
Time and Attendance of Board Meeting Held Wednesday, October 29, 2014

Date: 10/29/2014

Call to Order: 9:30 AM

Call to Order By: Honorable Glenn E. Becker, Chairman

Next meeting of SERS Board: 12/10/2014

Time Recessed

12:43 PM

Time Resumed

1:40 PM

Adjournment

1:45 PM

ATTENDEES:

Chairman

Honorable Glenn E. Becker

Board Member

Stephen S. Aichele

Robert A. Bittenbender

David R. Fillman

Dan B. Frankel

Robert W. Godshall

Robert M. McCord

Charles T. McIlhinney, Jr.

M. Joseph Rocks

Designee Appointed by Board Member

Charles Duncan for Senator Vincent J. Hughes

Bernie Gallagher for Representative Dan B. Frankel

Dan Ocko for Representative Dan B. Frankel

Ned Smith for Representative Robert W. Godshall

SERS Executive Staff

Thomas Brier

David E. Durbin

Anthony Faiola

Victoria Page-Wooten

Consultant

Ruowen Ji The Townsend Group

Anthony Johnson RV Kuhns & Associates, Inc.

Rob Kochis The Townsend Group

Michael McCabe StepStone Group LLC

Consultant

Jim Voytko

RV Kuhns & Associates, Inc.

Natalie Walker

StepStone Group LLC

SERS Administrative Staff

Rose Agnew

Dino Degennaro

Patricia Dence

Linda Engle

David Felix

Brandon Halm

Pamela Hile

Anthony Hines

William Hutcheson

Meredith Jones

David Kalman

Barbara Kiral

Cheryl Krchnar

Lauren Lenfest

N. Joseph Marcucci

Jeffrey McCormick

Mark McGrath

Jeffrey Meyer

Ryan Reed

Kyle Reinfeld

William Riegel

Steven Rosenberry

David Sedlak

Sharon Smith

Dave Tarsi

Joseph Torta

William Truong

Christian Yother

Visitor

Kim Aspenleider

Delaware Investments

Max Cooper

Arch Street Real Estate

Peter Cunningham

BNY Mellon

Steve Leming

Penn Capital Management

Sandy Leopold

PA Department of Treasury

Michael Viteri

Presenter

Steve Blazejewski	Prudential Senior Housing Partnership Fund V, LP
Cian Cotter	Insight Venture Partners IX, LP
Scott Sang-Won Hahn	Hahn & Company II, LP
Mark Lessing	Insight Venture Partners IX, LP
Noah Levy	Prudential Senior Housing Partnership Fund V, LP
Hank Midgley	Rockpoint Real Estate Fund V, LP
Pratish Patel	Hahn & Company II, LP
Larry Teitelbaum	Prudential Senior Housing Partnership Fund V, LP
William Walton	Rockpoint Real Estate Fund V, LP

Minutes of Board Meeting Held Wednesday, October 29, 2014

APPOINTMENT OF BOARD MEMBER, MR. T. TERRANCE REESE

Chairman Becker announced that a new Board Member, Mr. T. Terrance Reese, has been confirmed by the Senate to replace Mr. Oliver Mitchell, whose term expired in December 2013. He expects Mr. Reese at the December 2014 meeting.

RECOGNITION FOR OUTGOING BOARD MEMBER, MR. OLIVER C. MITCHELL, JR.

Chairman Becker recognized outgoing Board Member, Mr. Oliver C. Mitchell, Jr. He thanked Mr. Mitchell for his service on the board.

Mr. Fillman appreciated Mr. Mitchell's recalling the board to a focus on diversity, in all of its meanings, and what that can bring to each aspect of the system.

Motion: 2014-43

At the motion of the Chairman, the board unanimously agreed to recognize Oliver C. Mitchell, Jr. with a board resolution, read by David E. Durbin, a copy of which shall be filed with the minutes of the meeting (ATTACHMENT A).

CAPITAL MARKET REPORT

Messrs. Voytko and Johnson presented the report provided to the board (10/29/2014 board handouts).

STATEMENT OF INVESTMENT POLICY UPDATE

Mr. Johnson presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tabs 3, 4 and board handouts).

Motion: 2014-44

RESOLVED: That the board adopts the proposed revisions to SERS Statement of Investment Policy, Real Estate Statement of Investment Policy and Alternative Investments Statement of Investment Policy as set forth in ATTACHMENT B.

INVESTMENT ADVISOR MONITORING POLICY UPDATE

Mr. Johnson presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tab 5).

Motion: 2014-45

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board adopts the proposed Investment Advisor Monitoring Policy as set forth in ATTACHMENT C.

PIMCO UPDATE

Messrs. Johnson and McGrath presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tab 6). Mr. McGrath noted that a Fix Income discussion would be on a future agenda.

Chairman Becker thanked the RV Kuhns consultants for their input and for working so closely with the SERS Investment team.

REAL ASSETS ASSET CLASS REVIEW

Ms. Ji and Messrs. Kalman, Reinfeld and Kochis presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tabs 7 and 9).

REAL ASSETS INTERVIEWS

Prudential Senior Housing Partnership Fund V, LP
Rockpoint Real Estate Fund V, LP

Prudential Senior Housing Partnership Fund V, LP

Ms. Ji and Messrs. Kalman, Reinfeld, Kochis, Teitelbaum, Levy and Blazejewski presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tab 10).

Motion: 2014-46

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board commits up to \$50 million, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, to Prudential Senior Housing Partnership Fund V, L.P., as a follow-on investment within the Real Assets asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

Rockpoint Real Estate Fund V, LP

Ms. Ji and Messrs. Kalman, Reinfeld, Kochis, Walton and Midgley presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tab 11).

Motion: 2014-47

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board commits up to \$50 million, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, to Rockpoint Real Estate Fund V, L.P., as a follow-on investment within the Real Assets asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

ALTERNATIVE INVESTMENTS INTERVIEWS

Hahn & Company II, LP

Insight Venture Partners IX, LP

Hahn & Company II, LP

Mses. Lenfest and Walker and Messrs. McCabe, Hahn and Patel presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tab 12).

Motion: 2014-48

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board commits up to \$50 million, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, to Hahn & Company II, L.P., as an investment within the Alternative Investments asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

Insight Venture Partners IX, LP

Mses. Lenfest and Walker and Messrs. McCabe, Lessing and Cotter presented the report provided to the board (10/29/2014 Board Package, Investment Report, Tab 13).

Motion: 2014-49

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board commits up to \$50 million, plus investment expenses and pro rata share of partnership operating expenses, consistent with executed partnership documents, to Insight Venture Partners IX, L.P., as a follow-on investment within the Alternative Investments asset class, subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months.

MINUTES OF BOARD MEETING - SEPTEMBER 17, 2014

Chairman Becker noted that the minutes of the September 17, 2014 board meeting were provided to the board (10/29/2014 Board Package, Administrative Report, Tab 2).

Motion: 2014-50

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board approves the minutes of the September 17, 2014 board meeting.

CHANGES IN PLAN NET POSITION FOR PERIOD ENDING - AUGUST 31, 2014

Chairman Becker noted that the Statement of Changes in Plan Net Position for the period ending August 31, 2014 was provided to the board (10/29/2014 Board Package, Administrative Report, Tab 3).

Motion: 2014-51

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board accepts the State Employees' Retirement System's Statement of Changes in Plan Net Position for the period ending August 31, 2014.

AMENDMENT OF DEFERRED COMPENSATION PLAN DOCUMENT

Mr. Faiola presented the report provided to the board (10/29/2014 Board Package, Administrative Report, Tab 8).

Motion: 2014-52

By motion that was moved, seconded, and unanimously approved by board members, it was

RESOLVED: That the board authorizes and directs the Chairman to execute and deliver the Fifth Amended and Restated Deferred Compensation Plan for the Officers and Employees of the Commonwealth of Pennsylvania substantially in the form presented to the board (ATTACHMENT D), a copy of which shall be filed with the minutes of this meeting, with such additional changes as shall be reasonable and necessary, and in form satisfactory to SERS' Executive Director, Chief Financial Officer and Chief Counsel.

EXECUTIVE SESSION AND MEETING RECESS

At 12:43 p.m., the board recessed and entered executive session to receive legal advice on executive session agenda items, as attached (ATTACHMENT E). The meeting resumed at 1:40 p.m.

AUDIT COMMITTEE MEMBERS' REAPPOINTMENTS

Mr. Durbin noted the reappointments to the Audit Committee. Senator Hughes will continue to serve on the committee; his term will be from January 1, 2015 through December 31, 2017. Mr. Bittenbender has served on the committee beyond the expiration of his first term and is in his second term which will end on December 31, 2016.

BOARD ADJUDICATION

Mr. Durbin provided the board with the following information on the results of the notational ballots regarding Board Adjudication.

Account of John D. Stouder (Deceased)

Docket No. 2013-12

Claim of Maria L. Stouder

ADMINISTRATIVE UPDATE

Mr. Durbin presented the report provided to the board (10/29/2014 Board Package, Administrative Report, Tab 9).

LEGISLATIVE UPDATE

Mr. Durbin presented the report provided to the board (10/29/2014 Board Package, Administrative Report, Tab 10). He noted that since the report went out, the House concurred with the Senate amendments on House Bill 201 and it was signed by the governor.

FINAL 2015 BOARD MEETING DATES

Mr. Durbin referenced the above-mentioned schedule provided to the board (10/29/2014 Board Package, Administrative Report, Tab 11). These board meeting dates are final for 2015: January 21, March 11, April 29, June 10, July 22, September 16, October 28 and December 9.

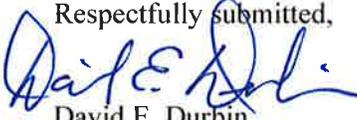
NEXT BOARD MEETING - DECEMBER 10, 2014

Chairman Becker noted that the next regular meeting of the SERS board is scheduled for December 10, 2014.

MOTION TO ADJOURN

Motion: 2014-53

By motion of Chairman Becker, the board unanimously agreed to adjourn the meeting at 1:45 p.m.

Respectfully submitted,

David E. Durbin
Executive Director

Commonwealth of Pennsylvania
State Employees' Retirement System



RESOLUTION

WHEREAS, Oliver C. Mitchell Jr. became a member of the State Employees' Retirement Board effective December 16, 2009, by appointment of Governor Edward G. Rendell; and

WHEREAS, Oliver C. Mitchell Jr. has exhibited throughout his tenure, a focus on the best interests of the System and its members with perspectives derived from his career as an attorney in the private and public sectors; and

WHEREAS, Oliver C. Mitchell Jr. also served on the Board's Audit, CIO Search, and Deferred Compensation Program committees, where his comprehensive review of board materials served as a catalyst for conversation and thorough analysis of the issues and options before the board; now therefore be it

RESOLVED, That the Pennsylvania State Employees' Retirement Board expresses its sincere appreciation to Oliver C. Mitchell Jr. for his dedication to the System and its members, and wishes him the best of health, happiness and success in all his future endeavors; and be it further

RESOLVED, That the original resolution be transmitted to Oliver C. Mitchell Jr. and a copy included in the minutes.

October 29, 2014
Harrisburg, Pennsylvania



Glenn E. Becker
Glenn E. Becker, Chairman

Stephen S. Aichele
Stephen S. Aichele

Robert A. Bittenbender
Robert A. Bittenbender

David R. Fillman
David R. Fillman

Dan B. Frankel
Dan B. Frankel

Robert W. Godshall
Robert W. Godshall

Vincent J. Hughes
Vincent J. Hughes

Robert M. McCord
Robert M. McCord

Charles T. Mollhinney, Jr.
Charles T. Mollhinney, Jr.

M. Joseph Rocks
M. Joseph Rocks