

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

June 11, 2012

MEMBERS PRESENT

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

MEMBERS ABSENT

OTHERS PRESENT

M. Steve Yoakum, Executive Director
Craig Husting, AED, Investments
Dearld Snider, AED, Operations
Alan Thompson, General Counsel
Lori Woratzeck, Chief Finan. Officer
Jeff Russler, Dir. Employer Services
Jeff Hyman, Internal Auditor
Ronda Peterson, Member Serv. Dir.
Maria Walden, Legislative Dir.
Tom Smith, IT Director
Mary Hiatte, Sr. Executive Advisor

**Meeting
Convened**

The meeting of the Board of Trustees convened at 9:00 a.m. at the Retirement System Office in Jefferson City, Missouri. In attendance were Aaron Zalis, Wayne Wheeler, Donald Cupps, Yvonne Heath, Scott Hunt, Jason Hoffman and Susan McClintic, 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; Lori Woratzeck, Chief Financial Officer; Ronda Peterson, Director of Member Services, Jeff Russler, Director of Employer Services; Tom Smith, Director of Information Technology; Maria Walden, Director of Legislation and Policy; Jeff Hyman, Internal Auditor; various other PSRS/PEERS staff members; and Mary Hiatte, Senior Executive Advisor.

**Approval of
Minutes
PSRS4377
PEERS2617**

Ms. McClintic moved that the minutes from the April 15-16, 2012, meetings be approved. Mr. Cupps seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

**Order of
Business**

The order of business was approved with no changes.

Investments

Activities Memo Craig Husting reviewed the ongoing investment activities memo, which included the year-to-date return for FY 2012, the current asset allocation, the securities lending and commission recapture programs, as well as the real estate and private equity portfolios. He also discussed the all-time record low yields on U.S. Treasury bonds.

Management Report

Budget Adj. Mr. Cupps moved that the budget adjustment recommended by staff and approved by the Budget and Audit Committee be approved. Mr. Wheeler seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and
PSRS4378
PEERS2618 McClintic; “Nay”—None. The motion carried unanimously.

Meeting Dates Mr. Wheeler moved that the following dates be set for the 2012-13 fiscal year: August 27, 2012, October 29, 2012, December 10, 2012, February 11, 2013, April 8, 2013, and June 17-18, 2013. Mr. Hoffman seconded the motion. Voting
PSRS4379
PEERS2619 “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Amendment to Regs. Mrs. Heath moved that the following amendments to the regulations be adopted and filed with the Secretary of State’s Office:

16 CSR 10-4.012 Payment for Reinstatement and Credit Purchases. The Retirement System is amending Section 9.

PURPOSE: This amendment deletes from the existing rule the option to complete payment for a purchase of Public Education Employee Retirement System credit after disability retirement.

(9) If a member dies before retirement or retires on service or disability retirement after having made partial payments but not payment in full to reinstate or purchase credit, the partial payments will be refunded to the member’s beneficiary or the retiree if proportional credit is not allowable by law or by rule of the board of trustees. If proportional credit is allowable, the payments will be credited to the member’s accumulated contributions and proportional credit will be allowed. If a member retires on disability retirement before completing payment for a reinstatement of credit [or for a purchase of Public Education Employee Retirement System of Missouri (PEERS) credit] only, the balance due with interest shall be deducted from the disability retirement allowance as provided by law. Only payments purchasing less than first one-one-hundred thousandth (0.00001) year of credit will be refunded.

16 CSR 10-5.010 Service Retirement. The Retirement System is amending Section 15 and adding a new section to be numbered Section 18.

PURPOSE: This amendment clarifies and expands on the existing rule that set forth the procedure for naming successor beneficiaries and clarifies the effective date of a retirement allowance increase due to a member following the death of a joint and survivor beneficiary.

(15) *[The effective date of]* **Any actuarial adjustment to a retirement allowance payment made because of the nomination of a successor beneficiary as provided in [House Bill 496 enacted by the 87th General Assembly] 169.141, RSMo. shall [be the next regular payment date following receipt in the retirement office of the] take effect in the month a properly completed nomination of successor beneficiary form is received by the Retirement System or the month of the retiree's marriage to the successor beneficiary, whichever occurs later. The nomination of a successor beneficiary shall be effective immediately upon receipt by the Retirement System of the properly completed nomination of successor beneficiary form or the date of the retiree's marriage to the successor beneficiary, whichever occurs later.**

(18) **If the designated joint and survivor beneficiary of a retiree who elected Option 2, 3, or 4 dies before the retired member, the retired member's retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected option 1. The increase in retirement allowance shall be effective the month of the beneficiary's death.**

16 CSR 10-6.045 Payment for Reinstatement and Credit Purchases. The Retirement System is amending Section 7.

PURPOSE: This amendment deletes from the existing rule the option to complete payment for a purchase of Public School Retirement System credit after disability retirement.

(7) If a member dies before retirement or retires on service or disability retirement after having made partial payments but not payment in full to reinstate or purchase credit, the partial payments will be refunded to the member's beneficiary or the retiree if proportional credit is not allowable by law or by rule of the board of trustees. If proportional credit is allowable, the payments will be credited to the member's accumulated contributions and proportional credit will be allowed. If a member retires on disability retirement before completing payment for a reinstatement of credit *[or for a purchase of Public School Retirement System of Missouri (PSRS) credit]* only, the balance due with interest shall be deducted from the disability retirement allowance as provided by law. Only payments purchasing less than first one-one-hundred thousandth (0.00001) year of credit will be refunded.

16 CSR 10-6.060 Service Retirement. The Retirement System is amending Section 8 and adding a new section to be numbered Section 14.

PURPOSE: This amendment clarifies and expands on the existing rule that set forth the procedure for naming successor beneficiaries and clarifies the effective date of a retirement allowance increase due to a member following the death of a joint and survivor beneficiary.

(8) *[The effective date of]* **Any actuarial adjustment to a** retirement allowance payment made because of the nomination of a successor beneficiary as provided in *[House Bill 496 enacted by the 87th General Assembly]* **169.715, RSMo.** shall *[be the next regular payment date following receipt in the retirement office of the]* **take effect in the month a** properly completed nomination of successor beneficiary form **is received by the Retirement System or the month of the retiree’s marriage to the successor beneficiary, whichever occurs later. The nomination of a successor beneficiary shall be effective immediately upon receipt by the Retirement System of the properly completed nomination of successor beneficiary form or the date of the retiree’s marriage to the successor beneficiary, whichever occurs later.**

(14) If the designated joint and survivor beneficiary of a retiree who elected Option 2, 3, or 4 dies before the retired member, the retired member’s retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected option 1. The increase in retirement allowance shall be effective the month of the beneficiary’s death.

PSRS4380
PEERS2620

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

Legislative Update

Mr. Jim Moody was present and reported briefly on state revenue. Mrs. Maria Walden gave a brief summary of the recently completed legislative session. She reported that no legislation was passed which directly impacted either PSRS or PEERS.

Pension Project

Mr. Dearld Snider reported that the project team is finalizing the design portion of Phase III of the pension project and that development of Phase III is scheduled to be completed by the end of September. Mr. Snider indicated that employer training is currently scheduled for January-March of 2013. He also updated the Board on the transition to a new Sagitec Project Manager.

Public Comment

Mr. Cecil Sharp expressed appreciation to Mrs. Walden for her updates during the legislative session.

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), (12) and (13), RSMo. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4381
PEERS2621

Motion No. PSRS4382 through PSRS4384 were made in closed session.

Motion No. PEERS2622 through PEERS2624 were made in closed session.

Budget

2012-13

PSRS4385

PEERS2625

Mr. Hoffman moved that the proposed 2012-13 budget as amended be approved.

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

Adjournment

PSRS4386

PEERS2626

Mr. Hunt moved that the meeting adjourn. Mrs. Heath seconded the motion.

Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.