

**REGULAR MEETING
BOARD OF TRUSTEES
OF
THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI**

August 28-29, 2022

MEMBERS PRESENT

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

MEMBERS ABSENT

OTHERS PRESENT

Dearld Snider, Executive Director
Bill Betts, Asst Exec. Dir. Operations
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
Mike Moorefield, Dir., Legis. and Policy
Jennifer Martin, Director, Board Admin.

August 28, 2022

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 3:30 p.m. In attendance were Board members Jason Steliga, Beth Knes, Dr. Kyle Collins, Sharon Kissinger, Dr. Melinda Moss, Allie Gassmann 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 Member Services Nicole Hamler; Director of Employer Services Stacie Verslues; Director of Communications Susan Wood; Director of Internal Audit, Jeff Hyman; Director of Legislation and Policy Mike Moorefield; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

Actuary 101

Mr. Brandon Robertson and Ms. Cindy Fraterrigo from PricewaterhouseCoopers, LLP (PwC) provided the Board and staff with an overview of the actuarial process for retirement plans. Mr. Robertson and Ms. Fratterigo reviewed the services typically provided by actuaries, specifically the purpose, process and calculation methods for actuarial valuations. They also discussed the cost impact of different retirement plan features and provided an update on recent developments within the industry.

Adjournment

PSRS5066
PEERS3301

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

Monday, August 29, 2022
System Operations

Meeting Convened The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 8 a.m. In attendance were Board members Jason Steliga, Beth Knes, Dr. Kyle Collins, Sharon Kissinger, Dr. Melinda Moss, Allie Gassmann 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 Member Services Nicole Hamler; Director of Employer Services Stacie Verslues; Director of Human Resources Kim Harris; Director of Communications Susan Wood; Director of Internal Audit, Jeff Hyman; Director of Legislation and Policy Mike Moorefield; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

Approval of Minutes for June Meeting
PSRS5067
PEERS3302

Ms. Kissinger moved that the minutes from the June 5 and 6, 2022 meetings be approved. Dr. Park seconded the motion. Voting “Aye” – Steliga, Knes, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously. Ms. Gassmann abstained from voting since she did not become a Trustee until July 1, 2022.

Approval of Minutes for Investment Symposium
PSRS5068
PEERS3303

Ms. Knes moved that the minutes from the Investment Symposium Meetings July 10-13, 2022, be approved. Dr. Moss seconded the motion. Voting “Aye” – Steliga, Knes, Park, Gassmann and Moss; “Nay” – None. The motion carried unanimously. Dr. Collins and Ms. Kissinger abstained from voting since they were not present.

Order of Business None

Appointment of Budget & Audit Committee

The retirement of Dr. Moss created a vacancy on the Budget and Audit Committee. Chairman Jason Steliga and Ms. Beth Knes currently serve as the other two Budget and Audit Committee Members. Chairman Steliga recommended Trustee, Dr. Kyle Collins to serve as a member of the committee.

Other

Chairman Steliga welcomed our newest board member, Allie Gassmann to her first official Board meeting. Executive Director Dearld Snider presented a plaque to Dr. Melinda Moss for her dedication and service as a PSRS/PEERS Trustee. Ms. Moss is retiring as superintendent of Joplin Schools effective October 1, 2022. Chairman Steliga presented Dr. Moss with flowers and thanked her for her service.

Investments
FY 2022 Performance and Attribution

Mr. Craig Husting from PSRS/PEERS and Mr. Michael Hall from Russell (the Systems’ Investment Consultant) provided a detailed presentation on the PSRS/PEERS fiscal year 2022 investment performance. The presentation included the following: (1) a review of the Systems’ investment principles, philosophy and asset allocation, (2) a summary of fiscal year 2022 performance, (3) a review of the private markets activity, (4) PSRS/PEERS’ performance relative to expectations and relative to a peer group, (5) attribution for fiscal year 2022 performance and (6) an update on fiscal year 2023.

Mr. Husting reported that the fiscal year 2022 (July 1, 2021 through June 30, 2022) investment return for PSRS/PEERS was approximately -2.85%, or, -3.06% net of all fees and expenses. The Systems outperformed the passive benchmark which returned -10.25% for the year.

Mr. Husting reported that the five-year annualized return for the Systems for the period ending June 30, 2022 was 8.63%, or 8.44% net of all fees and expenses. The Systems outperformed the passive benchmark which returned 5.94% for the five-year period. The five-year PSRS and PEERS investment returns exceeded 80% of the peer group as defined by the Wilshire TUCS universe of public pension plans with assets in excess of \$1 billion. The Systems generated the investment return while taking less risk than approximately two-thirds of comparable public funds. The PSRS/PEERS internal investment staff and external investment managers added value above the policy benchmark of over \$6.0 billion, net of all fees and expenses, for the last five years. The outperformance was due to portfolio construction and tactical asset allocation decisions by internal investment staff (overweighting and underweighting

asset classes around targets) as well as active management on the part of external managers.

NISA-Inflation Outlook

Mr. Stephen Douglass from NISA Investment Advisors provided an inflation update. Mr. Douglass discussed the inputs that have impacted the high inflation reading over the last year, Federal Reserve activity and expectations for inflation over the next year and for the long-term.

Management Report

**Appointment of NCTR Delegates
PSRS5069
PEERS3304**

Ms. Kissinger motioned for Mr. Dearld Snider, Jason Steliga and Dr. Kyle Collins to serve as Delegates and Mrs. Jennifer Martin to serve as an alternate at the annual National Council on Teacher Retirement (NCTR) Conference being held October 11, 2022. Dr. Park seconded the motion. Voting “Aye” –Steliga, Knes, Collins, Kissinger, Park, Gassmann, and Moss; “Nay” – None. The motion carried unanimously.

Member Services Report

Ms. Nicole Hamler from PSRS/PEERS reviewed Member Services statistics for the 2021-2022 fiscal year and discussed the department’s many accomplishments during that time. She also commended her team for continuing to provide a high level of customer service. Ms. Hamler presented to the Board information regarding total membership statistics, active service information, benefits, working after retirement and total member interactions.

CEM Benchmarking

PSRS/PEERS participated in the CEM benchmarking study based on fiscal year 2021 performance. Mr. Bill Betts and Ms. Jenny Patterson from PSRS/PEERS and Mr. Franco Wang (virtual attendance) with CEM Benchmarking Inc. presented a summary of the final report. CEM benchmarked PSRS/PEERS' service and costs compared to 72 leading global pension systems, including 11 in our peer group that are similar in size.

For the fifth straight year, the results were very positive, with an overall service score of 89 out of 100. This high level of service was provided in a cost-efficient manner with total administration costs below the average cost of the CEM universe.

Mr. Wang explained to the Board how CEM measures both costs and service by analyzing over 120 key performance metrics. Mr. Betts expressed his appreciation to CEM, but more importantly, to the staff of PSRS/PEERS for continuing to provide a high level of service in a cost-efficient manner.

CPI-U Update

Mr. 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 9.0598% through June 30, 2022. The beginning CPI-U for 2022-2023 is at -0.0018% through July 31, 2022.

GFOA Award

Mr. Snider shared with the Board that the Systems were awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the Systems’ fiscal year 2021 Annual Comprehensive Financial Report. The Systems have received the GFOA Certificate of Achievement each year since 1994. Mr. Snider explained to the Board that the annual report is a collaborative effort among departments and also reminded the Board of the importance of the annual report, as it is a record of all activity conducted by the Systems during the fiscal year.

Public Comment

None

Other

None

**Closed Session
PSRS5070
PEERS3305**

Dr. Moss moved that the meeting continue in closed session to consider personnel issues, technology security issues and legal matters under Sections 610.021 (1), (12), (14) and (21) and 169.020.17, RSMo. Ms. Knes seconded the motion. Voting “Aye” – Steliga, Knes, Collins, Kissinger, Park, Gassmann, and Moss; “Nay” – None. The motion carried unanimously.

The following motions were made in closed session:

PSRS5071/PEERS3306 – Minutes from June 6, 2022, Closed Session (Steliga, Collins, Moss, Kissinger and Park; voting to approve the previous closed session minutes)

PSRS5072/PEERS3307 – Minutes from Investment Symposium held July 10-13, 2022 (Steliga, Moss, Knes, Park and Gassmann; voting to approve the closed Symposium minutes)

PSRS5073/PEERS3308 – Board Governance Procurement (Steliga, Knes, Collins, Kissinger, Moss, Park and Gassmann; voting to approve the Board Governance Procurement)

PSRS5074/PEERS3309 – Move back to Open Session (Steliga, Knes, Collins, Kissinger, Moss, Gassmann and Park; voting to move back to open session)

Adjournment

PSRS5075

PEERS3310

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

**Prepared by
Jennifer Martin**

Jason Steliga, Chair

Dearld Snider, Executive Director