

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

**February 5, 2024**

**MEMBERS PRESENT**

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

**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  
Jeff Hyman, Director of Internal Audit  
Nicole Hamler, Director of Member Serv.  
Stacie Verslues, Director of Emp. Serv.  
Susan Wood, Dir. of Communications  
Kim Harris, Dir. of Human Resources  
Jennifer Martin, Director, Board Admin.

**February 5, 2024**

**Meeting Convened**

The Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees convened on February 5, 2024, at 9 a.m. In attendance were Board members Dr. Jason Steliga, Beth Knes, Dr. Eric Park, Allie Gassmann, Katie Webb and Chuck Bryant. 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, Director of Human Resources Kim Harris, Director of Member Services Nicole Hamler, Director of Employer Services Stacie Verslues, Director of Internal Audit Jeff Hyman, Director of Communications Susan Wood, Director of Executive and Board Administration Jennifer Martin and various other PSRS/PEERS staff members.

**Approval of  
Minutes for December  
11, 2023 Meeting**  
**PSRS5164**  
**PEERS3399**

Ms. Webb moved that the minutes from the December 11, 2023 meeting be approved. Dr. Park seconded the motion. Voting “Aye” – Steliga, Knes, Park, Gassmann, and Webb; “Nay” – None. The motion carried unanimously. Mr. Bryant abstained from voting since he was not present for the December 11, 2023 meeting.

**Order of Business**

The order of business was approved with no changes.

**Other** Chairman Dr. Jason Steliga wish Katie Webb and Dearld Snider a happy birthday and welcomed back trustee Chuck Bryant.

## **Investments**

### **December 2023 Performance Report**

Mr. Craig Husting from PSRS/PEERS and Mr. Michael Hall from Russell reviewed the investment performance for the period ended December 31, 2023. The one-year PSRS/PEERS investment return was reported as 10.4% while the fiscal year return (July 1, 2023, through December 31, 2023) was reported as 4.0%.

### **Ongoing Investment Activity**

Mr. Husting and Mr. Hall reviewed ongoing investment activities, which included estimated investment performance through January 31, 2024. Mr. Husting discussed the current asset allocation of the PSRS/PEERS' portfolio, including a review of the long-term strategy and the broad portfolio expectations.

### **Anti-Terrorism and Economic Sanction Policy Review**

Mr. Husting reviewed the Systems' Anti-Terrorism and Economic Sanction Investment Policy. The policy was adopted by the Board in 2005 and last reviewed with the Board in February 2023. The policy requires PSRS/PEERS staff to provide a report to the Board on an annual basis that identifies any investment actions taken due to links to terrorist or sanction related activities.

Mr. Husting stated that the Systems have several safeguards in place to ensure compliance with the policy, including:

- On an annual basis, staff sends letters to selected federal officials requesting any information they could provide on companies that, in their opinion, had terrorist links.
- Based on guidance from the U.S. Department of Commerce and other sources, staff monitors several websites, including the Specially Designated Nationals List. The lists are compared to the PSRS/PEERS active holdings on a monthly basis.
- The Systems' custodian bank (J.P. Morgan) is required by federal law to monitor all individual security holdings in the Systems' investment accounts.
- The Systems have amended contracts with traditional external investment managers to require annual confirmation that each manager maintains appropriate policies, procedures, and controls to comply with all U.S. and applicable non-U.S. economic sanction programs.

At the end of the report, Mr. Husting stated that staff is not aware of any instances of non-compliance for the year. Both staff and general counsel recommended that no investment action be taken this year with regard to the Anti-Terrorism and Economic Sanctions Investment Policy.

### **Affirmative Action Policy**

Mr. Husting reviewed the Systems' Affirmative Action Policy and Procurement Action Plan. The policy was last revised in December 2022 and last reviewed with the Board in February 2023. The policy requires PSRS/PEERS staff to provide a report to the Board on an annual basis regarding the Systems' efforts to assure equal opportunities for minorities and women as money managers, brokers and investment counselors. Mr. Husting stated that the Systems were in compliance with the policy.

Sections 105.702, and 169.573, RSMo require the Systems to make an annual report to the Governor’s Minority Advocacy Commission and the Joint Committee on Public Employee Retirement regarding the progress made in the area of utilization of minority and women money managers, brokers and investment counselors. Staff submitted the required reporting on January 24, 2024.

At the end of the report, Mr. Husting stated that both staff and general counsel recommended that no investment action be taken this year with regard to the Affirmative Action Policy and Procurement Action Plan.

**Asset Allocation  
Review**

Mr. Husting and Mr. Hall reviewed the Systems’ asset allocation. No action was required or taken by the Board. The intent of the presentation was to update the Board on the long-term (10-year) expected return from the PSRS/PEERS’ asset allocation given changing capital market assumptions over the last year. The Board was provided updated capital market return and risk assumptions for several asset classes, as well as total portfolio projections.

**Safe Assets Program  
Review**

Mr. Frank Aten and Mrs. Jessica Wilbers from PSRS/PEERS reviewed the Systems’ Safe Assets portfolio including program objectives, guidelines and long-term results. The 15-year annualized return for the Safe Assets composite for the period ended December 31, 2023 was 1.8%.

**Management  
Report**

**Approve Audit  
Committee to Certify  
Petitions for Election  
PSRS5165  
PEERS3400**

Dr. Steliga 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. Knes seconded the motion. Voting “Aye” –Steliga, Knes, Park, Gassmann, Webb, and Bryant; “Nay” – None. The motion carried unanimously.

**Approve RFP for  
Board of Trustees  
Election  
PSRS5166  
PEERS3401**

Dr. Steliga moved to delegate to PSRS/PEERS staff (RFP committee that reports recommendation to executive director) the authority to approve the Request for Proposal (RFP) for the election. Ms. Gassmann seconded the motion. Voting “Aye” – Steliga, Knes, Park, Gassmann, Webb, and Bryant; “Nay” – None. The motion carried unanimously.

**Employer Services  
Update**

Ms. Stacie Verslues and Ms. Dellanta Butler from PSRS/PEERS gave an update on Employer Services. Ms. Verslues shared how the Employer Services team has continued to adapt to the ever-changing environment and help our PSRS/PEERS-covered employers embrace change for long-term success. The team serves as a resource to our employers, reviews reported data and provides ongoing education and support. Ms. Verslues discussed the educational opportunities offered to employers, which include both virtual and in-person training, as well as monthly e-newsletters. Ms. Butler presented several ways in which the PSRS/PEERS Employer Services team continues to stay ahead of our peers with advancements in our Employer Web Portal, annual review of all 535 employers, allocation of employer payments and a dedicated education team. Employer Services, along with the PSRS/PEERS information

technology team, are continually working to develop tools and resources that will improve processes and increase efficiencies for our employers.

**Approve Changes to  
Internal Audit  
Charter**  
PSRS5167  
PEERS3402

Mr. Jeff Hyman from PSRS/PEERS provided the Board with proposed changes to the Internal Audit Charter. These changes consist of substantive updates involving the internal audit function and reporting structure. Dr. Park moved to approve the following changes to the Internal Audit Charter: the Board now formally approving the Internal Audit Plan and Internal Audit Charter, the Board conducting an annual performance review of the director of internal audit (including setting their compensation) and the Board approving all decisions to hire or terminate the director of internal audit. Ms. Webb seconded the motion. Voting “Aye” –Steliga, Knes, Park, Gassmann, Webb, and Bryant; “Nay” – None. The motion carried unanimously.

**Legislative Update**

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

Mr. Moorefield and Mr. Nelson gave the Board an overview of the governor’s fiscal year 2025 budget recommendations and discussed the Missouri Department of Elementary and Secondary Education (DESE) budget. Additionally, Mr. Moorefield and Mr. Nelson discussed the investment mandate legislation that could impact the Systems and provided an analysis of the three pieces of legislation that would amend the Systems’ statutes. Finally, Mr. Nelson provided an overview of the current legislative activity of the General Assembly.

As of February 2, 2024, more than 1,900 legislative bills and resolutions have been filed by the 2024 General Assembly. PSRS/PEERS is tracking 101 bills.

**Actuarial Services**

Ms. Anita Brand from PSRS/PEERS discussed the actuarial services provided to the Systems by our retained actuary PwC US. She provided an overview of the current actuarial contract and history of firms utilized. The current contract covers services through the completion of the fiscal year 2023 engagements. Ms. Brand discussed both issuing a Request for Proposal (RFP) for actuarial services and negotiating a new contract with the current actuary. Ms. Brand discussed the current market for actuarial firms working with public defined benefit plans and statutory requirements applicable to the retention of the actuary by the Board of Trustees. She reminded the Board that changing actuaries is not in and of itself a negative practice but should not be rotated at frequent intervals due to the substantial learning curve. Staff anticipates negotiating a new contract with the current actuary for review by the Board of Trustees at their April 2024 meeting.

Ms. Christina Bisges from PSRS/PEERS discussed the upcoming actuarial audit. The Systems are required by statute to conduct an actuarial audit of the retained actuary no less than every 10 years. Due to the long-term nature of the actuary relationship and to ensure best practices, the Board of Trustees conducts the audit every five years. Ms. Bisges provided an overview of the most recent actuary audit and the current RFP for actuarial audit services. The current RFP requires an audit of the June 30, 2023 actuarial valuations and 2021 experience studies. Staff anticipates providing a recommendation to the Board of Trustees at their April 2024 meeting, regarding an actuarial firm to conduct the audit.

**Year in Review/Areas of Impact** Mr. Dearld Snider, Mr. Craig Husting and Ms. Sarah Swoboda from PSRS/PEERS presented the Year in Review/Areas of Impact to the Board. This presentation focused on five key areas of impact and highlighted some of the major accomplishments from each over the past year. The first area of impact discussed was members and employers. Ms. Swoboda discussed the launch of the PSRS/PEERS chatbot and the first OASIS Modernization Project, which entails updating and enhancing the Systems’ pension administration system. The second area of impact was staff. Ms. Swoboda highlighted PSRS/PEERS being recognized as one of Pension & Investments “*Best Places to Work in Money Management,*” as well as as the implementation of an annual in-service calendar. The in-service calendar includes training for employees provided by both internal staff and external consultants covering various topics. The third area of impact covered was investments. Mr. Husting highlighted three key accomplishments over the past year: long-term, top-tier investment performance; the continued build-out of the Private Equity Co-Investment and Private Credit Direct Lending Programs and the successful build-out of staff in the St. Louis office. The fourth area of impact was the Board. Ms. Swoboda highlighted two key accomplishments: the Kansas City Board Symposium held in June 2023 and the appointment of a new Board member, Chuck Bryant. The fifth, and last, area of impact was government relations. Mr. Snider discussed the key accomplishments of the passage of positive legislation and the development of legislative handouts. The legislative handouts cover each Missouri representative and senator and include list of counties in the district they represent, the school districts covered by their district, a visual cue and representation of their district, a photo, biographical information and contact information, as well as key highlights of each, including leadership roles and committee memberships.

**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 down slightly, 0.5365 % through December 31, 2023.

**Public Comment** None

**Other** None

**Closed Session**  
PSRS5168  
PEERS3403 Ms. Knes moved that the meeting continue in closed session to legal matters under Sections 610.021 (1), (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, and Bryant; “Nay” – None. The motion carried unanimously.

The following motions were made in closed session:

PSRS5169/PEERS3404 – Minutes from December 11, 2023, Closed Session (Steliga, Knes, Park, Gassmann, and Webb; voting to approve the previous closed session minutes. Bryant abstained since he was not present for the meeting.)

PSRS5170/PEERS3405 – Member Appeal (Steliga, Knes, Park, Gassmann, Webb, and Bryant voting to deny the member appeal)

PSRS5171/PEERS3406 – Internal Audit Plan (Steliga, Knes, Park, Gassmann, Webb, and Bryant voting to approve the internal audit plan)

PSRS5172/PEERS3407 – Move back to Open Session (Steliga, Knes, Park, Gassmann, Webb, and Bryant; voting to move back to open session)

**Adjournment**  
PSRS5173  
PEERS3408

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

**Prepared by**  
**Jennifer Martin**

---

Dr. Jason Steliga, Chair

---

Dearld Snider, Executive Director