
Time and Attendance of Board Meeting Held Wednesday, July 17, 2013

Date: 07/17/2013

Call to Order: 9:30 AM

Call to Order By: Honorable Nicholas J. Maiale, Chairman

Next meeting of SERS Board: 09/11/2013

Time Recessed

12:08 PM

Time Resumed

1:20 PM

Adjournment

2:05 PM

ATTENDEES:

Chairman

Honorable Nicholas J. Maiale

Board Member

Glenn E. Becker

Robert A. Bittenbender

David R. Fillman

Vincent J. Hughes

Robert M. McCord

M. Joseph Rocks

Designee Appointed by Board Member

Christopher Craig for Treasurer Robert M. McCord

Charles Duncan for Senator Vincent J. Hughes

Bernie Gallagher for Representative Dan B. Frankel

Dan Ocko for Representative Dan B. Frankel

Monica Riddle for Senator Charles T. McIlhinney, Jr.

Ned Smith for Representative Robert W. Godshall

SERS Executive Staff

Anthony Clark

David E. Durbin

Anthony Faiola

Victoria Page-Wooten

Consultant

Chris Cunningham The Townsend Group

Stephen Kennedy Albourne America LLC

Rob Kochis The Townsend Group

Michael McCabe StepStone Group LLC

Consultant

James Munro	Albourne America LLC
Robert Palmeri	RV Kuhns & Associates, Inc.
Geoff Parker	Great West Retirement Services
Jim Rohlinger	Great West Retirement Services
Jim Voytko	RV Kuhns & Associates, Inc.
Natalie Walker	StepStone Group LLC

SERS Administrative Staff

Rose Agnew
Todd Albaugh
Michael Beblo
Thomas Brier
Karen Damiano-Stahler
Dino Degennaro
Patricia Dence
Linda Engle
David Felix
Gary Green
Whitney Harlow
Anthony Hines
William Hutcheson
Meredith Jones
David Kalman
Benjamin Kiekkel
Barbara Kiral
Cheryl Krchnar
Lauren Lenfest
Brian Lutkewitte
Karen Lynn
Brian McDonough
Mark McGrath
Sara McSurdy
Elizabeth Pettis
Kyle Reinfeld
William Riegel
Steven Rosenberry
Jared Skotek
Sharon Smith
Joseph Torta

SERS Administrative Staff

William Truong
Heather Tyler
Jill Vecchio

Visitor

Kim Aspenleider
Brandon Halm
Sandy Leopold
James Schultz
Julie Trent

PA Department of Treasury
Office of General Counsel
Tiger Management

Presenter

John S. Clark II
Thomas DeVita
Anoop Dhakad
Claudia Faust
Fernanda Iturbe
Scott McArtor
John McCormack
Sunjay Mishra
Bret Wilkerson

Southpoint Fund
MKP Opportunity Master Fund
MKP Opportunity Master Fund
Hawkeye Scout Fund II, LP
MKP Opportunity Master Fund
Hawkeye Scout Fund II, LP
Sentinel Capital Partners V, LP
Southpoint Fund
Hawkeye Scout Fund II, LP

Minutes of Board Meeting Held Wednesday, July 17, 2013

INTRODUCTION OF ACTING CHIEF COUNSEL, VICTORIA PAGE-WOOTEN

Chairman Maiale introduced and welcomed new Acting Chief Counsel Victoria Page-Wooten.

BOARD RESOLUTION FOR SAMUEL S. YUN

Chairman Maiale announced that a Board Resolution would be circulated for signature for Sam Yun.

Motion: 2013-36

At the motion of the Chairman, the Board agrees to recognize Samuel S. Yun with a Board Resolution, a copy of which shall be filed with the minutes of this meeting (ATTACHMENT A).

PERSONNEL COMMITTEE MEMBER APPOINTMENT

Chairman Maiale noted that Glenn E. Becker is appointed to the Personnel Committee.

CAPITAL MARKET REPORT

Messrs. Voytko and Palmeri presented the report provided to the Board (7/17/2013 Board Handouts).

UPDATE ON TIGER MANAGEMENT

Messrs. Voytko and Palmeri provided an update to the Board that a detailed analysis of Tiger Management will be provided at the September 11, 2013 meeting.

ASSET ALLOCATION REVIEW

Messrs. Voytko and Palmeri presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 12).

TRANSITION MANAGERS

Messrs. Voytko and Palmeri presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 3).

Motion: 2013-37

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board approves the following managers for use on an "as needed" basis by SERS' investment staff to implement portfolio transitions, subject to successful completion of contract negotiations: BlackRock (U.S. Equity, Global Equity, Global Fixed Income); BNY-Mellon (U.S. Equity, Global Equity); Citi (U.S. Equity, Global Equity, Global Fixed Income); Loop Capital (U.S. Equity); and Russell Investments (U.S. Equity, Global Equity, Global Fixed Income).

DRAFT 2014/2015 INVESTMENT PLAN

Mr. Clark noted that a draft version of the 2014/2015 Investment Plan would be brought before the Board at the September 11, 2013 meeting.

PERFORMANCE AND RISK STATISTICS INFORMATION

Mr. Clark presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 4).

ALTERNATIVE INVESTMENTS INTERVIEW

Sentinel Capital Partners V, L.P.

Mses. Lenfest and Walker and Messrs. McCabe and McCormack presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 16).

Motion: 2013-38

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board commits up to \$10 million to Sentinel Capital Partners V, L.P. as an investment within the Alternate Investments Asset Class, subject to successful completion of contract negotiations.

ALTERNATIVE INVESTMENTS RECOMMENDATIONS FOR FUTURE INTERVIEWS

Eureka Growth Capital III, LP

FSN Capital IV, LP

Horizon Impact Fund

Mses. Lenfest and Walker and Mr. McCabe presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tabs 9, 10 and 11).

It was the consensus of the Board to interview representatives from these managers at the September 11, 2013 meeting.

DIVERSIFYING ASSETS INVESTMENTS INTERVIEWS

MKP Opportunity Master Fund

Southpoint Fund

MKP Opportunity Master Fund

Ms. Iturbe and Messrs. Brier, Kennedy, Munro, Dhakad and DeVita presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 13).

Southpoint Fund

Messrs. Brier, Kennedy, Munro, Clark and Mishra presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 14).

Motion: 2013-39

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board commits \$15 million to each of the following manager(s): MKP Opportunity Master Fund and Southpoint Fund to manage a direct investment mandate within the Diversifying Assets Asset Class, subject to successful completion of contract negotiations.

DIVERSIFYING ASSETS INVESTMENTS RECOMMENDATIONS FOR FUTURE INTERVIEWS

***PEAK6 Achievement Fund
Samlyn Capital Fund
Stelliam Fund***

Messrs. Brier, Kennedy and Munro presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tabs 5, 6 and 7).

It was the consensus of the Board to interview representatives from these managers at the September 11, 2013 meeting.

CONTRACT RENEWAL FOR DCP: CHARLES SCHWAB & CO.

Mr. Faiola noted that the above contract is eligible for renewal.

Motion: 2013-40

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board accepts to renew the agreement for a Self Directed Brokerage Option account between the PA SERS Deferred Compensation Program and Charles Schwab & Co. for personal choice retirement account services, pending successful contract negotiations.

***SERS OFFICE OF FINANCE AND ADMINISTRATION AND RV KUHNS & ASSOCIATES
Stable Value Fund Discussion***

Messrs. Hines and Palmeri presented the report provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 11).

MINUTES OF BOARD MEETING - JUNE 5, 2013

Chairman Maiale noted that the minutes of the June 5, 2013 Board meeting were provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 2).

Motion: 2013-41

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board approves the minutes of the June 5, 2013 Board meeting.

CHANGES IN PLAN NET POSITION FOR PERIOD ENDING - APRIL 30, 2013

Chairman Maiale noted that the Report of Changes in Plan Net Position for the period ending April 30, 2013 was provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 3).

Motion: 2013-42

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board accepts the State Employees' Retirement System's Report of Changes in Plan Net Position for the period ending April 30, 2013.

MEETING RECESS AND EXECUTIVE SESSION

At 12:08 p.m., the Board recessed and entered Executive Session to receive legal advice on Executive Session agenda items, as attached (ATTACHMENT B). The meeting resumed at 1:40 p.m.

REAL ASSETS INVESTMENTS INTERVIEW

Hawkeye Scout Fund II, LP

Ms. Faust and Messrs. Kalman, Reinfeld, Kochis, Cunningham, McArtor and Wilkerson presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 15).

Motion: 2013-43

By motion that was moved, seconded, and approved by all Board members, it was

RESOLVED: That the Board commits up to \$30 million to Hawkeye Scout Fund II, L.P. as a follow-on investment within the Real Assets Investments Asset Class, subject to successful completion of contract negotiations.

REAL ASSETS INVESTMENTS RECOMMENDATIONS FOR FUTURE INTERVIEW

In-State Real Estate Separate Account Proposal

Messrs. Kalman, Reinfeld, Kochis and Cunningham presented the report provided to the Board (7/17/2013 Board Package, Investment Report, Tab 8).

It was the consensus of the Board to interview representatives from this manager at the September 11, 2013 meeting.

BOARD ADJUDICATION

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

Account of Christopher Michael Brock

Docket No. 2012-26

Claim of Christopher Michael Brock

The State Employees' Retirement Board DENIED Claimant's request to reinstate his pension benefits forfeited due to his guilty plea to one count of Official Oppression and one count of Tampering with Public Records or Information.

BOARD DISMISSALS

Mr. Durbin noted that the following Orders as provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 7) are dismissed.

Account of Joanne V. Beauregard

Docket No. 2013-02

Claim of Joanne V. Beauregard

Account of Nancy A. Mills (Deceased)
Docket No. 2013-05
Claim of Shawn P. Shearer

Account of Robert D. Mull
Docket No. 2012-09
Claim of Robert D. Mull

ADMINISTRATIVE UPDATE

Mr. Durbin presented the report provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 8).

LEGISLATIVE UPDATE

Mr. Durbin presented the report provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 9).

AUDIT COMMITTEE MINUTES - JUNE 5, 2013

Mr. Durbin noted that the minutes of the June 5, 2013 Audit Committee Meeting were provided to the Board (7/17/2013 Board Package, Administrative Report, Tab 10).

RELATIONSHIP BETWEEN OFFICE OF GENERAL COUNSEL AND SERS BOARD

Mr. Craig on behalf of Treasurer McCord asked to be on the record requesting a response from Acting Chief Counsel Page-Wooten for clarification of the PA roles of professional conduct and the role of OGC as it relates to the Board. This request should include OGC's view regarding duties of confidentiality, loyalty and independence. Mr. Oeko on behalf of Rep. Frankel asked for a response on the following: Do you believe there is a conflict of interest between the OGC, the Board and with you and your family? The response could be provided at a later time.

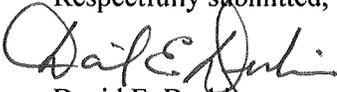
NEXT BOARD MEETING

Chairman Maiale reported that the next regular meeting of the SERS Board is scheduled for September 11, 2013.

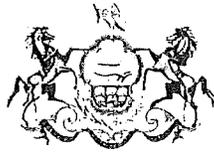
MOTION TO ADJOURN

Motion: 2013-44

By motion of Chairman Maiale, the Board unanimously agreed to adjourn the meeting at 2:05 p.m.

Respectfully submitted,

David E. Durbin
Executive Director

Commonwealth of Pennsylvania
State Employees' Retirement System



RESOLUTION

WHEREAS, Samuel S. Yun served the citizens of the Commonwealth of Pennsylvania since October 1998, first at the Pennsylvania Department of Revenue and then at the Pennsylvania State Employees' Retirement System; and

WHEREAS, Samuel S. Yun was promoted to serve as Acting Chief Counsel to the Pennsylvania State Employees' Retirement System in June 2008 and to Chief Counsel in April 2011; and

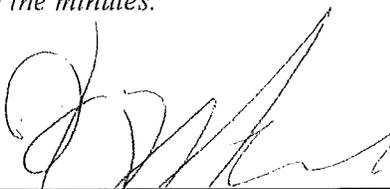
WHEREAS, in his thirteen years of service with the State Employees' Retirement System, Samuel S. Yun consistently provided this Board with wise counsel based on a deep knowledge of the law, a clear understanding of this Board's role and authority, and a strong emphasis on the overarching importance of the fiduciary responsibility that Board members are sworn to exercise; and

WHEREAS, in addition to personally serving as counsel to this Board, Samuel S. Yun exhibited leadership in directing the staff of the State Employees' Retirement System's legal office so as to provide both this Board and SERS staff with timely and effective legal counsel and representation in areas as diverse as legislative initiatives, member appeals, complex investment agreements and litigation; now therefore be it

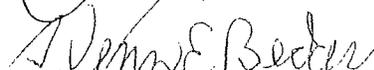
RESOLVED, that the Pennsylvania State Employees' Retirement Board expresses its sincere appreciation to Samuel S. Yun for his dedication to the Commonwealth of Pennsylvania, the State Employees' Retirement System, its members and its staff, and wishes him the best of health, happiness and success in all his future endeavors; and be it further

RESOLVED, that the original resolution be transmitted to Samuel S. Yun and a copy included in the minutes.

July 17, 2013
Harrisburg, Pennsylvania



Nicholas J. Maiale, Chairman



Glenn E. Becker



Robert A. Bittenbender



David R. Fillman



Dan B. Frankel



Robert W. Godshall





Vincent J. Hughes



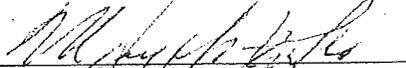
Robert M. McCord



Charles T. McIlhinney, Jr.



Oliver C. Mitchell, Jr.



M. Joseph Rocks

ATTACHMENT B

EXECUTIVE SESSION AGENDA

Meeting: July 17, 2013

Executive Session

1. Personnel Update
2. Notational Ballot Case

Account of Anissa Bane
Docket No. 2012-36
Claim of Anissa Bane
3. Fund Update
4. Preliminary Fund Performance and Risk Statistics