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**Time and Attendance of Board Meeting Held      Wednesday, October 23, 2013**

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**Date:** 10/23/2013

**Call to Order:** 9:30 AM

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

**Next meeting of SERS Board:** 12/11/2013

**Time Recessed**

11:50 AM

**Time Resumed**

12:55 PM

**Adjournment**

1:00 PM

**ATTENDEES:**

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**Chairman**

Honorable Nicholas J. Maiale

**Board Member**

Glenn E. Becker

Robert A. Bittenbender

Dan B. Frankel

Robert W. Godshall

Vincent J. Hughes

Oliver C. Mitchell Jr.

M. Joseph Rocks

**Designee Appointed by Board Member**

Charles Duncan                      for Senator Vincent J. Hughes

John Lisko                              for Treasurer Robert M. McCord

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

Kathlika Fontes                        StepStone Group LLC

Anthony Johnson                        RV Kuhns & Associates, Inc.

Rob Kochis                                The Townsend Group

**Consultant**

|                   |                             |
|-------------------|-----------------------------|
| Michael McCabe    | StepStone Group LLC         |
| Mikaylee O'Connor | RV Kuhns & Associates, Inc. |
| Robert Palmeri    | RV Kuhns & Associates, Inc. |
| Jim Voytko        | RV Kuhns & Associates, Inc. |
| Natalie Walker    | StepStone Group LLC         |

**SERS Administrative Staff**

Rose Agnew  
Michael Beblo  
Lena Bickle  
Thomas Brier  
Karen Damiano-Stahler  
Dino Degennaro  
Patricia Dence  
Linda Engle  
David Felix  
Gary Green  
Pamela Hile  
Anthony Hines  
William Hutcheson  
Meredith Jones  
David Kalman  
Barbara Kiral  
Lauren Lenfest  
Karen Lynn  
N. Joseph Marcucci  
Mark McGrath  
Jeffrey Meyer  
Elizabeth Pettis  
Kyle Reinfeld  
William Riegel  
Steven Rosenberry  
Joseph Torta  
William Truong  
Heather Tyler

**Visitor**

|               |                           |
|---------------|---------------------------|
| Sandy Leopold | PA Department of Treasury |
| John Nixon    | Duane Morris              |
| Peter Speaks  | Senator Hughes' Office    |

**Visitor**

Gretchen Wisehart

Office of General Counsel

**Presenter**

Bradley Atkins

Franklin Park Associates

Matt Autrey

Bank of America Merrill Lynch Capital Access Funds

Sean Cunningham

GTCR Fund XI, LP

Craig Fowler

Bank of America Merrill Lynch Capital Access Funds

Jeff Gehl

RCP Advisors

Karl Hartmann

Franklin Park Associates

Charlie Huebner

RCP Advisors

Melissa Ma

Asia Alternatives Penn Asia Co-Investment Fund

Jon Madorsky

RCP Advisors

Mona Marquardt

Abbott Capital Management

Ed Powers

Bank of America Merrill Lynch Capital Access Funds

Jonathan Roth

Abbott Capital Management

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## Minutes of Board Meeting Held Wednesday, October 23, 2013

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### ***CAPITAL MARKET REPORTS***

Messrs. Johnson and Voytko presented the report provided to the board (10/23/2013 board handouts).

### ***DRAFT 2014-2015 STRATEGIC INVESTMENT PLAN***

Mr. Clark presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 7).

### ***REAL ASSETS INVESTMENTS RECOMMENDATION FOR FUTURE INTERVIEW Lubert-Adler Real Estate Fund VII, L.P.***

Messrs. Kalman, Kochis, and Cunningham presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 3).

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

### ***ALTERNATIVE INVESTMENTS FSN Capital IV, L.P.***

Mses. Lenfest, Fontes, and Walker and Mr. McCabe presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 8).

**Motion:** 2013-54

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

RESOLVED: That the board commits up to \$50 million, plus reasonable investment expenses and pro rata share of normal partnership operating expenses consistent with executed partnership documents, to FSN Capital IV, L.P., as an investment within the Alternative Investments asset class, subject to successful completion of contract negotiations.

### ***ALTERNATIVE INVESTMENTS INTERVIEWS Asia Alternatives Penn Asia Co-Investment Fund GTCR Fund XI, L.P. Horizon Impact Fund***

***Asia Alternatives Penn Asia Co-Investment Fund***

Ms. Ma presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 9).

**Motion:** 2013-55

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

RESOLVED: That the board commits up to \$50 million, plus reasonable investment expenses and pro rata share of normal partnership operating expenses consistent with executed partnership documents, to Penn Asia Investors, L.P., as an additional amount for investment within the Alternative Investments asset class, subject to successful completion of contract negotiations.

***GTCR Fund XI, L.P.***

Mr. Cunningham presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 10).

**Motion:** 2013-56

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

RESOLVED: That the board commits up to \$50 million, plus reasonable investment expenses and pro rata share of normal partnership operating expenses consistent with executed partnership documents, to GTCR XI, L.P., as a follow-on investment within the Alternative Investments asset class, subject to successful completion of contract negotiations.

***Horizon Impact Fund***

***Abbott Capital Management***

***Bank of America Merrill Lynch Capital Access Funds Management***

***Franklin Park Associates***

***RCP Advisors***

Ms. Lenfest and Messrs. Felix, Beblo, and McCabe presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 11).

***Abbott Capital Management***

Ms. Marquardt and Mr. Roth presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 11a).

***Bank of America Merrill Lynch Capital Access Funds Management***

Messrs. Fowler, Powers, and Autrey presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 11b).

***Franklin Park Associates***

Messrs. Atkins and Hartmann presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 11c).

### ***RCP Advisors***

Messrs. Gehl, Huebner, and Madorsky presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tab 11d).

**Motion:** 2013-57

By motion that was moved, seconded, and approved by board members, except for Mr. Becker, Rep. Godshall, Mr. Lisko on behalf of Treasurer McCord, and Mr. Mitchell who voted No, it was

RESOLVED: That the board authorizes the establishment of the Horizon Impact Fund within the Alternative Investments asset class with an initial investment tranche of up to \$50 million, plus reasonable investment expenses and pro rata share of normal partnership operating expenses consistent with executed partnership documents, to be managed by Bank of America Merrill Lynch Capital Access Funds Management, subject to successful completion of contract negotiations.

### ***ALTERNATIVE INVESTMENTS RECOMMENDATIONS FOR FUTURE INTERVIEWS***

***Horizon Strategic Fund***

***Capvis Equity IV, L.P.***

***Draper Triangle Ventures III, L.P.***

Mses. Lenfest and Fontes and Messrs. McCabe and Beblo presented the report provided to the board (10/23/2013 Board Package, Investment Report, Tabs 4, 5, and 6).

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

### ***DIVERSIFYING ASSETS MANAGER UPDATE***

The board was notified of a full redemption from Tiger Management LLC and Tiger Keystone Partners, L.P. with no penalties within the next 18 months.

### ***MEETING RECESS AND EXECUTIVE SESSION***

At 11:50 a.m., the board recessed and entered executive session to receive legal advice on executive session agenda items, as attached (ATTACHMENT A). The meeting resumed at 12:55 p.m.

### ***MINUTES OF BOARD MEETING - SEPTEMBER 11, 2013***

Chairman Maiale noted that the minutes of the September 11, 2013 board meeting were provided to the board (10/23/2013 Board Package, Administrative Report, Tab 2).

**Motion:** 2013-58

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

RESOLVED: That the board approves the minutes of the September 11, 2013 board meeting.

## ***CHANGES IN PLAN NET POSITION FOR PERIOD ENDING - AUGUST 31, 2013***

Chairman Maiale noted that the Statement of Changes in Plan Net Position for the period ending August 31, 2013 was provided to the board (10/23/2013 Board Package, Administrative Report, Tab 3).

**Motion:** 2013-59

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 Statement of Changes in Plan Net Position for the period ending August 31, 2013.

## ***BOARD NOTATIONAL BALLOTS***

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

### ***Account of Anissa Bane***

***Docket No. 2012-36***

### ***Claim of Anissa Bane***

The State Employees' Retirement Board GRANTED the Motion to Dismiss made by the State Employees' Retirement System. Claimant's appeal is DISMISSED WITH PREJUDICE due to Claimant's failure to appear for her hearing and/or pursue her appeal. Board member Robert M. McCord has voted to dismiss this case without prejudice.

### ***Account of Frank R. Williams***

***Docket No. 2012-35***

### ***Claim of Frank R. Williams***

The State Employees' Retirement Board DENIED Claimant's request to receive Class AA membership with SERS because he did not file an election for the same with SERS prior to the December 31, 2001 statutory deadline.

## ***BOARD DISMISSALS***

Mr. Durbin noted that the following Orders as provided to the board (10/23/2013 Board Package, Administrative Report, Tab 7) are dismissed.

### ***Account of Robert F. Cuccaro***

***Docket No. 2013-14***

### ***Claim of Robert F. Cuccaro***

### ***Account of Vincent T. Schaffer***

***Docket No. 2012-18***

### ***Claim of Vincent T. Schaffer***

## ***LEGISLATIVE UPDATE***

Mr. Durbin presented the report provided to the board (10/23/2013 Board Package, Administrative Report, Tab 8).

***FINAL 2014 BOARD MEETING DATES***

Mr. Durbin referenced the above-mentioned schedule provided to the board (10/23/2013 Board Package, Administrative Report, Tab 10). These board meeting dates are final for 2014: January 22, March 12, April 23, June 11, July 23, September 17, October 29, and December 10.

***AUDIT COMMITTEE MINUTES - SEPTEMBER 11, 2013***

Mr. Durbin noted that the minutes of the September 11, 2013 audit committee meeting were provided to the board (10/23/2013 Board Package, Administrative Report, Tab 9).

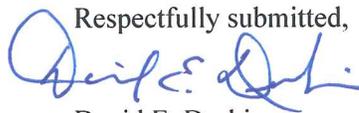
***NEXT BOARD MEETING***

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

***MOTION TO ADJOURN***

**Motion:** 2013-60

By motion of Chairman Maiale, the board unanimously agreed to adjourn the meeting at 1:00 p.m.

Respectfully submitted,  
  
David E. Durbin  
Executive Director

# ATTACHMENT A

## EXECUTIVE SESSION AGENDA

Meeting: October 23, 2013

### Executive Session

1. Tax Qualification Update
2. Litigation Update
3. Legal Report
4. Fund Update
5. Preliminary Fund Performance and Risk Statistics
6. Portfolio Restructuring Opportunities