

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

Regular Meeting

Minutes

June 16, 2017

10:00 A.M.

Board Members Present

Ms. Melva S. Vogler, Chairman
Mr. Nathan G. Mains, Vice Chairman
Ms. Deborah J. Beck
Mr. Luc Miron for Senator John P. Blake
Representative Stephen Bloom
Ms. Stacey Connors for Senator Patrick M. Browne
Mr. Jason M. Davis
Ms. Virginia M. Lastner
Ms. Susan C. Lemmo
Mr. Bernard Gallagher for Representative Joseph F. Markosek
Ms. Lori Graham for Secretary Pedro A. Rivera
Mr. Christopher SantaMaria
Ambassador Martin J. Silverstein
Mr. Christopher Craig for Treasurer Joseph M. Torsella

Others Present

Ms. Judy Guise, PASR
Mr. Will Svitko

Staff Members Present

Mr. Tom Bauer	Ms. Jennifer Mills
Ms. Barbara Book	Mr. Tony Parisi
Mr. Brian S. Carl	Mr. Eugene Robison
Ms. Gina Cooper	Ms. Amanda Seaman
Ms. Franca D'Agostino	Mr. Charles K. Serine
Mr. Glen R. Grell	Mr. Larry Shank
Mr. James H. Grossman, Jr.	Ms. Kristen Shelton
Ms. Alicia E. James	Mr. Steven Skoff
Mr. Bradley Lamb	Mr. Joseph E. Wasiak, Jr.
Ms. Lynne Leopold-Sharp	Mr. David Welsch

CALL TO ORDER	Ms. Vogler called the meeting to order at 10:00 A.M. in the 4 th Floor Board Room at PSERS Headquarters.
WELCOME GUESTS AND NEW EMPLOYEES	Mr. Grell welcomed guest, Ms. Guise; and new employees Ms. Cooper, Ms. Seaman, Mr. Lamb, Mr. Shank, and Mr. Welsch.
MINUTES APPROVED	Mr. Mains moved to approve the minutes of the May 25, 2017 Board meeting. Ms. Lastner seconded the motion, which <u>passed unanimously</u> .
VISITOR COMMENTS	Ms. Guise commented on her assurance with the Board and their abilities.

UNFINISHED BUSINESS

PENSION LEGISLATION	Mr. Grell explained the new plans in the Act 5 Legislation.
AUDITOR GENERAL PERFORMANCE AUDIT	Mr. Grell introduced the Auditor General's Performance Audit Review of Findings and Recommendations. Ms. James gave an overview of the audit and response process. Mr. Grell reviewed Issue Area 1 which deals with Board Education and Record Keeping, and discussed the recommendations. Mr. Grossman reviewed Issue Area 2 which deals with Investment Expense Reporting, and discussed the recommendations; and Issue Area 3, Manager Fee Negotiation and Monitoring, and the recommendations. Mr. Grell reviewed Issue Area 4 which deals with Trustee Ethics and Attendance, and discussed the recommendations. Mr. Grossman reviewed Issue Area 5 which deals with Investment Strategies, and discussed the recommendations. Mr. Serine reviewed Issue Area 6 which deals with the Pension Forfeiture Act, and discussed the recommendations. Ms. James reviewed the Internal Audit Office findings and discussed the recommendations. The Board members were asked to prioritize the recommendations on a survey distributed at the meeting.

Mr. Grell reviewed the April 13, 2017 letter sent jointly from the Governor and Treasurer to each Trustee.

GOVERNOR/TREASURY LETTER

Mr. Craig reviewed the recommendations referenced in the letter.

BYLAWS/POLICY COMMITTEE REPORT

Mr. Gallagher reported on the meeting held on June 15, 2017.

Mr. Gallagher stated that the Committee approved the minutes of the May 25, 2017 meeting.

MINUTES APPROVED

Mr. Gallagher reported that Mr. Wasiak gave a presentation on the Audit/Compliance Committee Duties and Responsibilities.

PRESENTATION

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the meeting held on June 15, 2017.

Ms. Lemmo stated that the Committee approved the minutes of the March 9, 2017 meeting.

MINUTES APPROVED

Ms. Lemmo reported that Ms. D'Agostino presented the 2018 Premium Rates and Benefits Report.

PRESENTATION

Ms. Lemmo moved that the Public School Employees' Retirement Board hereby approves the following benefit changes and monthly premium rates of the HOP Medical Plan effective January 1, 2018 for calendar year 2018:

Benefit Changes

Benefit Category	Member's 2017 Payment	Member's 2018 Payment
Specialist Physician Office Visit †	\$10	\$15
Urgent Care Facility	10	15
Emergency Room	25	40

† The Primary Care Physician Office Visit will remain \$10.

Monthly Premium Rates		Southeast (Out of State Zone 1)		
		2017	2018	% Increase
HOP Medical Plan				
Standard Rates	Single	\$199	\$199	0%
	Two Person	392	392	0%
Age 65 Rates	Single	170	170	0%
	Two Person	334	334	0%
Age 65 Rates (2 nd Year)	Single	176	176	0%
	Two Person	347	347	0%
Age 65 Rates (3 rd Year)	Single	182	182	0%
	Two Person	359	359	0%
Age 65 Rates (4 th Year)	Single	188	188	0%
	Two Person	371	371	0%
Age 65 Rates (5 th Year)	Single	194	194	0%
	Two Person	383	383	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)

HOP Medical Plan (no Rx coverage)		Southwest (Out of State Zone 2)		
		2017	2018	% Increase
Standard Rates	Single	\$190	\$190	0%
	Two Person	375	375	0%
Age 65 Rates	Single	162	162	0%
	Two Person	319	319	0%
Age 65 Rates (2 nd Year)	Single	168	168	0%
	Two Person	332	332	0%
Age 65 Rates (3 rd Year)	Single	173	173	0%
	Two Person	342	342	0%
Age 65 Rates (4 th Year)	Single	179	179	0%
	Two Person	354	354	0%
Age 65 Rates (5 th Year)	Single	185	185	0%
	Two Person	367	367	0%

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

Zone 2: ALABAMA, ALASKA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, 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, ILLINOIS, INDIANA, KANSAS, KENTUCKY, LOUISIANA, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY** (Burlington, Camden, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Ocean, Salem & Warren), **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), **OKLAHOMA, SOUTH CAROLINA, TENNESSEE, TEXAS, UTAH, WEST VIRGINIA, WYOMING**

		North & Central (Out of State Zone 3)		
HOP Medical Plan (no Rx coverage)		2017	2018	% Increase
Standard Rates	Single	\$172	\$172	0%
	Two Person	335	335	0%
Age 65 Rates	Single	147	147	0%
	Two Person	285	285	0%
Age 65 Rates (2 nd Year)	Single	152	152	0%
	Two Person	297	297	0%
Age 65 Rates (3 rd Year)	Single	157	157	0%
	Two Person	307	307	0%
Age 65 Rates (4 th Year)	Single	162	162	0%
	Two Person	317	317	0%
Age 65 Rates (5 th Year)	Single	167	167	0%
	Two Person	326	326	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)

Zone 3: ARIZONA, DELAWARE, GUAM, HAWAII, IDAHO, IOWA, MAINE, NEW MEXICO, NORTH CAROLINA, NORTH DAKOTA, OHIO, OREGON, PUERTO RICO, RHODE ISLAND, SOUTH DAKOTA, VERMONT, VIRGIN ISLANDS, VIRGINIA, WASHINGTON, WASHINGTON, DC, WISCONSIN

Ms. Lastner 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, 2018 for calendar year 2018:

Monthly Premium Rates

Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties)		Southeast (Out of State Zone 1)		
Value Medical Plan		2017	2018	% 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		2017	2018	% Increase
Standard Rates (only)	Single	\$115	\$115	0%
	Two Person	227	227	0%

Pennsylvania (All Other Counties)		North & Central (Out of State Zone 3)		
Value Medical Plan		2017	2018	% 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, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, 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, ILLINOIS, INDIANA, KANSAS, KENTUCKY, LOUISIANA, MARYLAND,
 MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI,
 MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY (Burlington,
 Camden, Cumberland, Essex, Gloucester, Hunterdon, Mercer, Ocean, Salem & Warren), 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), OKLAHOMA, SOUTH CAROLINA,
 TENNESSEE, TEXAS, UTAH, WEST VIRGINIA, WYOMING

Zone 3: ARIZONA, DELAWARE, GUAM, HAWAII, IDAHO, IOWA, MAINE, NEW
 MEXICO, NORTH CAROLINA, NORTH DAKOTA, OHIO, OREGON,
 PUERTO RICO, RHODE ISLAND, SOUTH DAKOTA, VERMONT, VIRGIN
 ISLANDS, VIRGINIA, WASHINGTON, WASHINGTON, DC, WISCONSIN

Mr. Davis 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, 2018 for calendar year 2018:

Monthly Premium Rates

Pre-65 Retiree Options	All Regions		
	2017	2018	% Increase
Pre-65 Medical Only			
Single	\$889	\$889	0%
Two Person	1,956	1,956	0%
Pre-65 Medical with Rx			
Single	\$1,001	\$1,001	0%
Two Person	2,201	2,201	0%

Ms. Lastner 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 Options effective January 1, 2018 for calendar year 2018:

Changes Mandated By CMS

	2017	2018
Initial Coverage Stage Limit	\$ 3,700	\$ 3,750
Out-of-Pocket Threshold for Catastrophic Coverage Stage	4,950	5,000
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.30	\$ 3.35
Other	8.25	8.35

Maximum Member Payment in Coverage Gap:	2017	2018
Generic Rx [‡]	51%	44%
Brand Rx	40% (after 50% manufacturer discount and 10% plan benefit)	35% (after 50% manufacturer discount and 15% plan benefit)
Non-Preferred Brand Rx	40% (after 50% manufacturer discount and 10% plan benefit)	35% (after 50% manufacturer discount and 15% plan benefit)

[‡] The Member payment for generic drugs in the coverage gap for the Enhanced Medicare Rx Option is 25%

Benefit Changes

Formulary Tier Changes

2017 Preferred Drugs	2018 Preferred Drugs	2018 Non-preferred Drugs
Janumet , Januvia, Kazano, Nesina, and Oseni	Janumet and Januvia	Kazano, Nesina, and Oseni
Pradaxa, Savaysa, and Xarelto	Xarelto	Pradaxa and Savaysa
Lumigan, Travatan and Zioptan	Lumigan and Travatan	Zioptan

Monthly Premium Rates

Enhanced Medicare Rx Option	2017	2018	% Increase
Single	\$111	\$111	0%
Two Person	\$222	\$222	0%

Ms. Lastner seconded the motion, which passed with 1 NO vote, being Ambassador Silverstein.

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 Options effective January 1, 2018 for calendar year 2018:

Changes Mandated By CMS

	2017	2018
Initial Coverage Stage Limit	\$ 3,700	\$ 3,750
Out-of-Pocket Threshold for Catastrophic Coverage Stage	4,950	5,000
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.30	\$ 3.35
Other	8.25	8.35

Maximum Member Payment in Coverage Gap:	2017	2018
Generic Rx	51%	44%
Brand Rx	40% (after 50% manufacturer discount and 10% plan benefit)	35% (after 50% manufacturer discount and 15% plan benefit)
Non-Preferred Brand Rx	40% (after 50% manufacturer discount and 10% plan benefit)	35% (after 50% manufacturer discount and 15% plan benefit)

Benefit Changes

Formulary Tier Changes

2017 Preferred Drugs	2018 Preferred Drugs	2018 Non-preferred Drugs
Janumet , Januvia, Kazano, Nesina, and Oseni	Janumet and Januvia	Kazano, Nesina, and Oseni
Pradaxa, Savaysa, and Xarelto	Xarelto	Pradaxa and Savaysa
Lumigan, Travatan and Zioptan	Lumigan and Travatan	Zioptan

Monthly Premium Rates

Medicare Prescription Drug Plans	2017	2018	% Increase
Basic Medicare Rx Option			
Single	\$58	\$58	0%
Two Person	\$116	\$116	0%

Ms. Lastner seconded the motion, which passed with 1 NO vote, being Ambassador Silverstein.

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 Options effective January 1, 2018 for calendar year 2018:

Changes Mandated By CMS

	2017	2018
Initial Coverage Stage Limit	\$ 3,700	\$ 3,750
Out-of-Pocket Threshold for Catastrophic Coverage Stage	4,950	5,000
Minimum Cost sharing in Catastrophic Coverage Portion of the Benefit		
Generic	\$ 3.30	\$ 3.35
Other	8.25	8.35

Maximum Member Payment in Coverage Gap:	2017	2018
Generic Rx	51%	44%
Brand Rx	40% (after 50% manufacturer discount and 10% plan benefit)	35% (after 50% manufacturer discount and 15% plan benefit)
Non-Preferred Brand Rx	40% (after 50% manufacturer discount and 10% plan benefit)	35% (after 50% manufacturer discount and 15% plan benefit)

Benefit Changes

Formulary Tier Changes

2017 Preferred Drugs	2018 Preferred Drugs	2018 Non-preferred Drugs
Janumet , Januvia, Kazano, Nesina, and Oseni	Janumet and Januvia	Kazano, Nesina, and Oseni
Pradaxa, Savaysa, and Xarelto	Xarelto	Pradaxa and Savaysa
Lumigan, Travatan and Zioptan	Lumigan and Travatan	Zioptan

Annual Deductible

Member Pays	2017	2018	% Increase
Annual Deductible	\$ 400	\$ 405†	1.25%

† Maximum deductible established by CMS

Monthly Premium Rates

Value Medicare Rx Option	2017	2018	% Increase
Single	\$22	\$22	0%
Two Person	\$44	\$44	0%

Ms. Lastner seconded the motion, which passed with 1 NO vote, being Ambassador Silverstein.

APPEALS AND MEMBER/EMPLOYER SERVICES
COMMITTEE REPORT

Ms. Beck reported on the meeting held on June 15, 2017.

Ms. Beck stated that the Committee approved the minutes of the May 25, 2017 meeting.

MINUTES APPROVED

Ms. Beck moved in the case of Alea C. Melacrinis, that the Board adopts the Hearing Examiner's recommendation and dismisses the claimant's appeal with two modifications. Mr. Mains seconded the motion, which passed unanimously.

ACCOUNT OF
ALEA C. MELACRINOS

Ms. Beck moved in the case of Donald E. Thomas, that the Committee recommend that the Board adopt the Hearing Officer's recommendation and dismiss the Claimant's appeal with a few corrections and modifications. Mr. SantaMaria seconded the motion, which passed unanimously.

ACCOUNT OF
DONALD E. THOMAS

INVESTMENT COMMITTEE REPORT

Mr. Mains reported on the meeting held on June 15, 2017.

Mr. Mains stated that the Committee approved the minutes of the May 25, 2017 meeting.

MINUTES APPROVED

Mr. Mains stated that Mr. Grossman presented his PSERS Fund and Market Overview; Ms. Cullins, of AON Hewitt, presented the Finance Governance Project Update; Ms. Oh presented PSERS Strategic Asset Allocation and Expected Return Preview; Mr. Bauer presented Derivatives 101; Mr. Grossman gave his Preview of Future Meetings and the following action items were raised.

PRESENTATIONS

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 Strategic Partners Real Assets II, L.P. (and/or related investment vehicles), in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, dated May 24, 2017 and Portfolio Advisors, LLC., dated May 9, 2017. 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

STRATEGIC PARTNERS
REAL ASSETS II, L.P.

investment contract. Mr. Gallagher seconded the motion, which passed unanimously.

**AG EUROPE REALTY
FUND II, L.P.**

Mr. Mains 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 AG Europe Realty Fund II, L.P., (and/or related investment vehicles), in accordance with the recommendation of Laurann H. Stepp, Senior Portfolio Manager, dated May 12, 2017 and Courtland Partners, Ltd. recommendation dated May 12, 2017. 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, or by a memo to that effect appended to, the implementing investment contract. Ms. Lastner seconded the motion, which passed unanimously.

**AVENUE ENERGY
OPPORTUNITIES FUND
II, L.P.**

Mr. Mains 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 Avenue Energy Opportunities Fund II, L.P. (and related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Portfolio Manager, dated May 19, 2017 and Portfolio Advisors LLC, dated May 9, 2017. 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. Beck seconded the motion, which passed unanimously.

**APOLLO INVESTMENT
FUND IX, L.P.**

Mr. Mains moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$250 million plus reasonable normal investment expenses, in Apollo Investment Fund IX, L.P. (and related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Portfolio Manager, dated May 2, 2017 and Portfolio Advisors, LLC, dated April 27, 2017. 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. Gallagher seconded the motion, which passed unanimously.

**NEW MOUNTAIN
PARTNERS V, L.P.**

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 New Mountain Partners V, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Senior Portfolio Manager, and Michael J. Tyler, Portfolio Manager, dated May 18, 2017 and Portfolio Advisors, LLC, dated May 9, 2017. 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. SantaMaria seconded the motion, which passed unanimously.

Mr. Mains moved that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$150 million plus reasonable normal investment expenses, in Bain Capital Fund XII, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Senior Portfolio Manager, and Luke M. Jacobs, Portfolio Manager, dated May 19, 2017 and Portfolio Advisors, LLC, dated May 9, 2017. 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. Beck seconded the motion, which passed unanimously.

BAIN CAPITAL FUND XII,
L.P.

Mr. Mains moved that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Private Market Consulting Services Request for Proposal Evaluation Committee, recommends that the Board retain Hamilton Lane as the Fund's Investment Services Consultant for a contract term not to exceed five-years. The final terms and conditions of the investment contract 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. Lastner seconded the motion, which passed unanimously.

INVESTMENT
CONSULTING SERVICES

AUDIT/COMPLIANCE COMMITTEE REPORT

Representative Bloom reported on the meeting held on June 15, 2017.

Representative Bloom stated that the Committee approved the minutes of the March 10, 2017 meeting.

MINUTES APPROVED

PRESENTATIONS

Representative Bloom reported that Ms. James presented the Annual Audit Plan.

**AUDIT PLAN FOR
FY 2017/18**

Representative Bloom moved that the Public School Employees' Retirement Board (the "Board") hereby adopts the Audit Plan for FY 2017/18 pursuant to the recommendation of Alicia E. James, Internal Auditor, dated June 1, 2017. Mr. Mains seconded the motion, which passed unanimously.

PERSONNEL COMMITTEE REPORT

Ms. Lastner reported on the meeting held on June 15, 2017.

MINUTES APPROVED

Ms. Lastner stated that the Committee approved the minutes of the March 10, 2017 meeting.

EXECUTIVE SESSION

Ms. Lastner reported that an Executive Session was held to discuss PSERS Executive Director's Performance Evaluation.

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl gave an update, which included the Administrative Budget Status; GASB 74, Financial Reporting for Post-Employment Benefit Plans Other than Pensions amendment of GASB Statement No. 43; PSERS Plan Benefit Payments – Fiscal Year Ending June 30; Act 5 Financial Management Impact; and Other Financial Management Activities.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell stated that he made a presentation in Lehigh Valley on June 2.

Mr. Grell reported that he will attend the PSEA Annual Leadership Conference in Gettysburg on July 26; and attend the NASRA Annual Conference in Baltimore August 5-9 and give a presentation on Pension Legislation August 8; and make a presentation at the PASR Conference at the Lancaster Eden Resort on October 2.

Mr. Grell updated the Board on current issues including the Agency Budget, Complement Update and the 2018 Board Meeting dates.

Mr. Grell and the Board decided that the Agency Committee on Governance Issues will meet the afternoon of the next Board meeting.

The Board agreed to change the date of the August Committee/Board meetings to September 14-15.

Ms. Connors thanked Mr. Grell, Mr. Parisi, Mr. Carl, Mr. Serine and Ms. Mills for their assistance with the Pension Legislation.

Chairman Vogler adjourned the meeting at 1:36 P.M.

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on September 15, 2017, at PSBA Headquarters, 400 Bent Creek Blvd, Mechanicsburg, PA.

MEETING DATE CHANGE

BOARD MEMBER COMMENTS

ADJOURNMENT

NEXT MEETING

6/30/2017
Date

Glen R. Grell
Glen R. Grell
Executive Director