JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
THIRD QUARTER MEETING
September 12, 2023

The Joint Committee on Public Employee Retirement (JCPER) held its third quarterly meeting on Tuesday, September 12, 2023 at 3:00 PM in Joint Committee Hearing Room 117-A in the State Capitol. The meeting was livestreamed via the House and Senate websites. Chair Barry Hovis called the meeting to order at 3:02 PM.

The first item on the agenda was roll call. JCPER members in attendance were:

Chair Hovis, Vice Chair Bernskoetter, Senator Moon, Representatives Paula Brown (70), Richard Brown (27), Reedy, and West. Senators Beck, Rizzo and Williams, and Representative Bosley were not in attendance.

Following roll call, Chair Hovis turned the meeting over to Executive Director Dean Dohrman to present the JCPER 2023 3rd Quarter report. Of the public pension defined benefit plans, 61 responded and were included in the report. Most of the plans showed positive returns. Representative Paula Brown (70) inquired about Berkley Fire and Police ROR (0%) and Wentzville Fire Protection District (-12.4% ROR). The director responded that both are within acceptable funding ratios, but that Wentzville FPD seems to have some large movements in ROR. As was the case in 2nd Quarter 2023, the market has not recorded a broad-based recovery, but the gains in equities continue to help most plans yield positive RORs.

The director also noted some news items contained in the packet. These included legislative updates from Congress and North Dakota concerning investments and defined benefit plans.

The chair then moved to action items. The committee discussed the need and cost of a new work station (lap top, docking station, and monitors) for the JCPER office as well as a high speed printer. After moderate discussion, the committee approved the purchases unanimously. The chair also brought forward the proposal to continue the part-time office position from last FY, but no action was taken at the meeting.

The meeting adjourned at 3:30 PM.

Dean Dohrman
Executive Director

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JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

3rd QUARTER MEETING
September 12, 2023
3:00 pm— Joint Committee Room, 117-A, State Capitol

AGENDA

Roll Call

Quarterly Investment Report

Action Items

Comments of the Chair

www.jcper.org

Joint Committee on Public Employee Retirement
2023 3rd Quarter Meeting

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Joint Committee on Public Employee Retirement
Quarterly Reports

2023 **Second Quarter** 09/05/2023

Pers 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	Comments
Affton FPD Retirement Plan	$15,190,100	$15,773,940	11.0% Net	8.1% Net	6.5% Net	6.5%	0%	see comment s%	5-9 5% 10-14 3.5% 15+ 2.5%
Berkeley Police & Fire Pension Fund	$15,788,795	$16,148,437	0% Net	0% Net	0% Net	6.25%	2.5%	5%	
Black Jack FPD Retirement Plan	$21,150,826	$21,591,420	4.53% Gross	-0.50% Gross	3.48% Gross	7.00%	2.75%	4.50%	
Bothwell Regional Health Center Retirement Plan	$45,195,968	$43,422,090	9.8% Net	7.5% Net	6.2% Net	7.5%	2.7%	3%	
Brentwood Police & Firemen's Retirement Fund	$46,990,877	$48,092,474	10.22% Net	4.12% Net	7.15% Net	7.00%	2.75%	4.50%	
Bridgeton Employees Retirement Plan	$38,495,098	$39,384,990	4.37% Net	12.28% Net	7.85% Net	7.25%	2.50%	3.50%	Net of fees includes all earnings, disbursements, fees and deposits. The Plan completed an experience study in October 2022. In January 2023, the Plan Trustees approved to adopt the recommended assumptions and methods to be effective beginning January 1, 2023. The City issued 2021B Taxable Special Obligation Bonds on May 20, 2021 to fund the net pension liability. The net pension payment after discounts and fees was $13,374,322.
Carthage Policemen's & Firemen's Pension Plan	$9,143,073	$9,428,784	10.08% Net	7.93% Net	7.39% Net	7.0%	2.2%	4.25%	
Central County Fire & Rescue Pension Plan	$35,455,894	$36,527,732	9.68% Net	8.82% Net	na% Net	6.75%	2.5%	4%	
Columbia Police and Firemens' Retirement Plan	$166,938,592	$173,091,510	11.01% Gross	7.80% Gross	6.76% Gross	6.25%	2.5%	2.75%	
Community FPD Retirement Plan	$36,015,971	$37,923,780	11.83% Net	16.77% Net	4.09% Net	7.5%	2.5%	4%	
Cottleville Community Fire Protection District Defined Benefit Pension Plan	$28,549,458	$29,603,567	11.41% Gross	7.86% Gross	7.53% Gross	6.5%	0%	4%	Custodian #1: Internal Rate of Return for Quarter 4.07%Custodian #2: Internal Rate of Return since Inception (6/13/23): -0.23%
County Employees Retirement Fund	$696,388,000	$717,521,000	9.05% Gross	8.90% Gross	7.56% Gross	7.25%	2.5%	2.5%	
Creve Coeur Employees Retirement Plan	$30,188,538	$30,511,215	9.0% Net	7.6% Net	6.3% Net	6.0%	2.35%	4.0%	Plan largely moved to cash and short-term bonds in June in anticipation of a year end transfer to LAGERS.
Creve Coeur FPD Retirement Plan	$20,650,601	$20,452,339	13.66% Net	N/A	N/A	6%	3%	4%	36 and 60 months rolling ROR numbers are not available due to the plan switching investment advisors.jladlie@retirementplanadvisors.com
Eureka FPD Retirement Plan	$16,540,511	$16,572,929	4.62% Gross	4.42% Gross	7.86% Gross	6.00%	2.75%	4.50%	
Florissant Valley FPD Retirement Plan	$34,833,894	$35,411,124	5.03% Net	-1.28% Net	2.03% Net	6.50%	2.50%	1.90%	

Pers 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	Comments
Hannibal Police & Fire Retirement Plan	$23,364,736	$23,742,938	12.0% Gross	10.4% Gross	8.4% Gross	7.0%	2.5%	3.5%	
Hazelwood Retirement Plan	$43,513,361	$45,585,405	10.01% Gross	6.64% Gross	6.07% Gross	7.5%	2.75%	4.5%	
High Ridge Fire Protection District Pension Plan	$7,651,010	$7,319,555	6.9% Net	6.9% Net	5.4% Net	6.5%	0%	0%	
Jackson County Employees Pension Plan	$334,771,200	$340,870,579	6.38% Gross	5.61% Gross	5.66% Gross	6.75%	2.5%	3% to 6%	
Joplin Police & Fire Pension Plan	$57,232,294	$59,756,780	8.94% Net	7.50% Net	7.31% Net	5.75%	2.5%	2.5%	
Kansas City Civilian Police Employees' Retirement System	$165,186,000	$167,188,000	4.73% Net	5.37% Net	5.08% Net	6.95%	2.50%	3.00%	
Kansas City Employees' Retirement System	$1,160,754,564	$1,172,857,055	8.28% Net	5.47% Net	4.86% Net	7.0%	2.5%	2.75 to 5.0%	
Kansas City Firefighter's Pension System	$604,392,000	$617,655,000	7.80% Gross	6.88% Gross	5.45% Gross	7.0%	2.5%	3.0 to 9.5%	
Kansas City Police Retirement System	$950,863,000	$959,409,000	4.81% Net	5.39% Net	5.04% Net	6.95%	2.50%	3.00%	
KC Area Transportation Authority Salaried Employees Pension Plan	$22,629,735	$23,291,552	11.78% Gross	7.93% Gross	6.77% Gross	7%	2.5%	4%	
KC Trans. Auth. Union Employees Pension Plan	$52,011,807	$52,825,768	9.7% Net	5.7% Net	4.7% Net	6.5%	2.5%	5.66%	
LAGERS Staff Retirement Plan	$22,855,841	$26,687,502	6.42% Net	5.35% Net	4.53% Net	5.5%	2.5%	3.25%	
Little River Drainage Dist Retirement Plan	$2,004,280	$2,057,451	4.51% Gross	4.07% Gross	5.18% Gross	5.0%	0%	3.5%	The rolling asset rate of returns are as of 7-31-23
Local Government Employees Retirement System	$10,243,458,352	$10,351,883,705	4.34% Net	10.33% Net	7.89% Net	7%	2.5%	3.25%	
Metro West FPD Retirement Plan	$68,482,398	$71,778,653	10.80% Net	7.60% Net	6.80% Net	0%	0%	0%	
Mid-County FPD Retirement Plan	$3,534,935	$3,718,361	13.98% Net	4.21% Net	6.57% Net	6.00%	2.75%	4.50%	
Missouri Higher Education Loan Authority Supplemental Pension Plan	$70,995,520	$75,143,325	10.72% Net	5.50% Net	5.23% Net	6.75%	2.25%	4.5%	
Missouri State Employees Retirement System	$8,804,270,891	$8,716,001,366	2.53% Net	5.65% Net	5.23% Net	6.95%	2.25%	2.75%	
MoDOT & Highway Patrol Employees' Retirement System	$3,209,278,429	$3,275,163,126	8.88% Net	13.97% Net	9.50% Net	6.5%	2.25%	3.00%	
North Kansas City Policemen's & Firemen's Retirement Fund	$63,429,387	$65,790,017	9.4% Gross	7.6% Gross	6.9% Gross	6.5%	4.0%	1.2%	
O'Fallon FPD Retirement Plan	$20,486,766	$20,981,809	10.63% Net	N/A	N/A	7%	2.5%	4%	Plan has only been around since 01/01/2022. No 36 or 60 month ROR available. jladlie@retirementplanadvisors.com
Olivette Salaried Employees' Retirement Plan	$21,761,536	$22,149,136	7.4% Net	7.2% Net	5.9% Net	7.0%	5.93%	4.0%	
Overland Non-uniform Pension Fund	$12,131,000	$12,587,000	11.51% Net	6.74% Net	5.60% Net	6.75%	2.5%	3.5%	
Overland Police Retirement Fund	$13,154,000	$13,698,000	12.29% Net	7.45% Net	6.00% Net	6.75%	2.5%	3.5%	

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

Pers 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	Comments
Pattonville Fire Protection District	$44,677,037	$47,547,959	10.36% Net	15.88% Net	5.62% Net	7.75%	2.5%	2.5%	
Poplar Bluff Police & Fire Pension Plan	$13,184,020	$13,610,133	11.09% Net	11.09% Net	11.09% Net	6.00%	2.40%	3.00%	RoR provided for the previous 12 months only from Principal.
Prosecuting Attorneys' Retirement System	$52,011,456	$53,453,055	9.95% Net	5.81% Net	4.81% Net	7.0%	2.0%	3.5%	The first half of 2023 has been positive for markets, driven by better-than-expected earnings, decelerating inflation, and growing optimism that the Federal Reserve may dial back its interest rate hikes while engineering a soft landing that avoids a recession. U.S. stocks continued their leadership position as the S&P 500 gained 16%.Notably, ten stocks in the S&P accounted for over 90% of the gain led by large-cap technology. The overall market was less ebullient, with the equal-weighted S&P higher by 7%. Portfolios also benefited from gains in bonds with the U.S. Aggregate bond index up 2.1%.
Public Education Employees' Retirement System	$6,212,750,443	$6,376,576,523	6.4% Net	10% Net	8.1% Net	7.3%	2%	2.5%	Note: Time-weighted RoR's are partially "Net of Fees." The System is concerned about providing quarterly asset value information without corresponding liability information, which is not possible to provide on a quarterly basis. PSRS will not have liability information except annually following the completion of actuarial valuations at the close of systems' fiscal year. Though the valuations are dated effective June 30 each year, they are not finalized until fall. The Systems normally have our actuarial valuations completed and the valuation reports presented by the end of October each year.
Public School Retirement System	$47,543,681,498	$48,611,813,007	6.4% Net	10% Net	8.1% Net	7.3%	2%	2.25%	Note: Time-weighted RoR's are partially "Net of Fees." The System is concerned about providing quarterly asset value information without corresponding liability information, which is not possible to provide on a quarterly basis. PSRS will not have liability information except annually following the completion of actuarial valuations at the close of systems' fiscal year. Though the valuations are dated effective June 30 each year, they are not finalized until fall. The Systems normally have our actuarial valuations completed and the valuation reports presented by the end of October each year.
Raytown Policemen's Retirement Fund	$9,624,944	$9,820,715	12.9% Gross	9.14% Gross	7.20% Gross	7.0%	2.5%	N/A	
Richmond Heights Police & Fire Retirement Plan	$64,224,474	$66,398,440	12.35% Net	7.19% Net	-5.45&% Net	6%	2.5%	4.%	
Rock Community FPD Retirement Plan	$23,857,967	$25,885,207	10.8% Net	8.7% Net	6.7% Net	7.0%	0%	3.0%	

Pers 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	Comments
Saline Valley Fire Protection District Retirement Plan	$5,058,520	$5,293,622	11.1% Gross	8.0% Gross	7.1% Gross	7%	2.5%	2.5%	The above information was provided by EPIC Retirement Plan Services, the Plan's discretionary investment provider. EPIC (formerly known as ABG) began providing investment provider services for the plan as of August 2017.
Sedalia Firemen's Retirement Fund	$7,445,727	$7,505,762	11.0% Gross	9.8% Gross	8.0% Gross	7.0%	2.0%	3.0%	
Sheriff's Retirement System	$37,689,459	$37,060,485	6.21% Gross	8.23% Gross	6.07% Gross	7%	2.5%	2.5%	
St. Joseph Policemen's Pension Fund	$36,093,718	$37,218,310	11.67% Gross	16.75% Gross	-6.37% Gross	5%	2%	3%	
St. Louis County Employees Retirement Plan	$812,944,204	$829,979,505	8.64% Net	7.59% Net	6.40% Net	7.25%	2.5%	5.0%	Salary/Wage Inflation Assumption: The County has separate salary/wage assumptions for civilian and police. The separate annual salary increase assumptions are 4.9% (civilian) and 5.4% (police). Given the form requires a single number we used 5%.Contact E-mail: cvehlewald@stlouiscountymo.gov (Note that the contact e-mail box below does not allow for full e-mail address to be provided)Ending Quarterly Market Value: The number was obtained from the County's internal monthly financial statements for the period ended March 31, 2023. These numbers are unaudited.
St. Louis County Library Dist Empl Pension Plan	$55,188,695	$60,554,510	10.91% Net	6.37% Net	5.86% Net	6.75%	2.5%	3.5%	
St. Louis Employees Retirement System	$796,632,705	$813,530,793	8.7% Gross	7.4% Gross	5.6% Gross	7.25%	2.5%	3%	
St. Louis Police Retirement System	$813,882,227	$819,103,947	8.5% Net	8.5% Net	6.4% Net	7.0%	3.0%	3.0%	
St. Louis Public School Retirement System	$819,186,848	$819,541,353	7.91% Net	7.66% Net	5.61% Net	7.0%	2.5%	3.5% /5.0%	
University City Non-uniformed Retirement Plan	$27,977,472	$29,041,062	14.6% Gross	10.3% Gross	7.7% Gross	6.5%	3.0%	3.0%	
University City Police & Fire Retirement Fund	$24,317,034	$24,935,534	14.4% Gross	10.6% Gross	7.6% Gross	6.5%	3.0%	3.0%	
Valley Park FPD Retirement Plan	$8,806,940	$9,558,992	15.3% Net	9.0% Net	8.55% Net	7%	2%	4%	
Wentzville Fire Protection District Pension Plan	$13,019,911	$13,309,099	-12.4% Gross	3.3% Gross	0% Gross	5.25%	2%	4%	Time-weighted rate of return of January 1, 2023. Actuarial valuation report April 2023. Time-weighted 36 (based on 2020-2022). Price inflation GASB Nos 67 &68. Reported by Nyhart. AI is not included in totals. Fidelity Statements 4-1-2023-6-30-2023
Records Count: 61	**$84,657,984,537**	**$86,131,336,427**							

2nd Quarter ROR Earnings from Largest to Smallest

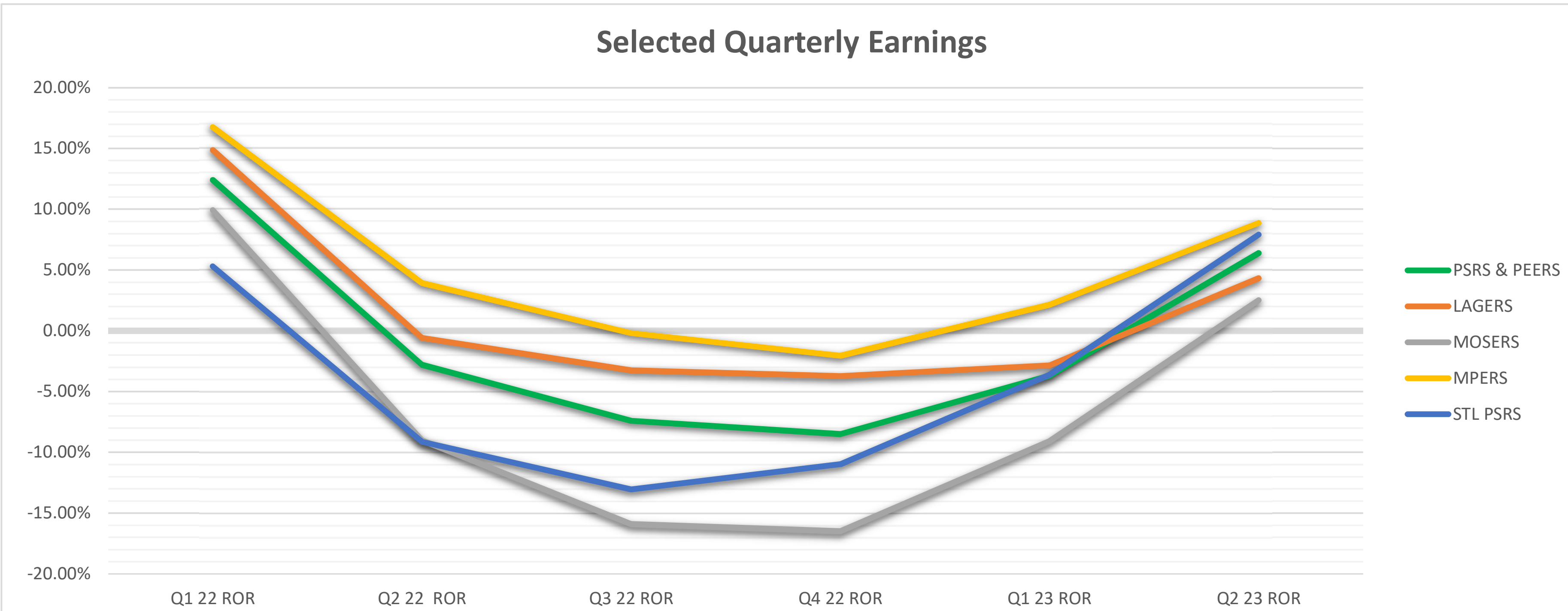
PERS Name	Begin Mkt Value	End Mkt Value	ROR12	ROR36	ROR60	RORInv	PriceInfAssump	SalWageInfAssump
Valley Park FPD Retirement Plan	8806940	9558992	15.30%	9.00%	8.55%	7%	2%	4%
University City Non-uniformed Retirement Plan	27977472	29041062	14.60%	10.30%	7.70%	6.50%	3.00%	3.00%
University City Police & Fire Retirement Fund	24317034	24935534	14.40%	10.60%	7.60%	6.50%	3.00%	3.00%
Mid-County FPD Retirement Plan	3534935	3718361	13.98%	4.21%	6.57%	6.00%	2.75%	4.50%
Creve Coeur FPD Retirement	20650601	20452339	13.66%	N/A%	N/A%	6%	3%	4%
Raytown Policemen's Retirement	9624944	9820715	12.90%	9.14%	7.20%	7.00%	2.50%	N/A%
Richmond Heights Police & Fire Retirement Plan	64224474	66398440	12.35%	7.19%	-5.45&%	6%	2.50%	4.00%
Overland Police Retirement Fund	13154000	13698000	12.29%	7.45%	6.00%	6.75%	2.50%	3.50%
Hannibal Police & Fire	23364736	23742938	12.00%	10.40%	8.40%	7.00%	2.50%	3.50%
Community FPD Retirement Plan	36015971	37923780	11.83%	16.77%	4.09%	7.50%	2.50%	4%
KC Area Transportation Authority Salaried Employees	22629735	23291552	11.78%	7.93%	6.77%	7%	2.50%	4%
St. Joseph Policemen's Pension	36093718	37218310	11.67%	16.75%	-6.37%	5%	2%	3%
Overland Non-uniform Pension	12131000	12587000	11.51%	6.74%	5.60%	6.75%	2.50%	3.50%
Cottleville Community Fire Protection District Defined	28549458	29603567	11.41%	7.86%	7.53%	6.50%	0%	4%
Saline Valley Fire Protection District Retirement Plan	5058520	5293622	11.10%	8.00%	7.10%	7%	2.50%	2.50%
Poplar Bluff Police & Fire Pension	13184020	13610133	11.09%	11.09%	11.09%	6.00%	2.40%	3.00%
Columbia Police and Firemens' Retirement Plan	166938592	173091510	11.01%	7.80%	6.76%	6.25%	2.50%	2.75%
Affton FPD Retirement Plan	15190100	15773940	11.00%	8.10%	6.50%	6.50%	0%	see comments%
Sedalia Firemen's Retirement	7445727	7505762	11.00%	9.80%	8.00%	7.00%	2.00%	3.00%
St. Louis County Library Dist Empl Pension Plan	55188695	60554510	10.91%	6.37%	5.86%	6.75%	2.50%	3.50%
Metro West FPD Retirement Plan	68482398	71778653	10.80%	7.60%	6.80%	0%	0%	0%
Rock Community FPD Retirement	23857967	25885207	10.80%	8.70%	6.70%	7.00%	0%	3.00%
Missouri Higher Education Loan Authority Supplemental Pension	70995520	75143325	10.72%	5.50%	5.23%	6.75%	2.25%	4.50%
O'Fallon FPD Retirement Plan	20486766	20981809	10.63%	N/A%	N/A%	7%	2.50%	4%

PERS Name	Begin Mkt Value	End Mkt Value	ROR12	ROR36	ROR60	RORInv	PriceInfAssump	SalWageInfAssump
Pattonville Fire Protection District	44677037	47547959	10.36%	15.88%	5.62%	7.75%	2.50%	2.50%
Brentwood Police & Firemen's Retirement Fund	46990877	48092474	10.22%	4.12%	7.15%	7.00%	2.75%	4.50%
Carthage Policemen's & Firemen's Pension Plan	9143073	9428784	10.08%	7.93%	7.39%	7.00%	2.20%	4.25%
Hazelwood Retirement Plan	43513361	45585405	10.01%	6.64%	6.07%	7.50%	2.75%	4.50%
Prosecuting Attorneys' Retirement System	52011456	53453055	9.95%	5.81%	4.81%	7.00%	2.00%	3.50%
Bothwell Regional Health Center Retirement Plan	45195968	43422090	9.80%	7.50%	6.20%	7.50%	2.70%	3%
KC Trans. Auth. Union Employees Pension Plan	52011807	52825768	9.70%	5.70%	4.70%	6.50%	2.50%	5.66%
Central County Fire & Rescue Pension Plan	35455894	36527732	9.68%	8.82%	na%	6.75%	2.50%	4%
North Kansas City Policemen's & Firemen's Retirement Fund	63429387	65790017	9.40%	7.60%	6.90%	6.50%	4.00%	1.20%
County Employees Retirement Fund	696388000	717521000	9.05%	8.90%	7.56%	7.25%	2.50%	2.50%
Creve Coeur Employees Retirement Plan	30188538	30511215	9.00%	7.60%	6.30%	6.00%	2.35%	4.00%
Joplin Police & Fire Pension Plan	57232294	59756780	8.94%	7.50%	7.31%	5.75%	2.50%	2.50%
MoDOT & Highway Patrol Employees' Retirement System	3209278429	3275163126	8.88%	13.97%	9.50%	6.50%	2.25%	3.00%
St. Louis Employees Retirement System	796632705	813530793	8.70%	7.40%	5.60%	7.25%	2.50%	3%
St. Louis County Employees Retirement Plan	812944204	829979505	8.64%	7.59%	6.40%	7.25%	2.50%	5.00%
St. Louis Police Retirement System	813882227	819103947	8.50%	8.50%	6.40%	7.00%	3.00%	3.00%
Kansas City Employees' Retirement System	1160754564	1172857055	8.28%	5.47%	4.86%	7.00%	2.50%	2.75 to 5.0%
St. Louis Public School Retirement System	819186848	819541353	7.91%	7.66%	5.61%	7.00%	2.50%	3.5%/5.0%
Kansas City Firefighter's Pension System	604392000	617655000	7.80%	6.88%	5.45%	7.00%	2.50%	3.0 to 9.5%

PERS Name	Begin Mkt Value	End Mkt Value	ROR12	ROR36	ROR60	RORInv	PriceInfAssump	SalWageInfAssump
Olivette Salaried Employees' Retirement Plan	21761536	22149136	7.40%	7.20%	5.90%	7.00%	5.93%	4.00%
High Ridge Fire Protection District Pension Plan	7651010	7319555	6.90%	6.90%	5.40%	6.50%	0%	0%
LAGERS Staff Retirement Plan	22855841	26687502	6.42%	5.35%	4.53%	5.50%	2.50%	3.25%
Public School Retirement System	47543681498	48611813007	6.40%	10%	8.10%	7.30%	2%	2.25%
Public Education Employees' Retirement System	6212750443	6376576523	6.40%	10%	8.10%	7.30%	2%	2.50%
Jackson County Employees Pension Plan	334771200	340870579	6.38%	5.61%	5.66%	6.75%	2.50%	3% to 6%
Sheriff's Retirement System	37689459	37060485	6.21%	8.23%	6.07%	7%	2.50%	2.50%
Florissant Valley FPD Retirement Plan	34833894	35411124	5.03%	-1.28%	2.03%	6.50%	2.50%	1.90%
Kansas City Police Retirement System	950863000	959409000	4.81%	5.39%	5.04%	6.95%	2.50%	3.00%
Kansas City Civilian Police Employees' Retirement System	165186000	167188000	4.73%	5.37%	5.08%	6.95%	2.50%	3.00%
Eureka FPD Retirement Plan	16540511	16572929	4.62%	4.42%	7.86%	6.00%	2.75%	4.50%
Black Jack FPD Retirement Plan	21150826	21591420	4.53%	-0.50%	3.48%	7.00%	2.75%	4.50%
Little River Drainage Dist Retirement Plan	2004280	2057451	4.51%	4.07%	5.18%	5.00%	0%	3.50%
Bridgeton Employees Retirement Plan	38495098	39384990	4.37%	12.28%	7.85%	7.25%	2.50%	3.50%
Local Government Employees Retirement System	10243458352	10351883705	4.34%	10.33%	7.89%	7%	2.50%	3.25%
Missouri State Employees Retirement System	8804270891	8716001366	2.53%	5.65%	5.23%	6.95%	2.25%	2.75%
Berkeley Police & Fire Pension Fund	15788795	16148437	0%	0%	0%	6.25%	2.50%	5%
Wentzville Fire Protection District Pension Plan	13019911	13309099	-12.40%	3.30%	0%	5.25%	2%	4%

Top 10 Largest Plans and ROR Earnings for 2nd Quarter 2023

PERS Name	Begin Mkt Value	End Mkt Value	ROR12	ROR36	ROR60	RORInv	PriceInfAssump	SalWageInfAssump
Public School Retirement System	$ 47,543,681,498	$ 48,611,813,007	6.40%	10%	8.10%	7.30%	2%	2.25%
Local Government Employees Retirement	$ 10,243,458,352	$ 10,351,883,705	4.34%	10.33%	7.89%	7%	2.50%	3.25%
Missouri State Employees Retirement System	$ 8,804,270,891	$ 8,716,001,366	2.53%	5.65%	5.23%	6.95%	2.25%	2.75%
Public Education Employees' Retirement System	$ 6,212,750,443	$ 6,376,576,523	6.40%	10%	8.10%	7.30%	2%	2.50%
MoDOT & Highway Patrol Employees' Retirement	$ 3,209,278,429	$ 3,275,163,126	8.88%	13.97%	9.50%	6.50%	2.25%	3.00%
Kansas City Employees' Retirement System	$ 1,160,754,564	$ 1,172,857,055	8.28%	5.47%	4.86%	7.00%	2.50%	2.75 to 5.0%
Kansas City Police Retirement System	$ 950,863,000	$ 959,409,000	4.81%	5.39%	5.04%	6.95%	2.50%	3.00%
St. Louis County Employees Retirement Plan	$ 812,944,204	$ 829,979,505	8.64%	7.59%	6.40%	7.25%	2.50%	5.00%
St. Louis Public School Retirement System	$ 819,186,848	$ 819,541,353	7.91%	7.66%	5.61%	7.00%	2.50%	3.5%/5.0%
St. Louis Police Retirement System	$ 813,882,227	$ 819,103,947	8.50%	8.50%	6.40%	7.00%	3.00%	3.00%


Selected Quarterly Earnings
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
Q1 22 ROR
Q2 22 ROR
Q3 22 ROR
Q4 22 ROR
Q1 23 ROR
Q2 23 ROR
PSRS & PEERS
LAGERS
MOSERS
MPERS
STL PSRS

News and Updates

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Fitch Downgrades U.S. Credit Rating

August 2, 2023 • Kathy Jones

The surprise move takes the rating to AA+ from AAA.

In a surprise move on August 1st, credit rating agency Fitch Ratings downgraded U.S. Treasuries to AA+ from AAA.[1] Fitch's explanation for the downgrade was that it "reflects the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to AA and AAA rated peers over the last two decades that has manifested in repeated debt-limit standoffs and last-minute resolutions."

A few key points:

- This is not about the **ability** of the U.S. to service its debt. It's about the **willingness** to service the debt. Fitch had warned during the debt-ceiling standoff earlier this year that it was considering a downgrade because a country refusing to pay its debts in a timely way was not entitled to a AAA rating. It is the same reasoning used by Standard & Poor's rating agency in 2011 when it downgraded U.S. debt to AA+ from AAA. Moody's Investors Service still rates the U.S. as Aaa. We don't expect the downgrade to affect many investments, because few require AAA ratings.

- The timing seems odd because it is well after the debt-ceiling standoff was resolved and the U.S. economy is growing at a healthy pace. However, Fitch is looking at the upcoming budget battle in Washington this fall and

anticipating the potential for another government shutdown if Congress can't come to some agreement. This could weigh on economic growth and reduce tax revenues.

- Fitch is considered the third-ranked rating agency and therefore, has less influence on the market than S&P or Moody's. That may mitigate some of the impact of the decision.

- Rising deficits and the ratio of debt to gross domestic product (GDP) is a concern over the longer run. The combination of tax cuts, followed by sharp spending increases during and after the pandemic has pushed the deficit and debt/GDP higher during the past few years. With the Fed hiking interest rates, the cost of servicing the debt is rising. Fitch projects the U.S. debt/GDP ratio to rise to 118% by 2025, which is significantly higher than the average for AAA rated countries.

- **However,** the U.S. **has the ability** to service the debt, even at higher interest rates. The economy is growing at a solid pace and foreign capital inflows continue to be strong. There is currently no reason to worry that the U.S. will default on its debt.

The initial move in the Treasury futures market was small, but yields have moved higher due to a combination of factors. The Treasury has announced larger-than-expected auctions of notes and bonds to make up for lack of issuance during the debt-ceiling standoff. In addition, the recent move by the Bank of Japan to begin the exit of yield-curve control raises concerns about the country's appetite for U.S. Treasuries. As a net creditor nation, Japan is a major investor in U.S. Treasuries. With their bond yields rising, there may be less demand for U.S. Treasuries at a time when issuance is rising.

In 2011 when S&P downgraded U.S. debt, yields fell over the subsequent few months because the economy was softening, inflation was declining, and yields were falling in other global markets. The European debt crisis was in the news, lending support to U.S. Treasuries as a safe haven. This time around central banks are hiking rates in most developed markets, creating a more challenging backdrop.

What investors can consider now

There is no question that U.S. Treasuries are still safe investments. The Fitch decision is highlighting long-term political issues that are preventing the government from coming to an agreement to slow the growth in debt/GDP. Nonetheless, there is still no substitute for U.S. Treasuries in the global economy. The U.S. market is still the largest, most liquid and safest in the world. Investors should not overreact to this announcement. There is no reason to alter a financial plan based on this decision.

[1] Fitch's investment-grade rating scale is AAA, AA, A, and BBB and the sub-investment-grade scale is BB, B, CCC, CC, and C. The Moody's investment grade rating scale is Aaa, Aa, A, and Baa, and the sub-investment grade scale is Ba, B, Caa, Ca, and C. Standard and Poor's investment grade rating scale is AAA, AA, A, and BBB and the sub-investment-grade scale is BB, B, CCC, CC, and C. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

More from Charles Schwab

CREDIT SUMMARY

Missouri, State of (MO) [General Government]

US Public Finance/Global / North America/United States

EU Endorsed. UK Endorsed: Solicited by or on behalf of the issuer (sell side)

01 Ratings

RATING	ACTION	DATE	TYPE
AAA	Review - No Action	30-Sep-2022	Long Term Issuer Default Rating

KEY RATING FACTORS

Revenue Framework	aa
Expenditure Framework	aaa
Long-Term Liability Burden	aaa
Operating Performance	aaa

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Parson vetoes crime package

Measure included ban on celebratory gunfire

BY KURT ERICKSON AND JACK SUNTRUP
St. Louis Post-Dispatch

JEFFERSON CITY — Gov. Mike Parson vetoed legislation Thursday that would have banned celebratory gunfire in Missouri, dealing another blow to gun control efforts in the state.

His action came as he signed the remaining bills sent to him by lawmakers in May, including a tax break for senior citizens that counties say could severely impact their budgets. Also on the books beginning Aug. 28 is a long-sought ban on texting while driving.

Parson said he vetoed a wide-ranging package of crime laws over one provision that would expand the qualifications for restitution from those who are exonerated for crimes they did not commit. It also increases the restitution amount by more than 75%.

Parson said he killed the measure, brokered and sponsored by Sen. Tony Luetkemeyer, R-Parkville, because of the increased costs.

"Governor Parson does not believe every taxpayer across the State should be responsible for prosecutorial errors made at the local level," his office wrote in a veto message to the General Assembly.

The veto means a separate provision of Senate Bill 189, known as "Blair's Law," also will not go into effect.

The proposal, one of the few gun-related bills to make it to Parson's desk, is aimed at stopping the practice of people shooting bullets into the air, including on New Year's Day, July Fourth and after other events.

It is named after Blair Shanahan, who was killed by a stray bullet during a 2011 backyard barbecue in Kansas City.

Parson said he favors Blair's Law.

"SB 189 contains many public safety measures that we support and would like to sign into law, including Blair's Law, Max's Law, increased penalties for violent repeat offenders and gun crimes, and strengthening the public defender system," Parson said. "However, in this case, these unintended consequences unfortunately outweigh the good. Missourians know I am a law and order Governor and that improving public safety is a cornerstone of our administration, but I cannot sign this bill with these provisions as they are currently written."

In a late afternoon news dump, Parson said he signed 31 other pieces of legislation, ranging from Senate Bill 190, which will allow counties to freeze property tax increases for senior citizens eligible for Social Security, and Senate Bill 45, which extends postpartum Medicaid coverage for new moms from 60 days to a full year.

The Social Security tax freeze measure will cost counties millions of dollars when it goes into effect, according to an analysis by the state Legislature's research division.

The plan aims to stop property tax increases for eligible seniors. Counties would have the option

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Parson

From A1

to adopt the measure, but they would face losing millions of dollars in tax revenue depending on the number of senior homeowners.

Under the new law, a senior could get the tax break if they are eligible for Social Security retirement benefits, own a home and are required to make tax payments on that home. A county can put it in place with an ordinance or by voter approval.

Counties had raised significant concerns about their potential revenue losses, but Parson sided with the Republican-controlled Legislature.

Parson also signed Senate Bill 94, which greenlights tax credits for the entertainment industry in Missouri, as well as Senate Bill 106, which includes a program to fund medical residencies in an effort to address the state's physician shortage.

Parson also signed Senate Bill 186, which will end residency requirements for all city employees.

The measure is designed to enhance recruiting in a department that has seen high turnover and vacancy rates amid major concerns about homicides and gun violence in the city.

And Parson signed Senate Bill 398, allowing car buyers to pay sales tax at the dealership rather than at license offices.

The veto of the crime bill could become fodder for September's annual veto session, where lawmakers consider whether to override the governor's decisions. It is rare, however, for a GOP-controlled House and Senate to overturn the Republican governor's decisions.

Parson also vetoed a $550 million slice of the state budget on June 30, leaving some lawmakers grumbling about the loss of projects in their districts.

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Anti-ESG Legislation

By: Tony Roda, Partner, Williams & Jensen

Photo illustrator © 2023 Shutterstock.com

On July 27, the last day the House was in session prior to the August recess, the Financial Services Committee approved on party line votes four bills designed to fulfill its promise of moving an anti-ESG slate of legislation through the House this year. The bills are expected to be considered on the House floor as early as September. Following are descriptions of the legislation.

H.R. 4655 would prohibit the Securities and Exchange Commission (SEC) from compelling the inclusion or discussion of shareholder proposals, proxy, or solicitation materials. The authors of the bill argue that these decisions are properly a matter of state law, and the SEC should be prohibited from intervening in those decisions.

H.R. 4767 would revise SEC regulations to provide that an issuer may exclude shareholder proposals that are substantially the same subject matter as a proposal or proposals previously included in proxy or consent solicitations, and may specifically reject any shareholder proposal on an ESG issue. For purposes of the "S" (Social) in ESG, the bill states that such a proposal may be excluded regardless of whether it is a significant social policy issue. This 50-page bill contains numerous additional provisions, including new registration requirements for proxy advisory firms. In part, that provision would require proxy advisory firms to disclose their procedures and methodologies in order to ensure their recommendations are in the best economic interests of the ultimate shareholders. The advisory firm also would be required to provide a description of any conflicts of interest that may arise due to its ownership structure.

H.R. 4790 is designed to forestall the SEC from implementing regulations that would require certain climate-related disclosures. This legislation is in response to a proposed rule issued by the SEC in March 2022 that, in general, would require registrants to disclose in their registration statements and periodic reports climate-related risks that are material to their business, operations, or financial condition. In response, H.R. 4790 would require that whenever there is an SEC rulemaking regarding disclosure obligations the Commission shall expressly provide that an issuer is only required to disclose information in response to such disclosure obligations to the extent the issuer has determined that such information is material with respect to a voting or investment decision regarding the securities of such issuer.

Finally, H.R. 4823 would prohibit the Federal Reserve, Comptroller of the Currency, Federal Deposit Insurance Corporation, Housing Finance Administration, and the National Credit Union Administration from implementing a non-binding recommendation from the Financial Stability Oversight Council (FSOC) or contained in an Executive Order, unless the head of the specific agency first notifies the House Financial Services Committee and the Senate Banking Committee that the agency intends to implement the recommendation, its justification for implementation, and provides testimony to the Congressional Committees if requested. In addition, if a regulation would have a $10 billion economic impact over 10 years, these same federal agencies would be prohibited from proposing or finalizing that regulation if it aligns or conforms with a recommendation from an international non-governmental organization, including FSOC, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Commission on Banking Supervisors, unless the federal agency provides the two Congressional Committees with notice, testimony, and detailed projections of economic costs, sectoral effects, impact on availability of credit, gross domestic product, and employment. The same agencies also would be required to keep contemporaneous records on their interactions with these international groups and report annually to the Committees on the interactions.

Given the political composition of the 118th Congress, this raft of partisan, anti-ESG, House Republican legislation will not gain traction in the Democratic-controlled Senate. However, the proposals and ideas will remain on the shelf for future Congresses to consider if the political will is there.

One additional item that needs to be mentioned is the investigation being spearheaded by House Judiciary Committee Chairman Jim Jordan (R-OH) on potential antitrust violations by money managers, institutional investors, financial institutions, and climate action groups on investment actions related to climate change. Chairman Jordan has issued a series of investigatory letters and subpoenas to these entities and the Committee Members and staff will review the responses in the coming months.

Please know that NCPERS will keep its members up to date on significant developments in this area.

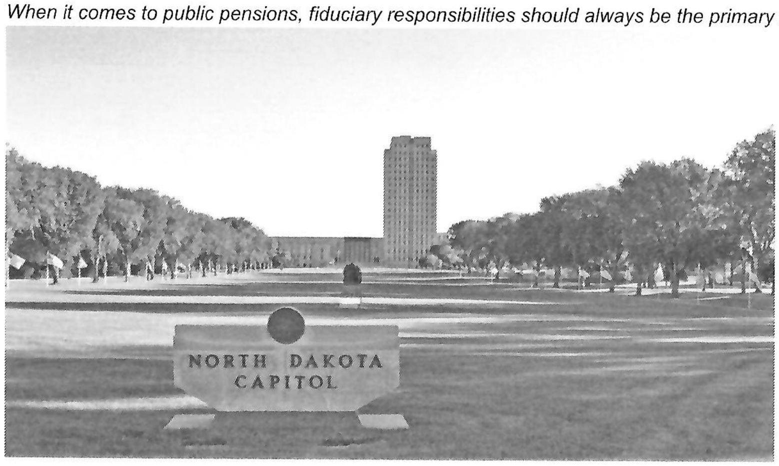
__Tony Roda__ is a partner at the Washington, D.C. law and lobbying firm __Williams & Jensen__ where he specializes in legislative, regulatory, and fiduciary matters affecting state and local pension plans. He represents the National Conference on Public Employee Retirement Systems and state-wide, county, and municipal pension plans in California, Colorado, Georgia, Kentucky, Ohio, Tennessee, and Texas. He has an undergraduate degree in government and politics from the University of Maryland, J.D. from the Catholic University of America, and LL.M (tax law) from the Georgetown University Law Center.

Blog

Politics and Pension Governance: What's Happening in North Dakota?

By: admin **On**: 08/07/2023 13:33:24 **In:** Pension Defense **Comments**: 0

When it comes to public pensions, fiduciary responsibilities should always be the primary goal, not politics.



By: Bridget Early, Director of Membership & Strategic Alliances, NCPERS

Earlier this year, state lawmakers passed and Gov. Doug Burgum signed into law two major bills that will cause significant changes to the North Dakota Public Employee Retirement System (NDPERS). The first, HB 1040, levies significant costs to the North Dakota taxpayers and threatens the state's ability to recruit and retain employees. The second, included in the state's budget bill, stacks the board of trustees with lawmakers. Both changes are cause for concern for how lawmakers and public pension systems interact.

HB 1040, which closes NDPERS' defined benefit plan to new employees beginning in 2025, was lawmakers' 'solution' to the systems' $1.9 billion unfunded liability. It is considered the most expensive bill passed in the state's history with an estimated price tag of nearly $5 billion over the next 30 years. Closing the system to new employees means a loss of dollars from their contributions, and the dollars needed to fully fund the system and pay out benefits is now passed off to the taxpayers.

This is yet another example of the dangers of relying on funding ratios as the sole measure of pension health. Funding ratios only convey a one-dimensional, single point-in-time measurement and do not provide trends and other important context. In the case of HB 1040, policymakers' flawed analysis of the health of NDPERS will have long-lasting implications for thousands of North Dakotan public servants and their families. It also makes the state a less attractive employer, which will make it harder to recruit and retain employees. States such as Alaska and West Virginia experienced these issues firsthand when closing their defined benefit plan.

In addition to the challenges the system will face trying to ensure there is enough funding to pay out plan participants, the legislature moved to make significant changes to the board makeup that defy governance best practices. As part of the state's budget bill, four of the 11 board members are now state lawmakers appointed solely by the majority leaders of the House and Senate. For comparison, only three are elected by active participating members of NDPERS.

In the case of North Dakota, can a board member serve the legislative branch as a state lawmaker and the executive branch as an appointee to the NDPERS board without violating the separation of powers held in the state's constitution? That is what is at the center of a lawsuit brought to the state's Supreme Court by the NDPERS board. Good governance practices are imperative to plan health. When several board appointees have a duty to one branch of government, sitting on a board for another branch creates a conflict of interest that puts the fund at fiduciary risk.

The intersection between pension funds and lawmakers will always exist. What is vital is that these systems work together to drive solutions that protect the health of the fund and not the ideological views of elected officials. When it comes to public pensions, fiduciary responsibilities should always be the primary goal, not politics.

Comments

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