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

Regular Meeting
Minutes
Thursday, December 3, 2020
11:42 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. John M. Callahan for
Nathan Mains
Mr. Patrick Lord for
Acting Secretary Noe Ortega
Mr. Patrick Shaughnessy for
Representative Matthew Bradford
Mr. Lloyd Ebright for
Treasurer Joseph M. Torsella
Mr. Alan Flannigan for
Secretary Richard Vague
Ms. Melva S. Vogler

Others Present
Ms. Anne Baloga
Mr. James Bloom
Ms. Susan Boyle
Mr. Thomas Clancy
Ms. Suzanne Dugan, Cohen Milstein
Mr. Rick Funston, Funston Advisory Services
Mr., Randall Miller, Funston Advisory Services
Mr. Justin Mitchell, Buyouts Insider
Ms. Jill Vechio

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
Ms. Jackie Lutz
Mr. Gene Meadows
Ms. Rachel Miller
Ms. Jennifer Mills
Mr. Antonio Parisi
Mr. Christopher Parks
Mr. Troy Peechatka
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. Wasiak, Jr.

CALL TO ORDER

Chairman SantaMaria called the meeting to order at 11:42 A.M. via MS Teams.

WELCOME GUESTS AND NEW EMPLOYEES

Jennifer Mills presented a public letter from Ms. Jaclyn Gaus regarding Retirement Code treatment of maternity leave and requested legislative attention. Mr. Jim Baker from Private Equity Stakeholders spoke about YES Communities and eviction proceedings during the COVID-19 pandemic..

MINUTES APPROVED

Mr. Shaughnessy moved to approve the minutes of the October 9, 2020 Board meeting. Ms. Connors seconded the motion, which passed unanimously.

UNFINISHED BUSINESS

BOARD GOVERNANCE

Rick Funston and Randy Miller from Funston Advisory Services gave a presentation on the governance project.

EXECUTIVE SESSION

At 12:22 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 the Board Governance Consultant RFP. 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.
Ms. Vogler moved that the Board enter Executive Session, Mr. Flannigan seconded the motion, which passed unanimously.

The regular session resumed at 12:58 P.M.

NEW BUSINESS

2021 BOARD EDUCATION

Executive Director Grell announced that the Board Education Plan for 2021 has been posted in the Diligent Resource Center.

BOARD EDUCATION

Ms. Susan Oh led a two hour panel discussion on ESG featuring Ms. Janin Guillot, CEO of SASB, Ms. Meredith Jones,Head of ESG for Aon,Mr. Andrew Palmer, CIO Maryland State Retirement, and Ms. Deborah NG,OTPP. Members and designees present were given credit in the Educational Log.

APPEALS AND MEMBER/EMPLOYER SERVICES COMMITTEE REPORT

Ms. Beck reported on the meeting held on December 2, 2020.

MINUTES

Ms. Beck stated that the Committee approved the minutes of the October 8, 2020 meeting.

ACCOUNT OF GEORGIANA GAMBERONI

Ms. Beck moved in the account of Georgiana Gamberoni, that the Board adopt the Hearing Examiner's opinion and recommendation and deny Claimant's appeal with the five modifications noted in the draft Board order. Ms. Vogler seconded the motion, which passed unanimously.

ACCOUNT OF MIREK CHMIELEWSKI

Ms. Beck moved in the account of Mirek Chmielewski, that the Board deny 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 September 23 and October 28, 2020.

HEALTH CARE COMMITTEE REPORT

Ms. Lemmo reported on the Health Care Committee meeting held on December 2, 2020.

MINUTES

Ms. Lemmo stated that the Committee approved the minutes of the September 14, 2020 meeting.

PRESENTATION

Ms. Lemmo stated that Mr. Camacci presented the 2021 HOP Budget.

RESOLUTION 2020-47

Ms. Lemmo moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed Health Options Program Budget and two supplemental budgets for the sponsor's Administrative and Medicare Prescription Drug Program (PDP) for the Plan Year 2021 in the aggregate amount of $500,558,000 as recommended by Peter Camacci, Director, Health Insurance Office, in the Memo dated November 17, 2020, SUBJECT: Proposed 2021 Health Options Program Budget, and contained in Attachment A. Ms. Vogler seconded the motion, which passed unanimously.

BYLAWS/POLICY COMMITTEE REPORT

Mr. Shaughnessy reported on the Bylaws/Policy Committee meeting held on December 2, 2020.

MINUTES APPROVED

Mr. Shaughnessy reported that the Committee approved the minutes from the December 5, 2019 and July 28, 2020 meetings.

PRESENTATIONS

Mr. Shaughnessy reported that Mr. Wasiak presented a change to the Statement of Organization, Bylaws, and Other Proceedures. Mr. Wasiak also led a discussion on the Travel Policy which was tabled until a future meeting.

RESOLUTION 2020-48

Mr. Shaughnessy moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the changes to the Statement of Organization, Bylaws, and Procedures, Section 4.2.(b) Audit/Compliance Committee, pursuant to the recommendation of Joseph E. Wasiak, Jr., Deputy Executive Director, contained in the memorandum dated November 16, 2020, SUBJECT: Bylaws Changes. Representative Ryan seconded the motion, which passed unanimously.

AUDIT/COMPLIANCE COMMITTEE REPORT

Representative Ryan reported on the meeting held on December 2, 2020.

MINUTES

Representative Ryan stated that the Committee approved the minutes of the October 8 and 9, 2020 meetings.

PRESENTATIONS

Representative Ryan reported that Ms. Lanius gave an Audit Plan update and a review of the Travel Expense report. Mr. Sheva and Ms. James gave a presentation on Investment Compliance Monitoring.

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

EXECUTIVE SESSION

Representative Ryan reported that an Executive Session was held to discuss the Investment Compliance Review.

ELECTIONS COMMITTEE REPORT

Mr. Lord reported on the meeting held on December 2, 2020.

MINUTES

Mr. Lord stated that the Committee approved the minutes of the December 5, 2019 meeting.

ELECTION

Mr. Lord notified the Committee that Mr. Christopher SantaMaria ran unopposed and was elected by acclamation to a three-year term as an Active Certified member, whose term runs from January 1, 2021 through

December 31, 2023. Mr. Grell, as Secretary of the Board, certified this to be true.

INVESTMENT COMMITTEE REPORT

Mr. Davis reported on the meeting held on December 2, 2020.

MINUTES

Mr. Davis stated that the Committee approved the minutes of the October 8, 2020 meeting.

PRESENTATIONS

Mr. Grossman gave a PSERS Fund and Market Overview presentation. Messrs. Spiller, Snyder & Bauer gave a Review of Investment Manager Fees presentation. Mr. Grossman gave a brief presentation on the Investment Policy Statement, Objectives, and Guidelines. Mr. Grossman gave a brief presentation on Sixth Street Specialty Lending Europe II, L.P. Mr. Grossman gave a brief presentation on Valar Velocity Fund 2 LP. Messrs. Devine, Shaffer, Derr and Getz gave a brief presentation on the Fixed Income Asset Class Review. Mses. Oh and Chen gave a brief presentation on the Risk Parity, Foreign Currency Hedging and Strategic Implementation Asset Class Review. Mr. Grossman gave a preview of future Investment Committee meetings.

Mr. Davis presented the following action items:

RESOLUTION 2020-49

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby adopts the proposed changes to Sections VI. Asset Allocation and VII. Performance Objectives of the Investment Policy Statement for the Public School Employees' Retirement System pursuant to the recommendation of Joseph W. Sheva, Senior Risk Manager, dated November 30, 2020. Mr. DiTullio seconded the motion, which passed unanimously.

RESOLUTION 2020-50

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed $125 million plus reasonable normal investment expenses, in Sixth Street Specialty Lending Europe II, L.P. (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated November 16, 2020 and Aksia, LLC dated November 3, 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 two opposed, being Representative Ryan and Mr. Ebright on behalf of Treasurer Torsella.

RESOLUTION 2020-51

Mr. Davis moved, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount not to exceed $30 million plus reasonable normal investment expenses, in Valar Velocity Fund 2 LP, (and/or related investment vehicles), in accordance with the recommendation of Patrick G. Knapp, Portfolio Manager and Luke M. Jacobs, Portfolio Manager, dated November 16, 2020 and Hamilton Lane, dated November 9, 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. DiTullio seconded the motion, which passed with two opposed being, Representative Ryan and Mr. Ebright on behalf of Treasurer Torsella, and one recusal, being Mr. Flannigan on behalf of Secretary Vague

BUDGET/FINANCE COMMITTEE REPORT

Ms. Connors reported on the Budget/Finance Committee meeting held on December 3, 2020.

MINUTES APPROVED

Ms. Connors reported that the Committee approved the minutes from October 8, 2020

PRESENTATIONS

Ms. Connors reported that Mr. David Driscoll, Mr. Ed Quinn and Mr. Sal Nakar from Buck Consultants, presented the June 30, 2020 Actuarial Valuation. and Mr. Carl presented the Pension Funding and Employer Contribution Rates, which resulted in the following action item.

RESOLUTION 2020-52

Ms. Connors moved, that the Public School Employees' Retirement Board (the "Board") hereby accepts the June 30, 2020 actuarial valuation report prepared

by Buck, and adopts the actuarial factors, assumptions, and methodologies contained therein, which result in an employer contribution rate of 34.94% for Fiscal Year July 1, 2021 through June 30, 2022.

RESOLVED FURTHER, that the Board certifies and retains the current T-E member contribution rate of 7.5%, T-F member contribution rate of 10.3%, TG member contribution rate of 8.25% (Defined benefit rate 5.50%; DC rate 2.75%) and TH member contribution rate of 7.5% (Defined benefit rate 4.50%; DC rate 3.00%) for the three-year period from July 1, 2021 to June 30, 2024 in accordance with the Shared Risk provisions of PSERS' retirement code.

Mr. Shaughnessy seconded the motion, which during discussion led to a motion by Representative Ryan to split the resolution into two. It was seconded by Mr. Callahan, the motion to split was defeated 10-4. The original motion passed with three abstentions being Representative Ryan, Mr. Ebright on behalf of Treasurer Torsella, and Mr. Flannigan on behalf of Secretary Vague.

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 4:20 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. Miron moved that the Board enter Executive Session, Ms. Lemmo seconded the motion, which passed unanimously.

The regular session resumed at 5:18 P.M.

DEPUTY EXECUTIVE DIRECTOR'S REPORT

DED REPORT

Ms. Mills gave her Deputy Executive Director's Report, which included updates on the CEM engagement survey and an update on PSERS online videos and training.

EXECUTIVE DIRECTOR'S REPORT

ED REPORT

Mr. Grell stated that he attended the following:
October 12-14, NCTR Annual Conference – Virtual
October 22, FPA of Central PA Presentation - Virtual
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 that he will be a panelist or attend the following:
February 2-3 NCPERS Annual Conference – Virtual

Mr. Grell reported on current issues, including: Covid 19 preparedness and planning for PSERS headquarters and the Board Member election that runs from December 11-31. Mr. Grell also thanked the Election Group that created a mailing database for the School Board Member election.

ADJOURNMENT

Chairman SantaMaria adjourned the meeting at 5:38 P.M.

NEXT MEETING

The next regularly scheduled meeting of the Public School Employees' Retirement Board will be held on January 14, 2021, via MS Teams at PSERS' Headquarters, 5 N. 5th Street, Harrisburg, PA.

Date 12/31/2020 Approved _____
Glen R. Grell Executive Director