

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

December 16, 2024

MEMBERS PRESENT

Beth Knes, Chair
Dr. Eric Park, Vice-Chair
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 Chief Financ. Ofcr.
Nicole Hamler, Director of Member Serv.
Stacie Verslues, Director of Emp. Serv.
Lisa Scheulen, Chief Technology Officer
Jake Woratzeck, Chief Info. Security Ofcr.
Susan Wood, Dir. of Communications
Michelle Varcho, Dir. of Human Rsrc.
Jennifer Martin, Director of Board Admin..

Monday, December 16, 2024

Meeting Convened

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened on December 16, 2024, at 9:30 a.m. at the Retirement Systems offices in Jefferson City, Missouri. In attendance were Board members 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, Chief Technology Officer Lisa Scheulen, Chief Information Security Officer Jake Woratzeck, Director of Communications Susan Wood, Director of Executive and Board Administration Jennifer Martin and various other PSRS/PEERS staff members.

System Operations

**Approval of
Minutes for October
28, 2024 Meeting**

Ms. Knes moved that the minutes from the October 28, 2024, meeting be approved. Dr. Moore seconded the motion. Voting "Aye" –Knes, Park, Gassmann, Webb, Bryant and Moore; "Nay" – None. The motion carried unanimously.

PSRS5220
PEERS3455

Order of Business	The order of business was approved with no changes.
Best Places to Work Announcement	<p>Chairwoman Knes announced that for the second year in a row, PSRS/PEERS has been named one of Pension & Investments (P&I) Best Places to Work in Money Management. Winners of this year’s award were recognized in the December 9 issue of Pensions & Investments magazine. The Systems were ranked #3 in the Large Employer Category. This category covers companies with 100 to 499 U.S. employees.</p> <p>The survey and recognition program on which this award is based are dedicated to identifying and recognizing the best employers in the money management industry. PSRS/PEERS was evaluated in two parts when being considered for the award:</p> <ul style="list-style-type: none"> • Part 1 evaluated workplace policies, practices, philosophy, systems and demographics. • Part 2 anonymously surveyed all PSRS/PEERS employees to measure employee experience. There were questions regarding our benefits package, the hiring process, employee recognition and activities. Employees were asked to describe what makes PSRS/PEERS a great place to work. <p>In the press release for the award, P&I’s Editor-in-Chief Julie Tatge stated, “As their employees attest, the companies named to this year’s Best Places to Work list demonstrate a commitment to building and maintaining a strong workplace culture. In doing so, they’re helping their employees, clients and their business succeed.”</p>
Other	<p>PSRS/PEERS Executive Director Dearld Snider and Chief Investment Officer Craig Husting presented a plaque to Frank Aten for his dedication, service and retirement from PSRS/PEERS. Mr. Aten will retire effective January 1, 2025.</p> <p>Mr. Snider and Director of Communications Ms. Susan Wood also presented a plaque to Renette Reiske for her dedication, service and retirement from PSRS/PEERS. Ms. Reiske will retire effective January 1, 2025.</p>
<u>Investments</u>	
Investment Performance Report (9/30/2024)	Mr. Husting and Mr. Michael Hall from Russell reviewed the investment performance for the period ended September 30, 2024. The one-year PSRS/PEERS investment return was reported as 16.8%, while the fiscal year return (July 1, 2024 through September 30, 2024) was reported as 3.9%.
Ongoing Investment Activity	Mr. Husting and Mr. Hall reviewed ongoing investment activities, which included estimated investment performance through November 30, 2024. Mr. Husting discussed the current asset allocation of the PSRS/PEERS portfolio, in which he reviewed the long-term strategy and broad portfolio expectations.
Global Investment Performance Standards (GIPS®)	Mr. Husting reported on the Global Investment Performance Standards (GIPS) which are ethical standards for calculating and presenting investment performance based on principles of fair representation and full disclosure. PSRS/PEERS provides the GIPS Asset Owner Report for the Total Plan fiscal year performance to the Board of Trustees on an annual basis. An independent third-party verification is also conducted and reported with the GIPS Asset Owner Report to the Board of Trustees. GIPS® is a registered trademark owned by CFA Institute.

Investment and Governance 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 December 2023.

Mr. Husting discussed proposed changes to the General Policy, the Personal Trading Policy, the Yield Enhancement Policy and Implementation Manuals for Public Risk, Safe Assets, Private Credit and Private Equity. He also discussed a change to the Board Communication Policy.

The recommended changes were categorized as: 1. clarification and enhancements, 2. technical/investment related and 3. governance related. Changes to the Public Risk, Private Credit and Private Equity Implementation Manuals included specificity to allow a portion of direct lending and co-investments to be implemented without the use of a consultant.

PSRS5221
PEERS3456

Ms. Webb moved to approve the amended recommendations for the investment and governance policy changes. Mr. Bryant seconded the motion. Voting “Aye” –Knes, Park, Gassmann, Webb, Bryant and Moore; “Nay” – None. The motion carried unanimously.

Townsend Real Estate Review

Mr. Seth Marcus and Ms. Kathryn Finneran from Townsend (the Systems’ real estate consultant), presented several items to the Board, including a real estate market overview and details of the PSRS/PEERS real estate portfolio. Townsend reported that the PSRS/PEERS’ real estate portfolio had produced an annualized return of 7.8% (net of all fees) for the 10-year period ended June 30, 2024.

Accounting Independent Auditors’ Report

Ms. Anita Brand briefly reviewed the purpose of the *Annual Comprehensive Financial Report (ACFR)* which was previously shared with the Budget and Audit Committee.

Ms. Anita Brand and Mr. Nick Mestres from Williams-Keepers, LLC briefly reviewed the recent June 30, 2024 audit of the Systems as previously shared with the Budget and Audit Committee.

PSRS5222
PEERS3457

Mr. Bryant moved that the audit report be accepted as recommended by the Budget and Audit Committee. Dr. Moore seconded the motion. Voting “Aye”— Knes, Park, Gassmann, Webb, Bryant and Moore; “Nay”—None. The motion carried unanimously.

Management Report Approve Audit Committee to certify petitions for the Election
PSRS5223
PEERS3458

Ms. Knes moved to delegate to PSRS/PEERS staff (executive director) the task of organizing the audit committee composition, time to meet, etc. The audit committee will be comprised of representatives from various education associations. Ms. Webb seconded the motion. Voting “Aye” –Knes, Park, Gassmann, Webb, Bryant, and Moore; “Nay” – None. The motion carried unanimously.

LEAD Group Recognition

Ms. Sarah Swoboda from PSRS/PEERS recognized the Leadership Exploration and Development (LEAD) class of 2025. Ms. Swoboda first outlined the mission statement, curriculum and selection process for the program. She then introduced the members of this class, including Ashley Meyerpeter, Erin Fouch, Chad Kemna, Joren Trimble, Lexi Bonnot, Samantha Lindsay, Laurie Cantrell, Samantha Kelly, James Scurlock and Rebecca Stockman.

Mr. Doug Nelson, external government relations consultant, and Mr. Mike Moorefield from PSRS/PEERS presented the December legislative update.

Legislative Update

Mr. Moorefield and Mr. Nelson provided an update on the upcoming 2025 legislative session and potential themes and priority legislation the General Assembly will consider. Mr. Moorefield and Mr. Nelson also discussed how the 2024 elections could impact legislative activity.

Finally, Mr. Moorefield discussed bills of interest to PSRS/PEERS, highlighting legislation that could impact the Systems' investment activity and working after retirement provisions.

Ms. Sarah Swoboda and Ms. Anita Brand reviewed key accomplishments since the October Board Meeting.

Key Accomplishments

Ms. Swoboda informed the Board that the member services department has taken another step to encourage members to file for retirement online. Instead of mailing paper service retirement applications with benefit estimates calculated for a retirement date within one year, members will now receive a single-page information sheet which explains how to file for retirement online and also contains a QR code directing them to the PSRS/PEERS *Retirement Planning Guide*. In addition to encouraging members to file for retirement online, this initiative is estimated to reduce the number of pages mailed by approximately 800,000 each year, saving time and money for the Systems.

Ms. Swoboda also discussed the 2025 LEAD participants. The LEAD program is a 12-month program provided by the Missouri Training Institute and PSRS/PEERS management team. The areas of focus are communication skills in a leadership role, how to become an effective leader, how to navigate stress and burnout as a leader and the art of positive attitude.

Ms. Swoboda next mentioned the Systems' transfer of the PSRS/PEERS staff 457(b)/401(a) plans from Nationwide to a partnership between Voya Financial and Sundvold Financial. This transition meets all System goals including increased customer service, more employee-centric interfaces, diverse and competitive investment choices.

Ms. Swoboda also highlighted PSRS/PEERS being named one of Pensions & Investments Best Places to Work in Money Management as previously discussed under "Other." This is the second year in a row the Systems have received this award.

Ms. Anita Brand also noted that the Systems were again recognized for meeting and exceeding the Public Pension Coordinating Council's (PPCC) standards for both

funding and administration. PSRS has received the award every year since 2004 and PEERS has received the award every year since 2005.

Lastly, Ms. Brand reported to the Board that phase 1 of the expansion of the Systems' internal investment platform, Horizon, is now live for the investment team. This phase of the Horizon project includes the full life cycle of the Systems' U.S. Equity and Non-U.S. Equity investments. This is a newly created platform for the investment department that modernizes workflows and data storage, creating significant efficiencies for the team.

Mr. Snider explained that the Consumer Price Index for Urban Consumers (CPI-U) is calculated by the Bureau of Labor Statistics (BLS). The CPI-U is the measure of the change in prices of goods and services purchased by urban consumers between any two time periods. PSRS/PEERS' regulation requires that the time period for the CPI-U calculation used in the determination of a COLA be from June to June. Based on the values provided by the BLS, the CPI-U decreased slightly in November. The CPI-U change for the five months ended November 30, 2024, is 0.42%.

CPI-U Update

Public Comment

None

Other

None

Closed Session

PSRS5224

PEERS3459

Ms. Knes moved that the meeting continue in closed session to consider legal matters under Sections 610.021 (1), and (14). Ms. Webb seconded the motion. Voting "Aye" – Knes, Park, Gassmann Webb, Bryant, and Moore; "Nay" – None. The motion carried unanimously.

The following motions were made in closed session:

PSRS5225/PEERS3460 – Minutes (Knes, Park, Gassmann, Webb, Bryant, and Moore; voting to approve the previous closed session minutes)

PSRS5226/PEERS3461 – Move back to Open Session (Knes, Park, Gassmann, Webb, Bryant, and Moore; voting to move back to open session)

Adjournment

PSRS5227

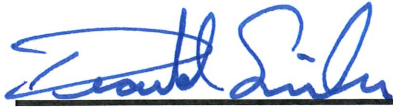
PEERS3462

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

**Prepared by
Jennifer Martin**



Ms. Beth Knes, Chair



Dearld Snider, Executive Director