

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

AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

June 5-6, 2022

MEMBERS PRESENT

Jason Steliga, Chair
Dr. Kyle Collins
Dr. D. Eric Park
Sharon Kissinger
Dr. Melinda Moss

MEMBERS ABSENT

Beth Knes, Vice-Chair

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
Mike Moorefield, Dir. Legis. and Policy
Jennifer Martin, Director, Board Admin.

June 5, 2022

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 4:30 p.m. In attendance were Board members Jason Steliga, 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 Legislation and Policy, Mike Moorefield; Chief Technology Officer, Lisa Scheulen; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

Public Credit and Real Estate

Mr. Frank Aten and Ms. Jessica Wilbers from PSRS/PEERS reviewed the Systems' Public Credit portfolio including program objectives, guidelines and long-term results. The five-year annualized return for the Public Credit composite for the period ended April 30, 2022 was 2.3%.

Ms. Susan Conrad and Ms. Chhayhea Sam from PSRS/PEERS reviewed the Systems' Real Estate portfolio including program objectives, guidelines and long-term results. The five-year annualized return for the Real Estate composite for the period ended March 31, 2022 was 11.0%.

Adjournment
PSRS5051
PEERS3286

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

Monday, June 6, 2022
System Operations

Meeting Convened	The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 10 a.m. In attendance were Board members Jason Steliga, 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 Internal Audit, Jeff Hyman; Director of Legislation and Policy, Mike Moorefield; 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 <u>PSRS5052</u> <u>PEERS3287</u>	Ms. Kissinger moved that the minutes from the April 10 and April 11, 2022 meetings be approved as amended. Dr. Collins seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.
Order of Business	None
LEAD Group Recognition	Graduates of the first LEAD (Leadership Exploration and Development) group were recognized and presented with a certificate. The purpose of the program is to identify, develop and retain internal talent for leadership positions to sustain our culture and support the ongoing growth of our organization. Members recognized were Amber Ewing, Human Resources; Ciara Bauer, Information Technology; Chhayhea Sam, Investments; Dellanta Butler, Employer Services; Jenny Patterson, Information Technology; Paula Balmer, Member Services; Lori Schenewerk, Member Services; Randy Angerer, Information Technology; Sheri Morgan, Member Services; Steve Drews, Investments; Stephanie Rankin, Member Services; and Tracy Weber, Accounting.
<u>Investments</u> Performance Report for March 31, 2022	Mr. Craig Husting from PSRS/PEERS and Mr. Michael Hall from Russell reviewed the investment performance for the period ended March 31, 2022. The one-year PSRS/PEERS investment return was reported as 12.4%, while the fiscal year return (July 1, 2021 through March 31, 2022) was reported as 4.2%.
Ongoing Investment Activity	Mr. Husting and Mr. Hall reviewed ongoing investment activities, which included estimated investment performance through May 31, 2022. The estimated fiscal year investment return (July 1, 2021 through May 31, 2022) was reported as approximately 1.0%. Mr. Husting discussed the investment markets, rebalancing activity in April and May and the current PSRS/PEERS asset allocation.
<u>Management Report</u> Set meeting dates for FY2023 <u>PSRS5053</u> <u>PEERS3288</u>	The 2022-2023 fiscal year meeting dates were reviewed. Dr. Park moved that the following dates be set for the 2022-2023 fiscal year: August 29, 2022; October 24, 2022; December 5, 2022; February 6, 2023; April 17, 2023, and June 11-12, 2023. Dr. Moss seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.
Annual Banking Resolution <u>PSRS5054</u> <u>PEERS3289</u>	Ms. 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. Dearld Snider, Mr. Bill Betts and Mr. Craig Husting to make necessary changes related to our banking relationship with Central Bank. Dr. Moss moved that the annual banking resolution be approved. Dr. Collins seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.
Approve Budget for 2022-2023	Ms. Brand reviewed the 2022-2023 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.

PSRS5055
PEERS3290

Ms. Kissinger moved that the proposed 2022-2023 budget as presented by the Budget and Audit Committee be approved. Dr. Park seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.

Strategic Plan Presentation

Mr. Bill Betts from PSRS/PEERS reviewed with the Board the 2023-2025 Strategic Plan and the four focus areas: System and Financial Stability, Culture of Excellence, Engagement and Innovation. Mr. Betts shared a snapshot of the key initiatives developed by the management team. The key initiatives are developed through a formal process to help support the strategic plan and utilized in preparation of the annual budget request presented to the Board.

PSRS5056
PEERS3291

Dr. Moss moved that the proposed 2023-2025 Strategic Plan as presented by the Budget and Audit Committee be approved. Dr. Collins seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.

Strategic Plan Policy

Mr. Betts also reviewed the Strategic Plan Policy. Mr. Betts shared the PSRS/PEERS management team’s recommendation to change the term “tactics” to “key initiatives” within the Strategic Plan Policy. The team feels key initiatives is more representative of the items captured and presented to the Board. Once the updated policy is approved, it will be included in the Board’s Governance Policies. These policies are reviewed annually to ensure they are living documents serving to guide the functions of the Board, while also evolving to meet the changing needs of the Board and the Systems over time.

PSRS5057
PEERS3291

Dr. Park moved to approve the 2023-2025 Strategic Plan Policy as presented to the Budget and Audit Committee. Ms. Kissinger seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.

Plan Policy- Compensation Proration Under Code section 401(a)(17)

Ms. Brand reviewed a memo regarding the annual compensation limit for tax-qualified plans under Internal Revenue Code section 401(a)(17). The policies clarify the calculation of benefits if a member has earnings in excess of the limit in their last year of employment **and** do not receive a full year of service. The policies indicate the earnings should be prorated based on the service earned. The policies ensure that a member is not able to spike their final average salary by working a short year and reaching the compensation limit.

PSRS5058
PEERS3293

Dr. Moss moved the policies for both PSRS and PEERS be approved as presented. Dr. Collins seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.

Legislative Update

Mr. Mike Moorefield from PSRS/PEERS and Mr. Jim Moody, legislative consultant, updated the Board on the 2022 Missouri legislative session. Mr. Moody updated the Board on state general revenue collection through May 2022. Mr. Moorefield reviewed the 2022 legislative statistics, along with upcoming important dates remaining for the General Assembly in 2022. Additionally, he reviewed SB 681, legislation that directly impacts the Systems, along with other bills that would have impacted the Systems but did not pass.

SB 681 (Conference Committee Substitute #2/House Committee Substitute/Senate Substitute/Senate Committee Substitute Senate Bills 681 & 662) contains the substitute teacher working after retirement waiver language. This language waives the working after retirement limits on part-time or temporary-substitute work performed by PSRS/PEERS retirees as substitute teachers for covered employers or third-party providers. The waiver would apply from the date the bill is signed into law – due to an emergency clause that applies to waiver provision – until June 30, 2025.

The Systems are implementing processes and preparing regulations if the governor signs SB 681 into law. The governor has until July 14 to act upon all legislation.

Finally, Mr. Moorefield touched on other legislative issues of interest to the Systems.

Working After Retirement Regulations-Proposed Amendments re: Substitute Teaching Waiver

Ms. Sarah Swoboda from PSRS/PEERS presented to the Board proposed regulation amendments that involve working after retirement. The proposed regulation amendments are related to the passage of Conference Committee Substitute #2/House Committee Substitute/Senate Substitute/Senate Committee Substitute Senate Bills 681 & 662), otherwise referred to as SB 681, an omnibus education bill, which contains a temporary waiver (through June 2025) of working after retirement limits for PSRS and PEERS retirees who return to work to substitute teach. The proposed amendments will be filed if Governor Parson signs SB 681.

To administer this new law as it relates to PSRS/PEERS retirees, PSRS/PEERS must define what it means to substitute teach. The updated regulation defines teach to mean, “to instruct or guide the studies of students in a teaching position which requires a DESE-issued certificate.” This definition will exclude both non-certificated positions (such as bus drivers, custodial staff) and certificated positions which are not “teaching” positions (such as superintendents, administrators, etc.). While substitute teaching is rare in a community college context, a definition was included that may qualify a long-term substitute under the waiver. For community colleges, to teach shall mean, “to instruct or guide the studies of students in a teaching position certified by the executive officer of the college pursuant to Section 169.140, RSMo.” (This excludes supervisory and administrative positions.)

For purposes of the temporary working after retirement limit waiver, the proposed amended regulations provide that substitute teaching means that the retiree is serving in place of a regularly employed teacher who is temporarily unavailable. A regularly employed teacher is temporarily unavailable when that teacher’s position is unfilled due to the absence of the regular or former teacher for one year (12 months) or less. This will not cover situations when a retiree continually fills a position on a part-time basis (e.g., teaches one or two classes every year), or when a school district is continually unable to fill an open position after the regular teacher leaves (for more than one year). Those situations will require that any retiree’s work is subject to limits (550 hours and 50% of salary) or be certified as Critical Shortage Employment.

PSRS5059
PEERS3294

Dr. Collins moved to accept the proposed regulation on defining what it means to substitute teach for PSRS. Dr. Moss seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.

PSRS5060
PEERS3295

Ms. Kissinger moved to accept the proposed regulation on defining what it means to substitute teach for PEERS. Dr. Collins seconded the motion. Voting “Aye” – Steliga, Collins, Park, Kissinger and Moss; “Nay” – None. The motion carried unanimously.

2023 Special Election Schedule Approval

Dr. Park motioned to approve the following trustee election schedule: Notices and information to organizations for their publication deadlines (October 3, 2022); Official notice to all employing units (October 3, 2022); Petition forms available (October 24, 2022); Bids on election process (October 2022); Nominating petitions-postmark deadline (December 8, 2022); Petition signature audit and certification (the week of December 19-TBD); Ballots mailed to members (January 13, 2023); Electronic voting deadline and ballots due-postmark deadline (January 28, 2023); Official count and certification (February 15, 2023). Mr. Steliga seconded the motion. Voting “Aye” – Steliga, Knes, Collins, Kissinger, Park and Moss; “Nay” – None. The motion carried unanimously.

PSRS5061
PEERS3296
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 6.4090% through April 30, 2022.

Public Comment

None

Other

Mr. Steliga stated he would save his goodbye speech for Dr. Moss until the August Board Meeting, since that will be her last meeting.

Closed Session

PSRS5062

PEERS3297

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), (12), (14) and (17) and 169.020.15, RSMo. Dr. Moss seconded the motion. Voting “Aye” – Steliga, Collins, Moss, Kissinger and Park; “Nay” – None. The motion carried unanimously.

The following motions were made in closed session:

PSRS5063/PEERS3298 - Minutes (Steliga, Collins, Moss, Kissinger and Park; voting to approve the previous closed session minutes)

PSRS5064/PEERS3299 – Adjournment (Steliga, Collins, Kissinger and Park; voting to adjourn closed session)

Adjournment

PSRS5065

PEERS3300

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

Prepared by

Jennifer Martin

Jason Steliga, Chair

Dearld Snider, Executive Director