCIAL OFFICER'S REPORT

Mr. Carl reported on the Preliminary June 30, 2016 Financial Statements; Year End Schedule; 2016-17 Administrative and Employer Contribution Budget Updates; and Employer Contribution Rates. CFO REPORT

CHIEF COUNSEL REPORT

Mr. Serine updated the Board on two ongoing cases; being the favorable outcome in the Pa. Supreme Court in Snizaski v. PSERB and the favorable outcome in the Pa. Commonwealth Court in Schneider v. PSERB. CC REPORT

ASSET ALLOCATION

Mr. Bachner spoke briefly then introduced Mr. Jensen who presented The Current Environment & The Challenges Facing Savers. BRIDGEWATER PRESENTATION

Representative Markosek left at this time, being replaced by Mr. Gallagher.

**AON HEWITT  
PRESENTATION**

Ms. Shaughnessy spoke briefly then introduced Mr. Friedman who presented the Asset-Liability Study Results.

**INVESTMENT OBJECTIVES AND GUIDELINES**

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Mr. Grossman presented proposed changes to the Investment Policy Statement, Objectives and Guidelines.

Ms. Langan moved that the Public School Employees' Retirement Board (the "Board") adopt proposed changes to Exhibits B, C, D and E of the Investment Policy Statement, Objectives, and Guidelines, as amended, for the Public School Employees' Retirement System pursuant to the recommendation of James H. Grossman, Jr., Chief Investment Officer, dated August 19, 2016. Ms. Keaveney seconded the motion, which passed unanimously.

**EXECUTIVE DIRECTOR'S REPORT**

**EVENTS ATTENDED**

Mr. Grell reported that he made a presentation at the PSEA-R Summer Conference on July 18; and participated in a panel at the NASRA Annual Meeting August 6-10.

**UPCOMING EVENTS**

Mr. Grell stated he will give a presentation to the Lackawanna/Wayne PSEA-R on September 29.

**ANNOUNCEMENTS**

Mr. Grell invited the Board to the Grand Opening of the relocated PSERS Pittsburgh office, being held September 30<sup>th</sup>.

Mr. Grell announced the hiring of the new Director of PSERS Health Insurance Office. Ms. Franca D'Agostino will replace the retiring Mark Schafer.

**UPDATES**

Mr. Grell updated the Board on the status of the upcoming Board elections; the revised Board Orientation process; pension legislation; upcoming conferences; the Auditor General's Performance Audit; the SECA Campaign and Investment Office positions. Ms. Lastner added comments regarding the Board Orientation, which she just completed. Chairman Vogler and other Trustees made comments concerning their participation at the recent NCTR Trustee conference and Chairman Vogler presented attendees with their certificates.

At 1:34 P.M., Mr. Grell 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 Litigation Matters. The Committee may hold an 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 pending or expected litigation."

EXECUTIVE SESSION

Ms. Langan moved that the Committee enter into Executive Session. Ms. Connors seconded the motion, which passed unanimously.

The Executive Session ended at 2:05 P.M. and the meeting immediately returned to Regular Session.

Chairman Vogler adjourned the meeting at 2:05 P.M.

ADJOURNMENT

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on October 7, 2016, at PSERS Headquarters, 5 N. 5<sup>th</sup> Street, Harrisburg, PA.

NEXT MEETING

9/20/2016  
Date

  
Glen R. Grell  
Executive Director