

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

June 17, 2013

MEMBERS PRESENT

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

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
Lori Woratzeck, Chief Finan. Officer
Jeff Hyman, Internal Auditor
Tom Smith, Chief Technology Officer
Maria Walden, Legislative Director
Paul Shadwick, Project Manager
Jeff Russler, Dir. of Emp. Services
Ronda Peterson, Dir. of Member Serv.
Nicole Hamler, Dir. Admin Planning

**Meeting
Convened**

The meeting of the Board of Trustees convened at 8:30 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Aaron Zalis, Wayne Wheeler, Donald Cupps, Yvonne Heath, Jason Hoffman, Scott Hunt and Susan McClintic, 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; Lori Woratzeck, Chief Financial Officer; Jeff Russler, Director of Employer Services; Ronda Peterson, Director of Member Services; Maria Walden, Director of Legislation and Policy; Jeff Hyman, Internal Auditor; Paul Shadwick, Project Manager; various other PSRS/PEERS staff members; and Nicole Hamler, Director of Administrative Planning and Design.

**Approval of
Minutes
PSRS4432
PEERS2670**

Mr. Cupps moved that the minutes from the April 7-8, 2013 meetings be approved. Ms. Heath 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

Performance Report

Mr. Craig Husting reviewed the performance report for March 31, 2013, which included the fiscal year-to-date return of 11.74% and the one-year return of 10.65%. He gave an overview of combined investment results broken down between Safe Assets, Public Risk Assets and Private Risk Assets which make up the total asset value as of March 31, 2013 of \$33.4 billion. He also discussed the total plan attribution and as requested by the Board, he also discussed the impact of the new benchmark used to report Public Equity performance.

Ongoing Investment Activity

Mr. Craig Husting reviewed ongoing investment activities, which included the fiscal year-to-date return of 13.8% as of May 31, 2013. He discussed the current asset allocation and the PSRS/PEERS portfolio, in which he reviewed the long-term strategy, portfolio themes, broad portfolio expectations and recent activity. Mr. Husting discussed Public Equity performance and also discussed securities lending and commission recapture programs. He also gave a Real Estate and Private Equity update and reviewed the tentative board investment calendar.

Investment Education

Mr. Craig Husting reviewed the investment education agenda: Private Equity Co-Investments, Public Equity Index Information, and Risk Parity. Mr. John Tuck and Mr. Dan Case gave a Private Equity Co-Investments overview. They discussed the structure, the reasoning for general partners to offer co-investments to limited partners and the capital committed to global Private Equity funds. Mr. Tuck and Mr. Case also reviewed the potential benefits and risks associated with Private Equity Co-Investments and the next steps to be taken by staff, which will consist of PSRS/PEERS evaluation of the program and a review of the program attributes.

Mr. Frank Aten and Ms. Jessica Kuebler presented the education on indexes. They discussed what an index is, gave an overview of the Russell U.S. Equity index, and compared the main industry indexes. They reviewed Russell Style indexes, MSCI Global Equity Indices and how countries are covered by MSCI Equity indexes.

Mr. Craig Husting and Michael Hall reviewed Risk Parity. They explained that risk parity is a topic of discussion at pension funds throughout the world, with varying degrees of use by public funds. Currently PSRS/PEERS has 3% of total assets in risk parity strategies (through the Hedged Asset portfolio). Mr. Husting discussed that this is a tough environment for public funds due to political/governance challenges and investment challenges. Ms. McClintic brought up the AFT report for discussion. Ms. McClintic wants to make sure that we do not support people or businesses that are against DB plans. Mr. Husting explained that when we establish an investment relationship, there is an alignment of interest between the Systems and the manager.

Mr. Husting and Mr. Hall discussed the broad concepts of risk parity, including the differences in constructing a portfolio. They also explained the use of leverage in risk parity portfolios and detailed the current use of leverage in the PSRS/PEERS portfolio.

Management Report

Meeting Dates

Mr. Hoffman moved that the following dates be set for the 2012-13 fiscal year: August 26, 2013, October 28, 2013, December 9, 2013, February 10, 2014, April 14, 2014, and June 16-17, 2014. Mr. Cupps seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4433

PEERS2671

Amendments to Regulations

Mr. Alan Thompson presented an amendment to regulations regarding the retirement system’s nomination petition requirements to correctly reflect the 2012 changes to Missouri’s Congressional Districts. He also presented amendments to regulations reflecting changes to the employer reporting system (EMERS). Following discussion, Mr. Cupps moved to approve the following amendments to regulations:

16 CSR 10-1.040 Election to Fill Vacancy on Board of Trustees. The Retirement System is amending Section 5.

PURPOSE: This amendment updates the Retirement System’s nomination petition requirements to reflect the 2012 changes to Missouri’s Congressional Districts.

(5) A valid petition must name only one (1) nominee and must have a total of not fewer than one thousand (1,000) signatures of members or retirees of either The Public School Retirement System of Missouri or The Public Education Employee Retirement System of Missouri and there must be no fewer than two hundred (200) such signatures from each of four (4) Missouri congressional districts[; *provided that the first and third congressional districts shall be considered in combination as one (1) district, and signatures from those districts shall be considered as being from a single congressional district*]. Each signatory must indicate place of employment if currently serving an employer included within either retirement system and place of residence. A signatory serving an employer included within one (1) of the retirement systems shall be deemed to be from the congressional district in which the employer’s administrative office is located. A signatory not serving such an employer may be assigned to any congressional district or may be unassigned at the will of the nominee. The validity of the signatures shall be determined by the office of the executive director from records of the retirement system.

16 CSR 10-3.010 Payment of Funds to the Retirement System. The Retirement System is amending Sections currently enumerated as 1,2, 6, and 11. The Retirement System is also deleting Sections currently enumerated as 7 and 8 and renumbering the subsequent sections accordingly.

PURPOSE: This amendment updates Sections 1,2, and 6 to reflect the implementation of a new reporting system to be used by covered employers. Sections 7 and 8 are being deleted as these sections will no longer be relevant or necessary with the implementation of the new reporting system. The amendment to Section 11 is to conform to the governing statute.

(1) *[After implementation in the district, e]* Each employer reporting to The Public School Retirement System of Missouri shall report required data on employees and

all contributions to the retirement system using the *[Electronic Monthly Employer Reporting System (EMERS). State agencies reporting non-contributory employees shall report on a modified EMERS format]* **Online Automated System Integrated Solution (OASIS).**

(2) Employers shall use *[EMERS]* **OASIS** to report salary payments made to all employees, contributions withheld from employees included in the retirement system and supporting information required by the board of trustees. Transmission of data must be sent to the board of trustees no later than ten (10) working days after the last day of each calendar month of the school year in which salaries are paid.

(6) If remittance of the full amount of both employee's and employer's contributions which are due the retirement system is not received in accordance with these regulations, it shall be considered a failure or refusal by the employer to transmit such amount and suit for recovery of the amount *[shall]* **may** be instituted as provided for in section 169.030, RSMo.

[(7) Prior to and during the transition to the Electronic Monthly Employer Reporting Sys-tem, employers not yet connected to EMERS shall—

(A) Forward to the board of trustees as early in the school year as possible, and not later than fifteen (15) days after the school term begins, on a form provided by the board of trustees or on a form approved by the board of trustees, a list of the names and annual salary rates of members of the system employed to serve during the school year; and employers shall indicate on transmittal forms the names and salary rates of members who assume employment at any later date in the school year;

(B) File with the board of trustees not later than the thirtieth day of June a report showing the contributions withheld from salary payments to each employee and transmitted to the board of trustees in the fiscal year and the total amount of all contributions transmitted to the board of trustees in the fiscal year; and

(C) Accompany each monthly payment with a transmittal form to be supplied by the board of trustees, showing in the proper order the information called for thereon.

(8) The board of trustees, on or before the first day of June of each year, shall determine the rate of contribution which shall be in effect for the next fiscal year.]

[(9)] **(7)** For purposes of determining retirement contributions and benefits, salary rate includes medical insurance premiums (including dental and vision) paid by the employer on behalf of the member and payments made by the employer on behalf of the member to a selffunded medical benefits plan. Salary, salary rate, or compensation as defined in section 169.010, RSMo, shall not be reduced due to premium rebates or refunds received by the employer as a result of the implementation of the "Patient Protection and Affordable Care Act," Public Law

111-148. Salary rate also includes payments made by the employer on behalf of the member to purchase an annuity, or fund a deferred compensation plan, in lieu of medical insurance or a self-funded medical benefits plan. The employer shall withhold from the member's salary and remit to the system contributions on any such premiums and payments, along with matching employer contributions. Premiums and payments for prescription drug, life, and other ancillary benefits determined separately from premiums and payments for general medical benefits are not part of salary rate. The payment reported for each member covered by a self-funded medical benefits plan shall be determined by the employer.

[(10)] **(8)** Retirement contributions which are withheld from compensation paid to members after June 30, 1989, shall be deemed to have been picked up by the employer within the meaning of section 414(h)(2) of the Internal Revenue Code. The contributions shall be withheld and credited to member accounts in accordance with the provisions of sections 169.010–169.140, RSMo but shall be considered to have been picked up by the employer solely for the purpose of sheltering the contributions from federal income tax until paid by the retirement system in the form of a refund or other benefits. The contributions shall be subject to refund or benefit claims by either the member or his/her surviving beneficiary in the same manner as any other contributions in the member's account with the retirement system. In reporting the contributions to the retirement system, every employer included within the retirement system shall certify that—1) the employee contributions were picked up by the employer in lieu of being paid directly to the employees and 2) the employees had no option to receive the contributions directly. The salary reported to the retirement system for each employee shall include the contributions withheld and the total contributions withheld and reported shall equal the percentage of that salary required under the then-prevailing contribution rate. In withholding and reporting federal income tax to taxing authorities, however, the employer shall exclude from taxable compensation the retirement contributions withheld. Nothing in this rule shall be construed in any way as affecting eligibility for, the amount of or the process of paying any refund or benefit payable to either the member or his/her surviving beneficiary.

[(11)] **(9)** The terms “salary,” “salary rate” and “compensation” are synonymous when used in regulations promulgated by the board, unless the context plainly requires a different meaning.

(A) For purposes of calculating contributions and benefits, those terms mean the regular remuneration earned by a member as an employee of any covered district during a school year, including (unless excluded by subsection (11)(B)):

1. Salary paid under the terms of the basic employment agreement;
2. Wages;
3. Payments for extra duties, whether or not related to the employee's regular position;

4. Overtime payments;
5. Career ladder payments made pursuant to sections 168.500 to 168.515, RSMo;
6. Supplemental salary paid in addition to workers compensation;
7. Medical benefits as specified in section (9) of this rule;
8. Payment for annual leave, sick leave or similar paid leave actually used by the member;
9. Payment for leaves of absence if at least one hundred percent (100%) of previous contract rate;
10. Compensation on which taxation is deferred under Internal Revenue Code (IRC) section 401(k), 403(b), 457, 414(h)(2) or similar plans established by the employer under the IRC;
11. Salary reductions for purposes of a plan established by the employer under IRC section 125; and
12. Other similar payments that are earned by a member as an employee of any covered district during a school year.

(B) Salary, salary rate and compensation do not include:

1. Payments for services as an independent contractor, or any other payment that must be reported on IRS form 1099-MISC;
2. Payments made by an entity that is not a covered employer, and reported to the IRS under that entity's tax identification number;
3. Payments made for unused annual, sick or similar leave time, except as provided by section 104.601, RSMo;
4. Payment for leaves of absence if less than one hundred percent (100%) of previous contract rate, except as provided in section 169.055 or 169.595, RSMo;
5. Extraordinary payments such as bonuses, awards and retirement incentives;
6. Fringe benefits, except medical benefits as described in section (9) of this rule; and
7. Any other payment that is not part of the regular remuneration earned by a member as an employee of a covered district during a school year.

(C) While an individual is employed in a position covered by the system, compensation received from all employers participating in the system will be used to determine contributions and benefits. Compensation includes payments for services rendered during the regular school session, summer school or interim periods. Individuals may not have compensation covered by both Public School Retirement System (PSRS) and Public Education Employee Retirement System (PEERS) for the same period; provided, individuals who contributed to both systems on compensation for the same period during the 1996-97 school year may elect in writing to continue that status. The election is irrevocable and must be made before September 30, 1997.

(D) The following payments resulting from employment disputes will be included in salary if the award or settlement document designates those payments as salary as defined in this section: back pay awards; payments in settlement of employment contract disputes; and payments in settlement of other employment disputes. The award or settlement may be the result of a court order, an order of an administrative tribunal or a negotiated written settlement. The payments must be allocated to the appropriate school years and corrected contributions made, including interest charges.

(E) In determining “final average salary” as defined in section 169.010, RSMo, the system will disregard any increase in compensation in excess of *[twenty percent (20%)]* **ten percent (10%)** from one year to the next in the final average salary period. This limit will not apply to increases due to bona fide changes in position or employer, increases required by state statute, or district wide salary schedule adjustments for previously unrecognized education related service.

16 CSR 10-4.005 Requirements for Membership. The Retirement System is amending Section 1.

PURPOSE: This amendment updates Section 1 to reflect the implementation of a new reporting system to be used by covered employers.

(1) Membership in the retirement system is required by law, and each *[member]* **employer** shall *[complete and file with]* **submit to** the board of trustees *[a membership]*, **via Online Automated System Integrated Solution (OASIS), an enrollment record for every employee.** *[This record shall be filed within fifteen (15) days following the first employment of a member in a district included in the retirement system; and i]It shall be an obligation of the employer [to see that the member completes the record,] to certify [to] the [employment of the member in the district] accuracy of the enrollment record* and to see that the record is properly filed with the board of trustees.

16 CSR 10-5.010 Service Retirement. The Retirement System is amending Section 17.

PURPOSE: This amendment updates Section 17 to reflect the implementation of a new reporting system to be used by covered employers.

(17) Pursuant to section 169.596, RSMo, a retired certificated teacher receiving a retirement benefit from the Public School Retirement System of Missouri (PSRS) may teach full-time for up to two (2) years for a PSRS-covered school district without a suspension of his or her retirement benefit provided that such school district certifies that it has met the requirements set forth in section 169.596, RSMo, and provided that such school district does not exceed the limit on the number of PSRS retirees that may be hired pursuant to section 169.596, RSMo.

(A) As used in section 169.596, RSMo, “teacher” shall have the same definition as provided in section 169.010(17), RSMo.

(B) As used in section 169.596.1, RSMo, “full-time” shall have the same definition as provided in 16 CSR 10-4.005(4).

(C) As used in section 169.596, RSMo, “teach” shall mean to be employed in a position that requires a certificate issued by the Missouri Department of Elementary and Secondary Education (DESE).

(D) A school district hiring a PSRS retiree under section 169.596, RSMo, shall certify to PSRS through the [*Electronic Monthly Employer Reporting System (EMERS)*] **Online Automated System Integrated Solution (OASIS)** or in another manner acceptable to PSRS that:

1. It has met the requirements of section 169.596, RSMo;
2. It has not exceeded the limit on the number of PSRS retirees it may hire under section 169.596, RSMo; and
3. The retired certificated teacher has been employed by the school district in a position that requires a certificate issued by DESE.

16 CSR 10-6.020 Source of Funds. The Retirement System is amending Sections currently enumerated as 1, 2, and 6. The Retirement System is also deleting the Section currently enumerated as 7 and renumbering the subsequent sections accordingly.

PURPOSE: This amendment updates Sections 1, 2, and 6 to reflect the implementation of a new reporting system to be used by covered employers. Section 7 is being deleted as it will no longer be relevant or necessary with the implementation of the new reporting system

(1) [*After implementation in the district, e*] Each employer reporting to The Public Education Employee Retirement System of Missouri shall report required data on

employees and all contributions to the retirement system using the *[Electronic Monthly Employer Reporting System (EMERS)]* **Online Automated System Integrated Solution (OASIS)**.

(2) Employers shall use *[EMERS]* **OASIS** to report salary payments made to all employees, contributions withheld from employees included in the retirement system, and supporting information required by the board of trustees. Transmission of data must be sent to the board of trustees no later than ten (10) working days after the last day of each calendar month of the school year in which salaries are paid.

(6) If remittance for the full amount of both employee's and employer's contributions which are due the retirement system is not received in accordance with these regulations, it shall be considered a failure or refusal by the employer to transmit such amount and suit for recovery of the amount *[shall]* **may** be instituted as provided for in section 169.620, RSMo.

[(7) Prior to and during the transition to the Electronic Monthly Employer Reporting System, employers not yet connected to EMERS shall—

(A) Forward to the board of trustees as early in the school year as possible, and not later than fifteen (15) days after the school term begins, on a form provided by the board of trustees or on a form approved by the board of trustees, a list of the names and annual salary rates of members of the system employed to serve during the school year; and employers shall indicate on transmittal forms the names and salary rates of members who assume employment at any later date in the school year;

(B) File with the board of trustees not later than the thirtieth day of June a report showing the contributions withheld from salary payments to each employee and transmitted to the board of trustees in the fiscal year and the total amount of all contributions transmitted to the board of trustees in the fiscal year; and

(C) Accompany each monthly payment with a transmittal form to be supplied by the board of trustees, showing in the proper order the information called for thereon.]

[(8)] (7) Errors by employers in reporting of eligibility for membership, assigning of employees, and in remitting of contributions will be corrected retroactively, provided the employer certifies that an error was made, provides evidence adequate to support the correction, and remits any balance due from the employer and employee. If the employer has overremitted, the amount of the employer's portion of the overpayments will be credited to the employer to be applied against future contributions. The amount withheld by the employer from the employee shall be refunded to the employee in a manner consistent with the Internal Revenue Code.

[(9)] (8) Any refund of contributions remitted in error for a member or an employee

shall include the total interest, if any, which was credited to those contributions by the retirement system. Any credit provided to the employer for matching employer contributions required in such an instance shall be equal to the total amount paid to the member or employee, including interest. Any correcting remittance of contributions for a member shall include the total interest, if any, which would have been credited to those contributions by the retirement system had the contributions been remitted on a correct and timely basis. Any matching employer contribution remitted in such an instance shall be equal to the total amount remitted for the member, including interest.

[(10)] **(9)** For purposes of determining retirement contributions and benefits, salary rate includes medical insurance premiums (including dental and vision) paid by the employer on behalf of the member and payments made by the employer on behalf of the member to a self-funded medical benefits plan. Salary, salary rate, or compensation as defined in section 169.600, RSMo, shall not be reduced due to premium rebates or refunds received by the employer as a result of the implementation of the “Patient Protection and Affordable Care Act,” Public Law 111-148. Salary rate also includes payments made by the employer on behalf of the member to purchase an annuity, or fund a deferred compensation plan, in lieu of medical insurance or a self-funded medical benefits plan. The employer shall withhold from the member’s salary and remit to the system contributions on any such premiums and payments, along with matching employer contributions. Premiums and payments for prescription drug, life, and other ancillary benefits determined separately from premiums and payments for general medical benefits are not part of salary rate. The payment reported for each member covered by a self-funded medical benefits plan shall be determined by the employer.

[(11)] **(10)** Retirement contributions which are withheld from compensation paid to members after June 30, 1989, shall be deemed to have been picked up by the employer within the meaning of Section 414(h)(2) of the Internal Revenue Code. The contributions shall be withheld and credited to member accounts in accordance with the provisions of sections 169.600–169.710, RSMo, but shall be considered to have been picked up by the employer solely for the purpose of sheltering the contributions from federal income tax until paid by the retirement system in the form of a refund or other benefits. The contributions shall be subject to refund or benefit claims by either the member or his/her surviving beneficiary in the same manner as any other contributions in the member’s account with the retirement system. In reporting the contributions to the retirement system, every employer included within the retirement system shall certify that—1) the employee contributions were picked up by the employer in lieu of being paid directly to the employees and 2) the employees had no option to receive the contributions directly. The salary reported to the retirement system for each employee shall include the contributions withheld, and the total contributions withheld and reported shall equal the percentage of that salary required under the then-prevailing contribution rate. In withholding and reporting federal income tax to taxing authorities, however, the employer shall exclude from taxable compensation the retirement contributions withheld. Nothing in this rule shall be construed in any way as affecting eligibility for, the amount of, or the process of paying any refund or benefit payable to either the member or his/her surviving beneficiary.

~~[(12)]~~ **(11)** The terms “salary,” “salary rate,” and “compensation” are synonymous when used in regulations promulgated by the board, unless the context plainly requires a different meaning.

(A) For purposes of calculating contributions and benefits, those terms mean the regular remuneration earned by a member as an employee of any covered district during a school year, including (unless excluded by subsection (12)(B)):

1. Salary paid under the terms of the basic employment agreement;
2. Wages;
3. Payments for extra duties, whether or not related to the employee’s regular position;
4. Overtime payments;
5. Career ladder payments made pursuant to sections 168.500 to 168.515, RSMo;
6. Supplemental salary paid in addition to workers’ compensation;
7. Medical benefits as specified in section (10) of this rule;
8. Payment for annual leave, sick leave, or similar paid leave actually used by the member;
9. Payment for leaves of absence if at least one hundred percent (100%) of previous contract rate;
10. Compensation on which taxation is deferred under Internal Revenue Code (IRC) section 401(k), 403(b), 457, 414(h)(2), or similar plans established by the employer under the IRC;
11. Salary reductions for purposes of a plan established by the employer under IRC section 125; and
12. Other similar payments that are earned by a member as an employee of any covered district during a school year.

(B) Salary, salary rate, and compensation do not include:

1. Payments for services as an independent contractor, or any other payment that must be reported on IRS form 1099-MISC;
2. Payments made by an entity that is not a covered employer, and

reported to the IRS under that entity's tax identification number;

3. Payments made for unused annual, sick, or similar leave time, except as provided by section 104.601, RSMo;

4. Payment for leaves of absence if less than one hundred percent (100%) of previous contract rate, except as provided in section 169.595, RSMo;

5. Extraordinary payments such as bonuses, awards, and retirement incentives;

6. Fringe benefits, except medical benefits as described in section (10) of this rule; and

7. Any other payment that is not part of the regular remuneration earned by a member as an employee of a covered district during a school year.

(C) While an individual is employed in a position covered by the system, compensation received from all employers participating in the system will be used to determine contributions and benefits. Compensation includes payments for services rendered during the regular school session, summer school, or interim periods. Individuals may not have compensation covered by both Public School Retirement System (PSRS) and Public Education Employee Retirement System (PEERS) for the same period; provided, individuals who contributed to both systems on compensation for the same period during the 1996–97 school year may elect in writing to continue that status. The election is irrevocable and must be made before September 30, 1997.

(D) The following payments resulting from employment disputes will be included in salary if the award or settlement document designates those payments as salary as defined in this section: back pay awards; payments in settlement of employment contract disputes; and payments in settlement of other employment disputes. The award or settlement may be the result of a court order, an order of an administrative tribunal, or a negotiated written settlement. The payments must be allocated to the appropriate school years and corrected contributions made, including interest charges.

(E) In determining "final average salary" as defined in section 169.600, RSMo, the system will disregard any increase in compensation in excess of twenty percent (20%) from one year to the next in the final average salary period. This limit will not apply to increases due to bona fide changes in position or employer or increases required by state statute.

16 CSR 10-6.060 Service Retirement. The Retirement System is amending Section 13.

PURPOSE: This amendment updates Section 13 to reflect the implementation of a new reporting system to be used by covered employers.

(13) Pursuant to section 169.596, RSMo, a person receiving a retirement benefit from The Public Education Employee Retirement System of Missouri (PEERS) may be employed full-time for up to two (2) years for a PEERS-covered school district without a suspension of his or her retirement benefit provided that such school district certifies that it has met the requirements set forth in section 169.596, RSMo, and provided that such school district does not exceed the limit on the number of PEERS retirees that may be hired pursuant to section 169.596, RSMo.

(A) As used in section 169.596.2, RSMo, “full-time” shall mean “regularly employed” as defined in 16 CSR 10-6.010(1).

(B) A school district hiring a PEERS retiree under section 169.596, RSMo, shall certify to PEERS through the [*Electronic Monthly Employer Reporting System (EMERS)*] **Online Automated System Integrated Solution (OASIS)** or in another manner acceptable to PEERS that:

1. It has met the requirements of section 169.596, RSMo; and
2. It has not exceeded the limit on the number of PEERS retirees it may hire under section 169.596, RSMo.

PSRS4434
PEERS2672

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 and gave a brief May revenue update. Mrs. Maria Walden gave a brief summary of the recently completed legislative session, which ended May 17, 2013. She discussed the 2013 legislative statistics and reviewed all the bills that affected PSRS/PEERS and the implementation chairs. Ms. Walden also reviewed the bills that did not pass and the cost impact they would have had on PSRS/PEERS.

Pension Project

Mr. Dearld Snider reported that Phase 1, 2 and 3 should be done testing by the end of June. Phase 1 is 70% complete and Phase 2 and 3 approximately 20% complete. There were approximately 1,800 problems (PIRS). The majority of PIRS have been corrected but will have to be retested. Mr. Snider reported that he and Rod Sheppard of Sagitec had a discussion on how to get the project back on track and discussed the overall quality of the project. PSRS and Sagitec are both committed to increasing resources dedicated to project. Sagitec is committed and concerned with their name, reputation and pay points and PSRS is committed to implementing a quality product. At the August Board meeting Mr. Snider will have a full update, which will include a new project plan.

Public Comment

Mr. Cecil Sharp stated that he is retiring from MNEA and that Carol Weatherford will be replacing him. He appreciates the Board and wants to also express that our investments should not support DC proponents.

Closed Session

PSRS4434
PEERS2672

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

Motion No. PSRS4435 through PSRS4439 were made in closed session.
Motion No. PEERS2673 through PEERS2677 were made in closed session.

**Budget
2013-14**

PSRS4440
PEERS2678

Mr. Cupps moved that the proposed 2012-13 budget as presented be approved. Mr. Hunt seconded the motion. Voting “Aye” —Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Adjournment

PSRS4441
PEERS2679

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.