

REGULAR MEETING
BOARD OF TRUSTEES
OF
THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

April 10 – April 11, 2022

MEMBERS PRESENT

Jason Steliga, Chair
Beth Knes, Vice-Chair
Dr. Kyle Collins
Dr. D. Eric Park
Sharon Kissinger
Dr. Melinda Moss

MEMBERS ABSENT

OTHERS PRESENT

Dearld Snider, Executive Director
Bill Betts, Asst Exec. Dir.; Oper.
Craig Husting, Asst. Exec. Dir Invest.
Sarah Swoboda, General Counsel
Anita Brand, Chief Financial Officer
Jeff Hyman, Director of Internal Audit
Nicole Hamler, Director of Member Serv.
Stacie Verslues, Director of Emp. Serv.
Susan Wood, Director of Communications
Lisa Scheulen, Chief Technology Officer
Kim Harris, Director of Human Resources
Jennifer Martin, Director, Board Admin.

Sunday, April 10, 2022

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 5:30 p.m. In attendance were Board members Jason Steliga, Beth Knes, Dr. Kyle Collins, Sharon Kissinger, Dr. Melinda Moss and Dr. Eric Park. Also present were Executive Director Dearld Snider; Assistant Executive Director, Operations Bill Betts; Assistant Executive Director, Investments Craig Husting; General Counsel Sarah Swoboda; Chief Financial Officer Anita Brand; Director of Human Resources, Kim Harris; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

Private Equity and Private Credit

Mr. John Tuck, Mr. Dan Case, Mr. Ben Frede and Ms. Brenna Noble from the PSRS/PEERS' investment staff reviewed the Systems' Private Equity and Private Credit portfolios including program objectives, guidelines and long-term results. The five-year annualized return for the Private Equity composite for the period ended December 31, 2021 was 26.1% and the five-year annualized return for the Private Credit composite for the same period was 11.0%. Staff also discussed the Private Equity co-investment program and the Private Credit direct investment program.

Adjournment
PSRS5033
PEERS3268

Ms. Kissinger moved that the meeting adjourn. Ms. Knes seconded the motion. A roll call vote was taken. Voting “Aye”— Steliga, Knes, Collins, Park, Kissinger, and Moss; “Nay”—None. The motion carried unanimously.

Monday, April 11, 2022

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 8:30 a.m. In attendance were Board members Jason Steliga, Beth Knes, Dr. Kyle Collins, Sharon Kissinger, Dr. Melinda Moss and Dr. Eric Park. Also present were Executive Director Dearld Snider; Assistant Executive Director, Operations Bill Betts; Assistant Executive Director, Investments Craig Husting; General Counsel Sarah Swoboda; Chief Financial Officer Anita Brand; Chief Technology Officer Lisa Scheulen; Director of Human Resources, Kim Harris; Director of Member Services Nicole Hamler; Director of Employer Services Stacie Verslues; Director of Communications Susan Wood; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

Approval of Minutes
PSRS5034
PEERS3269

Ms. Kissinger moved that the minutes from the February 7 and March 4, 2022 meetings be approved as amended. Dr. Park seconded the motion. Voting “Aye” – Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

Order of Business

Executive Director, Dearld Snider, presented plaques to Sandy Coleman and Stacey McNally for their dedication, service and retirement from PSRS/PEERS.

Certify Election Results
PSRS5035
PEERS3270

Mr. Snider shared the trustee election results. Mr. Snider congratulated Jason Steliga and thanked him for his continued service. He also welcomed Allie Gassmann to the PSRS/PEERS Board of Trustees. Ms. Knes moved the Board approve the certified election results. Dr. Moss seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

Election of Chair
PSRS5036
PEERS3271

Dr. Moss nominated Mr. Jason Steliga to serve as Chair of the Board for the period July 1, 2022 through June 30, 2023. Dr. Collins seconded the motion. Voting “Aye” – Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

Election of Vice Chair
PSRS5037
PEERS3272

Ms. Kissinger nominated Ms. Beth Knes to serve as Vice Chair of the Board for the period July 1, 2022 through June 30, 2023. Dr. Collins seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

Interest Credit Rate

Each June 30, interest is credited to the accounts of active members at the rate set by the Board of Trustees. If a member requests a refund of his or her contributions, any accumulated interest is paid as part of this refund. If a member retires from the Systems, the amount of interest credited to the membership will not affect the retirement benefit calculation. In the event that there is an unused balance in the

membership at the death of the member and any Joint-and-Survivor benefit plan beneficiary, the remainder is paid in a lump sum to the residual beneficiary. Ms. Brand presented information on current member account balances, as well as historical interest rates and payments. Staff recommended the interest rate credited to the accounts of active members be 2.0% for fiscal year 2022-2023. This rate will be utilized throughout the fiscal year to facilitate necessary member account corrections and will be utilized to credit active member accounts on June 30, 2023. Ms. Kissinger moved that the interest credit rate be set at 2% effective June 30, 2023. Ms. Knes seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

PSRS5038
PEERS3273

Purchase Interest Rate

Ms. Anita Brand presented information to the Board of Trustees on the purchase interest rate. According to Board Regulation (16 CSR 10-4.012 (4)), prior to July 1 each year, the Board of Trustees shall establish a "purchase rate" of interest based on the actuarially assumed rate of return on invested funds of the Retirement Systems. The purchase interest rate shall apply to any amount due for reinstatement of service or for the purchase of service, except as otherwise specified by law. Staff recommended the purchase interest rate be set at the current assumed rate of return of 7.3%. Dr. Park moved that the purchase interest rate be set at the current assumed rate of return of 7.3%. Dr. Moss seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

PSRS5039
PEERS3274

Other

None

Investments
Ongoing Investment Activity

Mr. Craig Husting from PSRS/PEERS and Mr. Michael Hall from Russell provided a market overview including detailed investment returns for several stock and bond indices for the calendar and fiscal years through March 31, 2022. Mr. Husting provided a broad overview of the PSRS/PEERS’ portfolio structure, including an estimated asset allocation for PSRS/PEERS as of March 31, 2022. Mr. Husting stated that the PSRS/PEERS preliminary (unaudited) investment return for the fiscal year (July 1, 2021 through March 31, 2022) was approximately 4.0%.

Asset Liability Study

Mr. Husting and Mr. Hall presented the Asset/Liability study. The presentation included a review of historical PSRS/PEERS’ Asset/Liability studies, a review of the PSRS/PEERS’ investment philosophy, capital market expectations and an asset allocation recommendation. Mr. Husting and Mr. Hall provided 10-year expected risk and return estimates for the current asset allocation and then for the recommended asset allocation.

Mr. Husting and Mr. Hall recommended a new asset allocation of 45% Public Risk Assets, 15% Safe Assets and 40% Private Risk Assets. Dr. Park moved a new asset allocation of 45% Public Risk Assets, 15% Safe Assets and 40% Private Risk Assets. Ms. Knes seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

PSRS5040
PEERS3275

Management Report
Selection of External Auditor

Ms. Brand reviewed the Request for Proposals (RFP) for Professional Auditing Services for the fiscal years ending June 30, 2022, June 30, 2023, and June 30, 2024. Based on the RFP responses, staff recommended awarding the external audit contract to Williams-Keepers, LLC, which was unanimously approved by the Budget and Audit Committee. Dr. Moss moved to approve awarding the external audit contract to Williams-Keepers, LLC. Ms. Kissinger seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

PSRS5041
PEERS3276

Disability Regulation Update

Ms. Sarah Swoboda and Ms. Nicole Hamler from PSRS/PEERS presented proposed amendments to disability regulations 16 CSR 10-5.020 (PSRS) and 16 CSR. 10-6.070 (PEERS). Ms. Hamler reviewed the program objectives and recent management decision to add a medical consultant to the disability approval process. Due to the implementation of the consultant, staff recommended a change in the definition of livelihood which is set by the PSRS/PEERS Board of Trustees and used to determine disability benefit eligibility. The definition of a livelihood used to determine allowable income once disabled would not be impacted by this change. It was also recommended to include a vocational analysis as part of the disability eligibility review process. Dr. Collins moved to accept the staff’s recommendation to the definition of livelihood. Ms. Knes seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

PSRS5042
PEERS3277

Ms. Swoboda reviewed the necessary amendments to the disability regulation to codify the Board’s definition of livelihood. The proposed regulation also outlines PSRS/PEERS definition of permanence and allows for the vocational analysis as part of the approval process. Ms. Knes moved to approve the amendments to the regulation. Dr. Collins seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

PSRS5043
PEERS3278

Legislative Update

Ms. Swoboda and Mr. Jim Moody, legislative consultant, updated the Board on the current Missouri legislative session. Mr. Moody reported briefly on state revenue and gave an update on March 2022 revenue to the Board. Ms. Swoboda reported that the systems are currently tracking 458 bills and reported in detail on some of the bills currently being tracked including:

- HB 2161 and HB 2430 – increase the PSRS benefit factor to 2.55% for retirees with 32 or more years of service; provision also added to HB 2799
- HB 1881 – increases the time a retiree may serve in Critical Shortage Employment to four years
- HB 2114 – increases the time a retiree may serve in Critical Shortage Employment to four years and increases the working after retirement salary limit for PSRS retirees working in non-certificated positions to the Social Security earnings limit
- SB 999 and HB 2089 – increase the time a retiree may serve in Critical Shortage Employment to four years and allow superintendents to work in Critical Shortage Employment in certain circumstances

- SB 712 – allows for a benefit pop-up for same sex relationships (similar to current divorce pop-up) in certain circumstances
- HB 2304, HB 1750, HB 1753, and HB 1998 – allow for a waiver of certain working after retirement limits for retirees who are substitute teaching; contain a sunset of July 1, 2025
- HB 2799 – allows for a waiver of certain working after retirement limits through 2025; also contains the increase to four years for Critical Shortage Employment and the 2.55% PSRS benefit factor for 32 or more years of service
- HB 2194 and HB 2216 – increase the working after retirement salary for PSRS retirees working in non-certificated positions to 60% of the average teacher salary for the primary district for which the retiree works
- HB 2787 – changes the working after retirement limits for PSRS/PEERS retirees to 25% of the retiree’s final average salary; also increases the time a retiree may serve in Critical Shortage Employment to four years and increases the working after retirement salary limit for PSRS retirees working in non-certificated positions to the Social Security earnings limit
- SB 767 – modifies a provision of law related to PSRS survivor benefits
- SB 836 – modifies eligibility for retirement benefits resulting from membership in multiple defined benefit plans
- SB 1048 – prohibits public entities from contracting with entities who discriminate against gun manufacturers
- SB 1239 – prohibits public entities from contracting with companies who do business in Russia
- SB 1171 – prohibits public entities from contracting with entities who discriminate based on Environmental, Social and Governance scores (ESG)
- HB 2825 – requires retirement systems to ensure that 20% of venture capital and real estate investments to be located in Missouri
- HB 2897 – allows new state employees to opt out of the Missouri State Employees’ Retirement System (MOSERS)
- HB 1170, HB 2357, HB 2876 – provide for increases to the minimum teacher salary

CPI-U Update

Mr. Dearld Snider discussed the calculation of the Consumer Price Index (CPI) calculated by the Bureau of Labor Statistics (BLS). PSRS/PEERS’ regulation requires that the time period for the CPI calculation is from June to June. Based on the values provided by the BLS, the CPI-U is up 4.4241% through February 28, 2022.

Public Comment

None

Other

None

Closed Session
PSRS5044
PEERS3279

Ms. Kissinger moved that the meeting continue in closed session to consider personnel issues, technology security issues, and legal matters under Sections 610.021 (1), (3), (13), (14), and (21) and 169.020.15, RSMo. Dr. Collins seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.

The following motions were made in closed session:

PSRS5045/PEERS3280 - Minutes (Steliga, Knes, Collins, Park, Kissinger, and Moss; voting to approve the previous closed session minutes)

PSRS5046/PEERS3281 – Board Self- Evaluation (Steliga, Knes, Collins, Park, Kissinger, and Moss; voting to approve the Board completed self-evaluation)

PSRS5047/PEERS3282 – Executive Director Compensation (Steliga, Knes, Collins, Park, Kissinger, and Moss; voting to approve Executive Director’s contract and new salary for 2022-2023 fiscal year.)

PSRS5048/PEERS3283 – Executive Director Evaluation (Steliga, Knes, Collins, Park, Kissinger and Moss; voting to approve the Board completed ED evaluation and new contract)

PSRS5049/PEERS3284 – Adjournment (Steliga, Knes, Collins, Park, Kissinger, and Moss; voting to adjourn closed session)

Adjournment
PSRS5050
PEERS3285

Dr. Collins moved that the meeting adjourn. Dr. Park seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Park, Kissinger and Moss. “Nay” – None. The motion carried unanimously.