

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

THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

June 10, 2019

MEMBERS PRESENT

Aaron, Zalis, Chair
Jason Hoffman, Vice-Chair
Chuck Bryant
Beth Knes
Yvonne Heath
Jason Steliga

MEMBERS ABSENT

Scott Hunt

OTHERS PRESENT

Steve Yoakum, Exec. Director
Dearld Snider, Asst. Exec. Dir., Oper.
Craig Husting, Asst. Exec. Dir., Invest.
Sarah Swoboda, General Counsel
Anita Brand, Chief Financial Officer
Bill Betts, Chief Technology Officer
Maria Walden, Legislative Director
Nicole Hamler, Dir. of Member Serv.
Omar Davis, Dir. of Employer Serv.
Susan Wood, Communications Dir.
Stacie Verslues, Dir. Admin Design

**Meeting
Convened**

The meeting of the Board of Trustees convened at 10:15 a.m. in the Retirement System offices in Jefferson City, Missouri. In attendance were Board members Aaron Zalis, Jason Hoffman, Chuck Bryant, Yvonne Heath, Beth Knes and Jason Steliga. Board member, Scott Hunt was absent. Also present were Executive Director, M. Steve Yoakum; Assistant Executive Director, Investments, Craig Husting; Assistant Executive Director, Operations, Dearld Snider; 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 Internal Audit, Jeff Hyman; Chief Technology Officer, Bill Betts; Communications Director, Susan Wood; Director of Administrative Planning and Design, Stacie Verslues; and various other PSRS/PEERS staff members.

**Approval of
Minutes
PSRS4835
PEERS3070**

Ms. Knes moved that the minutes from the April 15, 2019 meeting be approved as presented. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Hoffman, Bryant, Heath, Knes, and Steliga; “Nay”—None. The motion carried unanimously.

Order of Business

None

Investments

Mr. Craig Husting of PSRS/PEERS reviewed the investment performance for the period ended March 31, 2019. The one-year PSRS/PEERS’ investment

**Investment
Performance
Report**

return was reported as 5.0% while the fiscal year return (July 1, 2018 through March 31, 2019) was reported as 3.4%.

**Ongoing
Investment
Activity**

Mr. Husting reviewed ongoing investment activities, which included estimated investment performance through May 31, 2019. 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. Mr. Husting also reviewed the tentative Board investment calendar.

**Management
Board Meeting
Dates**

The 2019-2020 fiscal year meeting dates were reviewed. Mr. Steliga moved that the following dates be set for the 2019-2020 fiscal year. August 26, 2019; October 28, 2019; December 9, 2019; February 10, 2020; April 6, 2020; June 8-9, 2020. The Board also set the August 31, 2020 meeting date. Ms. Heath seconded the motion. Voting “Aye” – Zalis, Hoffman, Bryant, Heath, Knes and Steliga; “Nay” – None. The motion carried unanimously.

PSRS4836
PEERS3071

**Annual Banking
Resolution**

Ms. Anita Brand reviewed a memo regarding a banking resolution, which was unanimously approved earlier in the day by the Budget and Audit Committee. The resolution provides continuing authority to Mr. Steve Yoakum, Mr. Dearld Snider and Mr. Craig Husting to make necessary changes related to our banking relationship with Central Bank. Mr. Hoffman moved that the following resolution be approved as recommended by the Budget and Audit Committee:

WHEREAS, the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (hereinafter the “Company”) desires to obtain a variety of services from Central Bank and the Company desires to authorize individuals to act on its behalf in authorizing the necessary agreements to establish these services;

NOW, THEREFORE, BE IT RESOLVED, that the persons listed below (the “Authorized Persons”) shall enter into and execute applications, instruments, documents, agreements, financial statements, and other writings and any amendments or modifications of any of the same, as in the opinion of the Authorized Persons may be necessary or desirable to consummate the banking services relationship; and

M. Steve Yoakum, Executive Director
Craig A. Husting, Assistant Executive Director, Investments
Dearld O. Snider, Assistant Executive Director, Operations

FURTHER RESOLVED, that the Authorized Persons are hereby authorized and directed to execute, acknowledge and deliver on behalf of the above-referenced entity, as the Authorized Persons may deem necessary or desirable, any and all documents and other writings to consummate any agreement necessary to establish the appropriate banking services for the Company.

This Authorization may be executed in two or more counterparts and by the different parties hereto on separate counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same Authorization. This authorization will automatically expire on the earlier of June 30, 2020 or when a new resolution is received by the bank.

PSRS4837
PEERS3072

Ms. Knes seconded the motion. Voting “Aye” – Zalis, Hoffman, Bryant, Heath, Knes and Steliga; “Nay” – None. The motion carried unanimously.

**Strategic Plan
Policy**

Mr. Snider reviewed briefly with the Board our current Strategic Plan Policy and the four focus areas. Mr. Snider shared the department tactics and goals developed by the management team, how each help support the Strategic Plan, and how Ms. Brand was able to incorporate these projects into the 2019-2020 budget.

**2019-2020 Budget
Approval**
PSRS4838
PEERS3073

Ms. Brand reviewed the 2019-2020 proposed budget request. The budget was compiled based on the Systems' mission of providing retirement security to Missouri's educators and public school employees in the most efficient and cost-effective manner possible. Ms. Brand provided a summary of discussions with the Budget and Audit Committee earlier in the day. Mr. Bryant moved that the proposed 2019-2020 budget as presented by the Budget and Audit Committee be approved. Mr. Hoffman seconded the motion. Voting “Aye” – Zalis, Hoffman, Bryant, Heath, Knes and Steliga; “Nay” – None. The motion carried unanimously.

**Facility
Renovation**

Mr. Snider presented on the current renovation timeline. Bid Package 1, which includes the new west parking lot, geothermal bore fields, geothermal pipe installation, demolition of the maintenance building and a three-lane south exit, has been advertised for competitive bid. Construction work on this bid package is set to begin in late July.

**Member Services –
Information
Center**

Ms. Nicole Hamler, Director of Member Services and Ms. Nichole Williams, Information Center Supervisor, presented an update on the information center, a section within the member services department. Ms. Hamler gave a general overview of the section and discussed the primary responsibilities of the Information Center: handling phone calls and responding to incoming emails. Ms. Williams shared with the Board the recent transition and implementation of the new phone system, RingCentral, and how this has improved the member and user experiences. Ms. Hamler discussed the section goals for the Information Center and how these goals support the overall strategic plan of PSRS/PEERS.

Website Refresh

Ms. Susan Wood, Director of Communications walked the Board through a refresh of the current public website. She highlighted and demonstrated new features and functionality of the site and shared statistics about usage. The refreshed website is set to go live in July.

**Administrative
Rule Review**

Ms. Sarah Swoboda, General Counsel and Ms. Heather Conway, Staff Attorney, reported to the Board on a statutory requirement to review our Administrative Rules every five years. Ms. Swoboda and Ms. Conway have recently completed this review and will be filing a report with the Joint Committee on Administrative Rules and posting the report on the PSRS website by June 30, 2019, as required by statute.

Legislative Update

Ms. Maria Walden updated the Board on the 2019 Missouri Legislative Session. Ms. Walden reviewed the 2019 Missouri legislative statistics, as well as the upcoming important 2019 legislative dates. She also reviewed bills that passed

with a direct impact on the Systems. Internal implementation teams were established and have been working on steps to ensure a smooth transition if those bills are signed by the governor. The governor has until July 14 to sign or veto truly agreed to and finally passed legislation. The Systems will provide additional information to members who are impacted.

HB 77 – Sponsor: Representative Black

- Allows all PSRS retirees who would return to work for community colleges to be covered under the 550 hours and 50% salary statutory restrictions (exempt from the \$15,000/no hourly limitation). Signed by the governor on April 16, 2019. This bill contained an emergency clause, which means it took effect the date the bill was signed into law.

SS#2 SCS HCS HB 604 – Sponsor: Representative Henderson

- Establishes the School Turnaround Act.
- This bill provides a definition for “teacher externship” and requires that the Department of Economic Development and DESE shall adopt requirements for teacher externships along with an equivalency schedule to allow externships hours to be considered for increases similar to graduate-level coursework on the salary schedule for districts before July 1, 2020.

CCS SB 17 – Sponsor: Senator Romine

- Modifies provisions relating to various retirement plans for public employers.
 - *Community College Working After Retirement Provision (Similar to HB 77)* Allows all PSRS retirees who would return to work for community colleges to be covered under the 550 hours and 50% salary statutory restrictions (exempt from the \$15,000/no hourly limitation).
 - *Divorce Pop-up Provision (HB 723)* Allows for any retiree who selects a Joint-and-Survivor Benefit Plan and has a subsequent divorce, or any retiree who has already been divorced, to be allowed to pop-up to the Single Life Benefit Plan upon receipt of the application to the Systems, as long as the following occurs:
 - For divorces that occur after September 1, 2017, the divorce decree must clearly state that the retiree retains sole retention of his/her retirement benefit and that the ex-spouse is relinquishing all rights to his/her benefit.
 - For divorces that occurred before September 1, 2017, and the divorce decree clearly states that the retiree retains sole retention of his/her retirement benefit and the ex-spouse is relinquishing all rights,
 - The parties can obtain an amended or modified divorce decree after September 1, 2017 or,
 - The nominated spouse consents in writing to his/her immediate removal as nominated beneficiary and disclaims all rights to future benefits to the satisfaction of the Board
 - For divorces that occurred before September 1, 2017, and the divorce decree does not provide for the sole retention by the retired person, the parties must obtain an amended or modified divorce decree after September 1, 2017,

which provides for sole retention by the retired person of all rights to the retirement allowance.

Ms. Walden also presented a detailed list of the bills that did not pass this legislative session and other legislative issues of interest to the Systems.

CPI-U Update

Mr. Yoakum 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, which is used for COLA calculations, 1.4124% for the first ten months of the fiscal year 2019.

Public Comment

Mike Stearly of Fredericktown asked Board Members, Aaron Zalis and Yvonne Heath to reconsider their expiring term. He also hopes that when our facility renovation is complete that he sees a plaque hanging with each of these Board Members' names. He then thanked the Board for all they do.

Closed Session

PSRS4839
PEERS3074

Mr. Hoffman 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. Voting "Aye"—Zalis, Hoffman, Bryant, Heath, Knes, and Steliga; "Nay"—None. The motion carried unanimously.

The following motions were made in closed session:

PSRS4840/PEERS3075 - Minutes (Zalis, Hoffman, Bryant, Heath, Knes and Steliga; voting to approve the previous closed session minutes)

PSRS4841/PEERS3076 – Adjournment (Zalis, Hoffman, Bryant, Heath, Knes and Steliga; voting to adjourn closed session)

Adjournment

PSRS4842
PEERS3077

Mr. Hoffman moved that the meeting adjourn. Mr. Steliga seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, Knes, Bryant and Steliga; "Nay"—None. The motion carried unanimously.