

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

Regular Meeting
Minutes
October 9, 2020
10:39 A.M.

Board Members Present – (In-Person, Via MS Teams and/or Telephonically)

Mr. Christopher SantaMaria, Chairman
Representative Francis X. Ryan, Vice Chairman
Ms. Deborah J. Beck
Mr. Luc Miron for
 Senator John P. Blake
Ms. Stacey Connors for
 Senator Patrick M. Browne
Mr. Jason M. Davis
Mr. Eric O. DiTullio
Ms. Susan C. Lemmo
Mr. Patrick Lord for
 Acting Secretary Noe Ortega
Mr. Patrick Shaughnessy for
 Representative Matthew Bradford
Mr. Lloyd Ebright for
 Treasurer Joseph M. Torsella
Acting Secretary Richard Vague
Ms. Melva S. Vogler

Board Members Absent

Mr. Nathan G. Mains

Others Present

Ms. Anne Baloga
Mr. James Bloom
Mr. Stephen Caruso, Pa. Capital-Star
Mr. Thomas Clancy
Ms. Suzanne Dugan, Cohen Milstein
Mr. Alan Flannigan
Mr. Justin Mitchell, Buyouts Insider
Ms. Lindsay Saienni, Financial News

Ms. Preeti Singh, Wall Street Journal
Ms. Jill Vecchio

Staff Members Present

Ms. Megan Alley
Mr. Michael Benson
Mr. Jeffrey Burton
Mr. Peter Camacci
Mr. Brian Carl
Ms. Sharon Christ
Ms. Melanie Cubias
Mr. Dwight A. Decker, Jr.
Ms. Lenann T. Engler
Mr. Steven Esack
Ms. Mercedes Evans
Mr. Dennis Filipovich
Mr. Andrew Fiscus
Ms. Kristina Goodling
Mr. Glen R. Grell
Mr. James H. Grossman, Jr.
Mr. Wilhelm Gruszecki
Ms. Carolyn Harley
Ms. Cayla B. Jakubowitz
Ms. Jill Johns
Mr. Michael Kondas
Mr. Jason Kuntz
Mr. Bradley Lamb
Ms. Patricia Lorenz
Mr. Gene Meadows
Ms. Rachel Miller
Ms. Jennifer Mills
Mr. Antonio Parisi
Mr. Christopher Parks
Mr. Troy Peechatka
Mr. Chuck Serine
Mr. Larry Shank
Mr. Steven Skoff
Ms. Kathrin Smith
Mr. Charles Spiller
Mr. Benjamin Thomas
Mr. Andrew Turner
Mr. Philip VanGraafeiland
Ms. Laura Vitale
Mr. Joseph E. Waslak, Jr.

CALL TO ORDER

Chairman SantaMaria called the meeting to order at 10:39 A.M. via MS Teams.

WELCOME GUESTS AND
NEW EMPLOYEES

Mr. Grell stated there were no visitors on the call.

MINUTES APPROVED

Representative Ryan moved to approve the minutes of the August 7, August 19, and September 14, 2020 Board meetings. Mr. Shaughnessy seconded the motion, which passed unanimously.

UNFINISHED BUSINESS

EXECUTIVE SESSION

At 10:44 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 items listed on today's agenda, namely for the Board Governance Consultant RFP, the Proxy Voting RFP, and a Deep Executive Session of the Board and their 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, and Quasi-judicial matters.

Mr. Davis moved that the Board enter Executive Session, Mr. DiTullio seconded the motion, which passed unanimously.

The regular session resumed at 11:35 A.M.

RESOLUTION 2020-43
BOARD GOVERNANCE
CONSULTANT RFP

Mr. SantaMaria moved, that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Technical Evaluation Committee for PSERS Request for Proposals 2020-7, Board Governance Consulting Services, hereby retains Funston Advisory Services, LLC as the Board Governance Consultant. The final terms and conditions of the contract must be satisfactory to 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 contract. Representative Ryan seconded the motion, which passed unanimously.

RESOLUTION 2020-44
PROXY VOTING RFP

Mr. SantaMaria moved, that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of the Proxy Research and Voting Services Request for Proposals Evaluation Committee, hereby recommends the Board retain Glass Lewis & Co. as the Proxy Research and Voting Consultant for a contract term not to exceed five years. The final terms and conditions of the 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 contract. Ms. Vogler seconded the motion, which passed unanimously.

NEW BUSINESS

2021 BOARD DATES

The Board adopted the proposed 2021 Committee and Board meeting dates.

BOARD EDUCATION
DRAFT

Mr. Grell asked the Board to respond to Mr. Wasiak with any input for any 2021 Board education topics.

ANNUAL BOARD
MEMBER TRAVEL
REPORT

Mr. Grell announced that the Annual Board Member Travel Report was given to any Board Member or Designee who traveled at the cost of PSERS.

STRATEGIC ASSET
ALLOCATION BOARD
EDUCATION

Ms. Claire Shaughnessy, AON, gave a 60-minute presentation on Asset/Liability Study. Members and Designees in attendance received 1 hour of Education Credit.

HOP PDP TRAINING

Mr. Camacci introduced Ms. Rigby, Bluepeak Advisors, who gave a 30-minute Board education presentation on General Compliance and Fraud,

Waste & Abuse training for the Health Options Program Prescription Drug Plan. A discussion followed. Members and designees attending the educational presentation were noted in the Board Education Log.

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the Health Care Committee meeting held on September 14, 2020.

PRESENTATIONS

Ms. Lemmo reported that Mr. Camacci gave presentation on HOP Eligibility and Enrollment changes

RESOLUTION 2020-35

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby adopt the proposed changes to the Health Options Program Eligibility and Enrollment Policy of the Public School Employees Retirement Board, pursuant to the recommendation of Mr. Peter Camacci, Director, Health Insurance Office, contained in the memorandum dated September 9, 2020, SUBJECT: Health Options Program Eligibility and Enrollment Policy, and contained in Attachment A. Ms. Vogler seconded the motion, which passed unanimously.

APPEALS AND MEMBER/EMPLOYER SERVICES COMMITTEE REPORT

Ms. Beck reported on the meeting held on October 8, 2020.

MINUTES

Ms. Beck stated that the Committee approved the minutes of the August 6, 2020 meeting.

ACCOUNT OF CAROL L. HOLLERN

Ms. Beck moved in the Account of Carol L. Hollern, that the Committee recommend that the Board grant PSERS' Motion for Judgment and dismiss Claimant's appeal. Mr. Davis seconded the motion, which passed unanimously.

ESRC REPORTS

Ms. Beck reported that the Committee reviewed the Executive Staff Review Committee Reports from August 14, 2020.

BUDGET/FINANCE COMMITTEE REPORT

Ms. Connors reported on the Budget/Finance Committee meeting held on October 8, 2020.

MINUTES APPROVED

Ms. Connors reported that the Committee approved the minutes from December 6, 2019

PRESENTATIONS

Ms. Connors reported that Mr. Carl and Mr. Fiscus presented the Fiscal Year 2021-22 Administrative, Defined Contribution, Investment-Related and Directed Commissions Budget Requests, and Mr. Carl presented the June 30, 2020 and 2019 Financial Statements, which resulted in the following action items.

RESOLUTION 2020-36 FY 2021/22 BUDGET

Ms. Connors moved, that the Public School Employees' Retirement Board (the "Board") approve:

1. The 2021-22 Administrative Budget, not to exceed \$52,906,000, subject to adjustments by the Governor's Budget Office or the General Assembly
2. The 2021-22 Investment Related Expenses Budget, not to exceed \$34,800,000
3. The 2021-22 Defined Contribution Budget, not to exceed \$955,000, subject to adjustments by the Governor's Budget Office
4. The 2021-22 Health Insurance Account (Premium Assistance) Administrative Budget, not to exceed \$2,004,000
5. The 2021-22 Health Options Program Administrative Budget, not to exceed \$1,354,000 and;
6. The 2021-22 Directed Commissions Recapture Program Budget, not to exceed \$2,000,000, subject to adjustments by the Governor's Budget Office or the General Assembly, for the Public School Employees' Retirement System as more particularly set forth in the attached summaries.

Mr. Shaughnessy seconded the motion, which passed unanimously.

RESOLUTION 2020-37
FINANCIAL STATEMENTS
AND RATIFICATION OF
PAYMENTS

Ms. Connors moved, that the Public School Employees' Retirement Board (the "Board") accept the June 30, 2020 and 2019 Financial Statements prepared by the Public School Employees' Retirement System's Office of Financial Management and ratifies all payments that are reflected in the June 30, 2020 and 2019 Financial Statements. Mr. Davis seconded the motion, which passed unanimously.

AUDIT/COMPLIANCE COMMITTEE REPORT

Representative Ryan reported on the meeting held on October 8 and October 9, 2020.

MINUTES

Representative Ryan stated that the Committee approved the minutes of the August 4, 2020 meeting.

EXECUTIVE SESSION

Representative Ryan reported that an Executive Session was held to discuss the Financial Audit Results.

RESOLUTION 2020-38
INDEPENDENT
AUDITORS' REPORT

Representative Ryan moved, that the Public School Employees' Retirement Board (the "Board") approve the accompanying Independent Auditors' Report prepared for the Public School Employees' Retirement System by CliftonLarsonAllen, LLP, for the fiscal year ended June 30, 2020. Mr. Shaughnessy seconded the motion, which passed unanimously.

PRESENTATIONS

Representative Ryan stated that Ms. Lanius presented an Audit plan update for FY 20/21; a travel expense review update; and a Bylaws update for the Audit/Compliance committee. Ms. James gave an overview of Investment Compliance Monitoring, and Ms. Mills gave an information only review of Employer Reporting.

PERSONNEL COMMITTEE REPORT

Ms. Vogler reported on the meeting held on October 8, 2020.

MINUTES

Ms. Vogler stated that the Committee approved the minutes of the August 6, 2020 meetings.

EXECUTIVE SESSION

Ms. Vogler reported that an Executive Session was held to discuss the Executive Director's Evaluation.

INVESTMENT COMMITTEE REPORT

Mr. Davis reported on the meeting held on October 8 and October 9, 2020.

MINUTES

Mr. Davis stated that the Committee approved the minutes of the August 6, 2020 meeting.

PRESENTATIONS

Mr. Davis stated that Mr. Grossman gave presentations on, PSERS Fund and Market Overview, Greenoaks Capital Opportunities Fund III, L.P., Polaris Capital Fund V, L.P., and Insight Opportunities Fund I, L.P. Mr. Shank and Mr. Sheva gave a presentation on Tail Risk Hedging Policy.

Mr. Davis reported that an Executive Session was held to discuss Insight Opportunities Fund I, L.P.

Mr. Davis presented the following action items:

RESOLUTION 2020-39

Mr. Davis 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 Greenoaks Capital Opportunities Fund III LP (and/or related investment vehicles), in accordance with the recommendation of Patrick G. Knapp, Portfolio Manager, and Darren C. Foreman, Director, dated September 21, 2020 and Hamilton Lane, dated June 15, 2020. 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. Shaughnessy seconded the motion, which passed with three opposed, being Representative Ryan, Mr. Ebright on behalf of Treasurer Torsella and Mr. Flannigan on behalf of Acting Secretary Vague.

RESOLUTION 2020-40

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed a combined ¥ 10.6 billion (~\$100 million) plus reasonable normal investment expenses, in Polaris Fund V, L.P., (and/or related investment vehicles), in accordance with the recommendation of Luke M. Jacobs, Portfolio Manager and G. Anthony Meadows, Senior Investment Professional, dated September 21, 2020 and Hamilton Lane, dated August 20, 2020. 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.

RESOLUTION 2020-41

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed \$168.75 million plus reasonable normal investment expenses, in Insight Partners Opportunities Fund I, L.P., (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Director, Luke M. Jacobs, Portfolio Manager, and G. Anthony Meadows, Senior Investment Professional, dated September 21, 2020 and Hamilton Lane, dated August 20, 2020. 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. Shaughnessy seconded the motion, which passed with three opposed being, Representative Ryan, Mr. Ebright on behalf of Treasurer Torsella, and Mr. Flannigan on behalf of Acting Secretary Vague

EXECUTIVE SESSION

EXECUTIVE SESSION

At 10:14 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 Items listed on today's agenda, namely a Deep Executive Session of the Board and their 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, and Quasi-judicial matters.

Mr. DiTullio moved that the Board enter Executive Session, Ms. Connors seconded the motion, which passed unanimously.

The regular session resumed at 10:34 A.M.

CHIEF FINANCIAL OFFICER'S REPORT

CFO REPORT

Mr. Carl presented his Chief Financial Officer's Report, which included: State share of PSERS contributions FY21/22, Significance of Employer Payroll Growth, Member Risk Share Measurement, and other finance-related activities.

CHIEF COUNSEL'S REPORT

EXECUTIVE SESSION

At 3:03 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 an Executive Session to discuss the items listed on today's agenda, namely a Withdrawal Liability. 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, and Quasi-judicial matters.

Mr. SantaMaria moved that the Board enter Executive Session, Mr. Davis seconded the motion, which passed unanimously.

The regular session resumed at 4:08 P.M.

DEPUTY EXECUTIVE DIRECTOR'S REPORT

DED REPORT

Ms. Mills gave her Deputy Executive Director's Report, which included: updates on retirement applications received and processed, DC plan statistics, DC plan elections, and investment returns.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell stated that he attended the following:
August 10-12, NASRA Annual Conference - Virtual
August 24-28, The Pension Bridge Meeting – Virtual
August 27, NCTR Executive Committee Meeting - Virtual
September 11, Board orientation for Secretary Ortega
October 2, Voya Client Summit – Virtual

Mr. Grell reported that he will be a panelist or attend the following:
October 12-14, NCTR Annual Conference – Virtual
October 22, FPA of Central PA Presentation
November 9, NIRS Visionary Circle Meeting - Virtual
November 9-24, PAPERS Conference – Virtual
November 12, MIU IV Superintendent Advisory Council Presentation Grove City – Virtual

Mr. Grell reported on current issues, including: Remote Working Policy, Withdrawal Liability, HB 1964 Investment Fee Reporting, HB 1962, HB 1996 Board Governance and SB 810 on IT consolidation, Board Governance Review Preparation and Board Elections. Mr. Grell also gave an update on PSERS Agency Goals and the goal tracker.

ADJOURNMENT

Chairman SantaMaria adjourned the meeting at 4:48 P.M.

NEXT MEETING

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on December 3, 2020, via MS Teams at PSERS' Headquarters, 5 N. 5th Street, Harrisburg, PA.

Date 11/23/2020

Approved 
Glen R. Grell Executive Director

Date 4/19/2021

Approved 
Glen R. Grell, Executive Director