

**Missouri Investment Trust**  
**Minutes from the Meeting of the Board of Trustees**

**Held June 21, 2005**  
**1:00 p.m.**

**Item I: Call to Order**

Treasurer Steelman called the meeting to order at 1:00 p.m. on June 21, 2005.

**Item II: Roll Call**

Roll was taken to determine the presence of a quorum. Board Members attending via conference call were Treasurer Steelman, Commissioner Mike Keathley, Ms. Kathy Conley Jones, Mr. Rick Dahl, Sen. Gary Nodler and Ms. Anita Yeckel. Ex-officio members participating in the call were Ms. Sara Parker representing the Secretary of State for Wolfner Library. Doug Gaston and Mark Mathers from the State Treasurer's Office also participated.

**Item III: Approval of Minutes**

A quorum having been established, Mr. Keathley moved the minutes from the November 14, 2004 meeting be approved. Mr. Dahl seconded the motion, and the motion passed. Mr. Keathley moved the minutes from the March 3, 2005 meeting be approved. Mr. Dahl seconded the motion, and the motion passed.

**Item IV: Old Business**

Mr. Mathers reviewed the investment results for the 1st quarter 2005 with the Board. The total return for the fund for the quarter was -2.11%. No action items were discussed or proposed.

**Item V: New Business**

Mr. Mathers presented the Comprehensive Annual Financial Report (CAFR) for the Missouri Investment Trust for the fiscal year ended December 31, 2004. Mr. Mathers noted the two audit opinion letters from the State Auditor, which are included in the CAFR for the first time. Ms. Yeckel made a motion to accept the CAFR. Sen. Nodler seconded the motion, and the motion passed.

The next agenda item concerned a discussion of terrorism issues. Ms. Steelman reviewed her concerns regarding the state's ownership of stock in companies operating in countries officially sanctioned by the United States and those sponsoring terrorism. Ms. Steelman reviewed the recent actions taken by the Board of the Missouri State Employees' Retirement System (MOSERS) and the draft policy she has proposed to MOSERS, which was included in the MIT agenda packet. Mr. Mathers explained the differences between direct, separately custodied investments made by MOSERS and the commingled passive index funds held by MIT. There was additional discussion about the level of exposure of companies operating in Iran within international indices such as the MSCI EAFE Index.

There was discussion about how an anti-terrorism screen might be implemented for MIT funds. Mr. Mathers noted the possibility that an investment manager could contract with at least one known firm that screens for companies operating in sanctioned companies and delete these companies from a fund, but that this would entail holding these stocks in a non-commingled fund. Ms. Steelman added that the MIT might also solicit firms with actively managed funds which could screen for such companies or which may not otherwise include any of these companies.

Ms. Steelman indicated that she simply felt it was prudent to gather information on what is available to the MIT in this area and expressed her opinion that the status quo was not acceptable to her. Sen. Nodler concurred with this concern. Ms. Steelman indicated that she was interested in staff drafting a Request for Proposal (RFP) or Request for Information (RFI) to determine what options existed for the MIT to consider.

Mr. Dahl raised the issue of using actively managed funds, noting this was a departure from the historical policy of the MIT board. Mr. Dahl also raised concerns about Board members' fiduciary responsibilities regarding the selection of funds. Ms. Jones conveyed that, rather than a Request for Proposal (RFP), a Request for Qualifications (RFQ) may be more appropriate.

Mr. Keathley made a motion noting that the MIT's current lack of an anti-terrorism policy was not acceptable to the Board, that the Board intends to take action to address the lack of such a policy and that staff was hereby directed to develop a draft RFQ and bring that back to the Board at its next meeting. Mr. Keathley, Mr. Dahl, Ms. Yeckel and Ms. Jones volunteered to help State Treasurer staff draft such an RFQ. The motion was seconded by Sen. Nodler. Mr. Dahl voted against the motion. The motion passed 5-1.

## **Item VI: Adjournment**

Ms. Yeckel moved the current meeting be adjourned. Mr. Keathley seconded, and the motion passed.