

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

April 13-14, 2014

MEMBERS PRESENT

Aaron, Zalis, Chair
Jason Hoffman, Vice Chair
Wayne Wheeler
Yvonne Heath
Scott Hunt
Susan McClintic

MEMBERS ABSENT

Bill Compere

OTHERS PRESENT

M. Steve Yoakum, Executive Director
Dearld Snider, Asst. Exec. Dir., Oper.
Craig Husting, Asst. Exec. Dir., Invest.
Alan Thompson, General Counsel
Lori Woratzeck, Chief Finan. Officer
Jeff Hyman, Internal Auditor
Tom Smith, Chief Technology Officer
Maria Walden, Legislative Director
Jeff Russler, Dir. of Emp. Services
Ronda Peterson, Dir. of Member Serv.
Nicole Hamler, Dir. Admin Planning

Sunday, April 13, 2014

**Meeting
Convened**

The meeting convened at 7:45 p.m. – Board Members present were Aaron Zalis, Yvonne Heath, Jason Hoffman, Scott Hunt, Susan McClintic and Wayne Wheeler. Mr. Bill Compere, Board Member, was not present. Also present were M. Steve Yoakum, Executive Director; Craig Husting, Assistant Executive Director, Investments; Dearld Snider, Assistant Executive Director, Operations; Lori Woratzeck, Chief Financial Officer; Nicole Hamler, Director of Administrative Planning and Design; and various other PSRS/PEERS staff members.

U.S. Equity

Mr. John Tuck updated the Board on the U.S. Equity portfolio. He reported that, as of February 28, 2014, 33.09% of the Systems' total assets were invested in U.S. Equity with 90.9% of the U.S. Equity portfolio invested in large-cap stocks and the remaining 9.1% in small-cap stocks. Mr. Tuck also reviewed the objectives, strategies and guidelines for this portfolio. Ms. Kristen Matchica discussed the asset allocation within the large-cap portion of the portfolio. Mr. Tuck discussed the performance of the Alpha Overlay program. Mr. Travis Allen reviewed the objectives, strategies and guidelines of the Small-Cap program and updated the Board on recent performance and structure.

Private Risk

Mr. John Tuck and Mr. Dan Case updated the Board on the Private Risk Asset Programs. Mr. Tuck reviewed the current policy which established a long-term target of 20% in Private Risk assets and reported that, currently, 14.67% of the Systems' assets are invested in these programs.

Ms. Susan Conrad gave an overview of the philosophy and performance objectives of the Real Estate portfolio. Ms. Chhayhea Sam reviewed the growth of the Real Estate program since inception in 2004 as well as the current structure. Ms. Conrad discussed performance and reported that, as of December 31, 2013, 7.64% of the total plan assets were invested in Real Estate.

Mr. John Tuck and Mr. Dan Case reviewed the Private Equity and Private Credit program with the Board. Mr. Tuck reported that as of February 28, 2014, Private Equity represented 6.61% of plan assets. He discussed the philosophy, funding timeline and structure of the Private Equity portfolio. Mr. Tuck also reviewed the Private Equity Composite relative to Russell 3000 and discussed the targeted program growth over the next ten years.

Monday, April 14, 2014

Meeting Convened The meeting of the Board of Trustees convened at 8:30 a.m. in the retirement system offices in Jefferson City, Missouri. In attendance were Aaron Zalis, Wayne Wheeler, Yvonne Heath, Jason Hoffman, Scott Hunt and Susan McClintic, Board Members. Mr. Bill Compere, Board Member, was not present. Also present were M. Steve Yoakum, Executive Director; Craig Husting, Assistant Executive Director, Investments; Dearld Snider, Assistant Executive Director, Operations; Alan Thompson, General Counsel; Lori Woratzeck, Chief Financial Officer; Jeff Russler, Director of Employer Services; Ronda Peterson, Director of Member Services, Maria Walden, Director of Legislation and Policy; Jeff Hyman, Internal Auditor; Gary Fowler, Project Manager; various other PSRS/PEERS staff members; and Nicole Hamler, Director of Administrative Planning and Design.

Approval of Minutes
PSRS4486
PEERS2723 Ms. McClintic moved that the minutes from the February 10, 2014 meeting be approved. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

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

Certification of Election Mr. Hunt moved that the certification of the petition audit committee be accepted and that Susan McClintic and Jason Hoffman be declared elected to serve on the PSRS/PEERS Board of Trustees for another four term beginning July 1, 2014. Ms. Heath seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Election of Chair
PSRS4487
PEERS2724 Mr. Wheeler nominated Dr. Aaron Zalis to serve as Chair of the Board for the period July 1, 2014 through June 30, 2015. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

**Election of
Vice Chair**

PSRS4488
PEERS2725

Ms. Heath nominated Jason Hoffman to serve as Vice Chair of the Board for the period July 1, 2014 through June 30, 2015. Mr. Wheeler seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

**Interest
Credit Rate**
PSRS4489
PEERS2726

Following discussion, Mr. Hoffman moved that the interest credit rate be set at 1% for June 30, 2014. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

**Interest
Purchase Rate**
PSRS4490
PEERS2727

Mr. Hunt moved that the interest purchase rate be set at 8% as recommended by staff which coincides with the assumed investment return. Ms. McClintic seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Investments

**Ongoing
Investment
Activity**

Mr. Craig Husting and Mr. Michael Hall reviewed ongoing investment activities, which included the fiscal year-to-date return of 12.2% as of March 31, 2014. Mr. Husting discussed the current asset allocation and the PSRS/PEERS portfolio, in which he reviewed the long-term strategy, portfolio themes and the broad portfolio expectations. Mr. Husting gave a brief Real Estate and Private Equity update and reviewed the tentative board investment calendar.

Private Equity

Mr. Doug LeBon, Mr. Vince Dee, Ms. Anne Collins and Mr. Wayne Smith were present from Pathway Capital Management to review the Systems’ Private Equity portfolio. Mr. LeBon reviewed Pathway’s overview and recent activity. Mr. Dee updated the Board on the current private equity environment. Mr. Dee also briefly updated the Board on the PSRS/PEERS Private Equity portfolio. He indicated that 2013 represents the portfolio’s second-consecutive year of positive cash flows and record distributions. Ms. Collins discussed the Private Credit portfolio with the Board in which she gave an overview of the combined accounts. Ms. Collins provided a portfolio snapshot as of December 31, 2013. Mr. Dee reviewed recent commitments and investment plans. Mr. Smith reviewed the Co-Investment program and discussed the primary benefit as well as the approach and strategy. In summary, Mr. LeBon reported that the PSRS/PEERS’ Private Equity portfolio is developing according to plan and that PSRS/PEERS is invested in a well-diversified, high-quality Private Equity portfolio. He indicated that the Private Equity portfolio has outperformed both industry and public benchmarks over the long term.

Management Report

**Extension of
Audit
Contract**

PSRS4491
PEERS2728

Mr. Wheeler moved that the extension of the audit contract with Williams Keepers to maintain consistency and to assist staff in successfully implementing GASB 67 (plan level) and 68 (employer level) be approved as recommended by the Budget and Audit Committee. Ms. McClintic seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Compensation Strategy

PSRS4492
PEERS2729

Mr. Hunt moved that the Compensation Strategy policy previously adopted by the Board be accepted with no changes as recommended by the Budget and Audit Committee. Ms. Heath seconded the motion. Voting “Aye”—Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Amendments to Regulations

Mr. Alan Thompson presented amendments to regulations relating to USERRA and the amendments removing the reference to the word “membership record” since membership records will no longer be used with the implementation of the OASIS system. Following discussion, Mr. Hoffman moved to approve the following amendments to regulations:

16 CSR 10-4.014 Reinstatement and Credit Purchases The Retirement System is deleting the existing Section 10 and renumbering subsequent Sections accordingly. The existing language in Section 10 is being modified and moved to a new rule within Chapter 4.

PURPOSE: This amendment deletes provisions related to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) from this rule. Similar provisions are being moved to a new rule within Chapter 4.

[(10) The following provisions shall apply when individuals are reemployed by a district pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994(USERRA) and its successors:

(A) When the system is notified by either a district or a member of a period covered by USERRA, the system will require the member to obtain written confirmation from the district of the period covered and the compensation that would apply;

(B) A period covered by USERRA will not be a break in service for purpose of termination of membership and will count toward vesting, but not toward benefit calculation unless the member elects to pay required contributions as provided in this regulation;

(C) A member may elect, within five (5) years of reemployment, to pay the system the employee contributions the member would have made, using the contribution rates and salary that would have applied during the period, as required by USERRA;

(D) Where the member has elected to pay employee contributions under USERRA, the district reemploying the member is required under federal and state law to pay the contributions the employer would have paid, using the contribution rates and salary that would have applied during the period and interest on the contributions at the assumed rate of return on invested funds of the system;

(E) The employer shall pay the employer contributions and interest no later than the end of the school year following the year in which the employee files an election to make the employee contributions;

(F) Payment of employee contributions may be made, without interest, over the period from the date of election to five (5) years after reemployment, provided that interest shall begin to accrue on any unpaid balance remaining at the end of such five (5) years; and

(G) Payment must be completed prior to termination of membership with the retirement system. If the member fails to complete payment of the employee contributions during the period allowed, proportional credit shall be allowed based on the ratio between the amount due for the entire period and the total amount of the payments made and to the nearest one one-hundred thousandth (0.00001) of one year. In the event that the member fails to complete payment of the employee contributions during the period allowed and only proportional credit is given, employer contributions and interest shall be adjusted accordingly, and any excess employer contributions shall be refunded to the employer, with interest.]

[(11)] **(10)** A member electing to purchase membership service credit for service in the armed forces shall receive one (1) year of credit for each twelve (12)-month period of such service. For any such period of service in the armed forces of less than twelve (12) months, the member shall receive proportional credit computed to the nearest one-one hundred thousandth (0.00001) of a year; provided that, if the member entered on active duty in the armed forces no later than the date on which the member's services were to have begun under an employment agreement with a district included in the retirement system and if the total period of active military service that year would have entitled the member to a year of creditable service had that service been rendered in that position with the district, the member shall be entitled to purchase a full year of membership service credit for the period of service. No more than one (1) year of membership service credit shall be allowed for service in the armed forces or for a combination of service in the armed forces and actual service in a district included in the retirement system, for any one (1) school year.

[(12)] **(11)** Unless otherwise required by law, membership service credit purchased under the laws governing the retirement system cannot be used to establish eligibility for benefits under sections 169.010 to 169.141, RSMo, but such purchased credit may be used in computing the value of any benefits to which a member would otherwise qualify under those sections.

[(13)] **(12)** The salary used in calculating the cost of creditable service purchased is not compensation payable to a member as that phrase is used in section 169.010(8), RSMo, and shall not be used in determining final average salary.

[(14)] **(13)** Unless a different amount is required by law, members must have accrued at least one (1) year of membership service credit for employment in a position covered by the retirement system in order to apply to purchase service credit.

[(15)] **(14)** Unless otherwise required by law, if the total payments made within the time allowed to purchase credit is insufficient to purchase all the credit for which the member applied,

proportional credit shall be allowed based on the ratio between the amount due for the entire period for which the member applied and the total amount of the payments applied to reduce the principal amount due.

~~[(16)]~~ **(15)** Members electing to reinstate or purchase credit may make payments in any amount and at any time during the period allowed for payment.

~~[(17)]~~ **(16)** A purchase of credit for Social Security covered employment pursuant to section 169.056.11, RSMo, shall be allowed only in a manner consistent with Title 26 of the *United States Code* and, in addition, shall be governed by the following provisions:

(A) The member must have five (5) years of creditable service with the retirement system prior to purchasing credit for Social Security covered employment pursuant to section 169.056.11, RSMo;

(B) The retirement system shall allow the purchase of no more than five (5) years of credit for “nonqualified service” as that term is defined in section 415 of Title 26 of the *United States Code* if doing so would jeopardize the tax qualified status of the retirement system pursuant to the *Internal Revenue Code* and the retirement system determines that the provisions of section 415(n) of Title 26 of the *United States Code* apply to the purchase of such member’s purchase;

(C) The member must supply evidence satisfactory to the retirement system that the member is eligible to purchase credit for Social Security covered employment pursuant to section 169.056.11, RSMo;

(D) The member must submit to the retirement system a detailed statement of the member’s employment history created by the Social Security Administration in a format satisfactory to the retirement system; and

(E) The retirement system shall determine the amount of credit that may be purchased for Social Security covered employment pursuant to section 169.056.11, RSMo, based on the information provided pursuant to this section of this rule.

16 CSR 10-4.018 Uniformed Services Employment and Reemployment Rights Act

PURPOSE: This rule explains how the Uniformed Services Employment and Reemployment Rights Act (USERRA) applies to the retirement system.

(1) The following provisions shall apply when a member of the retirement system is reemployed by an employer included in the system pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and its successors:

(A) When a member applies to purchase USERRA leave, the system will require written confirmation from the member’s employer of the period

covered and the salary that would apply, which will be included on the Application to Purchase Leave (“Application”) to be submitted by the member;

(B) A period covered by USERRA will not be a break in service for purpose of termination of membership and will count toward vesting and retirement eligibility, but not toward benefit calculation unless the member elects to pay required contributions as provided in this regulation;

(C) A member may elect, within five (5) years of reemployment, to pay the system the employee contributions the member would have made, using the contribution rates and salary that would have applied during the period, as required by USERRA;

(D) Where the member has elected to pay employee contributions under USERRA, the employer reemploying the member is required under federal and state law to pay the contributions the employer would have paid, using the contribution rates and salary that would have applied during the period and interest on the contributions at the “purchase rate” (see 16 C.S.R. 10-4.012(4)), with interest beginning to accrue the first day of the month following the month in which the member submits an Application to the system;

(E) The employer shall pay the employer contributions and interest no later than the end of the school year following the year in which the employee files an election to make the employee contributions. Any employer contributions that are paid to the system, but for which the corresponding employee contributions are never paid, shall be credited back to the employer, plus interest at the assumed rate of return on invested funds of the system when the member retires, dies, or terminates membership with the system;

(F) Payment of employee contributions may be made without interest;

(G) Payment of employee contributions must be completed prior to the member’s retirement, termination of membership with the retirement system, or death. If the member fails to complete payment of the employee contributions during the period allowed, proportional credit shall be allowed based on the ratio between the amount due for the entire period and the total amount of the payments made and to the nearest one one-hundred thousandth (0.00001) of one year; and

(H) The maximum creditable service that may be purchased pursuant to USERRA is five (5) years per membership; and

(I) An Application to purchase USERRA leave may not be filed after the member’s retirement, termination of membership in the system, or death.

(2) Any member who becomes disabled while on qualified military service pursuant to USERRA shall be treated as if they were teaching in a district included in the system and shall be eligible for disability retirement with the system provided that all other requirements for disability retirement, as set forth in R.S.Mo. §169.060 and 16 CSR 10-5.020 are met.

(3) If a member, whose period of creditable service in districts included in the retirement system is two years but less than five years, dies (a) while on qualified military service pursuant to USERRA, or (b) as a result of an injury or sickness incurred while on qualified military service pursuant to USERRA and within one year of the commencement of such injury or sickness, the certain survivors of the member may be eligible for benefits as set forth in R.S.Mo. §169.075 and 16 CSR 10-5.030, provided that all other eligibility requirements are met.

16 CSR 10-5.030 Beneficiary- The Retirement System is amending Section 1.

PURPOSE: This amendment revises the manner in which members may designate their beneficiary and contingent beneficiaries with the retirement system.

(1) Each member, *when completing a membership Record]* may designate a beneficiary and contingent beneficiaries **by filing with the retirement system a form furnished by the board for this purpose.** If a member fails to designate a beneficiary, the beneficiary shall be determined pursuant to section 169.076, RSMo.

16 CSR 10-6.045 Payment for Reinstatement and Credit Purchases. The Retirement System is deleting the existing Section 13 and renumbering subsequent Sections accordingly. The existing language in Section 13 is being modified and moved to a new rule within Chapter 6.

PURPOSE: This amendment deletes provisions related to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) from this rule. Similar provisions are being moved to a new rule within Chapter 6.

[(13) The following provisions shall apply when individuals are reemployed by a district pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and its successors:

(A) When the system is notified by either a district or a member of a period covered by USERRA, the system will require the member to obtain written confirmation from the district of the period covered and the compensation that would apply;

(B) A period covered by USERRA will not be a break in service for purpose of termination of membership and will count toward vesting, but not toward benefit calculation unless the member elects to pay required contributions as provided in this regulation;

(C) A member may elect within five (5) years of reemployment to pay the system the employee contributions the member would have made, using the contribution rates and salary that would have applied during the period, as required by USERRA;

(D) Where the member has elected to pay employee contributions under USERRA, the district reemploying the member is required under federal and state law to pay the contributions the employer would have paid, using the contribution rates and salary that would have applied during the period and interest on the contributions at the assumed rate of return on invested funds of the system;

(E) The employer shall pay the employer contributions and interest no later than the end of the school year following the year in which the employee files an election to make the employee contributions;

(F) Payment of employee contributions may be made, without interest, over the period from the date of election to five (5) years after reemployment, provided that interest shall begin to accrue on any unpaid balance remaining at the end of such five (5) years; and

(G) Payment must be completed prior to termination of membership with the retirement system. If the member fails to complete payment of the employee contributions during the period allowed, proportional credit shall be allowed based on the ratio between the amount due for the entire period and the total amount of the payments made, and to the nearest one one-hundred thousandth (0.00001) of one (1) year. In the event that the member fails to complete payment of the employee contributions during the period allowed and only proportional credit is given, employer contributions and interest shall be adjusted accordingly and any excess employer contributions shall be refunded to the employer with interest.]

[(14)] (13) Members electing to reinstate or purchase credit may make payments in any amount and at any time during the period allowed for payment.

[(15)] (14) "Public college" as that phrase is used in section 169.655.3, RSMo, and "private college" as that phrase is used in section 169.655.9, RSMo, shall include junior colleges and community colleges either inside or outside of Missouri. "Private school, college, or university" as that phrase is used in section 169.655.9, RSMo, shall not include trade schools.

[(16)] (15) The following provisions shall apply to the purchase of creditable service under section 105.691, RSMo:

(A) A member may elect to purchase creditable service under section 105.691, RSMo, only if the member had previously acquired creditable service in a retirement plan defined in that section for the employment to which the election applies; except that if the service did not meet the membership requirements of the employer's retirement plan or the employer had no such retirement plan at the time the service was rendered, but the service would otherwise have met the membership requirements of this system as in effect when the election is made, the member shall

be eligible to purchase such creditable service. The creditable service allowable shall be determined in accordance with the provisions of section 105.691, RSMo, and the rules of the board of trustees; and

(B) A member who does not complete payment in full on an application to purchase creditable service under section 105.691, RSMo, within the time limit prescribed by law may reapply to purchase creditable service for that same period of employment. The member may apply within the limits of the law to purchase creditable service for any other period of employment for which application to purchase creditable service was not previously made.

[(17)] **(16)** Unless otherwise required by law, membership service credit purchased under the laws governing the retirement system cannot be used to establish eligibility for benefits under sections 169.600 to 169.715, RSMo, but such purchased credit may be used in computing the value of any benefits to which a member would otherwise qualify under those sections.

[(18)] **(17)** Unless a different amount is required by law, members must have accrued at least one (1) year of membership service credit for employment in a position covered by the retirement system in order to apply to purchase service credit.

[(19)] **(18)** The salary used in calculating the cost of creditable service purchased is not compensation payable to a member as that phrase is used in section 169.600(7), RSMo, and shall not be used in determining final average salary.

[(20)] **(19)** Unless otherwise required by law, if the total payments made within the time allowed to purchase credit is insufficient to purchase all the credit for which the member applied, proportional credit shall be allowed based on the ratio between the amount due for the entire period for which the member applied and the total amount of the payments applied to reduce the principal amount due.

[(21)] **(20)** A member electing to purchase membership service credit for service in the armed forces may purchase one (1) year of credit for each twelve- (12-) month period of such service. For any such period of service in the armed forces of less than twelve (12) months, the member shall receive proportional credit computed to the nearest one-one-hundred thousandth (0.00001) of a year; provided that if the member entered active duty in the armed forces no later than the date on which the member's services were to have begun under an employment agreement with a district included in the retirement system, and if the total period of active military service that year would have entitled the member to a year of creditable service had that service been rendered with the district, the member shall be eligible to purchase a full year of credit. No more than one (1) year of membership service credit shall be allowed for service in the armed forces or for a combination of service in the armed forces and actual service in a district included in the retirement system, for any one (1) school year.

[(22)] **(21)** The following provisions apply with respect to a purchase of credit for maternity or paternity leave pursuant to section 169.655, RSMo:

(A) A period of leave shall be considered maternity or paternity leave for which membership service credit may be purchased if—

1. The leave was unpaid;
2. The leave related to a natural birth or legal adoption;
3. The member was employed in a position covered by The Public Education Employee Retirement System at the time the leave relating to the initial natural birth or legal adoption began;
4. The member provides written confirmation that the leave was maternity or paternity leave;
5. The member provides a copy of a birth certificate, certification of adoption, or physician's certification which indicates that the event occurred within a reasonable time before or after the period of maternity or paternity leave began; and
6. The member returns to employment in a position covered by The Public Education Employee Retirement System;

(B) The maternity or paternity leave for which membership service credit may be purchased shall terminate upon the member's return to covered employment and may not exceed one (1) year for each natural birth or legal adoption; and

(C) A member may elect to purchase some or all of the period of maternity or paternity leave for which the member is eligible.

[(23)] **(22)** A purchase of credit for Social Security covered employment pursuant to section 169.655.11, RSMo, shall be allowed only in a manner consistent with Title 26 of the *United States Code* and, in addition, shall be governed by the following provisions: (A) The member must have five (5) years of creditable service with the retirement system prior to purchasing credit for Social Security covered employment pursuant to section 169.655.11, RSMo;

(B) The retirement system shall allow the purchase of no more than five (5) years of credit for "nonqualified service" as that term is defined in section 415 of Title 26 of the *United States Code* if doing so would jeopardize the tax qualified status of the retirement system pursuant to the *Internal Revenue Code* and the retirement system determines that the provisions of section 415(n) of Title 26 of the *United States Code* apply to the purchase of such member's purchase;

(C) The member must supply evidence satisfactory to the retirement system that the member is eligible to purchase credit for Social Security covered employment pursuant to section 169.655.11, RSMo;

(D) The member must submit to the retirement system a detailed statement of the member's employment history created by the Social Security Administration in a format satisfactory to the retirement system; and

(E) The retirement system shall determine the amount of credit that may be purchased for Social Security covered employment pursuant to section 169.655.11, RSMo, based on the information provided pursuant to this section of this rule.

16 CSR 10-6.055 Uniformed Services Employment and Reemployment Rights Act

PURPOSE: This rule explains how the Uniformed Services Employment and Reemployment Rights Act (USERRA) applies to the retirement system.

(1) The following provisions shall apply when a member of the retirement system is reemployed by an employer included in the system pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and its successors:

(A) When a member applies to purchase USERRA leave, the system will require written confirmation from the member's employer of the period covered and the salary that would apply, which will be included on the Application to Purchase Leave ("Application") to be submitted by the member;

(B) A period covered by USERRA will not be a break in service for purpose of termination of membership and will count toward vesting and retirement eligibility, but not toward benefit calculation unless the member elects to pay required contributions as provided in this regulation;

(C) A member may elect, within five (5) years of reemployment, to pay the system the employee contributions the member would have made, using the contribution rates and salary that would have applied during the period, as required by USERRA;

(D) Where the member has elected to pay employee contributions under USERRA, the employer reemploying the member is required under federal and state law to pay the contributions the employer would have paid, using the contribution rates and salary that would have applied during the period and interest on the contributions at the "purchase rate" (see 16 C.S.R. 10-6.045(2)), with interest beginning to accrue the first day of the month following the month in which the member submits an Application to the system;

(E) The employer shall pay the employer contributions and interest no later than the end of the school year following the year in which the employee files an election to make the employee contributions. Any employer contributions that are paid to the system, but for which the corresponding employee contributions are never paid, shall be credited back to the employer, plus interest at the assumed rate of return on invested funds of the system when the member retires, dies, or terminates membership with the system;

(F) Payment of employee contributions may be made without interest;

(G) Payment of employee contributions must be completed prior to the member's retirement, termination of membership with the retirement system, or death. If the member fails to complete payment of the employee contributions during the period allowed, proportional credit shall be allowed based on the ratio between the amount due for the entire period and the total amount of the payments made and to the nearest one one-hundred thousandth (0.00001) of one year; and

(H) The maximum creditable service that may be purchased pursuant to USERRA is five (5) years per membership; and

(I) An Application to purchase USERRA leave may not be filed after the member's retirement, termination of membership in the system, or death.

(2) Any member who becomes disabled while on qualified military service pursuant to USERRA shall be treated as if they were serving an employer included in the system and shall be eligible for disability retirement with the system provided that all other requirements for disability retirement, as set forth in R.S.Mo. §169.663 and 16 CSR 10-6.070 are met.

16 CSR 10-6.090 Beneficiary- The Retirement System is amending Sections 1.

PURPOSE: This amendment revises the manner in which members may designate their beneficiary and contingent beneficiaries with the retirement system.

(1) Each member, *when completing a membership Record]* may designate a beneficiary and contingent beneficiaries **by filing with the retirement system a form furnished by the board for this purpose.** If a member fails to designate a beneficiary, the beneficiary shall be determined pursuant to section 169.676, RSMo.

PSRS4493
PEERS2730

Ms. McClintic seconded the motion. Voting "Aye" —Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; "Nay"—None. The motion carried unanimously.

Legislative Update

Ms. Maria Walden and Mr. Jim Moody updated the board on the current legislative session. Mr. Moody reported briefly on state revenue and gave an update on the March 2014 revenue to the Board. Ms. Walden discussed the upcoming important legislative dates and the 2014 legislative statistics. Ms. Walden reviewed all retirement legislation, none which have a direct impact on PSRS/PEERS.

Pension Project

Mr. Dearld Snider and Mr. Gary Fowler updated the Board on the progress of the pension project. Mr. Snider discussed the Phase 1 go-live regarding employer reporting with the Board. He also reviewed the milestones of the project and explained to the Board that go-live with the remaining phases is still on schedule for October 2014.

**Public
Comment**

Ms. Heath wanted to complement staff on the retirement workshops that were recently held in Springfield, Missouri. She heard from many people that they were very beneficial and wanted to thank staff.

Closed Session

Mr. Hunt moved that the meeting continue in closed session to hear the legal report and to review personnel matters in accordance with section 610.021 (1), (3) and (13), RSMo. Ms. Heath seconded the motion. Voting “Aye” —Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4494
PEERS2731

Motion No. PSRS4495 and PSRS4496 were made in closed session.
Motion No. PEERS2732 and PEERS2733 were made in closed session.

Adjournment
PSRS4497
PEERS2734

Mr. Wheeler moved that the meeting adjourn following closed session. Mr. Hoffman seconded the motion. Voting “Aye” —Zalis, Wheeler, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.