

REGULAR MEETING
BOARD OF TRUSTEES
OF
THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI
December 7, 2020

MEMBERS PRESENT

Jason Hoffman, Chair
Jason Steliga, Vice-Chair
Kyle Collins
Scott Hunt
Sharon Kissinger
Beth Knes
Melinda Moss

MEMBERS ABSENT

OTHERS PRESENT

Dearld Snider, Executive Director
Craig Husting, Chief Investment Officer
Sarah Swoboda, General Counsel
Anita Brand, Chief Financial Officer
Maria Walden, Director, Legislation & Pol
Nicole Hamler, Director, Member Services
Omar Davis, Director, Employer Services
Susan Wood, Director, Communications
Jeff Hyman, Director, Internal Audit
Kim Harris, Director, Human Resources
Stacie Verslues, Director, Admin Design

Meeting Convened

The meeting of the Board of Trustees convened at 9:45 a.m. via videoconference. In attendance were Board members Jason Hoffman, Jason Steliga, Kyle Collins, Scott Hunt, Sharon Kissinger, Beth Knes and Melinda Moss. Also present were Executive Director, Dearld Snider; Chief Investment Officer, Craig Husting; General Counsel, Sarah Swoboda; Chief Financial Officer, Anita Brand; Director of Employer Services, Omar Davis; Director of Member Services, Nicole Hamler; Director of Legislation and Policy, Maria Walden; Director of Communications, Susan Wood; Director of Internal Audit, Jeff Hyman; Director of Human Resources, Kim Harris; Director of Administrative Planning and Design, Stacie Verslues; and various other PSRS/PEERS staff members.

**Approval of
Videoconference
PSRS4947
PEERS3182**

Mr. Steliga moved to approve that the Board Meeting be held via videoconference. Mr. Collins seconded the motion. A roll call vote was taken. Voting “Aye”—Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss; “Nay”—None. The motion carried unanimously.

**Approval of
Minutes
PSRS4948**

Mr. Hunt moved that the minutes from the October 5, 2020 meeting be approved as presented. Ms. Kissinger seconded the motion. A roll call vote was taken. Voting

PEERS3183

“Aye” –Steliga, Collins, Hunt, Kissinger, Knes and Moss. “Abstained” – Hoffman. “Nay” – None. The motion carried unanimously.

Approval of Minutes

PSRS4949

PEERS3184

Mr. Steliga moved that the minutes from the October 26, 2020 meeting be approved as presented. Ms. Moss seconded the motion. A roll call vote was taken. Voting “Aye”—Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss; “Nay”—None. The motion carried unanimously.

Order of Business

None

Investments

Investment

Performance Report

Mr. Craig Husting from PSRS/PEERS and Ms. Margaret Jadallah from Verus reviewed the investment performance for the period ended September 30, 2020. The one-year PSRS/PEERS investment return was reported as 8.5%, while the fiscal year return (July 1, 2020 through September 30, 2020) was reported as 5.3%.

Ongoing Investment Activity

Mr. Husting and Ms. Jadallah reviewed ongoing investment activities, which included estimated investment performance through November 30, 2020. Mr. Husting discussed the current asset allocation of the PSRS/PEERS portfolio, in which he reviewed the long-term strategy, portfolio themes and the broad portfolio expectations.

Investment Policy Changes

The Investment Policy was originally adopted in 1995. The investment staff periodically conducts a full review of the Investment Policy and recommends changes to the Board. The last full review was conducted in June 2020.

Mr. Husting discussed proposed Investment Policy changes to the Private Equity and Private Credit Implementation Manuals. The recommended changes were primarily to permit the acquisition of minority equity stakes in and/or provide financing to established investment management firms that have an existing relationship with PSRS/PEERS. Following discussion, the Board amended the recommendation to permit the acquisition of equity stakes (minority removed) in and/or provide financing to established investment management firms that have an existing relationship with PSRS/PEERS. The limit on the proposed investments was also increased to \$200 million. Mr. Hunt moved to approve the amended recommendation for investment policy changes. Ms. Moss seconded the motion. A roll call vote was taken. Voting “Aye”—Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss; “Nay”—None. The motion carried unanimously.

PSRS4950

PEERS3185

**Accounting
Review of the
FY20**

**Comprehensive
Annual Financial
Report (CAFR)/
Audit Report**

Ms. Anita Brand from PSRS/PEERS briefly reviewed the purpose of the Comprehensive Annual Financial Report (CAFR) as previously presented to the Budget and Audit Committee.

Ms. Brand reviewed the recent June 30, 2020 audit of the Retirement Systems as shared with the Budget and Audit Committee earlier in the day by Mr. Nick Mestres and Ms. Kristen Brown from Williams Keepers. Mr. Mestres indicated that Williams Keepers had issued an unqualified audit opinion on the June 30, 2020 financial statements. Mr. Mestres indicated an unqualified audit opinion represents the following: the “highest opinion” available, that the financial statements are fairly presented in all material respects in accordance with the U.S. Generally Accepted Accounting Principles, and the financial statements can be relied upon. Mr. Collins moved that the audit report be

PSRS4951
PEERS3186

accepted as recommended by the Budget and Audit Committee. Ms. Knes seconded the motion. A roll call vote was taken. Voting “Aye” – Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss “Nay” – None. The motion carried unanimously.

Budget Amendment

Ms. Brand briefly reviewed a memo regarding a budget amendment request which included costs related to the Board approved Executive Director national search firm contract and investment succession plan as well as for the multi-year Building Expansion and Renovation Project. Mr. Steliga moved to approve the budget amendment as previously recommended by the Budget and Audit Committee. Mr. Hunt seconded the motion. A roll call vote was taken. Voting “Aye” – Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss “Nay” – None. The motion carried unanimously.

PSRS4952
PEERS3187

Banking Resolution

Ms. Brand reviewed a memo regarding a banking resolution. The resolution provides authority to Mr. Dearld Snider and Mr. Craig Husting to make necessary changes related to our banking relationship with Central Bank and formally removes Steve Yoakum. Steve Yoakum’s authority to act on behalf of the Systems ended on November 30, 2020, this resolution finalizes those procedures. The banking resolution authorizes appropriate individuals to execute documents with the bank without additional approval by the Board of Trustees. The resolution automatically expires each June 30 or when a new resolution is received by Central Bank. Mr. Hunt moved to approve the resolution as recommended by the Budget and Audit Committee. Mr. Collins seconded the motion. A roll call vote was taken. Voting “Aye” – Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss “Nay” – None. The motion carried unanimously.

PSRS4953
PEERS3188

Management Report
Legislative Update

Ms. Maria Walden and Mr. Jim Moody updated the Board on the current legislative session including 2021 pre-filed legislation. Mr. Moody reported briefly on state revenue. Ms. Walden covered the Governor’s waiver of certain working after retirement limits that were extended through March 31, 2021. She also went through 2020 legislative issues that we could see return including the Emergency Substitute Teacher Pool (ESTP) and Critical Shortage. The Board discussed certain potential changes to the critical shortage statute, as previously provided during last year’s legislative session. Mr. Hunt moved that the Board support previously provided changes to the critical shortage statute. Ms. Kissinger seconded the motion. A roll call vote was taken. Voting “Aye” – Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss “Nay” – None. The motion carried unanimously.

PSRS4954
PEERS3189

Member Services
Disability Program

Ms. Nicole Hamler presented on the disability retirement program. Ms. Hamler provided the Board with an overview of the program review and discussed the history and objectives of this review. The policy enhancements previously approved by management staff are currently being implemented. These enhancements consist of adding additional medical advisors and the implementation of an annual income verification process. The regulation enhancements were previously approved by the Board in Spring of 2020. The regulation changes set allowable earned income into regulation for disability retirees under the age of 60 and also remove the automatic approval for PEERS disability based on Social Security disability approval. Ms.

Hamler briefly reviewed the possible statutory enhancements, which include modifying the working after retirement restrictions for disability retirees. Currently disability retirees cannot work for covered employers at all until age 60. At age 60, retirees are moved to service retirement work limits. The statutory enhancement would allow disability retirees to go back to work for covered employers within set limits. Ms. Hamler feels it prudent to wait on the statutory enhancements but expressed the desire to pursue the proposed working after retirement enhancements should the opportunity arise this legislative session.

Facility Renovation Mr. Dearld Snider provided a high-level recap of the construction timeline for the new addition and renovation. Construction of the new addition is in its final stages and substantially completed in November 2020. Renovation is in full swing throughout the current building and presently set to be complete in September 2021.

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 1.0051% through October 31, 2020.

Public Comment None

Closed Session Mr. Hunt moved that the meeting continue in closed session to consider personnel issues, technology security issues, and legal matters under Sections 610.021 (1), (13), (14), (21) and 169.020.15, RSMo. Ms. Knes seconded the motion. A roll call vote was taken. Voting "Aye" – Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss "Nay" – None. The motion carried unanimously.

PSRS4955
PEERS3190

The following motions were made in closed session:
PSRS4956/PEERS3191 - Minutes (Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss; voting to approve the ED search closed session minutes)
PSRS4957/PEERS3192 - Minutes (Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss; voting to approve the previous closed session minutes)
PSRS4958/PEERS3193 – Member Appeal (Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss voting to deny the member appeal)
PSRS4959/PEERS3194 – Adjournment (Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss; voting to adjourn closed session)

Adjournment Ms. Kissinger moved that the meeting adjourn. Mr. Collins seconded the motion. Voting "Aye" – Hoffman, Steliga, Collins, Hunt, Kissinger, Knes and Moss "Nay" – None. The motion carried unanimously.

PSRS4960
PEERS3195