

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

June 16, 2014

MEMBERS PRESENT

Aaron, Zalis, Chair
Jason Hoffman, Vice Chair
Bill Compere
Yvonne Heath
Scott Hunt
Susan McClintic
Wayne Wheeler

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
Gary Fowler, 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 9:00 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Aaron Zalis, Jason Hoffman, Yvonne Heath, Scott Hunt, Susan McClintic and Wayne Wheeler, Board Members. In attendance via telephone was Bill Compere, Board Member. 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; Tom Smith, Chief Technology Officer; Jeff Hyman, Internal Auditor; Gary Fowler, Project Manager; various other PSRS/PEERS staff members; and Nicole Hamler, Director of Administrative Planning and Design.

**Approval of
Minutes
PSRS4498
PEERS2735**

Ms. Heath moved that the minutes from the April 13-14, 2014 meetings be approved. Mr. Hunt seconded the motion. Voting "Aye"—Zalis, Hoffman, Wheeler, Heath, Hunt and McClintic; "Nay"—None; "Abstained"—Compere. The motion carried unanimously.

**Order of
Business**

The order of business was approved with no changes.

Investments

Performance Report

Mr. Craig Husting and Mr. Michael Hall reviewed the performance report for March 31, 2014, which included the total fund fiscal year-to-date return of 12.4% and the one-year return of 13.3%. Mr. Husting 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, 2014 of \$36.7 billion. Mr. Hall discussed the Systems' performance comparison, total plan attribution and overall risk vs total returns which demonstrate the Systems' ability to take less risk while still achieving above average returns.

Ongoing Investment Activity

Mr. Craig Husting reviewed ongoing investment activities, which included the fiscal year-to-date return of approximately 14.8% as of May 31, 2014. Mr. Husting also discussed the current asset allocation of the PSRS/PEERS portfolio, in which he reviewed the long-term strategy, portfolio themes, broad portfolio expectations and recent activity. He gave a brief Real Estate and Private Equity update. Mr. Husting also discussed securities lending and commission recapture programs and reviewed the tentative board investment calendar.

Management Report

Meeting Dates

PSRS4499
PEERS2736

Mr. Hoffman moved that the following dates be set for the 2014-15 fiscal year: August 25, 2014, October 27, 2014, December 8, 2014, February 9, 2015, April 13, 2015, and June 8-9, 2015. Mr. Hunt seconded the motion. Voting "Aye"—Zalis, Hoffman, Compere, Heath, Hunt, McClintic and Wheeler; "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 16, 2014. She discussed the 2014 legislative statistics and reviewed any the bills that impacted PSRS/PEERS and the implementation chairs. Ms. Walden also reviewed the bills that did not pass that could have had an implication directly or indirectly for PSRS/PEERS.

Pension Project

Mr. Dearld Snider and Mr. Gary Fowler updated the Board on the progress of the pension project. Mr. Snider discussed that the remaining test cases are scheduled to be completed in July with the Web Member Services and rest of Phase 5 concluding in August. Training for IT staff is in process and training for PSRS/PEERS staff will begin in August. Go-Live is still scheduled for the remaining phases November 3, 2014. The warranty period is scheduled to run from November 2014 through October 2015.

Public Comment

There were no public comments regarding the meeting.

Closed Session

Mr. Wheeler 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), (13), and (14) and 169.020.17, RSMo.

PSRS4500
PEERS2737

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

Motion No. PSRS4501 through PSRS4503 were made in closed session.
Motion No. PEERS2738 through PEERS2740 were made in closed session.

Budget
2014-15
PSRS2504
PEERS2741

Mr. Hoffman moved that the proposed 2013-14 budget as presented and recommended by the Budget and Audit Committee be approved. Ms. McClintic seconded the motion. Voting “Aye”—Zalis, Hoffman, Compere, Heath, Hunt, McClintic and Wheeler; “Nay”—None. The motion carried unanimously.

Adjournment
PSRS2505
PEERS2742

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