

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

**Held September 20, 2005**  
**10:30 a.m.**

**Item I: Call to Order**

Treasurer Steelman called the meeting to order at 10:30 a.m. on September 20, 2005.

**Item II: Roll Call**

Roll was taken to determine the presence of a quorum. Board Members attending via conference call or in person were Treasurer Steelman, Assistant Commissioner of Administration Randy Allen (proxy for Mike Keathley), Ms. Kathy Conley Jones, Sen. Gary Nodler and Ms. Anita Yeckel. Ex-officio members participating in the call were Mr. Richard Winter representing the Arts Council and 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, Senator Nodler moved the minutes from the June 21, 2005 meeting be approved. Mr. Allen seconded the motion, and the motion passed.

**Item IV: Old Business**

Mr. Mathers reviewed the investment results for the 2<sup>nd</sup> quarter 2005 with the Board. The total return for the fund for the quarter was 1.21%. No action items were discussed or proposed.

**Item V: New Business**

Ms. Steelman reviewed the motion approved at the last meeting of the MIT Board, which included a statement noting that the MIT's current lack of an anti-terrorism policy was not acceptable to the Board and that the Board intended to take action to address the lack of such a policy. Mr. Mathers then presented proposed language to be included in the MIT's Investment Policy prohibiting "investments in companies that are known to sponsor terrorism or aid the government in countries that are known to sponsor terrorism." This language was modeled after the revised anti-terrorism policy recently proposed by Ms. Steelman and adopted by the Missouri State Employees' Retirement System (MOSERS). The policy also directs staff to "implement an anti-terrorism screening process, either through a third-party contract for screening services, through research provided by staff of the State Treasurer's Office or by selection of funds which screen for such companies, or a combination of the above." Ms. Yeckel and Ms. Conley Jones inquired about the issue of domestic terrorism. Mr. Mathers noted the language in the policy, based on a suggestion by Ms. Conley Jones at the meeting of the subcommittee formed by the Board, which includes a reference to both international and domestic terrorism.

Sen. Nodler made a motion to approve the amended Investment Policy. Ms. Yeckel seconded the motion, and the motion passed.

Mr. Mathers presented the next agenda item concerning a Request for Qualifications (RFQ) for a Large-Cap International Fund to be screened to exclude the stocks of companies meeting the definition in the approved Investment Policy of companies either directly sponsoring terrorism or aiding the government in sanctioned countries that are known to sponsor terrorism. Mr. Mathers explained that the funds to be considered via this RFQ could either be passive index funds, as MIT currently uses for its international exposure, or actively managed funds. He also explained that the fund should still consist of stocks in developed countries (i.e., the EAFE universe) rather than an emerging markets fund.

Mr. Mathers explained that since the Board had now adopted a formal anti-terrorism policy and intended to solicit proposals, it made sense to consider the document a Request for Proposal (RFP) rather than an RFQ. Firms would be requested to explain how they intended to screen for companies aiding terrorism and rebalance positions if necessary, rather than just provide their qualifications to manage such a fund.

Mr. Mathers noted the possibility that an investment manager could either subcontract with a firm that screens for companies operating in sanctioned companies and delete these companies from a fund or if the investment management had sufficient resources and expertise could conceivably utilize in-house resources to screen companies. Ms. Conley-Jones raised concerns regarding the reference in the RFQ/RFP to a specific firm to perform these screening services. Mr. Mathers explained that such a reference was intended to save investment managers the time and expense of investigating which firms provided this service themselves and noted that the RFQ/RFP document explicitly noted that we would consider alternative approaches as well. Mr. Mathers inquired whether this language would be satisfactory from the Office of Administration's perspective. Mr. Allen responded that this was worded satisfactorily.

Sen. Nodler made a motion to approve the Request for Proposal. Ms. Yeckel seconded the motion, and the motion passed unanimously.

## **Item VI: Adjournment**

Ms. Yeckel moved the current meeting be adjourned. Sen. Nodler seconded, and the motion passed.