

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

**December 14, 2009**

**MEMBERS PRESENT**

Tina Zubeck, Chair  
Wayne Wheeler                      Craig  
Yvonne Heath                      Dearld  
Donald Cupps                      Alan  
Aaron Zalis                      Ronda  
Services  
Scott Hunt                      Lori  
    Tom

**MEMBERS ABSENT**

None

**OTHERS PRESENT**

M. Steve Yoakum, Executive Director  
    Husting, AED, Investments  
    Snider, AED, Operations  
    Thompson, General Counsel  
    Peterson, Dir.-Member  
  
    Woratzcek, Chief Finan. Officer  
    Smith, Dir. of Info. Technology  
    Jeff Russler, Dir. Employer Services  
    Janet Harris, Internal Auditor  
    Maria Walden, Legislative Dir.  
    Mary Hiatte, Executive Assistant

**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 Tina Zubeck, Donald Cupps, Yvonne Heath, Scott Hunt, Wayne Wheeler and Aaron Zalis, Board Members. Also present were M. Steve Yoakum, Executive Director; Dearld Snider, Assistant Executive Director, Operations; Alan Thompson, General Counsel; Craig Husting, Assistant Executive Director, Investments; Ronda Peterson, Director of Member Services; Lori Woratzcek, Chief Financial Officer; Tom Smith, Director of Information Technology; Jeff Russler, Director of Employer Services; Janet Harris, Internal Auditor; Maria Walden, Legislative Director; various other PSRS/PEERS staff members; and Mary Hiatte, Executive Assistant.

**Approval of  
Minutes  
PSRS4228  
PEERS2481**

Mrs. Heath moved that the minutes from the October 25-26, 2009, meetings be approved. Mr. Cupps seconded the motion. Voting "Aye"—Zubeck, Cupps, Heath, Hunt, Wheeler and Zalis; "Nay"—None. The motion carried unanimously.

**Order of  
Business**

The order of business was approved with no changes.

## **Investments**

**Activities Memo** Mr. Craig Husting and Mr. Michael Hall reviewed the investment activities memo. Mr. Husting reviewed the recent investment market activity as well as the PSRS/PEERS investment returns for the quarter ending September 30, 2009. He also updated the Board on the actual vs. policy asset allocation as well as a number of other issues including the Arrowstreet emerging markets portfolio, securities lending, the watch list, the custody search, real estate, private equity, and the tentative investment calendar.

## **Management Report**

**Budget & Audit Comm. Report** Mrs. Heath moved that the revised ethics and travel policies be adopted by the Board as approved by the Budget and Audit Committee. Dr. Zalis seconded the motion. Voting “Aye”—Zubeck, Cupps, Heath, Hunt, Wheeler and Zalis; “Nay”—None. The motion carried unanimously.  
PSRS4229  
PEERS2482

**Resolutions** Mr. Wheeler moved that the following resolutions be adopted:

### **Resolution of Recognition for Peggy Preston**

“WHEREAS, Mrs. Peggy D. Preston served as a member of the Board of Trustees of The Public School and Education Employee Retirement Systems of Missouri from July 1, 2000 until June 30, 2009; and both as Vice Chair and Chair during her tenure on the Board; and

“WHEREAS, during the period of this tenure she ably served the interests of teachers and school support personnel of Missouri and the State of Missouri; and

“WHEREAS, through her experience in public education and dedication as a teacher, she was able to lead and counsel wisely in the enactment of legislation and the formulation of policies and regulations bringing continued improvement in the retirement systems;

“THEREFORE, BE IT RESOLVED THAT, in recognition of this distinguished service to the Board of Trustees and to the members of the retirement systems, the Board extends its sincere gratitude for her many efforts and contributions, and for her personal friendship which has been much valued by Board and staff members;

“BE IT FURTHER RESOLVED THAT the Board authorizes the Executive Director to transmit to Mrs. Preston a copy of this resolution, along with the personal best wishes of the staff and each Board member.”

### **Resolution of Recognition for Joncee Nodler**

“WHEREAS, Mrs. Joncee Nodler served as a member of the Board of Trustees of The Public School and Education Employee Retirement Systems of Missouri from May 10, 2005 until October 13, 2009, and as Vice Chair from July 1, 2008 through

June 30, 2009: and

“WHEREAS, during the period of this tenure she ably served the interests of teachers and school support personnel of Missouri and the State of Missouri; and

“WHEREAS, through her experience in public education, she was able to lead and counsel wisely in the enactment of legislation and the formulation of policies and regulations bringing continued improvement in the retirement systems;

“THEREFORE, BE IT RESOLVED THAT, in recognition of this distinguished service to the Board of Trustees and to the members of the retirement systems, the Board extends its sincere gratitude for her many efforts and contributions, and for her personal friendship which has been much valued by Board and staff members;

“BE IT FURTHER RESOLVED THAT the Board authorizes the Executive Director to transmit to Mrs. Nodler a copy of this resolution, along with the personal best wishes of the staff and each Board member.”

#### **Resolution of Recognition for James O’Donnell**

“WHEREAS, Mr. James O’Donnell served as a member of the Board of Trustees of The Public School and Education Employee Retirement Systems of Missouri from November 30, 2005 until October 2, 2009, and as Vice Chair from July 1, 2009 until October 2, 2009: and

“WHEREAS, during the period of this tenure he ably served the interests of teachers and school support personnel of Missouri and the State of Missouri; and

“WHEREAS, through his experience in the investment industry, he was able to lead and counsel wisely in the formulation of policies and regulations bringing continued improvement in the retirement systems;

“THEREFORE, BE IT RESOLVED THAT, in recognition of this distinguished service to the Board of Trustees and to the members of the retirement systems, the Board extends its sincere gratitude for his many efforts and contributions, and for his personal friendship which has been much valued by Board and staff members;

“BE IT FURTHER RESOLVED THAT the Board authorizes the Executive Director to transmit to Mr. O’Donnell a copy of this resolution, along with the personal best wishes of the staff and each Board member.”

PSRS4230  
PEERS2483

Mr. Hunt seconded the motion. Voting “Aye”—Zubeck, Cupps, Heath, Hunt, Wheeler and Zalis; “Nay”—None. The motion carried unanimously.

Following discussion of a recent news article and possible legislation, Mr. Wheeler moved that the following resolution be adopted:

**A RESOLUTION TO PROTECT MISSOURI'S  
EDUCATORS RETIREMENT FUND**

**WHEREAS**, The Board of Trustees of The Public School Retirement System of Missouri ('the Systems' or 'PSRS/PEERS') has a long-held legal, moral and fiduciary responsibility to establish and oversee the governance policies that guide the PSRS/PEERS investment program; and

**WHEREAS**, The Board of Trustees of the Systems is established under Section 169.020.2, RSMo., and is structured to prudently and appropriately carry out its fiduciary responsibilities; consisting of four positions elected by the membership and three positions appointed by the Governor; and

**WHEREAS**, the funds of PSRS/PEERS are held in trust on behalf of Missouri's educators and per Section 169.040.1, RSMo., such funds are deemed to be funds of PSRS/PEERS and shall not be commingled with state funds; and

**WHEREAS**, The Board of Trustees of the Systems has set policies for the investment program that are specifically tailored (in terms of risk, expected return, and preserving the ability to pay future benefits) to the specific needs of PSRS/PEERS, and those policies are based on a high level of transparency between the members, Board of Trustees, and staff;

and

**WHEREAS**, The Systems have established governance related to investments with a deep appreciation and concern for the fact that members directly make a significant contribution to their retirement as established under Section 169.030.1, RSMo., which requires funding for the operation to "...come from contributions made in equal amounts by members of the system and their employers"; and

**THEREFORE, BE IT RESOLVED THAT**, The Board of Trustees of The Public School Retirement System of Missouri would respectfully urge the General Assembly not to adopt any legislation or mandate any changes that would diminish or impair the PSRS/PEERS Board of Trustees' full authority for directing the Systems' investment program; and

**FURTHERMORE**, The Board of Trustees and staff of PSRS/PEERS welcome the opportunity to meet with members of the General Assembly, their staff, educational or employee associations or other interested parties to disclose and discuss the System's investment philosophy and program.

PSRS4231  
PEERS2484

Mrs. Heath seconded the motion. Voting "Aye"—Zubeck, Cupps, Heath, Hunt, Wheeler and Zalis; "Nay"—None. The motion carried unanimously.

**Proposed  
Regulations**

Mr. Alan Thompson presented several proposed changes to the regulations. Following discussion, Mr. Hunt moved that the following amendments to the regulations be adopted and filed with the Secretary of State's Office:

**16 CSR 10-5.010 Service Retirement.** The Public School Retirement System of

Missouri is amending sections (2) and (6).

*PURPOSE: This amendment changes the length of the required termination period from sixty (60) to thirty (30) days, changes the manner in which a retiree may be employed by a covered school district during the termination period, implements pro rata limitations on hours worked and earnings allowed, and requires the employer and retiree to keep a log of hours worked and earnings during retirement.*

(2) The earliest date on which service retirement may become effective is the first day of the calendar month following the calendar month in which the services of the member are terminated, or the first day of the calendar month following the filing of the Application for Service Retirement, whichever is later; except that the earliest date on which service retirement may become effective for a member retiring after receiving credit for a year of membership service shall be July 1, the first day of the fiscal year following the termination of services. Termination from employment covered by the retirement system prior to the effective date of retirement is required to be eligible for a retirement benefit. A member shall not be deemed to have terminated employment if the member is employed in *[a position] any capacity by an employer* covered by the retirement system within *[sixty (60) days] one month* after his or her effective date of retirement. A member shall not be deemed to have terminated employment if, prior to receipt of his or her first benefit payment, the member executes a contract for employment in *[a position] any capacity by an employer* covered by the retirement system that commences on or after the execution of such contract. The member shall be required to repay any benefit payments paid if it is determined that the member did not terminate employment covered by the retirement system.

(6) Part-time employment is any employment which is less than full-time. Temporary-substitute employment is any employment either in a position held by a regularly employed person who is temporarily absent, or in a position which is temporarily vacant. A retired member may be employed by a district included in the system to serve on a part-time or temporary-substitute basis in any capacity not to exceed five hundred fifty (550) hours in any one (1) school year and through such employment may earn an amount not in excess of the compensation limit set forth in this rule and section 169.560, RSMo, without a discontinuance of the retired member's retirement allowance. The limit on compensation shall be determined as set forth in section 169.560, RSMo. If the position or positions did not previously exist, a retired member may earn up to fifty percent (50%) of the annual compensation payable for the position within the district that is most comparable to the position filled by the retired member without exceeding the compensation limit. If such employment exceeds either the limitation on hours worked or the limitation on compensation, payment of benefits to the retired member shall cease until the employment terminates or a new school year begins. This rule shall not apply to employment with a state college, a state university or any state agency. **The employer covered by the Public School Retirement System of Missouri and the retiree shall maintain a log of all dates worked, hours worked, wage earned and the employer. The employer and retiree shall provide a copy of the work log upon request of retirement system.**

<b>Employee Name:</b>		<b>School Year:</b>	
<b><u>Date Worked</u></b>	<b><u>Hours Worked</u></b>	<b><u>Wage Earned</u></b>	<b><u>Employer</u></b>

The working after retirement limits set forth in section 169.560, RSMo., shall be applied on a pro-rata basis as provided below to a retiree's hours of work during the school year in which the retiree's date of retirement is effective.

<b><u>Effective date of retirement:</u></b>	<b><u>Hours allowed after retirement for school year:</u></b>
<b>July 1</b>	<b>550</b>
<b>August 1</b>	<b>504</b>
<b>September 1</b>	<b>458</b>
<b>October 1</b>	<b>413</b>
<b>November 1</b>	<b>367</b>
<b>December 1</b>	<b>321</b>
<b>January 1</b>	<b>275</b>
<b>February 1</b>	<b>229</b>
<b>March 1</b>	<b>183</b>
<b>April 1</b>	<b>138</b>
<b>May 1</b>	<b>92</b>
<b>June 1</b>	<b>0</b>

The working after retirement limits set forth in section 169.560, RSMo., shall be applied on a pro-rata basis as provided below to a retiree's base salary to determine the retiree's earnings limit during the school year in which the retiree's date of retirement is effective.

<b><u>Effective date of retirement:</u></b>	<b><u>Percentage of base salary allowed after retirement for school year:</u></b>
<b>July 1</b>	<b>50%</b>
<b>August 1</b>	<b>46%</b>
<b>September 1</b>	<b>42%</b>
<b>October 1</b>	<b>38%</b>
<b>November 1</b>	<b>33%</b>
<b>December 1</b>	<b>29%</b>
<b>January 1</b>	<b>25%</b>
<b>February 1</b>	<b>21%</b>
<b>March 1</b>	<b>17%</b>
<b>April 1</b>	<b>13%</b>
<b>May 1</b>	<b>8%</b>
<b>June 1</b>	<b>0%</b>

**16 CSR 10-6.060 Service Retirement.** The Public Education Employee Retirement System of Missouri is amending section (1) and section (4) .

*PURPOSE: This amendment changes the length of the required termination period from sixty (60) to thirty (30) days, changes the manner in which a retiree may be employed by a covered school district during the termination period, implements pro rata limitations on hours worked, and requires the employer and retiree to keep a log of hours worked during retirement.*

(1) The earliest date on which retirement may become effective is the first day of the calendar month following the calendar month in which the services of the member are terminated, or the first day of the calendar month following the filing of the application for retirement, whichever is later; except that the earliest date on which retirement may become effective for a member who receives a year of membership service credit for the final school year in which the member serves shall be July 1 next following the member’s last day of service. Termination from employment covered by the retirement system prior to the effective date of retirement is required to be eligible for a retirement benefit. A member shall not be deemed to have terminated employment if the member is employed in [a position] **any capacity by an employer** covered by the retirement system within [sixty (60) days] **one month** after his or her effective date of retirement. A member shall not be deemed to have terminated employment if, prior to receipt of his or her first benefit payment, the member executes a contract for employment in [a position] **any capacity for an employer** covered by the retirement system that commences on or after the execution of such contract. The member shall be required to repay any benefit payments paid if it is determined that the member did not terminate employment covered by the retirement system.

(4) A retiree may serve as an employee of a district included in the system on a part-time or temporary-substitute basis not to exceed five hundred fifty (550) hours in a school year and continue to receive a retirement allowance. To be considered as serving on a temporary-substitute basis, a person must be serving for a regular employee who is temporarily absent or in a position which is temporarily vacant. **The employer covered by the Public Education Employee Retirement System of Missouri and the retiree shall maintain a log of all dates worked, hours worked, wage earned and the employer in substantially the same form as provided below. The employer and retiree shall provide a copy of the work log upon request of retirement system.**

<b>Employee Name:</b>		<b>School Year:</b>	
<b><u>Date Worked</u></b>	<b><u>Hours Worked</u></b>	<b><u>Wage Earned</u></b>	<b><u>Employer</u></b>

The working after retirement limits set forth in section 169.660.2, RSMo., shall be applied on a pro-rata basis as provided below to a retiree's hours of work during the school year in which the retiree's date of retirement is effective.

<u>Effective date of retirement:</u>	<u>Hours allowed after retirement for school year:</u>
<b>July 1</b>	<b>550</b>
<b>August 1</b>	<b>504</b>
<b>September 1</b>	<b>458</b>
<b>October 1</b>	<b>413</b>
<b>November 1</b>	<b>367</b>
<b>December 1</b>	<b>321</b>
<b>January 1</b>	<b>275</b>
<b>February 1</b>	<b>229</b>
<b>March 1</b>	<b>183</b>
<b>April 1</b>	<b>138</b>
<b>May 1</b>	<b>92</b>
<b>June 1</b>	<b>0</b>

**16 CSR 10-5.020 Disability Retirement** The Public School Retirement System of Missouri is amending section (5).

*PURPOSE: This amendment change will provide the Public School Retirement System of Missouri the ability to require the member to submit to a periodic examination or provide the board of trustees with a completed Certification of Disability Status form for disability retirement as set forth in the method of qualification and limitations as provided in sections 169.060, 169.070 and 169.075, RSMo.*

(5) The recipient of disability benefit may be required to submit to periodic examinations until age sixty (60) by physicians selected and paid by the board, provided there shall not be more than two (2) examinations in any year. **If the member fails to submit to a periodic examination or provide the board of trustees with a completed Certification of Disability Status form, the member's disability benefit shall be suspended until such certification of the member's continued disability is received by the board of trustees.**

**16 CSR 10-6.070 Disability Retirement.** The Public Education Employee Retirement System of Missouri is amending sections (1), (2), (4), (5), and (6) and adding new sections (7) and (8).

*PURPOSE: This amendment change will provide the ability for our members of the Public Education Employee Retirement Systems to have the effective date of disability retirement be retroactive up to 60 days prior to the filing of the application for disability retirement as set forth in the method of qualification and limitations as provided in section 169.633, RSMo. This amendment change will also provide the Public Education Employee Retirement Systems the ability to require the member to submit to a periodic examination or provide the board of*

*trustees with a completed Certification of Disability Status form for disability retirement as set forth in the method of qualification and limitations as provided in section 169.663, RSMo.*

**(1) A member claiming disability retirement must file a written application for retirement with the board of trustees on a form provided by the board. If a member, because of physical or mental disability, is unable to make application for disability retirement, the written application may be completed by a guardian or trustee designated by a court and the completed application shall be accompanied by a certified copy of the court order designating the guardian or trustee. If a member indicates in his/her application for disability retirement (see 16 CSR 10- 5.020) that s/he has applied for disability benefits provided by the Social Security Act, the Award Letter or certified copy thereof, issued by the Social Security Administration, will serve as evidence that disability exists.**

**(2) If a member is not eligible for disability benefits, as provided by the Social Security Act, because of insufficient coverage, the board of trustees [ , acting upon the recommendation of the medical adviser, shall designate one (1) or more physicians for examinations and reports. The medical adviser shall evaluate the reports and shall recommend to the board of trustees. The board shall determine whether or not disability exists] shall designate a medical adviser whose duty shall be to assign applicants for disability benefits to physicians for examinations and reports. The medical advisor shall report to the board on the findings of the examining physicians and the board of trustees shall act on these findings. The recipient of disability benefits may be required to submit to periodic examinations until age sixty (60) by physicians selected and paid by the board, provided there shall not be more than two (2) examinations in any year.**

**(4) If disability shall cease to exist before the recipient of the disability benefits reaches age sixty (60), as evidenced by the cessation of benefits by the Social Security Administration or by examination by physicians selected and paid by the board of trustees, his/her disability benefits shall cease and his/her membership status as of the date of his/her disability retirement shall be restored. If the member is required to submit to a periodic examination and the member fails to submit to the examination or provide the board of trustees with a completed Certification of Disability Status form, the member's disability benefit shall be suspended until such certification of the member's continued disability is received by the board of trustees.**

**(5) [The earliest date on which a member's disability retirement can become effective is the first day of the calendar month following the month for which his/her last salary payment or sick-leave payment was made, or the first day of the calendar month following the calendar month in which his/her completed application was received, whichever is later.] The payment of the first disability benefits to a member shall be made not later than the calendar month immediately following the month in which the claim is approved. The first payment after approval shall include any benefits which have accrued between**

**the date of disability and the date of the first payment, provided, however, that payment shall not be made for such time as the member is receiving any salary from an employer; and provided, that benefits shall not accrue for more than sixty (60) days prior to the date of filing application.**

(6) Any person who is receiving a disability retirement allowance from the retirement system and who has attained age sixty (60) may be employed in any capacity for, and receive income of any amount from, any employer except a school district included in the retirement system. Notwithstanding any provision of section 169.660, RSMo to the contrary, any such person may be employed in a district included in the retirement system on a part-time or temporary-substitute basis up to a total of five hundred fifty (550) hours in a school year without a discontinuance of the retirement allowance as set forth in section 169.660, and 16 CSR 10-6.060(4).

(7) Any person who is receiving a disability retirement allowance from the retirement system and who has not attained age sixty (60) may not be employed in any capacity by a district included in the retirement system and continue to receive the retirement allowance. Any such person may not be employed in any capacity for any other employer, the compensation for which employment would constitute a livelihood, and continue to receive the retirement allowance. The executive director, and/or the board of trustees shall determine what constitutes a livelihood in such instance.

(8) The surviving spouse, children of a deceased disability retiree shall have the same rights to benefits under sections 169.670, RSMo as does the surviving spouse, children, or both, of a member who dies while employed in a district included in the retirement system.

PSRS4232  
PEERS2485

Mrs. Heath seconded the motion. Voting “Aye”—Zubeck, Cupps, Heath, Hunt, Wheeler and Zalis; “Nay”—None. The motion carried unanimously.

**Pension System**

Mr. Dearld Snider updated the Board on the timeline for hiring a vendor to replace the pension system. He indicated that six bids had been received and he expects the staff will have a recommendation for the Board at the February 2010 meeting.

**Section 218**

Mr. Alan Thompson reported that the federal task force is continuing to discuss issues regarding the change in social security coverage under section 218 and how that affects employees in the community college districts.

**Legislative**

Mrs. Maria Walden reviewed the important dates in the legislative session. She reported that, as of this date, no bills had been filed which affect the retirement system.

**Public Comment**

There were no public comments.

**Closed Session**

Mr. Cupps 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)

PSRS4233  
PEERS2486

and (14), RSMo. Mr. Hunt seconded the motion. Voting “Aye”—Zubeck, Cupps, Heath, Hunt, Wheeler and Zalis; “Nay”—None. The motion carried unanimously.

Motion No. PSRS4234 through PSRS4236 were made in closed session.

Motion No. PEERS2487 through PEERS2489 were made in closed session.

**Adjournment**

The meeting adjourned at the end of closed session.