

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

August 25-26, 2024

MEMBERS PRESENT

Dr. Jason Steliga, Chair
Beth Knes, Vice-Chair
Dr. Eric Park
Allie Gassmann
Katie Webb
Chuck Bryant
Dr. Nate Moore

MEMBERS ABSENT

OTHERS PRESENT

Dearld Snider, Executive Director
Craig Husting, Chief Investment Officer
Sarah Swoboda, Chief Operating Officer
Mike Moorefield, Chief Counsel
Anita Brand, Chief Financial Officer
Tory Brondel, Deputy CFO
Jeff Hyman, Director of Internal Audit
Stacie Verslues, Director of Emp. Serv.
Nicole Hamler, Director of Member Serv.
Lisa Scheulen, Chief Technology Officer
Joe Susai, Chief Info. Security Officer
Susan Wood, Dir. of Communications
Michelle Varcho, Dir. of Human Res.
Jennifer Martin, Director, Board Admin.

**Sunday, August 25,
2024**

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 4:30 p.m. at the PSRS/PEERS offices located at 3210 W. Truman Blvd., Jefferson City, MO 65109. In attendance were Board members Dr. Jason Steliga, Beth Knes, Dr. Eric Park, Allie Gassmann, Katie Webb, Chuck Bryant and Dr. Nate Moore. Also present were Executive Director Dearld Snider, Chief Operating Officer Sarah Swoboda, Chief Investment Officer Craig Husting, Chief Counsel Mike Moorefield, Chief Financial Officer Anita Brand, Deputy Chief Financial Officer Tory Brondel, Director of Human Resources Michelle Varcho, Director of Member Services Nicole Hamler, Director of Employer Services Stacie Verslues, Director of Internal Audit Jeff Hyman, Director of Communications Susan Wood, Chief Technology Officer Lisa Scheulen, Chief Information Security Officer Joe Susai, Director of Executive and Board Administration Jennifer Martin and various other PSRS/PEERS staff members.

**REPORT OF
ACTUARY AUDIT**

**Review Actuary Audit
Report**

Mr. Ryan Falls and Mr. Bill Winningham from Milliman were present to discuss the recent actuarial audit. State statute requires the Systems to have an actuarial audit at

least every 10 years. Due to the significance of the actuarial relationship and for strong governance, the Board of Trustees conducts an actuarial audit every five years. The audit included a full replication of the June 30, 2023, valuations and a review of the most recent actuarial experience studies performed by the Systems' Actuary, PwC US. Mr. Falls and Mr. Winningham discussed the purpose of an audit and the actuarial audit process with the Board. Milliman concluded the actuarial work provided by PwC US provides a reasonable assessment of the financial position of the Systems and that their work was in compliance with Actuarial Standards of Practice. Milliman provided suggestions for the next experience studies and the actuarial valuation process. None of the suggestions are expected to have a significant impact on future actuarial results and can be considered when the next experience studies are performed or when the 2024 valuations are prepared.

INVESTMENTS

Hedged Assets

Mr. John Tuck, Mrs. Brenna Noble and Mr. Brock Gerstner from the PSRS/PEERS investment staff reviewed the Systems' Hedged Assets and Alpha Overlay portfolios including program objectives, guidelines, and long-term results. The five-year annualized return for the Hedged Assets composite for the period ended June 30, 2024, was 5.9%. The five-year annualized return for the Alpha Overlay composite for the period ended June 30, 2024, was 13.7%.

Public Comment

None

Adjournment

PSRS5202
PEERS3437

Ms. Webb moved that the meeting adjourn. Ms. Gassmann seconded the motion. Voting "Aye" – Steliga, Knes, Park, Gassmann, Webb, Bryant and Moore; "Nay" – None. The motion carried unanimously.

Monday, August 26,
2024

System Operations

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened at 8:30 a.m. at the PSRS/PEERS offices located at 3210 W. Truman Blvd., Jefferson City, MO 65109. In attendance were Board members Dr. Jason Steliga, Beth Knes, Dr. Eric Park, Allie Gassmann, Katie Webb, Chuck Bryant and Dr. Nate Moore. Also present were Executive Director Dearld Snider, Chief Operating Officer Sarah Swoboda, Chief Investment Officer Craig Husting, Chief Counsel Mike Moorefield, Chief Financial Officer Anita Brand, Deputy Chief Financial Officer Tory Brondel, Director of Human Resources Michelle Varcho, Director of Member Services Nicole Hamler, Director of Employer Services, Director of Internal Audit Jeff Hyman, Director of Communications Susan Wood, Chief Technology Officer Lisa Scheulen, Chief Information Security Officer Joe Susai, Director of Executive and Board Administration Jennifer Martin and various other PSRS/PEERS staff members.

Approval of
Minutes for June 10,
2024 and Investment
Symposium Meetings
PSRS5203
PEERS3438

Ms. Webb moved that the minutes from the June 10, 2024 meeting and the Investment Symposium Minutes from June 16-18, 2024, be approved. Ms. Gassmann seconded the motion. Voting "Aye" – Steliga, Knes, Park, Gassmann, Webb, and Bryant; "Nay" – None. The motion carried unanimously. Dr. Nate Moore abstained from voting since he was not officially a member of the Board in June 2024.

Order of Business The order of business was approved with no changes.
Other

None

Investment Report

Fiscal Year 2024

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 2024 investment performance. The presentation included the following: (1) a review of the Systems' investment principles and asset allocation, (2) a summary of fiscal year 2024 performance, (3) a review of the private markets activity, (4) PSRS/PEERS' performance relative to expectations and relative to peer groups, (5) attribution for fiscal year 2024 performance and (6) an update on fiscal year 2025.

Mr. Husting reported that the fiscal year 2024 (July 1, 2023, through June 30, 2024) investment return for PSRS/PEERS was approximately 10.8%, or, 10.6% net of all fees and expenses.

Mr. Husting reported that the five-year annualized return for the Systems for the period ending June 30, 2024, was 8.9%, or, 8.7% net of all fees and expenses. The Systems outperformed the passive benchmark which returned 7.1% for the five-year period. The five-year PSRS and PEERS investment return exceeded 74% 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 \$4.6 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.

Report of Actuarial Audit Review Actuarial Audit Report

Mr. Ryan Falls from Milliman discussed the recent actuarial audit. As discussed above, Milliman concluded the actuarial work provided by PwC US provides a reasonable assessment of the financial position of the Systems and that their work was in compliance with Actuarial Standards of Practice. Milliman provided suggestions for the next experience studies and the actuarial valuation process. None of the suggestions are expected to have a significant impact on future actuarial results and can be considered when the next experience studies are performed or when the 2024 valuations are prepared.

Other Chairman/Executive Director Remarks

Mr. Dearld Snider from PSRS/PEERS thanked Dr. Jason Steliga for his nine years of dedication, support and service to the Board and the Systems. Dr. Steliga also thanked the Board and the PSRS/PEERS staff for their support and dedication over the years.

Management

Report

CEM Benchmarking

PSRS/PEERS participated in the CEM benchmarking study based on fiscal year 2023 performance. Ms. Sarah Swoboda 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 80 leading global pension systems, including 12 in our peer group that are similar in size.

For the eighth year in a row, 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. Ms. Swoboda expressed her 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.

Ms. Sarah Swoboda, Ms. Anita Brand and Mr. Craig Husting from PSRS/PEERS reviewed some key accomplishments since the June Board Meeting.

Key Accomplishments

Ms. Swoboda informed the Board that PSRS/PEERS employees processed 3,334 new retirees effective July 1, 2024. We had 2,264 new PSRS retirees and 1,070 new PEERS retirees.

Ms. Swoboda next recognized the first graduating class of the Supervisor Training Program. This program kicked off in August 2023 and concluded at the end of July 2024 with the presentation of the capstone project. Members of this program include Rachelle Ocheskey, Jake Woratzeck, Stacey Shahangian, Amanda Wooten, Monica Cain, Renette Reiske, Ben Frede, Jill Herigon, Cassey Kuester, Jana Taylor and Jody Stuecken. The second supervisor training class will begin August 27, 2024.

Lastly, Ms. Swoboda mentioned again the CEM Benchmarking Results but did not review them since a full presentation was just given to the Board.

Ms. Anita Brand 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 2023 Annual Comprehensive Financial Report. The Systems have received the GFOA Certificate of Achievement each year since 1994.

Mr. Craig Husting discussed the final key accomplishment for the Board which regarded the investment internship program. We had five interns complete the program over the summer. The program consisted of site visits to the St. Louis Federal Reserve and NISA Investment Advisors. Interns were also given the opportunity to obtain their Bloomberg Certification and complete the Wall Street Prep coursework. Currently in development is a dedicated investment internship program page which will allow us to showcase the program and past participants in order to continue to recruit high-quality participants.

Ms. Nicole Hamler from PSRS/PEERS reviewed member services statistics for the 2023-2024 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

Member Services Report

membership statistics, active service information, benefits, working after retirement and total member interactions.

Budget Adjustment

Ms. Anita Brand from PSRS/PEERS reviewed a memo regarding a budget amendment request for a special Board election to be conducted during fiscal year 2025. Due to an unexpected and exciting opportunity for Dr. Jason Steliga, he will be leaving the Board in October 2024.

PSRS5204
PEERS3439

Ms. Webb moved that the budget adjustment be approved as recommended by the Budget and Audit Committee for the special election. Dr. Moore seconded the motion. Voting “Aye”— Steliga, Knes, Park, Gassmann, Webb, Bryant and Moore; “Nay”— None. The motion carried unanimously.

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 2.9714% for the year ended June 30, 2024. The CPI-U calculation for fiscal year 2024-2025 is 0.12% through July 31, 2024.

Public Comment

None

Other

None

Closed Session

PSRS5205
PEERS3440

Mr. Bryant moved that the meeting continue in closed session to legal matters under Sections 610.021 (1), (13), (14), (17), (21) and 169.020.17, RSMo. Ms. Webb seconded the motion. A roll call vote was taken. Voting “Aye” –Steliga, Knes, Park, Gassmann, Webb, Bryant and Moore; “Nay” – None. The motion carried unanimously.

The following motions were made in closed session:

PSRS5206/PEERS3441 – Minutes from June 10, 2024 and Investment Symposium Closed Sessions (Steliga, Knes, Park, Gassmann, Webb, and Bryant; voting to approve the previous closed session minutes) Dr. Nate Moore abstained from voting since he was not officially a member of the Board in June 2024.

PSRS5207/PEERS3442 – Move back to Open Session (Steliga, Knes, Gassmann, Webb, Bryant and Moore; voting to move back to open session. Dr. Park was not present to vote.)

Adjournment

PSRS5208
PEERS3443

Dr. Steliga moved that the meeting adjourn. Ms. Webb seconded the motion. Voting “Aye” – Steliga, Knes, Gassmann, Webb, Bryant and Moore; “Nay” – None. The motion carried unanimously. Dr. Park was not present to vote.

Prepared by
Jennifer Martin



Beth Knes, Chair



Dearld Snider, Executive Director