

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

April 10-11, 2011

MEMBERS PRESENT

Aaron Zalis, Chair
Donald Cupps
Wayne Wheeler
Susan McClintic

MEMBERS ABSENT

Scott Hunt
Yvonne Heath

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
Janet Harris, Internal Auditor
Mary Hiatte, Executive Assistant

Sunday, April 10, 2011

**Meeting
Convened**

The meeting convened at 5:30 p.m. – Board Members present were Aaron Zalis, Donald Cupps, Jason Hoffman, Susan McClintic and Wayne Wheeler. 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; Alan Thompson, General Counsel, John Tuck, Investment Officer; and Mary Hiatte, Executive Assistant.

**Consultant
Search**

Mr. Yoakum gave the Board an overview of the process used for the Investment Consultant search. Mr. Husting reported that staff had sent out 33 RFI's and had received seven proposals. The staff then conducted due diligence meetings with all seven firms in Jefferson City. Five firms were selected for continued due diligence. Following the visits to the five firms, the staff then selected two finalists. Representatives from Strategic Investment Solutions and Towers Watson were each brought in for the Board to meet and learn more about each firm and the lead consultant who would handle the account.

Budget Adj.

Due to a lack of quorum for the Budget and Audit Committee, the Board members present reviewed the requested budget adjustment. Mr. Wheeler moved that the budget adjustment be approved. Mr. Hoffman seconded the motion. Voting "Aye"—Zalis, Wheeler, Cupps, Hoffman and McClintic. "Nay"—None. The motion carried unanimously.

PSRS4314
PEERS2558

Closed Session Ms. McClintic moved that the meeting continue in closed session to discuss
PSRS4315 personnel issues under section 610.021(3). Voting “Aye”—Zalis, Wheeler, Cupps,
PEERS2559 Hoffman and McClintic. “Nay”—None. The motion carried unanimously.

No action was taken in closed session. PSRS4316 and PEERS2560 motions were made in closed session to return to open session.

Adjournment Ms. McClintic moved that the meeting adjourn. Mr. Hoffman seconded the
PSRS4317 motion. Voting “Aye”—Zalis, Wheeler, Cupps, Hoffman and McClintic.
PEERS2561 “Nay”—None. The motion carried unanimously.

Monday, April 11, 2011

**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, Donald Cupps, Jason Hoffman, Susan McClintic, and Wayne Wheeler, 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; Jeff Russler, Director of Employer Services; Maria Walden, Director of Legislation and Policy; Janet Harris, Internal Auditor; various other PSRS/PEERS staff members; and Mary Hiatte, Executive Assistant.

**Approval of
Minutes** Mr. Wheeler moved that the minutes from the February 14 and February 17, 2011,
PSRS4318 meetings be approved. Ms. McClintic seconded the motion. Voting “Aye”—Zalis,
PEERS2562 Wheeler, Cupps, Hoffman and McClintic; “Nay”—None. The motion carried unanimously.

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

**Election of
Chair** Mr. Wheeler nominated Dr. Zalis to serve as Chair of the Board for the period
PSRS4319 July 1, 2011 through June 30, 2012. Mr. Hoffman seconded the motion. Voting
PEERS2563 “Aye”—Zalis, Wheeler, Cupps, Hoffman and McClintic; “Nay”—None. The motion carried unanimously.

**Election of
Vice Chair** Mr. Cupps nominated Mr. Wheeler to serve as Vice Chair of the Board for the
PSRS4320 period July 1, 2011 through June 30, 2012. Mr. Hoffman seconded the motion.
PEERS2564 Voting “Aye”—Zalis, Wheeler, Cupps, Hoffman and McClintic; “Nay”—None. The motion carried unanimously.

**Interest
Credit Rate** Following discussion, Mr. Wheeler moved that the interest credit rate be set at 1%
PSRS4321 for June 30, 2011. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis,
PEERS2565 Wheeler, Cupps, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

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

PSRS4322
PEERS2566

Investments

Activities Memo Mr. Craig Husting reviewed the ongoing investment activities memo, which included the year-to-date return for FY 2011, the current asset allocation, the status of the passive index service provider, as well as the real estate and private equity portfolios.

General Consultant Mr. Husting reviewed the timeline for the general investment consultant. He indicated that staff had narrowed the search down to two finalists: Strategic Investment Solutions and Towers Watson.

SIS Mr. Barry Dennis and Mr. Pete Keliuotis were present from Strategic Investment Solutions. Mr. Dennis presented information regarding why SIS would be a good fit to work with PSRS/PEERS as the general investment consultant.

Towers Watson Mr. Michael Hall and Mr. Steve Carlson were present to discuss Towers Watson and the expertise they had to offer as general consultant.

Following the two presentations, Dr. Zalis stated that he felt the staff had brought two very quality firms to them for consideration. Following discussion, Mr. Wheeler moved that Towers Watson be hired. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4323
PEERS2567

Private Equity Ms. Karen Jakobi, Mr. Vince Dee, and Ms. Anne Collins were present from Pathway Capital Management to review the private equity portfolio. Ms. Jakobi reported that private equity had rebounded strongly in the last year. Ms. Jakobi reviewed Pathway’s structure and business model. Mr. Dee updated the Board on the current private equity environment and activity in 2010. Ms. Collins gave a brief update on the PSRS/PEERS portfolio.

Management Report

Budget Adj. Mr. Cupps moved that the budget adjustment as presented to the Budget and Audit Committee be approved. Ms. McClintic seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Hoffman and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4324
PEERS2568

Legislative Update Mrs. Maria Walden reported briefly on the status of legislation which has been introduced affecting PSRS/PEERS and other Missouri public pension systems.

She also informed the Board that both the Senate and House of Representatives had offered resolutions recognizing PSRS/PEERS national distinction in winning the 2010 Large Public Plan of the Year Award by Money Management Magazine and the 2010 Public Plan of the Year Award by PLANSPONSOR Magazine.

WAR Mr. Jeff Russler, Director of Employer Services, made a brief presentation outlining the provisions for working after retirement. Mr. Russler also discussed the process used to monitor the process as well as the usage by retirees.

Pension Project Mr. Dearld Snider reported that Phase I of the pension project should be wrapping up this month and that Phase II is currently on time.

Comm. Update Mr. Dearld Snider and Ms. Susan Wood presented a proposed new logo for PSRS/PEERS. Mr. Snider indicated that the communications staff plans to roll out the new logo on July 1.

Work Session The Board discussed various dates for a work session with the educational associations to further discuss the current status of the system and the benefit structure. The work session was scheduled for July 12 at 10:00 a.m.

Public Comment There were no public comments.

Other Chairman Zalis offered condolences to Yvonne Heath and family in the loss of Yvonne's father-in-law. Chairman Zalis also mentioned the two recent national awards given to PSRS/PEERS. He stated it was a tremendous honor for the Systems and congratulated the staff.

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) and (13), RSMo. Ms. McClintic seconded the motion. Voting "Aye"—Zalis, Wheeler, Cupps, Hoffman, and McClintic; "Nay"—None. The motion carried unanimously.

PSRS4325
PEERS2569

Motion No. PSRS4326 and PSRS4327 were made in closed session.
Motion No. PEERS2570 and PEERS2571 were made in closed session.

Adjournment Following closed session, Ms. McClintic moved that the meeting adjourn. Mr. Wheeler seconded the motion. Voting "Aye"—Zalis, Wheeler, Cupps, Hoffman, and McClintic; "Nay"—None. The motion carried unanimously.

PSRS4328
PEERS2572