

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

**AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI**

June 8-9, 2020

MEMBERS PRESENT

Aaron Zalis, Chair
Jason Hoffman, Vice-Chair
Yvonne Heath
Scott Hunt
Beth Knes
Jason Steliga

MEMBERS ABSENT

Sharon Kissinger

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
Maria Walden, Dir. Legislation & Pol
Nicole Hamler, Dir. of Member Serv.
Omar Davis, Dir. of Employer Serv.
Jeff Hyman, Director of Internal Audit
Susan Wood, Communications Dir.
Stacie Verslues, Dir. Admin Design

Monday, June 8, 2020

Meeting Convened

The Education Retreat of the Board of Trustees convened at 11:00 a.m. in the Retirement System offices in Jefferson City, Missouri. In attendance were Board members Aaron Zalis, Jason Hoffman, Yvonne Heath, Scott Hunt, Beth Knes and Jason Steliga. Board member, Sharon Kissinger was absent. Also present were newly elected Board members Kyle Collins and Melinda Moss. 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; Communications Director, Susan Wood; Director of Administrative Planning and Design, Stacie Verslues; and various other PSRS/PEERS staff members.

System History

Presenter: M. Steve Yoakum, Executive Director

**General Board
Activities**

Presenter: M. Steve Yoakum, Executive Director

**Fiduciary
Responsibility**

Presenter: Sarah Swoboda, General Counsel

Member/Employer Services/Communications	Presenter: Nicole Hamler, Director, Member Services, Omar Davis, Director, Employer Services, and Susan Wood, Communications Director
Information Technology	Presenter: Bill Betts, Chief Technology Officer
Legislative	Presenter: Maria Walden, Director of Legislation and Policy and Jim Moody, Legislative Consultant
Investments	Presenter: Craig Husting, Assistant Executive Director, Investments
Accounting/Human Resources/Internal Audit	Presenter: Anita Brand, Chief Financial Officer, Kim Harris, Director of Human Resources and Jeff Hyman, Director of Internal Audit
Actuarial 101	Presenter: Brandon Robertson, PricewaterhouseCoopers (PwC), Anita Brand, Chief Financial Officer and M. Steve Yoakum, Executive Director
COVID-19	Presenter: Richard Falkenrath, Bridgewater

Tuesday, June 9, 2020

Meeting Convened The meeting of the Board of Trustees convened at 10:00 a.m. in the Retirement System offices in Jefferson City, Missouri. In attendance were Board members Aaron Zalis, Jason Hoffman, Yvonne Heath, Scott Hunt, Beth Knes and Jason Steliga. Board member Sharon Kissinger was absent. Also present were newly elected Board members Kyle Collins and Melinda Moss. Also present were Executive Director, M. Steve Yoakum; Assistant Executive Director, Investments, Craig Husting; Assistant Executive Director, Operations, Dearth 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; Communications Director, Susan Wood; Director of Administrative Planning and Design, Stacie Verslues; and various other PSRS/PEERS staff members.

Approval of Minutes
PSRS4896
PEERS3131

Mr. Steliga moved that the minutes from the April 6, 2020 meeting be approved as presented. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Hoffman, Hunt, Heath, Knes, and Steliga; “Nay”—None. The motion carried unanimously

Order of Business

Mr. Steve Yoakum of PSRS/PEERS presented Yvonne Heath with a plaque in honor of her years of service and dedication to the PSRS/PEERS Board of Trustees. Mr. Yoakum also presented Dr. Aaron Zalis with a plaque thanking him for his leadership over the past ten years on the PSRS/PEERS Board of Trustees.

Investments
Investment
Performance Report

Assistant Executive Director, Investments, Mr. Craig Husting reviewed the investment performance for the period ended March 31, 2020. The 1-year PSRS/PEERS investment return was reported as -0.9% while the fiscal year return (July 1, 2019 thru March 31, 2020) was reported as -4.3%.

Ongoing Investment
Activity

Mr. Husting reviewed ongoing investment activities, which included estimated investment performance through May 31, 2020. The estimated fiscal year investment return (July 1, 2019 thru May 31, 2020) was reported as approximately 1.8%. Mr. Husting discussed the investment markets, rebalancing activity in March and April and the current PSRS/PEERS asset allocation.

Custodial Review

JP Morgan was hired as the custodian for PSRS/PEERS in September 2010 after a formal RFP process. Consultant RVK was hired in 2015 to conduct a Custodial and Related Services Review. The result of the RVK review was an extension of the JP Morgan custody contract (under a new compensation structure) through September 2020.

Mr. Husting reported that RVK was retained by PSRS/PEERS again in February 2020 to conduct a second Custodial and Related Services Review. As part of the review, RVK evaluated specifics of the PSRS/PEERS relationship with JP Morgan including cost drivers, levels of complexity and changes over time.

Ms. Knes moved to allow staff, with the assistance from RVK, to negotiate new contract terms with JP Morgan (through September 2025) based on the results of the custodial review. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Hoffman, Hunt, Heath, Knes, and Steliga; “Nay”—None. The motion carried unanimously.

PSRS4897
PEERS3132

Investment Policy

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 October 2019.

Mr. Husting discussed proposed Investment Policy changes. The recommended changes were primarily to bring the policy in accord with Board action from April 6, 2020 to adopt a new long-term asset allocation.

PSRS4898
PEERS3133

Following discussion, Ms. Heath moved to approve the investment policy changes as presented. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Hoffman, Hunt, Heath, Knes, and Steliga; “Nay”—None. The motion carried unanimously.

Management
Election Results

Mr. Yoakum shared the trustee election results as certified by Election-America. Mr. Yoakum welcomed Dr. Kyle Collins and Dr. Melinda Moss to the PSRS/PEERS Board of Trustees. Mr. Hoffman moved to approve the certified election results as presented. Mr. Steliga seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Knes, and Steliga; “Nay”—None. The motion carried unanimously.

PSRS4899
PEERS3134

COVID-19

Mr. Dearld Snider of PSRS/PEERS presented a timeline of actions that have been taken since the onset of COVID-19, as well as the precautions the office still has in place. He also shared with the Board some important statistics to highlight the high level of service we were still able to provide to our members and employers while staff was working remotely.

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. Hunt 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, 2021 or when a new resolution is received by the bank.

PSRS4900
PEERS3135

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

2020-2021 Budget Approval

Ms. Brand reviewed the 2020-2021 proposed budget request, which was unanimously approved earlier in the day by the Budget and Audit Committee. 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. Mr. Hoffman moved that the proposed 2020-2021 budget as presented by the Budget and Audit Committee be approved. Ms. Heath seconded the motion. Voting “Aye” – Zalis, Hoffman, Hunt, Heath, Knes and Steliga; “Nay” – None. The motion carried unanimously.

PSRS4901
PEERS3136

Legislative Update

Director of Legislation and Policy, Ms. Maria Walden updated the Board on the 2020 Missouri Legislative Session. Ms. Walden reviewed the 2020 Missouri legislative statistics, as well as the upcoming important 2020 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.

Senate Substitute (SS) Senate Committee Substitute (SCS) House Bill (HB) 1467 and House Bill (HB) 1934 state information pertaining to the salaries and benefits of the executive director and employees of the Board of PSRS shall not be considered confidential individually identifiable information.

Senate Committee Substitute (SCS) Senate Bill (SB) 739 creates the “Anti-Discrimination Against Israel Act”

Prohibits public entities from entering into certain contracts with a company unless the contract includes written certification that the company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of goods or services from the State of Israel or any company, or person or entity, doing business with or in the State of Israel.

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

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 is up 0.0960% through April 30, 2020, which brings the total cumulative to 1.7445%.

Board Meeting Dates

The 2020-2021 fiscal year meeting dates were reviewed. Ms. Heath moved that the following dates be set for the 2020-2021 fiscal year. August 31, 2020; October 26, 2020; December 7, 2020; February 8, 2021; April 12, 2021; June 7-8, 2021. Ms. Knes seconded the motion. Voting “Aye” – Zalis, Hoffman, Hunt, Heath, Knes and Steliga; “Nay” – None. The motion carried unanimously.

PSRS4902
PEERS3137

Public Comment

None

Closed Session

Mr. Steliga 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. Mr. Hoffman seconded the motion. A roll call vote

PSRS4903

PEERS3138

was taken. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Knes, and Steliga; “Nay”—None. The motion carried unanimously.

The following motions were made in closed session:

PSRS4904/PEERS3139 - Minutes (Zalis, Hoffman, Heath, Hunt, Knes and Steliga; voting to approve the previous closed session minutes)

PSRS4905/PEERS3140 – New Trustee Inclusion (Zalis, Hoffman, Heath, Hunt, Knes and Steliga; voting to approve the new Trustees be allowed in comp study discussion)

PSRS4906/PEERS3141 – ED Evaluation (Zalis, Hoffman, Heath, Hunt, Knes and Steliga; voting to approve the Board completed ED evaluation)

PSRS4907/PEERS3142 – ED Contract and Compensation Review (Zalis, Hoffman, Heath, Hunt, Knes and Steliga; voting to approve the new contract and salary for ED)

PSRS4908/PEERS3143 – Board Self- Evaluation (Zalis, Hoffman, Heath, Hunt, Knes and Steliga; voting to approve the Board completed self-evaluation)

PSRS4909/PEERS3144 – Adjournment (Zalis, Hoffman, Heath, Hunt, Knes and Steliga; voting to adjourn closed session)

Adjournment

PSRS4910

PEERS3145

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