



# Public School Employees' Retirement Board

## Board Meeting Minutes

December 17, 2021

Call to Order: Christopher Santa Maria, Board Chair, called the meeting to order at 2:46 P.M. from the PSERS Board Room and via MS Teams.

### Board Members Present:

Christopher Santa Maria, Chair	Stacey Connors for Sen. Patrick Browne	Nathan Mains (out @ 4:00)
Rep. Frank Ryan, Vice-Chair	Jason Davis	Sen. Katie Muth
Deborah Beck	Eric DiTullio	Patrick Lord for Sec. Noe Ortega
Patrick Shaughnessy for Rep. Matt Bradford (out @4:37)	Treas. Stacy Garrity	Joe Torsella (out @ 4:30)
	Susan Lemmo	Sec. Richard Vague (out @ 4:11)
		Melva Vogler

### Others Present:

Maria Alfaro, Public Comment (out @ 2:57)	John Callahan	Alan Flannigan (out @ 4:11)
Anne Baloga	Mellissa Chang, PE Stakeholders (out @ 2:57)	Ed Quinn, Buck
James Bloom	Thomas Clancy	Julie Reynolds, NewsGuild-CWA (out @ 3:01)
Susan Boyle	Christopher Craig	Jill Vecchio
Mark Brubaker, Verus	Lloyd Ebright	

### Staff Present:

Connie Billett	Darren Foreman	Jason Kuntz
Peter Camacci	Mei Gentry	Stephanie Lanius
Brian Carl	Glen Grell	Jennifer Mills
Manaswita Dandapat	James Grossman	Gene Robison
Tivia Danner	Steve Hocker	Sean Sarraf
James DelGaudio	Bev Hudson	Chuck Serine
Bob Devine	Luke Jacobs	Charles Spiller
Mercedes Evans	Denise Knapp	Laura Vitale
Andrew Fiscus	Mike Kondas	Caitlin Witmer

## 8.1 Acceptance of Published Agenda or Amendments

Rep. Frank Ryan moved to accept the published agenda. Patrick Shaughnessy seconded the motion, which passed unanimously.

## 8.2 Approval of Minutes from October 8, 2021

Melva Vogler moved to approve the minutes of the October 8, 2021, meeting as corrected. Rep. Frank Ryan seconded the motion, which passed unanimously.

### 8.3 Minutes from Special Board Meetings

Melva Vogler moved to approve the minutes from the following Special Board Meetings. Rep. Frank Ryan seconded the motion, which passed unanimously.

October 27, 2021

November 10, 2021

November 18, 2021

December 9, 2021

### 8.4 Public Comment – Private Equity Stakeholders

At 2:47 P.M., Mellisa Chang, Private Equity Stakeholder Project and Maria Alfaro, provided comments regarding PSERS investment in PAI Partners Funds. Presentation located in Diligent Board Book.

At 2:57 P.M., Julie Reynolds, NewsGuild-CWA, provided comments regarding Cerberus Capital management and Alden Global Capital. Presentation located in Diligent Board Book.

### 8.5 Introduction of New Employees – Glen Grell

Presentation located in Diligent Board Book.

### 8.6 Old Business

#### Action Items –

8.6.1 Glen Grell reported a notational ballot process for Sixth Street Opportunities Fund V was commenced on 10/15, and ran through 11/19, upon which the votes were tabulated, by the Board Liaison and verified by the Executive Director. Mr. Grell confirmed the votes were nine (9) in favor, with five (5) opposed being Patrick Shaughnessy on behalf of Rep. Matt Bradford, Sen. Katie Muth, Rep. Frank Ryan, Joe Torsella, and Sec. Richard Vague.

**Resolution 2021-63** Re: Sixth Street Opportunities Partners V (A), L.P.

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed \$150 million plus reasonable normal investment expenses, in Sixth Street Opportunities Partners V (A), L.P. (and/or related investment vehicles), in accordance with the recommendations of James F. Del Gaudio, Senior Portfolio Manager dated September 20, 2021, and Aksia, dated September 16, 2021. 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.

8.6.2 Glen Grell reported a notational ballot process for Brookfield Strategic Real Estate Partners IV, L.P. was commenced on 10/15, and ran through 11/19, upon which the votes were tabulated, by the Board Liaison and verified by the Executive Director. Mr. Grell confirmed that the votes were thirteen (13) in favor, with two (2) opposed being Sen. Katie Muth and Joe Torsella.

**Resolution 2021-64** Re: Brookfield Strategic Real Estate Partners IV, L.P.

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed \$300 million plus reasonable normal investment expenses, in Brookfield Strategic Real Estate Partners IV L.P., (and/or related investment vehicles) in accordance with the recommendations of Melissa A. Quackenbush, Senior Portfolio Manager, and Cody E. Steele, Intermediate Investment Professional, dated May 5, 2021 and updated as of October 11, 2021, and Hamilton Lane, dated March 8, 2021. 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.

## 8.7 New Business

### 8.7.1 Action Item –

**Resolution 2021-67** Re: Board Trustee Deborah Beck

Whereas Deborah Beck has served on the Public School Employee’s Retirement System Board since first elected in 2013, as an Active Non-Certified Member of the System; and

Whereas Ms. Beck has served with distinction in many capacities, including Chair of the Appeals and Member/Employer Services Committee; and

Whereas Ms. Beck did not seek reelection to the Board in 2021, with her service on the Board ending December 31, 2021;

Now therefore **RESOLVED**, that the Public School Employees’ Retirement Board recognizes with gratitude for service of Deborah Beck as a Public School Employees’ Retirement System Board Trustee since 2013 and offers best wishes for her in her future endeavors.

Christopher Santa Maria moved, and Nathan Mains seconded the motion, which passed unanimously.

Deborah Beck read the following statement:

*“I want to thank everyone for their support & teamwork. It has been my honor to represent the current & future annuitants as I move closer to my own retirement.*

*I take great comfort knowing that PSERS is an incredibly well-run organization, with dedicated and honorable staff & employees.*

*I have witnessed how PSERS has worked as a well-oiled machine with the various departments taking pride in other departments & asset management's successes.*

*I have great respect for all of the people who work at PSERS, especially Glen Grell, Jim Grossman and also Charlie Spiller, who I wish them well in their retirement.*

*As the PSERS organization moves forward, I wish them all great success.*

*I have enjoyed all of the members of the Board and wish them well as they heal from the chaos.*

*Thank you to everyone on the Board & the entire PSERS organization for allowing me to have a voice at the table.”*

### 8.7.2 Executive Session

At 3:10 P.M., Glen Grell, Executive Director, 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 discussion regarding vacant executive positions. According to Section 708(a) of the Sunshine Act, 65 Pa. C.S. 708(a), we are going into Executive Session to discuss personnel matters.” Rep. Frank Ryan moved, and Patrick Shaughnessy seconded the motion, which passed unanimously. Regular session resumed at 3:38 P.M.

## 8.8 Executive Session Fiduciary Counsel - none

### 8.9.1 Audit/Compliance Committee Report

Rep. Frank Ryan reported on the Audit/Compliance Committee meeting held on December 16, 2021.

Rep. Frank Ryan stated that the Committee approved the minutes of the October 7, 2021, Committee meeting and the October 13, November 3, November 10, November 18, and December 9, 2021, Special meetings.

Rep. Frank Ryan Davis reported on the following:

Mei Gentry with Mark Brubaker, Verus, provided an update on the Internal Audit Plan Progress.

Alicia James provided an overview of the Investment Compliance Program.

Rep. Frank Ryan reported the Committee held an Executive Session to discuss the Investment Compliance Review Report with Constellation and the Management Action Plan Status Report with Mei Gentry and Stephanie Lanius.

**Action Item –**

**Resolution 2021-68** Re: Investment Compliance Review Report

**RESOLVED**, that Public School Employees' Retirement Board (the "Board") hereby accepts the Investment Compliance Review Report, Dated November 22, 2021, pursuant to the recommendation of Alicia E. James, Investment Compliance Manager.

Rep. Frank Ryan moved, and Treas. Stacy Garrity seconded the motion, which passed unanimously.

## 8.9.2 Budget/Finance Committee Report

Stacey Connors reported on the Budget/Finance Committee meeting held on December 16, 2021.

Stacey Connors stated that the Committee approved the minutes of the October 7, 2021, meeting.

Stacey Connors reported on the following:

David Driscoll, Edward Quinn, and Salvador Nakar, Buck Global LLC, presented the June 30, 2021, Actuarial Valuation Results and Certification of ECR.

Brian Carl presented material on the Pension Funding and Employer Contribution Rates.

**Action Item –**

**Resolution 2021-69** Re: Actuarial Valuation Results and Certification of FY 2022-23 Employer Contribution Rate **RESOLVED**, that the Budget/Finance Committee of the Public School Employees' Retirement Board (the "Board") hereby recommends the Board to accept the June 30, 2021, actuarial valuation report prepared by Buck Global, LLC and adopts the actuarial factors, assumptions, and methodologies contained therein, which result in an employer contribution rate of 35.26% for Fiscal Year July 1, 2022, through June 30, 2023.

Stacey Connors moved, and Jason Davis seconded the motion, which passed unanimously.

## 8.9.3 Health Care Committee Report

Susan Lemmo reported on the Health Care Committee meeting held on December 16, 2021.

Susan Lemmo stated that the Committee approved the minutes of the August 5, 2021, meetings.

Susan Lemmo reported on the following:

Peter Camacci provided an overview of the Plan Year 2022 HOP Program Proposed Budgets for HOP and PDP.

Peter Camacci presented relevant HOP Program updates.

**Action Item –**

**Resolution 2021-70** Re: Health Care Committee 2022 Proposed HOP Budget

**RESOLVED**, 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 2022 in the aggregate amount of \$454,364,000 as recommended by Peter Camacci, Director Health Insurance Office, in the Memo dated December 1, 2021, SUBJECT: Proposed 2022 Health Options Program Budget, and contained in Attachment A.<sup>1</sup>

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<sup>1</sup> Health Care Committee Memo link available on [www.PSERS.pa.gov](http://www.PSERS.pa.gov) under Board Resolutions.

Susan Lemmo moved, and Melva Vogler seconded the motion, which passed unanimously.

## 8.9.4 Appeals and Member/Emp Svcs Committee Report

Deborah Beck reported on the Appeals and Member/Emp Svcs Committee meeting held on December 16, 2021. Deborah Beck stated that the Committee approved the minutes of the August 5, 2021, meeting.

### Action Items –

Deborah Beck moved in the account of Como (Docket No. 2019-05), that the Board adopt the Hearing Examiner’s opinion and recommendation and deny Claimant’s request for oral argument. Melva Vogler seconded the motion, which passed unanimously.

Deborah Beck moved Docket No. 2020-01, that the Board adopt the Hearing Examiner’s opinion without modification, as well as accepted the Hearing Examiner’s recommendation to clarify the Special Sick Leave policy as permissible under the School Code. Eric DiTullio seconded the motion, which passed unanimously.

Debbie Beck reported that the Committee reviewed the Executive Staff Review Committee reports for July 30, 2021, August 27, 2021, and September 27, 2021.

## 8.9.5 DC Plan Committee Report

Alan Flannigan reported on the DC Plan Committee meeting held on December 16, 2021.

Alan Flannigan stated that the Committee approved the minutes of the October 8, 2021, meeting.

Alan Flannigan reported the Committee held an Executive Session.

### Action Item –

**Resolution 2021-71** Re: Final report and Recommendation to the Board

**RESOLVED**, that the Public School Employees’ Retirement Board (the “Board”) hereby adopts the Final Report and Recommendation to the Board.

Alan Flannigan moved, and Jason Davis seconded the motion, which passed unanimously.

## 8.9.6 Investment Committee Report

Jason Davis reported on the Investment Committee meeting held on December 17, 2021.

Jason Davis stated that the Committee approved the minutes of the October 6 and 7, 2021 meeting, and the September 1, 2021, Special meeting.

Jason Davis reported on the following from the Committee meetings:

Charles Spiller, CIO, Non-Traditional Investments will retire effective March 11, 2022.

Announcement of the Investment Office Internship Program for five (5) interns during the summer of 2022 and acknowledged Cody Steele for leading the program organization.

Acknowledgements for Investment Office Professional Accomplishments:

Zachary Reinhart received CFA Level 2.

Cody Steele received CFA Level 1, CAIA Level 2 and the CAIA Designation.

James Del Gaudio – Invited by ILPA to participate on a working group focused on updating the global ILPA Due Diligence Questionnaire and the creating a Private Credit DDQ module with questions specific to the Private Credit asset class

Susan Oh – Conference Speaking Engagement at Evolve Investment Summit – Panel on “Metrics Matter: Quantifying ESG Investment Impact; The 5<sup>th</sup> Annual Private Equity and Secondaries Investor Summit and Examining Effective ESG Strategies Panel. Co-hosted an Association of Asian American Investment Manager’s AAAIM High Emerging Leader Initiative Podcast

Darren Foreman – Conference Speaking Engagement at The 5<sup>th</sup> Annual Private Equity and Secondaries Investor Summit – Public Pension Private Equity Directors Roundtable

Chris Baker – S&P Dow Jones Indices U.S. Institutional Advisory Panel meeting on Nov. 18 where several large indexing managers were invited to provide an opinion on proposals to modify the S&P Index Methodology by the S&P Index Committee

Christine Steever – Completed CAIA Course: Fundamentals of Alternative Investments

Robert Devine, Interim Chief Investment Officer, gave a PSERS Investment Dashboard overview.

Claire Shaughnessy, Aon, gave a presentation on the Third Quarter Performance.

Michael Kondas and Angela Chen gave a presentation on Traditional Investments – QRS-FX Hedging, SIP and Tail Risk.

Jarid Snyder gave a presentation on Investment Manager Fees.

Claire Shaughnessy and Phil Kivarkis, Aon, gave a presentation on the Asset/Liability Study, Stress Testing, and Liquidity Analysis.

#### **Action Items –**

##### **Resolution 2021-72** Re: Investment Policy Statement

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby adopts the 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 memo from Joseph W. Sheva, Director - Risk and Compliance, dated December 2, 2021.

Jason Davis moved, and Sec. Richard Vague seconded the motion, which passed with one opposed being Eric DiTullio.

Sean Barber, TC Rolfstad, and John Stake, Hamilton Lane, gave a presentation on Pacing Studies for Private Equity, Real Estate, and Infrastructure. Dylan Herman and Patrick Adelsback, Aksia, gave a presentation on Pacing Studies for Private Credit.

##### **Resolution 2021-73** Re: Bain Capital Special Situations Asia II, L.P.

**RESOLVED**, that the Public School Employees’ Retirement Board (the “Board”) hereby invests an amount not to exceed \$125 million, plus reasonable normal investment expenses, in Bain Capital Special Situations Asia II, L.P., (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated September 9, 2021, and Aksia, LLC dated August 13, 2021. 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.

Jason Davis moved, and Eric DiTullio seconded the motion, which passed with three opposed being Treas. Stacy Garrity, Sen. Katie Muth, and Joe Torsella, and one abstention being Nathan Mains.

##### **Resolution 2021-74** Re: ICG Europe Fund VIII SCSp

**RESOLVED**, that the Public School Employees’ Retirement Board (the “Board”) hereby accepts the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated April 29, 2021, and updated as of

November 17, 2021, and Hamilton Lane, dated April 16, 2021, to invest an amount not to exceed €200 million plus reasonable normal investment expenses, in ICG Europe Fund VIII SCSp (and/or related investment vehicles). 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.

Jason Davis moved, and Melva Vogler seconded the motion, which passed with two opposed being Patrick Shaughnessy on behalf of Rep. Matt Bradford and Sen. Katie Muth, and two abstentions being Nathan Mains and Joe Torsella.

**Resolution 2021-\_\_** Re: Keystone Partners LP

**RESOLVED**, that the Investment Committee of the Public School Employees' Retirement Board (the "Board") hereby recommends the Board to accept the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated April 26, 2021, and updated as of November 17, 2021, and Aksia, dated April 30, 2021, to invest an amount not to exceed \$250 million plus reasonable normal investment expenses, in Keystone Partners, L.P. (and/or related investment vehicles). 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.

Jason Davis moved, and Eric DiTullio seconded the motion.

Rep. Frank Ryan moved to table the resolution until the next Board meeting scheduled for January 13, 2022, with Treas. Stacy Garrity seconding the motion, which passed with one recusal being Joe Torsella.

**Resolution 2021-75** Re: Brookfield Global Transition Fund LP

**RESOLVED**, that the Public School Employees' Retirement Board (the "Board") hereby invests an amount up to \$300 million, plus reasonable and normal investment expenses, to Brookfield Global Transition Fund, L.P., (and/or related investment vehicles), in accordance with the recommendation of William P. Stalter, Senior Portfolio Manager, and Cody E. Steele, Intermediate Investment Professional, dated November 2nd, 2021, and Hamilton Lane, dated October 21st, 2021. 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.

Jason Davis moved, and Patrick Shaughnessy seconded the motion, which passed with one abstention being Sen. Katie Muth. Nathan Mains was absent for the vote.

Jason Davis reported the Committee held an Executive Session, with discussion led by James Grossman.

Robert Devine gave a preview of future Investment Committee meetings.

## 8.10 Chief Financial Officer's Report

Brian Carl presented Chief Financial Officer's Report through a slide deck, which included:

September 30, 2021, Financial Statements

PSERS' FY 221 Annual Comprehensive Financial Report (ACFR)

Actuarial Valuation Key Points

Other Finance-Related Activities:

- 2021 Public Pension Coordinating Council Public Pension Standards Award
- 1099s and Other Year-end Tax Correspondences

- Budget Hearing Preparations
- Finalize full June 30, 2021, Actuarial Valuation and Experience Study Reports
- GASB 68 (Pension) and GASB 75 (Prem. Asst) reporting
- November 2021 PA General Fund Revenues
- New CGFM

## 8.11 Office of Chief Counsel Report

Chuck Serine, Interim Chief Counsel, presented Office of Chief Counsel's Report, which included:

Update to the first of two Open Records Decisions that are in PSERS favor is the Philadelphia Inquirer request for information from January 2020 to present involved with the investigation. The initial determination was that PSERS did not have to provide documents but was issued a reconsideration that PSERS was required to provide information. PSERS rebriefed the issue and the OOR came back with and confirmed that PSERS did not have to disclose the information.

The second was the McCoy case asking for information for emails or documents between PSERS and PSEA concerning the risk share. There was one email PSERS objected to, and an appeal resulted. After further consideration the email was determined insignificant by PSERS so it was provided.

Update to the issue pertaining to the Blackhawk School District, and school psychologist Dr. Koch. PSERS received clarification of the school code that the position is a professional employee. PSERS is continuing investigation if the position was part time or other, deeming Dr. Koch as ineligible under PSERS System.

Legal invoices tracked by PSERS for the investigation is now being handled by OCC. OCC is working with the law firms to match their records and providing to the Treasurer's Office in order to be paid by the end of the year.

### Executive Session

At 4:35 P.M., Glen Grell, Executive Director, 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 chief counsel's report and in consultation with 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."

Melva Vogler moved, and Eric DiTullio seconded the motion, which passed unanimously. Regular session resumed at 4:55 P.M.

## 8.12 Deputy Executive Director of Administration Report

Bev Hudson presented Deputy Executive Director's Report through a slide deck, which included:

### Shared Services Progress to Date

- Implement Permanent Telework
- Finalize SOWs for Executive Search and Compensation Study Work
- Realign HR Services to Employee Life Cycle
- Plan for Third Party Hosted Data Center Transition
- Prioritize and Assess Security Assessment Action Items
- Begin Cyber Insurance Policy Renewal Process
- Plan for Future State ISO



## 8.13 Executive Director Report

Glen Grell presented Executive Director's Report through a slide deck, which included:

### Presentations/Events

- NCTR Annual Conference October 10-12
- PSERS Employee Recognition Awards October 19
- NIRS Visionary Circle Meeting November 9
- Presentation to MIU Superintendent Advisory Council Grove City November 10
- PAPERS Fall Conference November 9-10, 16

### Current Issues

- COVID-19 Permanent Telework Update
- Various Legislation
- Board Education Compliance Tracking
- 2020 Travel Expense Report
- Management Briefing on Funston Study Recommendations December 20
- Member Correspondence Re; COLA
- Liquidate Board's "Flower Fund" – Executive Director Glen Grell recommended that the proceeds from liquidating the Flower Fund balance of approximately \$150.00 be donated to the PSERS "Recreation Association (RA)" to support its employee morale events and charitable activities. Without objection, the Fund will be so liquidated.
- Board Room Holiday Décor and Carpet Replacement

Future Board Meeting – January 13, 2022

PSERS Agency Goals – 2021 Summary of Progress

## 8.14 Board Members Comments – none

## Adjournment

Without objection, the Board meeting adjourned at 5:20 P.M.

## Next Meeting

The next regularly scheduled meeting of the Public School Employee's Retirement Board will be held January 13, 2022, via MS Teams and in-person at PSERS' Headquarters, 5 North 5<sup>th</sup> Street, Harrisburg, PA.

DocuSigned by:  
*Glen Grell*  
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12/30/2021