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

Closed Session
Ms. McClintic moved that the meeting continue in closed session to discuss personnel issues under section 610.021(3). Voting “Aye”—Zalis, Wheeler, Cupps, 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

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 meetings be approved. Ms. McClintic seconded the motion. Voting “Aye”—Zalis, 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

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

Investments
Activities
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.

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.

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 role 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.

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.