

**REGULAR MEETING**  
**BOARD OF TRUSTEES**  
**OF**  
**THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI**  
**AND**  
**THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI**  
**August 31, 2009**

**MEMBERS PRESENT**

Tina Zubeck, Chair  
Joncee Nodler, Vice Chair  
Yvonne Heath  
Jim O'Donnell  
Aaron Zalis

**MEMBERS ABSENT**

Wayne Wheeler

**OTHERS PRESENT**

M. Steve Yoakum, Executive Director  
Rob Rust, Asst. Exec. Dir., Operations  
Dearld Snider, AED, Operations  
Alan Thompson, General Counsel  
Craig Husting, Asst. Exec. Dir., Invest.  
Ronda Peterson, Dir. of Member Services  
Lori Woratzeck, Chief Finan. Officer  
Tom 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, Joncee Nodler, Yvonne Heath, Jim O'Donnell, and Aaron Zalis, Board Members. Also present were M. Steve Yoakum, Executive Director; Rob Rust, Assistant Executive Director, Operations; Dearld Snider, Assistant Executive Director, Operations; Alan Thompson, General Counsel; Craig Husting, Assistant Executive Director, Investments; Ronda Peterson, Director of Member Services; Lori Woratzeck, 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  
PSRS4199  
PEERS2454**

Mrs. Heath moved that the minutes from the June 8, 2009, meeting be approved. Dr. Zalis seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

**Order of  
Business**

The order of business was approved with no changes.

**Employee  
Retirement**

Mr. Yoakum presented a plaque to Rob Rust congratulating him on his retirement from PSRS/PEERS effective September 1, 2009.

## Investments

**Annual Review** Mr. Craig Husting and Mr. Michael Hall presented the annual investment review to the Board. Mr. Husting reported that the fiscal year return was -19.2% for PSRS and -18.9% for PEERS. He reviewed the specific asset classes and how each performed. He reported that the financial crisis had a major impact on all institutional returns with public equities being the overriding driver of negative portfolio returns. He also reported that real estate experienced significant write-downs but that treasuries and hedge funds provided some protection. Mr. Husting reported that the asset allocation and structure approved at the June Board meeting are being implemented and that the systems will be better positioned to deliver consistent returns over the long-term in varying market environments.

**Investment Policy** Mr. Husting presented a summary of the recommended changes to the existing investment policy. He noted that these changes were in response to the changes approved by the Board in June. Mr. O'Donnell moved that the revised investment policy be adopted. Mrs. Heath seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

PSRS4200  
PEERS2455

## Management Report

**COLA** A letter from the PricewaterhouseCoopers reported that the cost-of-living for the past fiscal year was -1.4%. Accordingly, PwC recommended a 0% COLA for retirees effective January 1, 2010. Mr. O'Donnell moved that the recommendation be accepted and that the COLA be set at 0% for both PSRS and PEERS retirees effective January 1, 2010. Dr. Zalis seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

PSRS4201  
PEERS2456

**Resolution** Mrs. Nodler moved that the following resolution of recognition be adopted:

"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."

PSRS4202  
PEERS2457

Mr. O'Donnell seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

**NCTR**

PSRS4203  
PEERS2458

Mrs. Nodler nominated Mrs. Heath and Mrs. Zubeck to serve as NCTR delegates at the 2009 Conference in October with Mr. Wheeler serving as an alternate. Dr. Zalis seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

**Meeting  
Dates**

The Board approved the following meeting dates for the remainder of the fiscal year: October 26, December 14, 2009, February 8, April 12, and June 14-15, 2010.

**Budget  
Approval**  
PSRS4204  
PEERS2459

Mr. O'Donnell moved that the final budget for 2009-10 be approved as amended Mrs. Heath seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

**Internal  
Audit  
Charter**  
PSRS4205  
PEERS2460

Mrs. Heath moved that the Internal Audit Charter be approved as presented. Mr. O'Donnell seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

**Member  
Services**

Mr. Dearld Snider presented statistics regarding member services for the 2008-09 fiscal year as well as July 2009 retirees. He and other department managers also presented information regarding accomplishments for the past year and goals for the upcoming year.

**Pension  
Project**

Mr. Dearld Snider updated the Board on the timeline for issuing an RFP regarding the pension project. Mr. O'Donnell again expressed his opinion that he feels one option is to do nothing and stay with the existing AS400 system for a few years even if it would require hiring additional staff. Mr. O'Donnell commended the staff for their outstanding service to members and thinks it may be better to let other pension plans move forward with new software and learn from them. Mr. Yoakum indicated that staff will bring information back to the Board as to why they believe it is important to pursue a new pension system now rather than try to extend the life of the current system.

**Public  
Comment**

Mrs. Heath expressed her appreciation for being allowed to attend a recent NCTR workshop.

**Closed  
Session**  
PSRS4206  
PEERS2461

Mr. O'Donnell moved that the meeting continue in closed session to hear the legal report, member appeals and to review personnel matters in accordance with section 610.021 (1) and (3), RSMo. Mrs. Heath seconded the motion. Voting "Aye"—Zubeck, Nodler, Heath, O'Donnell, and Zalis; "Nay"—None. The motion carried unanimously.

Mr. O'Donnell left the meeting.

Motion No. PSRS4207 through PSRS4210 were made in closed session.  
Motion No. PEERS2462 and PEERS2463 were made in closed session.

**Adjournment**

The meeting adjourned following closed session.