

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

June 8, 2015

MEMBERS PRESENT

Aaron, Zalis, Chair
Jason Hoffman, Vice Chair
Susan McClintic
Yvonne Heath
Wayne Wheeler

MEMBERS ABSENT

Scott Hunt

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
Ronda Peterson, Dir. of Member Serv.
Nicole Hamler, Dir. Admin Planning

**Meeting
Convened**

The meeting of the Board of Trustees convened at 10:00 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Aaron Zalis, Jason Hoffman, Yvonne Heath, Susan McClintic and Wayne Wheeler, Board Members. Absent, Scott Hunt, 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; Ronda Peterson, Director of Member Services; Maria Walden, Director of Legislation and Policy; Tom Smith, Chief Technology Officer; Jeff Hyman, Internal Auditor; Nicole Hamler, Director of Administrative Planning and Design. And various other PSRS/PEERS staff members.

**Approval of
Minutes
PSRS4560
PEERS2797**

Ms. Heath moved that the minutes from the April 13, 2015 meeting be approved. Mr. Wheeler seconded the motion. Voting "Aye"—Zalis, Hoffman, Wheeler, Heath 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, 2015, which included the total fund fiscal year-to-date return of 4.20% and the one-year return of 8.37%. 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, 2015 of \$38.7 billion. Mr. Husting also discussed the Systems' performance relative to a public fund peer group, 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 estimated fiscal year-to-date return of approximately 5.5% as of May 31, 2015. Mr. Husting 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. Mr. Husting also discussed securities lending and commission recapture programs. He also gave a brief Real Estate and Private Equity update and reviewed the tentative board investment calendar.

Management Report

Meeting Dates

PSRS4561
PEERS2798

Mr. Hoffman moved that the following dates be set for the 2015-16 fiscal year: August 31, 2015, October 26, 2015, December 14, 2015, February 8, 2016, April 11, 2016, and June 13-14, 2016. Ms. McClintic seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, McClintic and Wheeler; "Nay"—None. The motion carried unanimously.

Trustee Resignation

PSRS4562
PEERS2799

Ms. McClintic announced that she is retiring from her teaching position and subsequently from the Board of Trustees effective July 1, 2015. Ms. McClintic stated that it has been an honor to serve on the Board of Trustees and to serve Missouri educators. She also stated that her future will always rest with serving Missouri educators. Ms. McClintic stated that PSRS/PEERS is a great program thanks to the Trustees, management and staff. Mr. Wheeler moved to accept the resignation with regrets. Mr. Hoffman seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, McClintic and Wheeler; "Nay"—None. The motion carried unanimously.

Election Schedule
PSRS4563
PEERS2800

Mr. Wheeler moved that the schedule for the upcoming election to replace Susan McClintic be approved as presented. Ms. Heath seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, McClintic and Wheeler; "Nay"—None. The motion carried unanimously.

Budget Transfer

PSRS4564
PEERS2801

Mr. Hoffman moved that the budget adjustment related transfer related to OASIS maintenance, computer consultants, and accounting system be approved as recommended by the Budget and Audit Committee. Ms. McClintic seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, McClintic and Wheeler; "Nay"—None. The motion carried unanimously.

**GASB 68
Update**

Ms. Anita Brand and Mr. Jeffrey Hyman discussed the implementation of GASB 68 with the Board. Ms. Brand discussed the impact on PSRS/PEERS employers and the ultimate goal of the implementation. She also detailed the responsible parties and their specific roles in the implementation of GASB 68. In Summary, Ms. Brand stated that it was time intensive for all parties, the cooperation from the employers was fantastic and there were lessons learned to improve next year's process for all involved parties.

**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 15, 2015. She discussed the 2015 legislative statistics and reviewed any of the bills that did not pass that could have had an implication directly or indirectly for PSRS/PEERS. Ms. Walden thanked the educational associations for their assistance this legislative session. She also introduced Michael Ruff, the new Executive Director of the Joint Committee on Public Employee Retirement.

**Web Member
Services**

Ms. Ronda Peterson and Ms. Susan Wood presented the new Web Member Services to the Board which went live June 1, 2015. Ms. Peterson reviewed the site, the different functionality on the site and also discussed the features that will be added within the next year. Ms. Wood told the Board that postcards advertising the new portion of our website were sent to all active and retired members. She stated registration for the site has significantly increased since the postcards reached mailboxes and there has been positive feedback from members.

**Public
Comment**

Ms. Carol Weatherford from MNEA and MNEA-R stated that she was impressed with the Web Member Services demo and also with how friendly PSRS/PEERS system is. Ms. McClintic expressed her appreciation for the staff members, Lori Woratzeck, Susan Wood and Ronda Peterson that recently visited her school and wanted to encourage others to do the same.

Closed Session

Ms. Heath 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.

PSRS4565
PEERS2802

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

Motion No. PSRS4566 through PSRS4569 were made in closed session.
Motion No. PEERS2803 through PEERS2806 were made in closed session.

**Budget
2015-16**
PSRS4570
PEER S2807

Mr. Hoffman moved that the proposed 2015-16 budget as presented to the Budget and Audit Committee be approved. Ms. McClintic seconded the motion. Voting "Aye"—Zalis, Hoffman, Heath, McClintic and Wheeler; "Nay"—None. The motion carried unanimously.

Adjournment

The meeting adjourned following approval of the budget.

