

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

**December 14, 2015**

**MEMBERS PRESENT**

Aaron Zalis, Chair  
Jason Hoffman, Vice-Chair  
Jason Steliga  
Yvonne Heath  
Wayne Wheeler  
Scott Hunt

**MEMBERS ABSENT**

**OTHERS PRESENT**

M. Steve Yoakum, Executive Director  
Dearld Snider, Asst. Exec. Dir., Oper.  
Craig Husting, Asst. Exec. Dir., Invest.  
Alan Thompson, General Counsel  
Anita Brand, Chief Finan. Officer  
Jeff Hyman, Internal Auditor  
Bill Betts, Chief Technology Officer  
Maria Walden, Legislative Director  
Gary Fowler, Project Manager  
Jeff Russler, Dir. of Emp. Services  
Ronda Peterson, Dir. of Member Serv.  
Nicole Hamler, Dir. Admin Design

**Meeting  
Convened**

The meeting of the Board of Trustees convened at 9:00 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Aaron Zalis, Jason Hoffman, Scott Hunt, Yvonne Heath, Wayne Wheeler, and Jason Steliga Board Members. Also present were M. Steve Yoakum, Executive Director; Craig Husting, Assistant Executive Director, Investments; Dearld Snider, Assistant Executive Director, Operations; Alan Thompson, General Counsel; Anita Brand, Chief Financial Officer; Nicole Hamler, Director of Administrative Planning and Design; and various other PSRS/PEERS staff members.

**Approval of  
Minutes  
PSRS4597  
PEERS2834**

Ms. Heath moved that the minutes from the October 21, 2015 and October 25-26, 2015, meetings be approved. Mr. Hunt seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, Hunt, Steliga and Wheeler; "Abstained" – Steliga; "Nay"—None. The motion carried unanimously.

**Order of  
Business**

The order of business was approved with no changes.

**Recognition**

Mr. Yoakum presented plaques to Dianne Bisges, Donna Huebler and Lori Woratzeck recognizing their recent retirement from PSRS/PEERS.

## **Investments**

### **Performance Report**

Mr. Craig Husting and Mr. Michael Hall reviewed the investment performance for the last quarter, ending September 30, 2015, as well as the current asset allocation. He discussed the annualized investment performance and the strong total fund alpha for the year. Mr. Husting also provided the performance rankings for PSRS/PEERS, which was in the top 17<sup>th</sup> percentile for the 1-year period ending September 30, 2015, indicating that the Systems outperformed 83 percent of peers.

### **Ongoing Investment Activity**

Mr. Craig Husting and Mr. Michael Hall reviewed ongoing investment activities, which included the 2016 fiscal year-to-date return of approximately -0.6% as of November 30, 2015. Mr. Husting discussed the current asset allocation of the PSRS/PEERS portfolio, in which he reviewed the long-term strategy, portfolio themes and the broad portfolio expectations. Mr. Husting also reviewed the tentative Board investment calendar.

### **Investment Policy Changes**

Mr. Husting and Investment staff recommended changes to the Investment Policy/Implementation Manuals. The primary changes to the Investment Policy will bring the Policy in line with recent Board action and also includes operational clean-up to bring Policy in line with current practices. Mr. Wayne Wheeler moved that the policy changes as recommended by staff be approved. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Steliga and Wheeler; “Nay”—None. The motion carried unanimously.

PSRS4598  
PEERS2835

### **Report of Actuary Audit**

Ms. Pat Beckham and Mr. Brent Banister from Cavanaugh McDonald (CM) were present to discuss the recent actuary audit. The audit reviewed work performed by the System Actuary, Price Waterhouse Coopers (PwC) from both the June 30, 2014 valuation and the most recent experience study (June 13, 2011). Ms. Beckham discussed the purpose of an audit and the actuarial audit process with the Board. During the review process there was very good accommodation from PwC with Cavanaugh McDonald to assist the audit. The overall results of the audit indicated that the data provided to PSRS/PEERS is clean and complete with a few exceptions, and while CM may suggest or see things differently, there is agreement on the vast majority of items. CM also reviewed the assumptions used in the experience study where it was found if there was a difference of opinion on select assumptions most were not material. CM did recommend reviewing the mortality assumption in the future based on recent mortality studies and different approaches to be deemed appropriate for PSRS/PEERS. Mr. Hoffman moved that the actuary audit as recommended by CM be approved. Ms. Heath seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Steliga and Wheeler; “Nay”—None. The motion carried unanimously.

PSRS4599  
PEERS2836

## **Management Report**

### **Election Schedule** PSRS4600 PEERS2837

Mr. Hunt moved that the schedule for the upcoming election be approved as presented. Ms. Heath seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Steliga and Wheeler; “Nay”—None. The motion carried unanimously.

**2020 Project**

Mr. Dearld Snider presented information about the 2020 Project, which focuses on the future of PSRS/PEERS in terms of staffing and building accommodations. He discussed with the Board the projected Investment Department and retiree growth. Mr. Snider explained that he along with staff have been working with Simon Oswald to develop a comprehensive analysis which will identify the needs in terms of space while meeting key objectives of PSRS/PEERS. Mr. Snider reviewed the next steps in the project which will include a report at the February Board meeting.

**Public  
Comment**

There were no public comments regarding the meeting.

**Closed Session**

PSRS4601  
PEERS2838

Mr. Hunt moved that the meeting continue in closed session to consider member appeals and legal matters under sections 610.021 (1), (14), (20) and 169.020.15, RSMo. Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Steliga and Wheeler; “Nay”—None. The motion carried unanimously.

Motion No. PSRS4602 through PSRS4605 were made in closed session.  
Motion No. PEERS2839 through PEERS2842 were made in closed session.

**Adjournment**  
PSRS4606  
PEERS2843

Ms. Heath moved that the meeting adjourn. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, Steliga and Wheeler; “Nay”—None. The motion carried unanimously.