

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
FIRST QUARTER MEETING
February 24, 2020

The Joint Committee on Public Employee Retirement (JCPER) held its first quarter meeting on Monday, February 24, 2020 at 1pm in Room 117 in the State Capitol. Chair Pike called the meeting to order. The first order of business was roll call. JCPER members in attendance were: Senators Bernskoetter, Koenig, Rizzo (via telephone), Wallingford, Gina Walsh (13), and Williams and Representatives Paula Brown (70), Richard Brown (27), Pike, Runions, and Sara Walsh (50). Representative Shull (16) was not in attendance.

Chair Pike turned the meeting over to the Executive Director, Michael Ruff, to present the 2020 JCPER Annual Report for plan year 2018. For plan year 2018, the JCPER surveyed 126 plans. Although the total number of plans did not change from 2017, the number of defined benefit, defined contribution, and DB/DC combination plans changed because three plan sponsors terminated their DC components, one plan sponsor terminated its DB plan, and a plan sponsor reported its DC plan to the JCPER for the first time. Total assets equaled approximately \$78.25 billion, an increase from 2017. For defined benefit plans, aggregate plan liabilities equaled approximately \$95.92 billion, market value of assets equaled approximately \$76.22 billion, and actuarial value of assets equaled approximately \$76.72 billion. The Director informed the committee of other 2018 survey findings, including the number of plans that use a smoothing method for valuation of assets, revenues and expenses, rates of return on investments, actuarial changes for mortality and assumed rate of return for investments, funded ratios, contributions, plan membership changes and asset allocation.

The Director provided a legislative update. As of Thursday, February 20, 28 pension-related bills had been introduced; 17 are House bills and 11 are Senate bills. The Director discussed two House bills that have been passed and sent to the Senate: HB 1467 and HB 1934. Not all bills have been referred to committee. Other bills discussed included: SB 768, HB 2165, SB 955, HB 1999, SB 901, HB 2291, HB 2460, SB 830, HB 2174, HB 2476, SB 999, and SB 1000.

The next order of business was plan updates. First, the City of Joplin adopted two ordinances in December 2019 to close the Police & Fire Plan effective February 1, 2020 and enroll new employees in LAGERS. The Director described how employees hired under the plan's Tier 2 have the option to remain in the closed plan or transfer to LAGERS. The vast majority of Tier 2 members have opted to transfer to LAGERS; LAGERS is in the process of enrolling these members.

Second, the City of Hannibal is considering a possible change to the Police & Fire Plan's cost-of-living adjustment provision and sent the JCPER an actuarial cost statement on January 28, 2020. The

Director discussed the cost statement but emphasized that the City is still considering this possible change but several steps would be required before the City could enact it.

Next, the Committee reviewed reports from Kansas City PSRS, MOHELA, and MOSERS relating to the statutory requirements that plans have a procurement action plan for the utilization of minority and women money managers, brokers, and investment counselors. The Director noted that he had spoken with the City of Glendale's Finance Director about this requirement in January.

The final order of business was a review of quarterly investment reporting for defined benefit plans as of December 31, 2019. The Director noted that returns were positive with many plans reporting returns as high as twenty percent. These positive returns are in contrast to the largely negative returns from one year ago.

With no further business to be presented, the committee adjourned.



Michael Ruff
Executive Director

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

**1st QUARTER MEETING
February 24, 2020
1pm— Room 117, State Capitol**

AGENDA

**Roll Call
Presentation of Annual Report**

Legislative Update

**Plan Updates:
Joplin Police & Fire
Hannibal Police & Firemen**

**Procurement Action Plans, Sections 104.621, 105.702, 169.573,
RSMo**

Quarterly Investment Reporting

2020 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION				SENATE ACTION				OTHER ACTION			
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Gov Action
<u>HB1270</u>	Blind Pension Fund	Modifies the mailing requirements for the Blind Pension Fund.	Unsticker	Health and Mental Policy	Executive Session Completed Voted Do Pass 2/3/20	Voted do pass Consent House and Procedure 2/18/20								
<u>HB1298</u>	PSRS	Reauthorizes the 2.55 multiplier for teachers retiring with 31 or more years of service.	Dinkins											
<u>HB1311</u>	Private Entities	Establishes the Missouri Workplace Retirement Savings Plan that private business entities may join.	Shull											
<u>HB1344</u>	All Public Plans	Prohibits public entities from entering into certain contracts with companies unless the contract includes a written certification that the company is not engaged in a boycott of goods or services from Israel.	Baker	General Laws	Hearing Completed 2/12/20									
<u>HB1432</u>	Private Sector Employees	Creates the Missouri Secure Choice Savings Program to permit certain private sector employers to enroll in a retirement savings plan. Establishes enrollment conditions and what documents the board needs to provide to the employee.	Kendrick											
<u>HB1467</u>	LAGERS	Permits each political subdivision to elect a member contribution rate of 2% or 6% of compensation in addition to the current options of 0% and 4%.	Pike	Pensions	Executive Session Completed Voted Do Pass 1/21/20	1/27/20 Rules - Administrative Oversight Voted Do Pass	Perfected 1/29/20	2/03/20 Third Read and Passed/ Reported to Senate	Health and Pensions					
<u>HB1516</u>	Retired Individuals	Establishes the Retirees Experiencing a Better Living Initiative Fund to advertise Missouri to retirees in other states.	Messenger	Special Committee on Aging	Hearing Completed 2/12/20									
<u>HB1544</u>	St. Louis Police Retirement System	Transfers control of the City of St. Louis Police Department to the Board of Police Commissioners. Modifies the composition of the retirement system's board of trustees.	Carter											

<u>HB1934</u>	PSRS	Provides that information pertaining to the salaries and benefits of the executive director and employees of the Board of Trustees of the Public School Retirement System of Missouri shall not be considered confidential information.	Wiemann	Pensions	Executive Session Completed Voted Do Pass 1/21/20	1/30/20 Rules - Administrative Voted Do Pass	Perfected 2/04/20	2/10/20 Third Read and Passed/ Reported to Senate	Health and Pensions										
<u>HB1999</u>	MOSERS, MPERS and Judicial Retirement System	Modifies multiple provisions relating to MOSERS, MPERS and the Judicial Retirement System.	Black (7)	Pensions	Executive Session Completed Voted Do Pass 2/11/20	Referred to Rules- Administrative Oversight													
<u>HB2155</u>	MPERS	Reduces the number of Highway Commissioners on the MPERS board of trustees from three to one.	Ross	Pensions	Hearing Scheduled 2/25/20 8:00 am HHR 7														
<u>HB2174</u>	PSRS & PEERS	Modifies provisions relating to workforce development in elementary and secondary education. Modifies the working after retirement critical shortage law for PSRS and PEERS. Increases the length of time, from two years to four years, that a retired member may work after retirement without losing his or her retirement benefit when a school district has declared a teacher/employee shortage.	Pollitt																
<u>HB2179</u>	All Public Plans	Prohibits public entities from entering into certain contracts with companies unless the contract includes a written certification that the company is not engaged in a boycott of goods or services from Israel.	Rehder	General Laws	Executive Session Completed HCS Voted Do Pass 2/12/20	2/18/20 Rules - Legislative Oversight Executive Session Completed Voted Do Pass													
<u>HB2291</u>	PSRS & PEERS	Increases the length of time, from two years to four years, that a retired member may work after retirement without losing his or her retirement benefit when a school district has declared a teacher/employee shortage.	Black (7)																
<u>HB2460</u>	PSRS & PEERS	Modifies the working after retirement laws for retired members of PSRS and PEERS. Establishes an emergency substitute teacher pool track for retired teachers.	Black (7)																

HB2473	CERF	Modifies penalty provisions for members of CERF who falsify earned compensation records.	Coleman (97)																		
HB2476	Statutory Public Plans	Requires statutory public pension plans to report employee names, salary data, and incentive pay to the Missouri Accountability Portal.	Walsh	Downsizing State Government																	

2020 RETIREMENT LEGISLATION - Senate

Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	SENATE ACTION			OTHER ACTION		
									Committee Assigned	Date/Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Gov Action
<u>SB 739</u>	All Plans	Prohibits public entities from entering into certain contracts with companies unless the contract includes a written certification that the company is not engaged in a boycott of goods or services from Israel.	Order	Government Reform Committee	Hearing Scheduled 2/25/2020 SCR 1 8:00am									
<u>SB 755</u>	PSRS	Provides that information pertaining to the salaries and benefits of the executive director and employees of the Board of Trustees of the Public School Retirement System of Missouri shall not be considered confidential information.	Sater	Health and Pensions Committee	Hearing Scheduled 2/26/20 SCR 1 10:30am									
<u>SB 758</u>	LAGERS	Permits each political subdivision to elect a member contribution rate of 2% or 6% of compensation in addition to the current options of 0% and 4%.	Order	Health and Pensions Committee	Hearing Completed 2/19/2020									
<u>SB 830</u>	PSRS & PEERS	Modifies provisions relating to workforce development in elementary and secondary education. Modifies the working after retirement critical shortage law for PSRS and PEERS. Increases the length of time, from two years to four years, that a retired member may work after retirement without losing his or her retirement benefit when a school district has declared a teacher/employee shortage.	Cunningham	Education Committee										
<u>SB 901</u>	MOSERS, MPERS and Judicial Retirement System	Modifies multiple provisions relating to MOSERS, MPERS and the Judicial Retirement System.	Wallingford											
<u>SB 955</u>	MPERS	Reduces the number of Highway Commissioners on the MPERS board of trustees from three to one. Lowers the requirement for a quorum from six trustees to a simple majority.	Walsh											
<u>SB 968</u>	MOSERS, Judicial Retirement System	Establishes a buyout program for terminated vested members of MOSERS employed in a position covered by the Judicial Retirement System to receive a lump sum payment.	Clerpilot											
<u>SB 974</u>	Blind Pension Fund	Modifies the mailing requirements for the Blind Pension Fund.	Wallingford											
<u>SB 999</u>	St. Louis Police Retirement System	Makes multiple provision changes to the St. Louis Police Retirement System.	Walsh											

SB 1000	All Public Pension Plans	Modifies provisions relating to the public disclosure of investment assets, investment contracts and employee salaries of the public employee retirement systems.	Order											
SB 1024	MPERS & MOSERS	Allows members of MPERS and MOSERS to elect an adjusted annuity amount and remove former spouses as survivor beneficiaries upon divorce under certain circumstances.	Riddle											

COUNCIL BILL NO. 2019-536

ORDINANCE NO. 2019-194

AN ORDINANCE adopting the Missouri Local Government Employees Retirement System (LAGERS) L-11 plan for public safety employees of the City of Joplin hired on or after February 1, 2020, in accordance with RSMo. Sections 70.600 through 70.755; and, setting a date when this ordinance shall become effective.

WHEREAS, the voters of the City of Joplin approved a ½-cent sales tax dedicated to close the pension plan to new hires and transition public safety employees to LAGERS; and,

WHEREAS, the Council of the City of Joplin, Missouri, desires to include its eligible Police and Fire Department employees in the retirement system provided by the Missouri Local Government Employees Retirement System (LAGERS), pursuant to the provisions of Sections 70.600 through 70.755, RSMo.; and,

WHEREAS, the City Council of the City of Joplin, Missouri understands that by covering its eligible Police and Fire Department employees in LAGERS, the Council of the City of Joplin, Missouri is accepting the legal obligation to fully fund the elected benefits now, and, in the future and that it will be financially able to do so; and,

WHEREAS, the City Administration duly requested an actuarial evaluation of the proposed LAGERS Benefit Program and the same has been on file with the City Clerk since November 18, 2019, in accordance with Section 105.675 RSMo.; and,

WHEREAS, the City Council desires to adopt the LAGERS retirement system for Police and Fire Department employees effective February 1, 2020.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, as follows:

Section 1. That it is declared to be the policy of the City of Joplin, a political subdivision as defined by section 70.600 RsMo., to consider as eligible for coverage Police and Fire Department employees hired on or after February 1, 2020 who are eligible by state law.

Section 2. That all Police and Fire Department employees hired on or after February 1, 2020 and declared to be eligible, who have 1,500 or more hours of annual employment, shall be covered under Benefit Program L-11 (2.50%).

Section 3. That the final average salary for each employee shall be determined on the basis of a sixty (60) consecutive month period.

Section 4. That contributions to LAGERS of 0% total gross wages shall be required from all eligible employees.

Section 5. That all qualified employment after the effective date shall be considered membership service, as defined in 70.600(15) RSMo.

Council Bill No. 2019-536

Section 6. That employee retirement benefits shall be based on the “minimum service retirement age”, in accordance with the provisions of section 70.600(16) RSMo.

Section 7. That the Finance Director is hereby directed to deduct from the wages and salaries of each eligible Police and Fire Department employee member, the contributions, if any, required by Section 70.705 RSMo. and to remit the deductions to LAGERS, together with the employer contributions required by Section 70.705 and 70.750 RSMo.

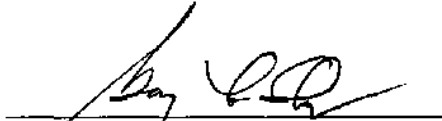
Section 8. That the City Council of the City of Joplin agrees to hold LAGERS harmless from any liability with respect to this transaction, apart from those obligations imposed on LAGERS by sections 70.600 – 70.755 RSMo., provided the transaction is completed according to the terms contained herein.

Section 9. That the City Manager of the City of Joplin is hereby authorized and directed to take all actions, sign all documents, and to do any and all things and take any and all actions required to place the foregoing ordinance into effect, including the revision of any relevant ordinances and resolutions of the City of Joplin which shall be promptly submitted to the City Council for approval.

Section 10. That remittances and other required reports and records shall be forwarded to LAGERS in accordance with administrative guidelines established by officials of LAGERS.

Section 11. That this ordinance shall become effective on February 1, 2020.

PASSED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, this 16th day of December 2019 by a vote of 9-0.




Gary L. Shaw, Mayor

ATTEST:



Barbara J. Gollhofer, City Clerk

APPROVED AS TO FORM:



Peter C. Edwards, City Attorney

COUNCIL BILL NO. 2019-537

ORDINANCE NO. 2019-195

AN ORDINANCE amending the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri as adopted January 5, 2009, effective January 31, 2009 and amended September 24, 2012, May 1, 2013, January 21, 2014, December 7, 2015 and August 15, 2016, to close the Pension Plan to new hires effective February 1, 2020; and, setting a date when this ordinance shall become effective.

WHEREAS, the voters of the City of Joplin approved a ½-cent sales tax dedicated to close the pension plan to new hires and transition public safety employees to LAGERS; and,

WHEREAS, the Board of Trustees of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri submitted to the qualified Plan Participants the question as to whether certain amendments should be made to the Plan; and,

WHEREAS, an election of the qualified participants of the plan was held from July 15, 2019 to August 9, 2019; and,

WHEREAS, of the 194 active and 127 retired Pension Policemen and Firemen, 211 voted in favor of the Plan amendments, and 5 voted against the proposed Plan amendments.

WHEREAS, the City Council desires to approve the Pension Plan amendments to close the Plan to new hires effective February 1, 2020.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, as follows:

Section 1. That Section 1.13 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

1.13 COVERED EMPLOYEE

shall mean an Employee who is employed in covered employment. The term "covered employment" as used herein means employment by the City of Joplin, Missouri, in the Fire Department in active service in any capacity; except that no secretary or clerk, shall be deemed to be in covered employment; or in the Police Department as a uniformed or sworn police officer in active service. Secretaries, clerks, dispatchers, jailers, animal wardens, street painters, cooks, and any other employee or associate of the Police Department shall not be deemed to be in covered employment. Temporary, seasonal, or part-time employees of either the Fire Department or Police Department shall not be deemed to be in covered employment and shall not be required to contribute to the Plan, nor receive any benefit from the Plan. A Plan Participant who, due to medical restriction, is working in other than his/her normal duty, job or hours, is still deemed a member of the covered employment and shall make contributions to the Plan and receive benefits from the Plan.

Section 2. That Section 1.14 of the Policemen's and Firemen's Pension Plan of the City of Joplin,

Missouri is hereby amended to read as follows:

1.14 CREDITED SERVICE

shall mean the total time in complete and fractional years (based on the number of complete months) during which the Employee is a Covered Employee and a Participant, and makes the contribution required in Section 6.1. Such service need not be continuous or uninterrupted.

Section 3. That Section 2.1 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

2.1 ELIGIBILITY

Each Covered Employee whose employment or reemployment began prior to February 1, 2020 was eligible to become a Participant upon satisfaction of the requirements for employment in his or her position as stipulated by the City. As a condition of employment, a Covered Employee agrees to make the contributions required pursuant to Section 6.1.

Section 4. That Section 2.2 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

2.2 PARTICIPATION

Subject to Section 2.4, all Participants in the Plan on the Restatement Effective Date shall continue to be Participants. No other Employee shall become a Participant in the Plan.

Participation in the Plan shall not give any Employee the right to be retained in the employ of the City, nor, on dismissal, to have any right or interest in the Trust Fund other than as provided in this Plan.

Section 5. That Section 2.4 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

2.4 REEMPLOYMENT OF FORMER PARTICIPANT

- (A) In the event a Participant terminated employment and was later reemployed as a Covered Employee prior to February 1, 2020, participation in the Plan resumed immediately upon reemployment. If the Covered Employee had at least 20 years of Credited Service at the time of his termination of employment, upon his reemployment he may continue to accrue additional years of Credited Service, up to the maximum permitted by the Plan.

If the Covered Employee did not have at least 20 years of Credited Service at the time of his termination of employment, but was reemployed prior to February 1, 2020 before incurring a Break-in-Service, then upon his reemployment his Credited

Service earned prior to termination of employment shall be taken into account for purposes of Section 3.1, provided that the Covered Employee repays to the Plan an amount equal to the amount paid to him by the Plan upon his termination of employment, plus interest at the rate of one-half of one percent (.5%) per month from the date of the Plan's payment to the date of repayment. Repayment shall be required within six (6) months of reemployment.

If the Covered Employee did not have at least 20 years of Credited Service at the time of his termination of employment, and either is reemployed after incurring a Break-in-Service, or does not repay the amount described in the preceding paragraph, then his Credited Service as of the date of his termination of employment shall not be taken into account for purposes of Section 3.1.

- (B) Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Internal Revenue Code 414(u).

Accordingly, a Covered Employee is treated as having had continuous Credited Service for purposes of participation, vesting and accrual of benefits by reason of a period of absence from employment due to or necessitated by service in the uniformed services, provided the Covered Employee:

- (1) is reemployed in a covered position within the time specified in regulations or other guidance under the Uniformed Services Employment and Reemployment Rights Act;
- (2) repays any lump sum payment previously paid to the employee; and
- (3) pays to the Plan an amount equal to the amount of any employee contributions that would have been made to the Plan if the employee had remained in Covered Employment.

If a Covered Employee dies while performing qualified military service, as defined in Section 414(u) of the Code, the Plan shall treat such Covered Employee as having died during covered employment, in accordance with the provisions of Section 401 (a)(37) of the Code.

- (C) Notwithstanding anything to the contrary, if a Covered Employee terminated employment and his date of reemployment is on or after February 1, 2020, such Employee shall not be eligible to resume participation in the Plan upon reemployment.

Section 6. That Section 6.2 of the Policemen's and Firemen's Pension Plan of the City of Joplin, Missouri is hereby amended to read as follows:

6.2 EMPLOYER CONTRIBUTIONS

The City shall make monthly contributions to the Plan equal to the net amount after reduction for the priorities described below from the one-half cent ($\frac{1}{2}\text{¢}$) general sales tax approved by voters in the November 2019 election, which will expire upon the earlier of 12 years after enactment, or the date that the Plan's actuary certifies that the Plan is 120% funded. The priorities referred to in the preceding sentence are the following:

- (A) the amount needed to contribute to the Missouri Local Government Employees Retirement System ("LAGERS") \$1,000,000 per Plan Year for two (2) consecutive Plan Years beginning November 1, 2019, for a total of \$2,000,000.
- (B) The amount needed for each former Participant hired after January 31, 2009 (a "Tier II Participant"), along with such Tier II Participant's Accumulated Employee Contributions, to purchase under LAGERS the number of years and months of Credited Service the Tier II Participant forfeited by terminating employment with the City in order to join LAGERS. For example, suppose that a Tier II Participant had 8 years and 3 months of Credited Service when the Tier II Participant terminated employment with the City to join LAGERS. Suppose further that the cost for such Tier II Participant to purchase 8 years and 3 months of service under LAGERS is \$75,000, and the Tier II Participant is refunded the amount of \$50,000 for his Accumulated Employee Contributions. The amount of the priority under this paragraph (B) would be \$25,000.

For example, suppose that the sales tax generates a total of \$6.5 million each Plan Year until it expires, for an average of approximately \$541,667 per month. Such gross amount would be reduced by approximately \$83,333 per month for two years for the payments to LAGERS described in paragraph (A), and by an additional \$83,333 per month for five years for the payments described in paragraph (B). Therefore, the average monthly payment for the two Plan Years beginning November 1, 2019 and November 1, 2020 would be approximately \$375,000, the average monthly payment for the three Plan Years beginning November 1, 2021, 2022, and 2023 would be approximately \$458,333, and the average monthly payment for the remaining during of the sales tax would be approximately \$541,667.


During the period that such general sales tax is in effect, if the Plan is less than 70% funded as determined by the Plan's actuary, and if the aggregate contribution funded by such tax for any Plan Year is less than the actuarial contribution rate for the City set forth in the Actuarial Valuation for the Plan Year, then the City shall make an additional contribution equal to such shortfall.

If during the period after such general sales tax is in effect, the Plan is not fully (100%) funded as determined by the Plan's actuary, then the City shall be responsible for making contributions in the amounts determined by the Plan's actuary to make the Plan fully funded.

If the City becomes more than 30 days delinquent in any of its obligations, the City will be notified in writing by the trustees of the delinquency. The City shall catch-up fully on any delinquent obligations within 60 days after notification in writing by the trustees. If the City fails to catch-up fully within those 60 days, the City shall pay any past due obligation, plus interest at the statutory rate, per §408.020 RSMo., currently nine percent. If the City is delinquent 60 days after written notice of delinquency by the trustees, then the trustees may pursue any course of action deemed necessary and may pursue any and all remedies that the trustees may have, in law or equity, including suit in a court of competent jurisdiction.


Section 7. That this ordinance shall become effective on February 1, 2020.

PASSED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, this 16th day of December 2019 by a vote of 9-0.




Gary L. Shaw, Mayor

ATTEST:



Barbara J. Gollhofer, City Clerk

APPROVED AS TO FORM:



Peter C. Edwards, City Attorney



McCloud
CONSULTING GROUP

January 24, 2020

Board of Trustees
Hannibal Policemen and Firemen Retirement Fund

Cost statement of Proposed Changes to the City of Hannibal Policemen and Firemen Retirement Fund (“the Plan”)

Dear Board Members:

According to Missouri Revised Statute 105.665: 1. The legislative body or committee thereof which determines the amount and type of plan benefits to be paid shall, before taking final action on any substantial proposed change in plan benefits, cause to be prepared a statement regarding the cost of such change.

The change under consideration involves the Cost of Living Adjustment (COLA) provisions of the Plan. Currently the Plan provides that a cost-of-living increase may be given to participants in pay status. The increase is discretionary and limited based on the plan’s funded status, with a maximum increase of 3% per year.

Under consideration is a Plan provision that would eliminate the current COLA provision and replace it with the following provision:

From time to time, the Trustees may provide for the payment of an additional benefit check, with respect to the current month or any future month, in an amount of 100% of the person’s benefit for that month. In order to effectuate the payment of this additional benefit check, the Trustees shall approve, before or during the month with respect to which the additional benefit check will be payable, the authorization of the additional payment.

The following circumstances will be considered by the board prior to authorizing the additional payment:

- The funded status of the Plan. An additional payment will not be authorized if the funded status of the Plan is below 70%.
- An additional payment will not be authorized if the funded status of the Plan (including consideration of an additional payment) is below the funded status as calculated for the prior year.
- Asset gains from the prior year. An additional payment will not be authorized if the investment gains on the assets of the Plan for the preceding Plan year are insufficient to cover the cost of the additional benefit payment.



The following cost statement employs the methods used in preparing the most recent periodic actuarial valuation for the plan and addresses the requirements in the order they are requested in the Statute:

(1) The total level normal cost of employer provided plan benefits currently in effect, is \$64,013. Expressed as a percent of active employee payroll is 1.7%.

(2) The contribution for unfunded accrued liabilities currently payable by the plan is \$1,176,411. Expressed as a percent of active employee payroll over a period of 16-20 years is 31.5%;

(3) The total employer contribution rate, which is the total of the normal cost percent plus the contribution percent for unfunded accrued liabilities adjusted with interest is \$1,283,839. Expressed as a percent of active employee payroll over a period of 16-20 years is 34.4%;

(4) The legislative body is currently paying more than the total contribution rate as defined in subdivision (3) of this subsection;

(5) The plan's actuarial value of assets, market value of assets, actuarial accrued liability, and funded ratio as defined in section 105.660 as of the most recent actuarial valuation is:

Actuarial Value of Assets	\$18,566,496
Market Value of Assets	\$18,566,496
Actuarial Accrued Liability	\$33,553,926
Funded Ratio	55.3%

(6) The total post-change contribution rate is \$1,081,893. Expressed as a percent of active employee payroll over a period of 10-20 years is 29.0%. We expect that contributions will remain higher than recommended for the foreseeable future.

(7) The proposed change will improve the ability of the plan to meet its obligations with respect to all benefits offered by the Plan thereof in effect at the time the proposal is made. Please see attached actuarial projections.

(8) No additional contributions are mandated by the proposed change;

(9) The proposed change would not, in any way, impair the ability of the plan to meet the obligations thereof in effect at the time the proposal is made;

(10) All assumptions relied upon to evaluate the present financial condition of the plan and all assumptions relied upon to evaluate the impact of the proposed change upon the financial condition of the plan, which are those assumptions used in preparing the most recent periodic actuarial valuation for the plan, are:



(a) Investment return of 7.0%;

(b) Pay increases of 3.5%;

(c) Mortality of employees and officials, and other persons who may receive benefits under the plan is the RP-2014 Blue Collar tables at 2006, projected with generational improvements using the most recently available projection scale;

(d) Withdrawal (turnover) is based on past experience of the Plan. Sample rates are as follows:

Annual Rates	Age	of Termination
	25	10.0%
	30	7.5
	35	5.0
	40	4.0
	45	2.0
	50	1.0

(e) Disability is based on past experience of the Plan. Sample rates are as follows:

Annual Rates of Disability	
Age	Rate
25	0.18%
30	0.18
40	0.30
50	0.79
55	1.35
60	2.00

(f) Retirement rate is 75% at 25 years of service. If a Member has at least 20 years of service, the rate is 10% through age 61, 25% at age 62, 10% at age 63, 15% at age 64 and 100% for age 65 and older. For participants hired on or after July 1, 2007, the rate is 25% per year after first eligible for retirement, and 100% for ages 65 and older.;

(g) There has been no change in active employee group size;

(11) As the Plan actuary I certify that the assumptions used for the valuation produce results which, in the aggregate, are reasonable;

(12) Actuarial Method Used for the Valuation – Entry Age Normal



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Normal Cost. Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry-age actuarial cost method having the following characteristics:

The annual normal costs for each individual active Member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the Member's benefit at the time of retirement;

Each annual normal cost is a constant percentage of the Member's year-by-year projected covered pay.

The excess of accrued assets over actuarial accrued assets was amortized as a level percent-of-payroll over 16-20 years using layered amortization.

Respectfully submitted,

Traci M. Christian, EA, MAAA, MSPA, FCA

10 Year Projection of Contributions, Assets, Liabilities, and Funding Status

Current Plan Provisions

Year	Total Normal Cost	Employer Normal Cost	Amortization	Recommended City Contribution	Expected City Contribution	Payroll	Recommended Contribution as a % of Payroll	Expected Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio
2020	607,176	46,935	1,217,585	1,308,779	1,438,465	3,863,726	33.9%	2,112,946	19,866,150	34,530,539	14,664,389	57.5%
2021	628,427	28,583	1,250,857	1,324,221	1,488,812	3,998,957	33.1%	2,050,935	21,161,140	35,410,456	14,249,315	59.8%
2022	650,422	29,584	1,294,637	1,370,569	1,540,920	4,138,920	33.1%	2,169,204	22,706,648	36,438,887	13,732,238	62.3%
2023	673,186	30,619	1,339,950	1,418,539	1,594,852	4,283,783	33.1%	2,282,580	24,314,477	37,440,434	13,125,957	64.9%
2024	696,748	31,691	1,386,848	1,468,188	1,650,672	4,433,715	33.1%	2,311,217	25,996,731	38,419,103	12,422,372	67.7%
2025	721,134	32,800	1,435,388	1,519,574	1,708,446	4,588,895	33.1%	2,517,342	27,849,099	39,461,851	11,612,752	70.6%
2026	746,374	33,948	1,485,626	1,572,759	1,768,241	4,749,506	33.1%	2,490,922	29,702,657	40,390,345	10,687,687	73.5%
2027	772,497	35,136	1,537,623	1,627,806	1,830,130	4,915,739	33.1%	2,603,798	31,801,145	41,438,185	9,637,040	76.7%
2028	799,534	36,366	1,591,440	1,684,779	1,684,779	5,087,790	33.1%	2,674,646	34,020,609	42,470,498	8,449,889	80.1%
2029	827,518	37,639	1,647,140	1,743,746	1,743,746	5,265,863	33.1%	2,785,876	36,192,136	43,530,676	7,338,540	83.1%

Proposed Plan Provisions

Year	Total Normal Cost	Employer Normal Cost	Amortization	Recommended City Contribution	Expected City Contribution	Payroll	Recommended Contribution as a % of Payroll	Expected Benefit Payments	Assets	Accrued Liability	Unfunded Liability	Funded Ratio
2020	574,412	14,171	1,048,403	1,099,765	1,438,465	3,863,726	28.5%	2,108,653	19,873,457	32,983,866	13,110,409	60.3%
2021	594,516	(5,328)	1,060,695	1,092,306	1,488,812	3,998,957	27.3%	2,041,938	21,180,965	33,724,901	12,543,936	62.8%
2022	615,324	(5,514)	1,097,820	1,130,536	1,540,920	4,138,920	27.3%	2,155,058	22,745,564	34,608,371	11,862,806	65.7%
2023	636,860	(5,707)	1,136,243	1,170,105	1,594,852	4,283,783	27.3%	2,262,927	24,379,443	35,458,868	11,079,425	68.8%
2024	659,150	(5,907)	1,176,012	1,211,059	1,650,672	4,433,715	27.3%	2,285,523	26,095,575	36,280,300	10,184,725	71.9%
2025	682,221	(6,114)	1,217,172	1,253,446	1,708,446	4,588,895	27.3%	2,485,087	27,990,759	37,159,696	9,168,937	75.3%
2026	706,098	(6,327)	1,259,773	1,297,316	1,768,241	4,749,506	27.3%	2,451,433	29,897,247	37,918,786	8,021,538	78.8%
2027	730,812	(6,549)	1,303,865	1,342,723	1,342,723	4,915,739	27.3%	2,556,361	32,060,194	38,791,393	6,731,199	82.6%
2028	756,390	(6,778)	1,349,501	1,389,718	1,389,718	5,087,790	27.3%	2,618,574	33,835,678	39,642,925	5,807,247	85.4%
2029	782,864	(7,015)	1,396,733	1,438,358	1,438,358	5,265,863	27.3%	2,720,419	35,747,255	40,517,044	4,769,789	88.2%

The results presented here are ESTIMATES. They are based on the data, assumptions, methods and plan provisions outlined in the July 1, 2019 Valuation report. These results are for **discussion purposes only** and should not be relied upon for purposes of making cash contributions to the Plan nor for any other purposes.



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Suite 1211
Kansas City, MO 64111
816.472.5800
www.kcpsrs.org

KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

February 4, 2020

Mr. Michael Ruff, Executive Director
Joint Committee on Public Employee Retirement
Missouri Capital Building, Rm. 219-A
Jefferson City, MO 65101

RE: 2019 Report: KCPSRS Procurement Action Plan

Dear Mr. Ruff:

On behalf of the Kansas City Public School Retirement System (KCPRS) Board of Trustees, I submit this *2019 KCPSRS Procurement Action Plan for Utilization of Minority and Women Money Managers* as stipulated in RSMO 169.573.

2019 KCPSRS Procurement Action Plan for Utilization of Minority and Women Money Managers

Current Status

As of September 30, 2019, 36.8% of KCPSRS' total fund is managed by minority and women owned money managers, including Earnest Partners, Pugh Capital, and Rhumblin. One of our two commission recapture brokers, CAPIS, is women owned.

Professional Gatherings and Information

In 2019, five KCPSRS Trustees attended the 2019 National Association of Securities Professionals (NASP) conference. The mission of NASP is "to promote professional excellence, facilitate new business opportunities, and encourage economic empowerment for people of color and women on Wall Street and for our community. We seek to connect members to industry leaders and business opportunities; advocate for policies that create equal representation and inclusion; provide educational opportunities; and work to build awareness about the value of ensuring that people of color and women are included in all aspects of the financial services industry."

KCPSRS Affirmative Action Policy

Within the bounds of fiduciary responsibility under Missouri law and other applicable statutes and regulations, including, but not limited to, RSMO Section 105.688 and RSMO Section 169.573, KCPSRS desires to take affirmative action to assure equal opportunity for minorities and women in money management, brokerage, investment services and other professional services. The Board of Trustees specifically desires to take

affirmative steps to ensure those opportunities with respect to services provided to the Retirement System. To accomplish that goal, the Board of Trustees adopts the following plan.

- A.** All contracts of the Retirement System with money managers, brokers, investment counselors and other professional service providers will require the contractor to maintain an affirmative action plan with respect to the employment of women and minorities. Those contracts will also require the contractors to report to the Retirement System the results of their affirmative action plans in sufficient detail to allow an assessment of the good faith effort of the contractor in carrying out the affirmative action plan. Reporting will include, but not be limited to, information on efforts to employ minorities and women, the number of minorities and women employed, the positions in which they are employed and the particular duties of minorities and women with respect to the Retirement System contract or services. In addition, the report will include any efforts of the contractor to engage minorities and women in subcontractors, partnerships and joint ventures. The staff of the Retirement System will develop the specific reporting requirements.

The staff of the Retirement System is directed to take steps to amend existing contracts and contract forms, where necessary, to incorporate these requirements.

- B.** In soliciting proposals from money managers, brokers, investment counselors and other professionals, the Retirement System will request information similar to the reports required of contractors with respect to minorities and women.
- C.** In soliciting proposals from money managers, brokers, investment counselors and other professionals, the Retirement System will make specific efforts to identify and solicit proposals from qualified firms owned by minorities and women. Such efforts will include identifying individual firms from which to solicit a proposal and publicizing the contract process in a manner likely to inform qualified firms owned by minorities and women.
- D.** The Board of Trustees and the staff of the Retirement System will make reasonable efforts to attend professional gatherings of minorities and women in money management, brokerage, investment counseling and other professional services used by the Retirement System. In addition, the staff will use other reasonable means to inform firms owned by minorities and women, and minorities and women employed as money manager, brokers, investment counselors and other professionals, of the opportunities for doing business with the Retirement System, and the means for pursuing those opportunities. The staff will regularly report to the Board of Trustees on its efforts in this regard.
- E.** The Board of Trustees and the staff of the Retirement System will request its Investment consultant to assist the Retirement System in locating and contacting qualified investment firms owned by minorities and women and minorities and women employed as money managers and assisting those companies and individuals pursuing opportunities to provide services to the Retirement System.
- F.** The Board of Trustees will annually evaluate the results of this affirmative action policy. Based on this evaluation the Board of Trustees will determine whether any changes in the policy are necessary. The results will be reported to the Board and the joint committee on public employee retirement.
- G.** Pursuant to RSMO Section 105.702, the System has developed a procurement action plan for utilization of minority and women money managers, brokers, and investment counselors. The System shall report

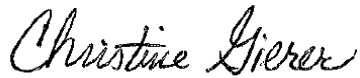
their progress annually to the joint committee on public employee retirement and the governor's minority advocacy commission on a plan incumbency section C, D, E, F, and G of this document.

To qualify as a minority or woman owned firm, such firm shall:

1. Be domiciled in the United States;
 2. Be owned or controlled by one or more individuals who are women or who qualify as a minority as defined below. Ownership is classified as having a controlling interest in the firm of at least 51%; and
 3. Have such women or minority owners involved in the daily business operations of the firm.
- As used in this policy, the term "minorities" means individuals socially and economically disadvantaged due to their race or ethnic background, including, but not necessarily limited to, Black Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans and Native Hawaiians.

Should you have any questions, contact me at 816-474-5800 or Christine.gierer@kcpsrs.org.

Best,

A handwritten signature in cursive script that reads "Christine Gierer".

Christine Gierer
Executive Director

**FIRST AMENDMENT TO THE
MISSOURI HIGHER EDUCATION LOAN AUTHORITY
PENSION INVESTMENT POLICY STATEMENT**

The Higher Education Loan Authority of the State of Missouri ("MOHELA") maintains the Missouri Higher Education Loan Authority Pension Plan (2017 Restatement) ("Plan"). In connection with the Plan, the Missouri Higher Education Loan Authority Pension Investment Policy Statement ("IPS") has been adopted effective July 31, 2017.

The Plan provides in Section 13.4 that the Plan's Investment Committee (the "Committee") may establish an Investment Policy for the assets of the Plan. The Committee now desires to amend the IPS to add an Addendum setting forth a procurement action plan with respect to utilization of minority and women money managers, brokers and investment counselors.

NOW, THEREFORE, the IPS is hereby amended to add the following Addendum to the end of the IPS, which reads in its entirety as follows:

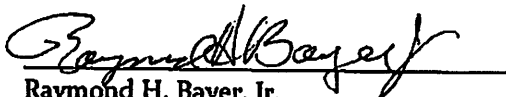
PROCUREMENT ACTION PLAN ADDENDUM

In accordance with Section 105.702 RSMo, and in accordance with its fiduciary duties under law, the Committee desires to assure equal opportunities for minorities and women in addressing the Plan's need for money management, brokerage and investment counseling. Accordingly, the Committee adopts the following plan:

1. All Plan contracts with money managers, brokerage firms and investment counselors will require the contractor to maintain an affirmative action plan with respect to the employment of women and minorities.
2. In soliciting proposals from money managers, brokers and investment counselors, the Committee will include, as a specification, the requirement of an affirmative action plan.
3. In soliciting proposals from money managers, brokers and investment counselors, the Committee will publicize the contract process in a manner as to inform qualified firms owned by women and minorities.
4. The Committee shall report its progress annually to the Joint Committee on Public Employee Retirement and the Governor's Minority Advocacy Commission.

As used in this policy, the term "minorities" includes, but is not necessarily limited to African Americans, Native Americans, Hispanic Americans and Asian Americans.

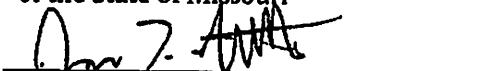
IN WITNESS WHEREOF, the Committee has adopted the foregoing First Amendment to the Higher Education Loan Authority of the State of Missouri Pension Investment Policy Statement as of this 1st day of March, 2019.



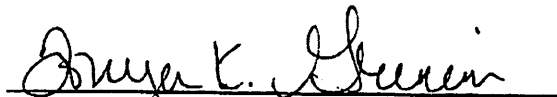
Raymond H. Bayer, Jr.
Executive Director and Chief Executive
Officer
Higher Education Loan Authority
of the State of Missouri



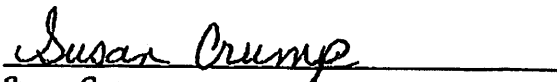
Carol Malon
Chief Financial Officer
Higher Education Loan Authority
of the State of Missouri



James L. Matchefts
General Counsel
Higher Education Loan Authority
of the State of Missouri



Tonya K. Grimm
Treasurer
Higher Education Loan Authority
of the State of Missouri



Susan Crump
Assistant Director of Administration
Higher Education Loan Authority
of the State of Missouri

December 9, 2019

Missouri Minority Business Advocacy Commission
P.O. Box 809
Jefferson City, MO 65102
and
Joint Committee on Public Employee Retirement
Missouri State Capitol Building, Room 219-A
Jefferson City, MO 65101

Dear Sir/Madam:

Pursuant to Sections 104.621 and 105.702, RSMo, I am enclosing MOSERS' 2019 annual report concerning the affirmative action policy and procurement action plan for the utilization of minority and women money managers, brokers, and investment counselors.

If you have any questions, please feel free to contact me.

Sincerely,



Ronda Stegmann
Executive Director

Enclosure



2019 ANNUAL REPORT
of the
Missouri State Employees' Retirement System
on
Minority- and Women-Owned Investment Firms

Submitted to
The Governor's Minority Advocacy Commission
and
The Joint Committee on Public Employee Retirement

Sections 104.621 and 105.702 of the Revised Statutes of Missouri (RSMo) require the Board of Trustees for the Missouri State Employees' Retirement System (MOSERS) to annually report the progress made in the area of utilization of minority and women money managers, brokers, and investment counselors. Those same statutes require MOSERS to present its report to the Governor's Minority Advocacy Commission and the Joint Committee on Public Employee Retirement. This document satisfies this requirement.

Introduction

Established in 1957, MOSERS administers the retirement, life insurance, and long-term disability benefits for most state employees, including members of the Missouri General Assembly, elected state officials, judges, and administrative law judges and legal advisors.

Responsibility for the operation and administration of MOSERS is vested in an eleven-member board of trustees.

MOSERS is committed to diversity and to supporting a greater role for women and minorities in the investment management sector. MOSERS carries out this commitment by doing two things. First, MOSERS is always seeking to connect with promising investment managers owned or operated

predominantly by women or minorities. If MOSERS sees a potential for a fiscally responsible partnership with an emerging manager, we will discuss with the firm and its personnel how such a partnership might develop.

Second, MOSERS monitors our current roster of investment managers' engagement with women and minority investment professionals. Through its collection of yearly data on the firms' emerging-manager population, MOSERS ensures that it continues to contract only with investment managers who take seriously the need to be as inclusive as possible.

MOSERS' Outreach to Minority and Women Money Managers

MOSERS has assured that emerging managers have at least two ways to introduce themselves to us. First, MOSERS' website provides a "Contact Us" section for investment firms to market themselves and their strategy to MOSERS' investment staff. In fiscal year 2019, the eight firms contacting MOSERS through that website self-reported as minority or women owned.

Second, MOSERS selects asset consultants who are equally committed to hiring diverse managers. With their networks of investment managers, these asset consultants give MOSERS access to a wider universe of money managers. As part of that, MOSERS relies upon its asset consultants' greater ability to meet with prospective managers and gather data on women or minority ownership in those firms. For MOSERS, this is a crucial aspect in selecting its asset consultants and we couple our asset consultants' outreach efforts with our own.

For instance, in fiscal year 2019, MOSERS or its private-equity asset consultant, Meketa Investment Group, met with 66 emerging managers. Of those 66 managers, 25 identified as being minority owned.¹ Also within those 66 managers, 47 identified as being women owned.

MOSERS' Diversity at a Glance

66

Number of Meetings with Emerging Managers

25

Number of Meetings with Minority-Owned Managers

47

Number of Meetings with Women-Owned Managers

8

Number of Diversity Managers Contacting MOSERS through its Website

¹ *Minority* means individuals self-identifying as African-American, Asian, or Hispanic. (Another category, "Other," is available for

those not wanting to specify.) *Owned* is defined as constituting 50% or more ownership.

Minorities & Women in MOSERS' Roster of Managers

All of MOSERS' managers are equal opportunity employers: this is a requirement to manage assets for our retirement system.

Nonetheless, MOSERS ensures its managers provide opportunities to emerging managers by requiring its U.S.-based investment advisers to annually submit information on the following points.²

1. Describe efforts your firm has made to recruit minorities and women as employees, including specific information on advertisement, contacts made, and any other attempts to advise minorities and women of opportunities with your firm.
2. List the positions and associated responsibilities of minorities and women employed by your firm. Describe any role those individuals performed with respect to your contract with MOSERS.
3. List minorities or women who have a partnership or equity interest in your firm and whether they in total have an ownership interest in excess of 50%.

These responses help MOSERS monitor the firms' outreach to, and recruitment of, emerging managers.

Despite this requirement, some of the data MOSERS collects can be incomplete or even misleading. For instance, many of the firms note every year that they do not consider race or gender when hiring or in advancement

opportunities. Some of the firms are unable to provide information because they do not require their employees to disclose minority or ethnic status. Similarly, other firms have confidentiality agreements in place preventing them from disclosing their owners' percentage ownership. And still others report as publically held companies with no single majority shareholder. All these factors may bias any conclusion about the firms' overall level of engagement with emerging leaders.

Moreover, the annual statutory filing requirement results in minimal year-to-year changes in the information. While the data collected does show incremental improvement in the diversity efforts of MOSERS' managers, much of the following information will be consistent with prior reports due to this frequency constraint.

Firms' Recruitment & Outreach

This year's report indicates that MOSERS' firms continue their considerable recruitment and outreach efforts. For instance, many firms reported finding (and hiring) several new female employees or employees of color through different means. For instance, many of the larger firms report that they recruited

² To comply with sections 104.621 and 105.702 (RSMo), MOSERS' chief investment officer has adopted a policy requiring the system's money managers to provide this information.

See Appendix A to this report. (Appendix B lists the definitions for the terms used in Appendix A.)

managers directly from women's and historically black colleges and universities, such as Spelman College, Howard University, and Morehouse College. Other firms also engaged new employees from women and minority-oriented conferences organized by NABA Minority Business, National Association of Asian American Professionals National Conference, National Urban League, Steppin' Out Gala, Milagros Para Ninos Hispanic Heritage Gala, and a host of other diversified avenues. This year, we noted a rise in the number of our managers who have partnered with the Robert Toigo Foundation, a leading organization supporting the advancement of exceptional minority business degree students and alumni within the finance industry.

Similarly, the reporting firms indicated they are still sponsoring student organizations promoting minorities or female in the business communities. Many firms report partnering with the National Society of Hispanic MBAs, the National Black MBA Association, Harvard Undergraduate Women in Business, Black Wharton Undergraduate Organization. And several offer generous educational opportunities to racially and ethnically diverse students.

Also, the managers continue to rely upon outlets such as *El Mundo*, *Color*

Magazine Women of Color, and *Color Magazine Men of Color* to attract potential employees of color.

Minority and Women Employees in MOSERS' Current Managers

MOSERS also requires its managers to list the positions and associated responsibilities of the minorities and women they employ. Here again, this helps MOSERS ensure that the firms are providing opportunities from within wherever possible.

As occurs with yearly updates, our investment partners' diversity data reveal no significant changes. The figures resemble previous years' numbers: minority and women employees still remain between 35 to 70% of total employees. The survey data continue to reveal that women and minorities at our partner firms hold positions across the senior management continuum, from partner to chief operating officer, vice president, portfolio manager, and general counsel.

Additionally, in this year's report, several firms described some of their internal measures expand their diversity in the firms' leadership. For instance, many of the firms described their corporate programs designed to develop talent and leadership in their minority and female workforce. Others reported implementing recommendations from the CFA Institute's 2018 "Driving Change: Diversity and Inclusion Report."³

³ The CFA Institute is one of the foremost associations of investment professionals. The

institute offers training and designations for investment professionals.

APPENDIX A

Excerpt from MOSERS' Investment Implementation Manual (June 2019)

XVIII. Minority- & Women-Owned Firms

Purpose. Missouri law requires retirement systems such as MOSERS to develop a procurement action plan for the utilization of “minority and women managers, brokers and investment counselors.”⁴ This policy describes how the CIO will comply with that requirement.

The CIO will promote the utilization of minority and women money managers by—

1. requiring each U.S.-domiciled external money manager to annually provide MOSERS a record reporting its efforts to employ minorities and women;
2. making MOSERS accessible to minority- and women-owned firms; and
3. engaging minority- and women-owned firms at professional gatherings.

Required Reports from U.S.-domiciled external money managers. The CIO will require each external money manager to include in its annual report to MOSERS—

1. the number of minorities and women employed,
2. the positions in which they are employed, and
3. the particular duties of minorities and women with respect to the MOSERS contract.

Access to minority- and women-owned firms. MOSERS will provide access to minority- and women-owned firms so that those firms can contact MOSERS and provide information about their ability to meet the needs and requirements sought by MOSERS in the administration of its investment program.

1. The CIO will direct asset consultants to record information about an external money manager's diversity when the consultant is meeting with that entity on MOSERS' behalf.
2. The CIO will ensure that MOSERS' website allows external money managers to provide information about their diversity.
3. When reviewing any proposals from an external money manager, the CIO will have discretion to determine whether a firm is qualified to provide the services offered.

Engaging minority- and women-owned firms at professional gatherings. As appropriate, the CIO will make reasonable efforts to ensure Investment staff attend professional gatherings which feature minority- and women-owned firms. At such gatherings, staff will—

1. provide MOSERS' contact information to eligible minority- and women-owned firms, and
2. upon their return, report to the CIO the services that were (1) offered by the minority- and women-owned firms attending the gatherings, and (2) relevant for MOSERS' purposes.

Reporting compliance. The CIO (or his or her designee) will prepare a draft of the report required by sections 104.342.13(6), RSMo. That draft report will include the number of minority- or women-owned firms (1) that have contacted MOSERS since the last report, and (2) that MOSERS is utilizing. This report will be provided to the Governor's Minority Advocacy Commission and the Joint Committee on Public Employee Retirement.

⁴ Section 104.342.13(6), RSMo.

Appendix B

Definitions

African American means a person with origins in any of the Black racial groups of Africa.

Asian-Indian American means an individual whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka.

Asian-Pacific American means an individual whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U. S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Mariana Islands, Macao, Fiji, Tonga, Kiribati, Juvalu, Naura, Federated States of Micronesia, or Hong Kong.

Hispanic American means an individual of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race.

Minority- or woman-owned firm means an entity that is (1) is domiciled in the United States; (2) is owned or controlled by one or more individuals who are women or who qualify as a minority; and (3) has such women or minority owners involved in the daily business operations of the firm.

Minorities means individuals who are (1) citizens of the United States (or lawfully admitted permanent residents) and (2) in the following racial/ethnic categories: African Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, or Asian-Indian Americans.

Native American means a person who is an American Indian, Eskimo, Aleut, or native Hawaiian.

Joint Committee on Public Employee Retirement

Quarterly Reports

2019 Fourth Quarter

<u>Plan Name</u>	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Bi-state Dev Agency Division 788, A.T.U.	\$142,860,733	\$150,779,372	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Development Agency Local 2 I.B.E.W.	\$5,941,189	\$6,326,282	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Salaried Employees	\$77,432,184	\$81,201,103	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	4.5%
Black Jack FPD Retirement Plan	\$15,434,800	\$15,615,592	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Bridgeton Employees Retirement Plan	\$29,120,930	\$30,409,487	14.88% (Net)	5.54% (Net)	3.10% (Net)	7.5%	3.0%	4.0%
Carhage Policemen's & Firemen's Pension Plan	\$7,767,895	\$8,126,091	5.15% (Net)	8.53% (Net)	6.94% (Net)	7.0%	2.2%	3.5%
Clayton Non-uniformed Employee Pension Plan	\$19,623,301	\$20,490,906	19.84% (Net)	9.57% (Net)	7.53% (Net)	7%	2%	4%
Clayton Uniformed Employees Pension Plan	\$46,737,363	\$48,760,892	19.4% (Net)	9.74% (Net)	8.07% (Net)	7%	2%	3.5%
Community FPD Retirement Plan	\$28,471,303	\$30,755,892	20.66% (Net)	3.27% (Net)	3.36% (Net)	7%	2.5%	4%
County Employees Retirement Fund	\$556,609,000	\$584,442,000	20.36% (Gross)	10.57% (Gross)	7.49% (Gross)	7.5%	2.5%	2.5%
Creve Coeur FPD Retirement Plan	\$12,567,465	\$13,085,551	N/A% (Gross)	N/A% (Gross)	N/A% (Gross)	7%	3%	4%
Eureka FPD Retirement Plan	\$13,387,663	\$14,207,438	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Fenton FPD Retirement Plan	\$32,774,712	\$34,271,506	22.14% (Net)	10.57% (Net)	7.80% (Net)	7.5%	2.5%	2%
Florissant Valley FPD Retirement Plan	\$33,469,853	\$34,368,440	n/a% (Net)	n/a% (Net)	n/a% (Net)	6.5%	2.5%	see comme nts%
Hannibal Police & Fire Retirement Plan	\$18,470,540	\$19,564,929	19.1% (Gross)	9.4% (Gross)	6.9% (Gross)	7.0%	2.5%	3.5%
Hazelwood Retirement Plan	\$42,736,762	\$44,799,472	2.06% (Net)	11.14% (Net)	7.94% (Net)	7.5%	2.75%	4.5%
Joplin Police & Fire Pension Plan	\$44,046,310	\$46,117,809	17.05% (Net)	9.73% (Net)	6.75% (Net)	6.75%	2.5%	2.5%
Kansas City Employees' Retirement System	\$1,175,319,150	\$1,221,246,568	17.32% (Net)	9.20% (Net)	6.53% (Net)	7.50%	3.0%	3.75% to 5.0%
Kansas City Firefighter's Pension System	\$554,068,000	\$582,295,000	18.03% (Gross)	9.78% (Gross)	7.76% (Gross)	7.25%	2.5%	3.0% to 8.0%
Ladue Non-uniformed Employees Retirement Plan	\$5,143,958	\$5,375,209	20.2% (Net)	8.9% (Net)	6.6% (Net)	7.0%	2.5%	4.5%
Ladue Police & Fire Pension Plan	\$36,828,368	\$38,451,363	20.2% (Net)	8.8% (Net)	6.5% (Net)	7.0%	2.5%	4.5%

Please be aware information provided in this report may contain unaudited data.

2/24/2020

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
LAGERS Staff Retirement Plan	\$14,196,661	\$14,952,200	20.13% (Net)	9.77% (Net)	6.93% (Net)	5.5%	2.5%	3.25%
Local Government Employees Retirement System	\$8,104,329,080	\$8,361,952,851	13.92% (Net)	10.46% (Net)	7.8% (Net)	7.25%	2.5%	3.25%
Maplewood Police & Fire Retirement Fund	\$13,260,460	\$13,505,539	16.62% (Gross)	8.74% (Gross)	5.55% (Gross)	3.1%	5.3%	-3%
Metro West FPD Retirement Plan	\$54,903,202	\$58,587,455	22.40% (Net)	11.00% (Net)	7.50% (Net)	0.0%	0.0%	0.0%
Mid-County FPD Retirement Plan	\$15,200,440	\$1,947,709	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Missouri Higher Education Loan Authority Pension Plan	\$52,372,618	\$54,419,156	19.82% (Net)	n/a% (Net)	n/a% (Net)	6.75%	2.25%	4.5%
Missouri State Employees Retirement System	\$8,165,446,806	\$8,282,228,447	16.6196% (Net)	7.0154% (Net)	4.3335% (Net)	7.10%	2.35%	2.60%
MoDOT & Highway Patrol Employees' Retirement System	\$2,447,489,206	\$2,520,037,742	12.52% (Net)	9.26% (Net)	7.54% (Net)	7.0%	2.25%	3%
North Kansas City Hospital Retirement Plan	\$281,221,964	\$298,650,254	22.09% (Net)	9.96% (Net)	7.48% (Net)	7.25%	2.3%	2.5%
North Kansas City Policemen's & Firemen's Retirement Fund	\$56,295,895	\$60,261,794	21.3% (Gross)	10.7% (Gross)	8.1% (Gross)	6.5%	4.0%	1.2%
Overland Non-uniform Pension Fund	\$11,471,000	\$12,071,000	19.42% (Net)	9.32% (Net)	6.87% (Net)	7%	2.5%	3.5%
Overland Police Retirement Fund	\$12,492,000	\$13,178,000	20.10% (Net)	9.76% (Net)	7.33% (Net)	7%	2.5%	3.5%
Pattonville Fire Protection District	\$35,093,209	\$37,755,491	25.38% (Net)	4.49% (Net)	5.35% (Net)	7.75%	2.5%	2.5%
Prosecuting Attorneys' Retirement System	\$47,249,299	\$49,435,847	16.3% (Net)	8.3% (Net)	5.74% (Net)	7.1%	2.1%	2.1%
Public Education Employees' Retirement System	\$4,995,067,351	\$5,204,046,312	16.2% (Net)	9.8% (Net)	7.7% (Net)	7.5%	2.25%	3.25%
Public School Retirement System	\$40,239,687,318	\$41,709,290,902	16.2% (Net)	9.8% (Net)	7.7% (Net)	7.5%	2.25%	2.75%
Raytown Policemen's Retirement Fund	\$10,293,882	\$10,737,880	22.79% (Gross)	9.88% (Gross)	7.18% (Gross)	7.5%	2.5%	N/A%
Rock Hill Police & Firemen's Pension Plan	\$2,016,165	\$2,060,319	2.24% (Net)	2.24% (Net)	2.24% (Net)	6.4%	3.0%	0.0%
Saline Valley Fire Protection District Retirement Plan	\$3,705,855	\$3,888,209	19.5% (Gross)	8.4% (Gross)	5.9% (Gross)	7.0%	2.5%	2.5%
Sedalia Firemen's Retirement Fund	\$7,132,932	\$7,355,626	19.5% (Gross)	9.3% (Gross)	6.9% (Gross)	7.0%	2.0%	3.0%
Sheriff's Retirement System	\$46,127,252	\$47,864,798	17.460% (Gross)	7.954% (Gross)	6.733% (Gross)	7%	3.5%	1.5%
St. Joseph Policemen's Pension Fund	\$36,527,466	\$38,113,727	22.96% (Gross)	9.86% (Gross)	0% (Gross)	5%	2%	3%
St. Louis County Library Dist Empl Pension Plan	\$50,565,939	\$52,883,424	19.92% (Net)	9.06% (Net)	6.22% (Net)	7.0%	2.5%	3.5%

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Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
University City Non-uniformed Retirement Plan	\$23,466,548	\$24,321,458	23.3% (Gross)	8.6% (Gross)	6.6% (Gross)	6.5%	3.0%	3.0%
University City Police & Fire Retirement Fund	\$24,541,526	\$25,239,017	22.9% (Gross)	8.4% (Gross)	6.4% (Gross)	6.5%	3.0%	3.0%
University of Mo Retirement, Disability & Death Benefit Plan	\$3,769,344,442	\$3,902,581,296	14.77% (Net)	8.60% (Net)	6.77% (Net)	%	%	%
Valley Park FPD Retirement Plan	\$7,001,020	\$7,474,251	31.45% (Net)	10.56% (Net)	7.38% (Net)	7%	2%	4%
	\$71,425,311,015	\$73,845,531,606						

Please be aware information provided in this report may contain unaudited data.

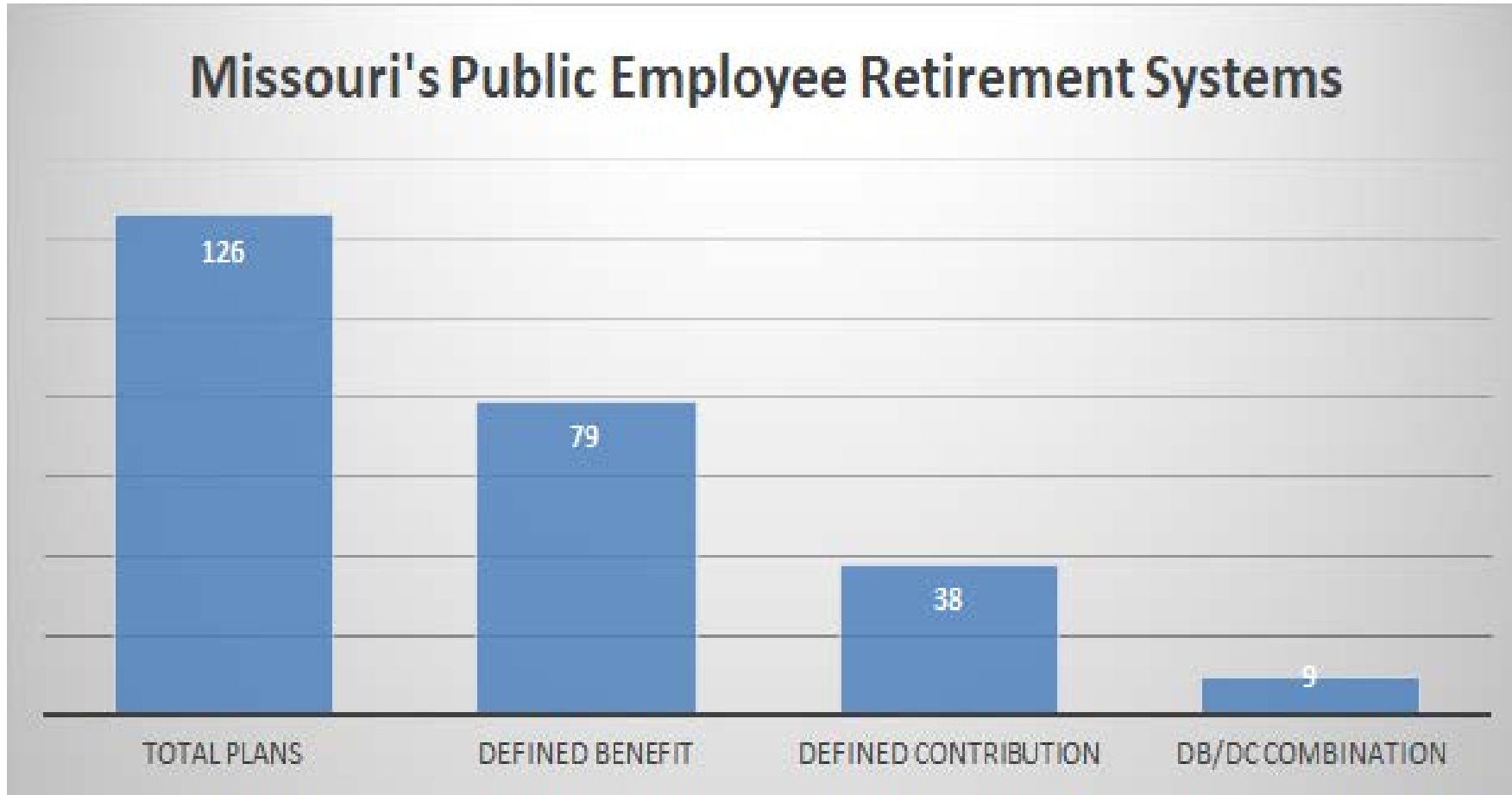
Joint Committee on Public Employee Retirement, 1st Quarter Meeting February 24, 2020, 1pm, Room 117, State Capitol



Presentation of JCPER Annual Report

- Annual Report for Plan Year 2018;
- Plan year 2018 ended on December 31, 2018;
- JCPER staff began the annual survey in May 2019 after the end of the 2019 legislative session;
- Review of actuarial valuations, CAFRs, financial statements, investment statements/bank statements, audits, and other information submitted by the plans;
- Compile the information in the JCPER database.

Overall Statistics



Overall statistics

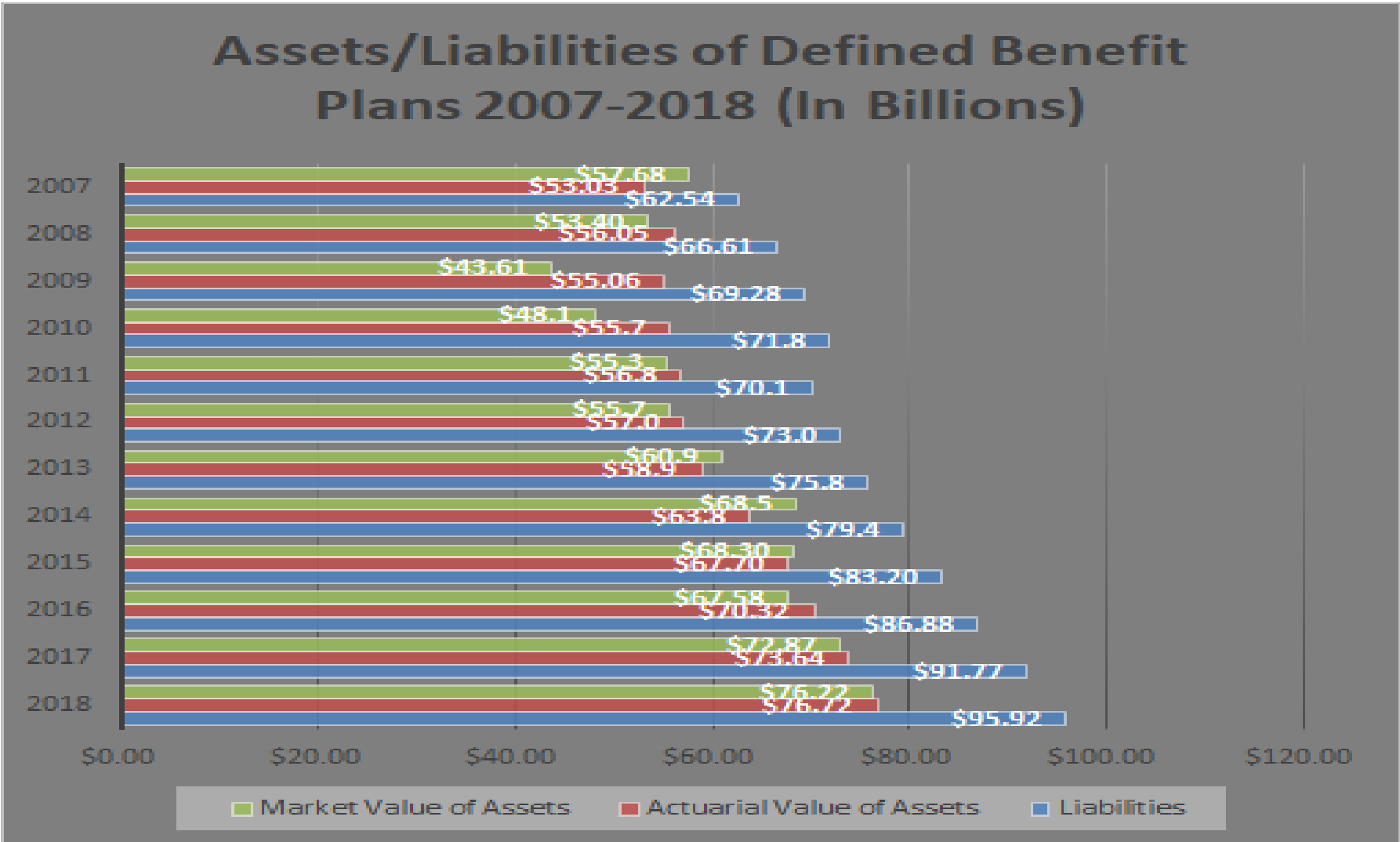
- Three fewer DB/DC combination plans in 2018. High Ridge FDP, Saline Valley FPD, and Creve Coeur terminated the DC components;
- One fewer DB: Cedar Hill FPD terminated the LOSA program;
- One DC plan reported to the JCPER for the first time: St. Charles County Ambulance District.

Key Figures: Assets and Member Numbers

- Total Assets of \$78.25 billion. Increase of \$3.49 billion from 2017.
- The bulk of the assets are with DB plans.

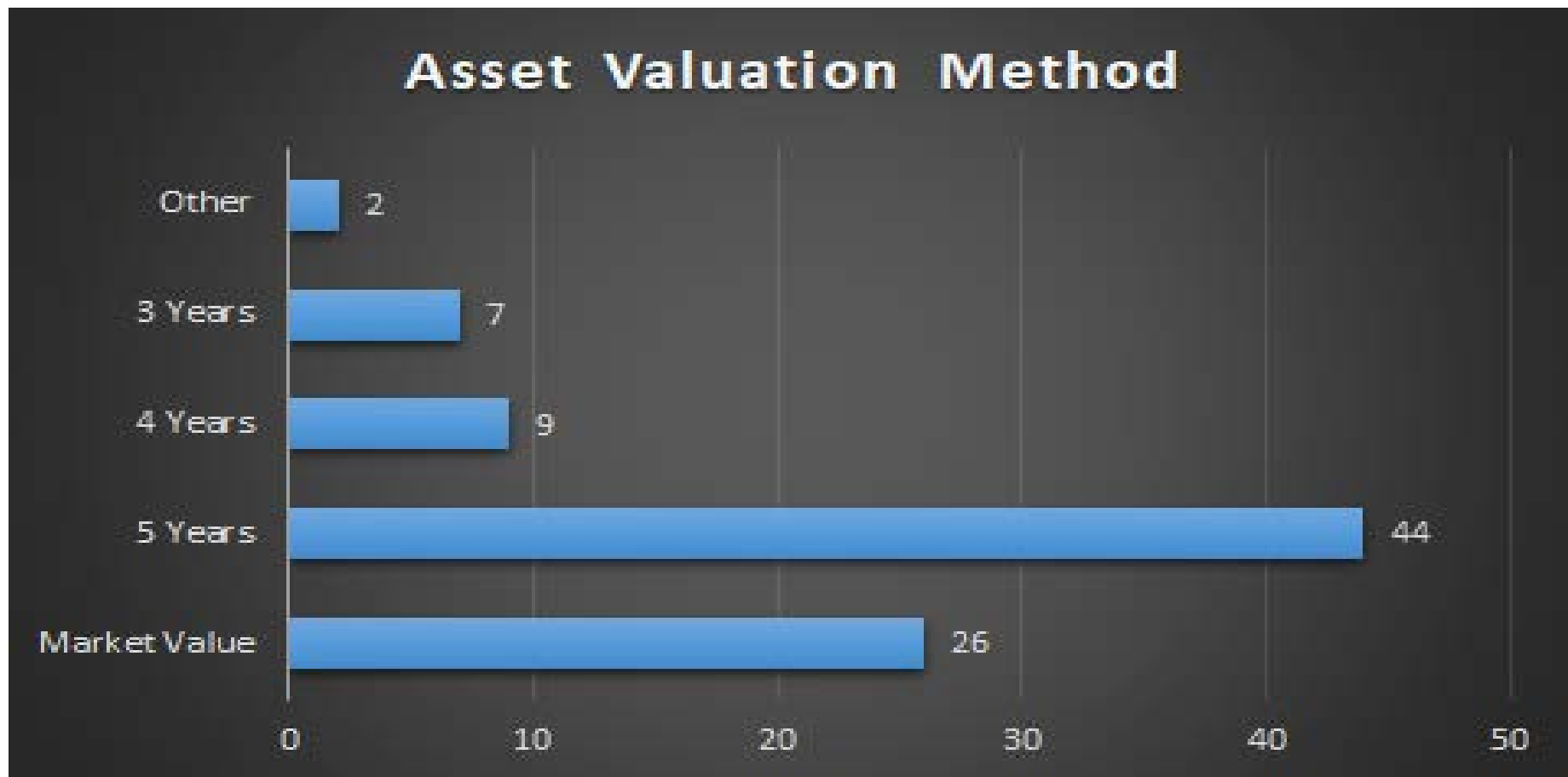
PERS	TOTAL # PLANS	ACTIVE MEMBERS	NON-ACTIVE MEMBERS	ASSETS
Municipalities	50	16,818	19,005	\$ 6,267,495,466
Fire Protection Districts	34	1,612	645	\$ 481,175,918
Hospitals & Health Centers	9	7,423	3,757	\$ 546,918,626
Statewide	7	110,505	114,185	\$ 18,880,696,041
Transit Authorities	5	2,391	2,144	\$ 282,246,681
Public Schools & Universities	6	165,393	175,220	\$ 50,431,629,714
Counties	3	5,005	7,268	\$ 932,771,688
Public Libraries	1	362	349	\$ 44,716,678
Drainage & Levee Districts	1	14	9	\$ 1,497,360
Public Water Supply Districts	3	43	2	\$ 5,300,523
Sewer Districts	1	944	989	\$ 269,130,031
Ambulance Districts	3	252	31	\$ 28,727,035
Other	3	756	106	\$ 79,087,706
TOTALS	126	311,518	323,710	\$ 78,251,393,467

Assets & Liabilities for Defined Benefit Plans



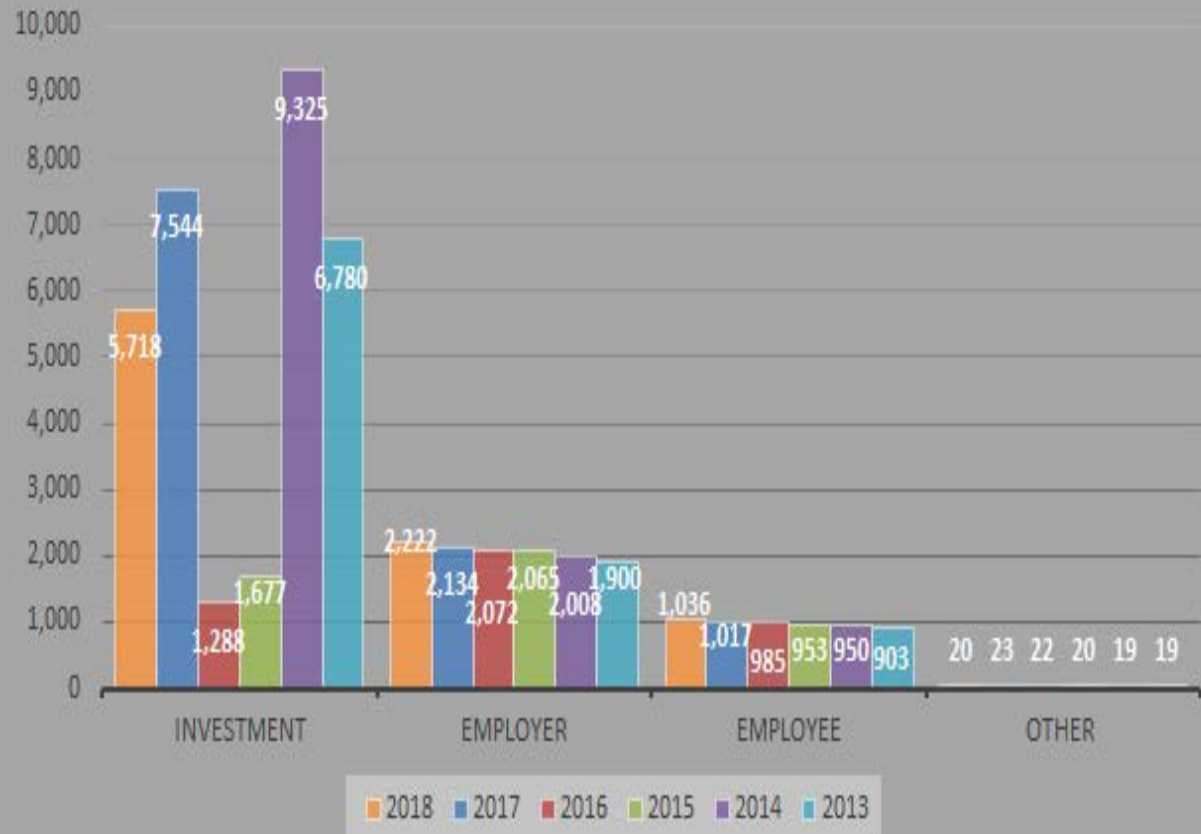
Smoothing

70% of defined benefit plans smooth investment gains and losses.



Revenues vs Expenses

Revenue, 2013-2018 (in millions)



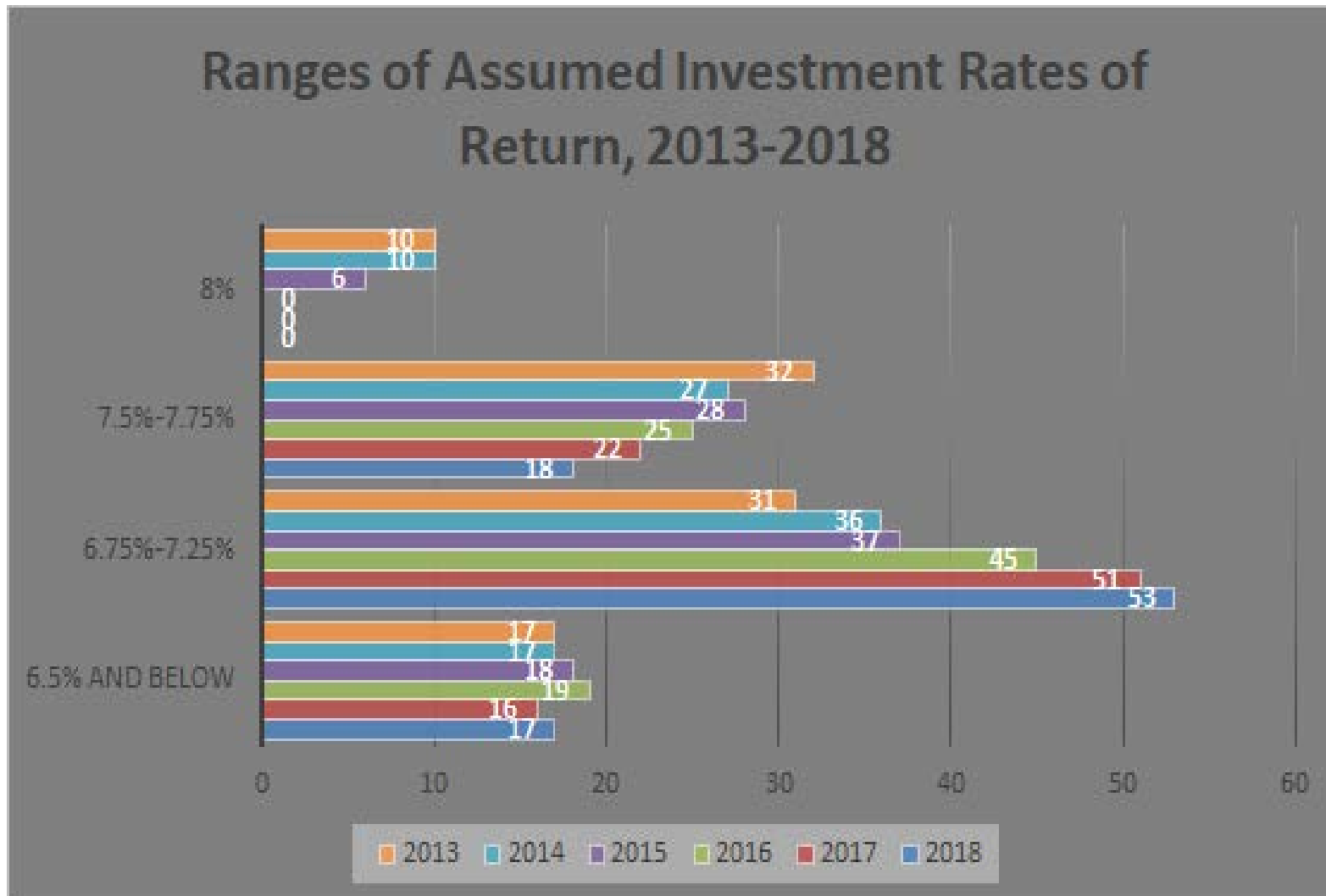
Expenses, 2013-2018 (in millions)



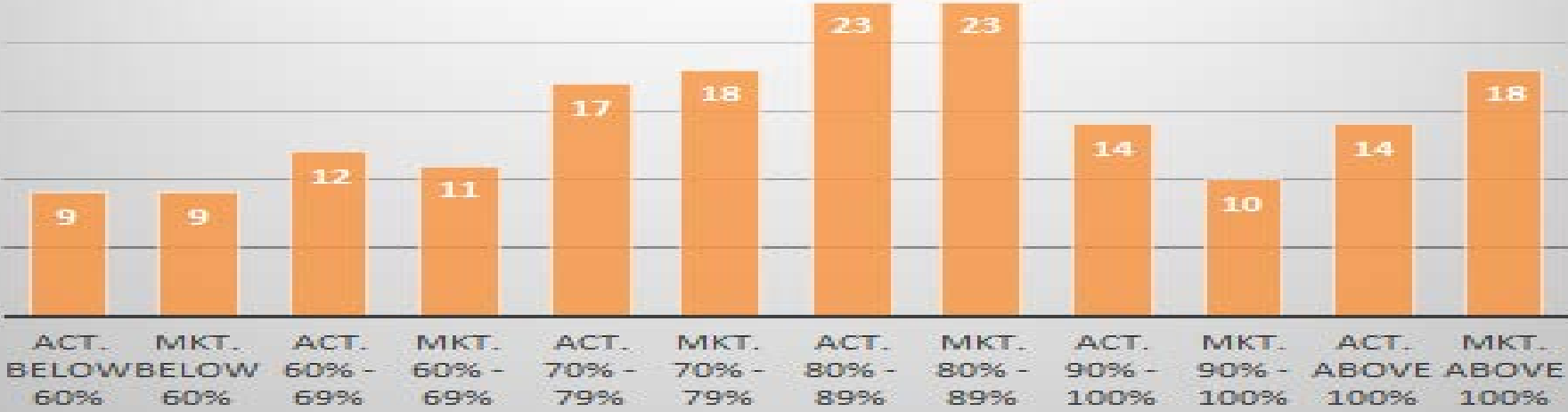
Investment Returns (Market Rate)

- Plan year 2018 returns were impacted by renewed investment market volatility and losses in December 2018;
- In general, a plan had a higher return if its plan year ended in a month toward the beginning of the calendar year.
- A plan with a plan year end of December 2018 was likely negatively impacted by December 2018 investment market losses.

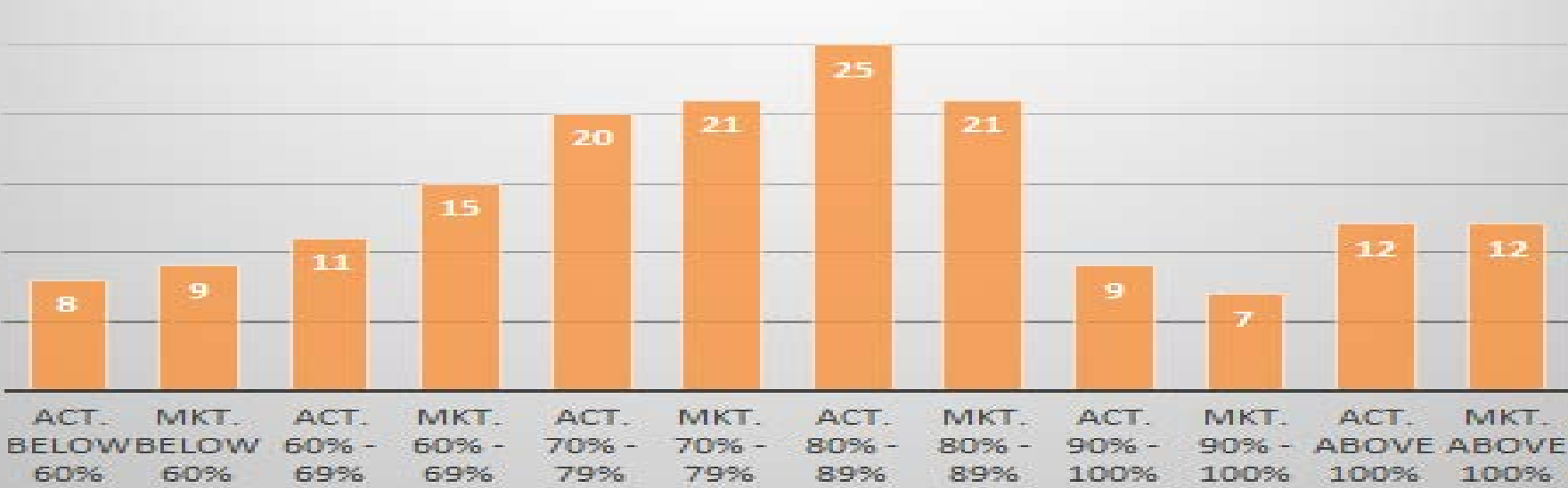
Assumed Rate of Return for Investments



Plan Funded Ratios, 2017



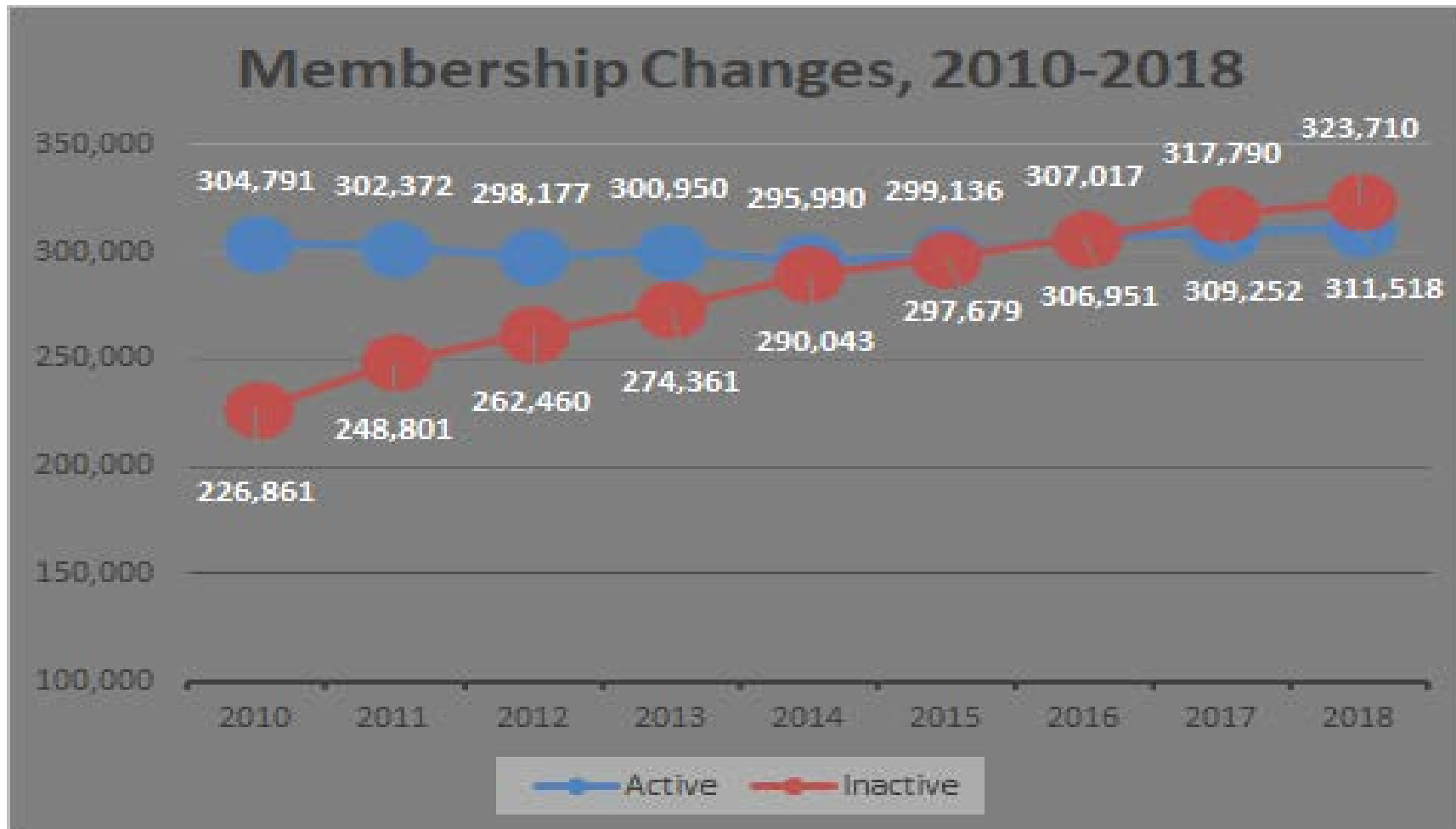
Plan Funded Ratios, 2018



Employer Contributions

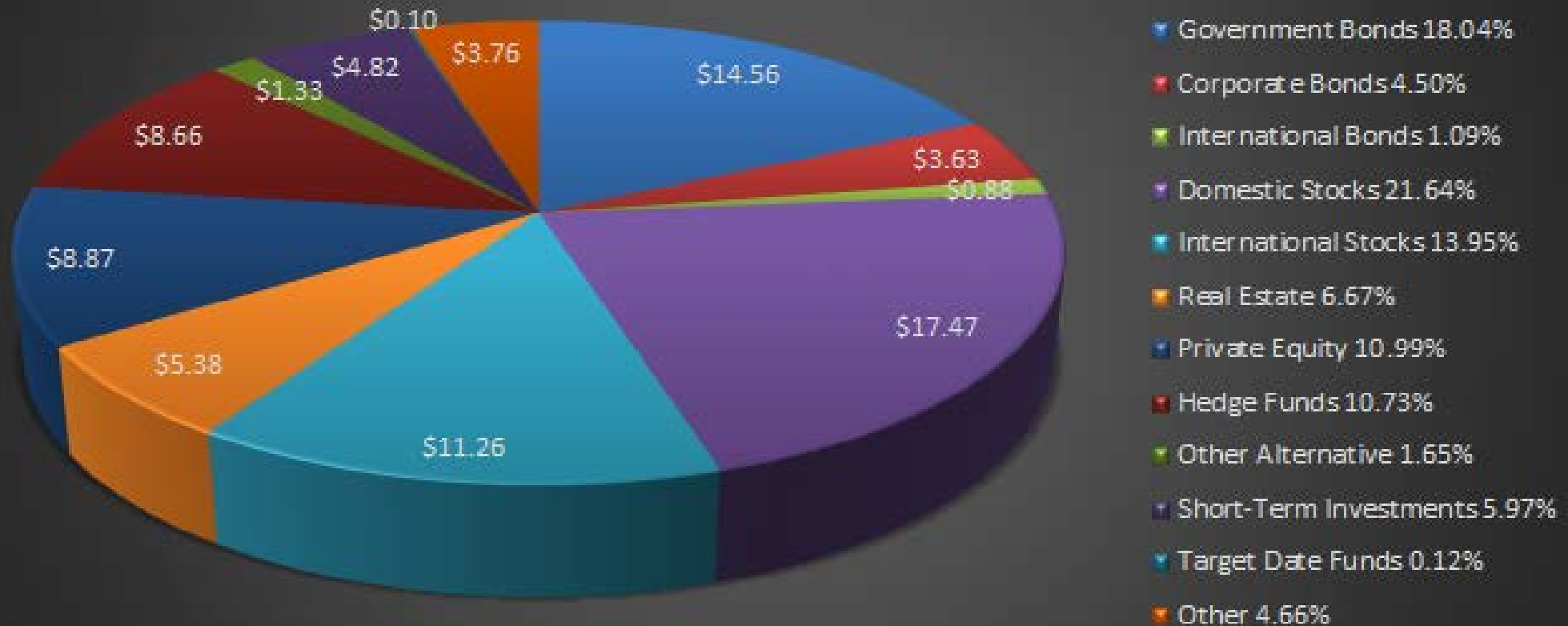
78% of plans received the full actuarially determined contribution

Plan Members



Asset Allocation

Asset Allocation (in billions): Total Assets \$80.63



Questions?

Legislative Update

- 28 Pension-related bills have been introduced as of Thursday, February 20, 2020;
- 17 House Bills;
- 11 Senate Bills;

- Not all bills have been referred to committee.
- The House has third read two bills and sent them to the Senate: HB 1467 and HB 1934.

HB 1467, LAGERS

- Permits each political subdivision that has joined LAGERS to elect a member contribution rate of 2% or 6%;
- Currently, a political subdivision may elect a 0% or 4% member contribution rate;
- Third read and passed by the House on 2/3/20. Referred to Senate Health & Pensions Committee;
- Similar legislation: SB 768.

HB 1934 & SB 755, PSRS

- Provides that information pertaining to the salaries and benefits of the executive director and employees of the board of trustees of PSRS is not considered confidential information;
- HB 1934: Third read and passed by the House on 2/10/20. Referred to Senate Health & Pensions Committee.
- SB 755: Scheduled for a hearing in Senate Health & Pensions Committee on 2/26/20 at 10:30am.

HB 2165 & SB 955, MPERS

- Modifies the composition of the MPERS board of trustees by removing two of the three Highway Commissioners. Reduces the overall number of board members from 11 to 9;
- HB 2165 is scheduled for a hearing on 2/25/20 at 8am in House Pensions Committee.

HB 2165 & SB 955 (Continued)

Current Board	Proposed Board
11 total members	9 total members
3 Highway Commissioners	1 Highway Commissioner
Highway Patrol Superintendent	Highway Patrol Superintendent (unchanged)
MODOT Director	MODOT Director (unchanged)
1 Senator appointed by the President Pro Tem	1 Senator appointed by the President Pro Tem (unchanged)
1 Representative appointed by the Speaker	1 Representative appointed by the Speaker (unchanged)
1 Active MODOT Employee elected by the active MODOT employees	1 Active MODOT Employee (unchanged)
1 Active Highway Patrol Employee elected by the active Patrol employees	1 Active Highway Patrol Employee (unchanged)
1 retired MODOT employee elected by the retired MODOT employees	1 retired MODOT employee (unchanged)
1 retired Highway Patrol employee elected by the retired Patrol employees	1 retired Highway Patrol employee (unchanged)

HB 1999 & SB 901, MPERS, MOSERS & Judicial Retirement System

- These bills are a result of collaboration between the MPERS and the MOSERS;
- The majority of the provisions consists of technical changes, correction of statutory references, reorganization of language amongst sections;
- Other provisions include:
 - Repeals the three year installment option for BackDROP payment;
 - Changes the interest rate on employee contributions for the Judicial Retirement System to the 52 week Treasury Bill rate. Currently the interest rate is 4%;
 - Removes the requirement that the contribution for unfunded accrued liabilities be determined using level percent of payroll amortization;
 - Limits the amount of service credit a General Assembly member or statewide elected official may accrue while on disability.

Working After Retirement, PSRS/PEERS

- **HB 2291:** Increases the length of time, from two years to four years, that a retired member may work after retirement without losing his or her retirement benefit when a school district has declared a teacher/employee critical shortage;
- **HB 2460:** Increases the length of time, from two years to four years, that a retired member may work after retirement without losing his or her retirement benefit when a school district has declared a teacher/employee critical shortage. Establishes an emergency substitute teacher pool track for retired teachers as additional working after retirement option.

Working After Retirement (Continued)

- **SB 830 & HB 2174:** Multiple provisions relating to workforce development in elementary and secondary education. Modifies the critical shortage provision:
 - Increases the length of time, from two years to four years, that a retired member may work after retirement without losing his or her retirement benefit when a school district has declared a teacher/employee critical shortage;
 - Removes the prohibition on retired teachers working after retirement as a superintendent under certain circumstances;
 - Modifies the limits on the number of retired teachers/employees a district may utilize under critical shortage.

HB 2476, Statutory Pension Plans

- Requires public pension plans that are created in state statute to report employee names, salary data and incentive pay to the Missouri Accountability Portal;
- Applies to the following plans: CERF, Sheriffs, LAGERS, MOSERS, MPERS, PACARS, CURP, Kansas City PSRS, Kansas City Police, PSRS/PEERS, St. Louis PSRS, St. Louis Police, St. Louis Firemen's, Judicial.

SB 999, St. Louis Police Retirement System

- Makes multiple changes, including but not limited to, the following:
- Modifies certain benefit provisions for members hired/on after 10/1/20:
 - Final Average Compensation calculated as a three-year average instead of two;
 - Employee contribution rate of 9% instead of 7%;
 - Interest rate for employee contributions will equal the Ten Year Treasury Note rate;
 - Eliminates refund of employee contributions upon retirement;
 - 10 Year vesting and normal retirement age of 55;
- Permits the City to change the actuarial cost method from Aggregate to Entry Age Normal;
- Modifies disability determination procedures.

SB 1000, MPERS, MOSERS, All Public Plans

- Prohibits investment assets from being purchased or investment contracts from being executed unless related documents are public records under the Sunshine Law on/after 8/28/20;
- Requires all investment assets and contracts to be presented to the system's board for approval;
- Investment language appears in sections of law applicable to MPERS and MOSERS. Also appears in section 105.688, which applies to all public pension plans;
- Requires MPERS and MOSERS to provide information of employee salaries, bonuses and all other compensation to the Missouri Accountability portal;
- Not yet referred to committee but was included in a Senate Committee Substitute for SB 768 that was distributed on 2/19/20. SB 768 was heard in Senate Health & Pensions on 2/19/20.

PLAN UPDATES

Joplin Police & Fire

- December 16, 2019: City Council adopted ordinances closing the Police & Fire Plan effective February 1, 2020;
- Tier 1 Employees (hired before 2009) remain in the City's P & F Plan;
- Tier 2 Employees are eligible to transfer to LAGERS;
- New Employees join LAGERS.

Hannibal Police & Fire

- City sent an actuarial cost statement on January 28, 2020;
- Considering a change to the plan's COLA provision;
- Current COLA: discretionary COLA with a maximum increase of 3% annually;
- Proposed COLA: remove current COLA provision and replace with an additional benefit check award provision;
- Proposed criteria:
 - Minimum funded ratio of 70% required;
 - Funded ratio cannot be below the prior year's funded ratio;
 - Asset gains must be sufficient to cover the additional benefit payment.

Procurement Action Plans for the utilization of minority and women money managers, brokers, and investment counselors

- Three reports included in the packet:
 - Kansas City Public School Retirement System;
 - Missouri Higher Education Loan Authority (MOHELA);
 - Missouri State Employees' Retirement System.
- Phone Call with Glendale Police & Fire.

Quarterly Investment Reporting for DB Plans

- Section 105.661.4 requires DB plans to submit a quarterly report to the JCPER;
- Quarterly reporting sheet as of Fourth Quarter 2019 (December 31);
- Twelve month returns are all positive with many returns in the double-digits and some in the 20% range;
- These positive returns as of 12/31/19 are a contrast to the twelve month returns as of December 31, 2018, which were largely negative.

Questions?