

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
FIRST QUARTER MEETING
February 22, 2021

The Joint Committee on Public Employee Retirement (JCPER) held its first quarter meeting on Monday, February 22, 2021 at 1:00pm in the Joint Committee Room (Room 117) in the State Capitol. The meeting was livestreamed via the House and Senate websites. Chair Pike called the meeting to order.

The first item on the agenda was roll call. JCPER members in attendance were: Representatives Bosley, Paula Brown (70), Richard Brown (27), Hovis, Pike, and Reedy and Senators Beck, Bernskoetter, Koenig and Moon. Senators Rizzo and Williams were not in attendance.

Following the roll call, Chair Pike asked the JCPER members to introduce themselves. The members introduced themselves.

Next, Chair Pike led the JCPER in electing a chair and vice chair. She opened nominations for chair. Rep. Paula Brown (70) nominated Rep. Pike. Rep. Richard Brown (27) seconded the nomination. Hearing no other nominations, Rep. Bosley moved to close nominations and to vote on the nomination by acclamation. Senator Beck seconded her nomination. The committee adopted the motion by acclamation. Chair Pike opened nominations for vice chair. Senator Bernskoetter nominated Senator Koenig. Rep. Hovis seconded the nomination. Chair Pike moved that nominations cease. Rep. Bosley seconded. Nominations ceased. The motion passed by acclamation. Representative Pike announced that the JCPER had elected her as chair and Senator Koenig as vice chair.

Chair Pike turned the meeting over to Executive Director Michael Ruff to present the JCPER 2021 annual report for plan year 2019. The JCPER surveyed 126 public pension plans. The Director noted that for defined benefit plans, the plan year 2019 aggregate plan liabilities equaled \$99.04 billion, actuarial value of assets equaled \$79.21 billion, and market value of assets equaled \$78.86 billion. The number of active members and inactive members both increased from plan year 2018. The number of inactive members continued to exceed the number of actives. Overall investment revenue for 2019 was positive but not as high as in plan years 2017 and 2018. The Director discussed how some plans have adjusted their actuarial assumptions, including lowering their assumed rate of return for investments and updating mortality tables. A few plan sponsors made changes to their pension plans throughout the year.

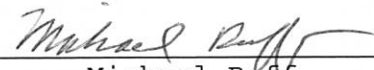
The next item was an update on the litigation relating to the Sheriffs' Retirement System. The Director provided a brief history of the litigation and stated that the parties continue to file briefs with the Missouri Supreme Court. The Court has granted both parties extensions of time to file briefs.

The JCPER moved to quarterly investment reporting. The most recent information is as of the end of fourth quarter 2020. Twelve month investment returns are largely positive with some plans reporting double digit returns. These returns are an improvement from returns at the end of first quarter 2020, which were largely negative.

The next agenda item was procurement action plans for utilization of minority and women money managers, brokers, and investment counselors. The Director explained that three statutes require public retirement systems to develop a procurement action plan or affirmative action plan for utilization of minority and women money managers, brokers, and investment counselors and provide an annual progress report to the JCPER and the Governor's Minority Advocacy Commission. The JCPER reviewed five annual progress reports.

The final order of business was comments of the chair. Chair Pike reviewed possible future meeting dates for 2021: second quarter meeting before the end of session, third quarter meeting at veto session, and fourth quarter meeting on December 1 (pre-filing day).

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



Michael Ruff
Executive Director

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

**1st QUARTER MEETING
February 22, 2021
1pm— Joint Committee Room (Room 117), State Capitol**

AGENDA

Roll Call

Introduction of JCPER members

Action Item: Election of Chair and Vice-Chair

Presentation of 2021 Annual Report for Plan Year 2019

Update on litigation relating to Sheriffs' Retirement System

Quarterly Investment Reporting

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

Comments of the Chair

Joint Committee on Public Employee Retirement
Chairman History

Biennial Assembly	Chairman
2019-	Representative Patricia Pike
2017-2018	Senator Rob Schaaf
2015-2016	Representative Mike Leara
2013-2014	Representative Mike Leara
2011-2012	Senator Jason Crowell
2009-2010	Representative Ward Franz
2007-2008	Senator Jason Crowell
2005-2006	Representative Todd Smith
2003-2004	Senator Chuck Gross
2001-2002	Representative DJ Davis
1999-2000	Senator John Scott
1997-1998	Senator John Scott
1995-1996	Representative Jim O'Toole
1993-1994	Representative Mary Hagan-Harrell
1991-1992	Representative Clay*/Senator Henry Panethiere
1989-1990	Senator Henry Panethiere
1987-1988	Representative Gladys Marriott
1985-1986	Representative Gladys Marriott
1983-1984	Representative Gladys Marriott

**Rep. Clay was elected to the Senate – at 3rd qtr mtg, 09/12/91, Sen. Panethiere was voted Chairman.*

21.553. 1. There is established a permanent joint committee of the general assembly to be known as the "Joint Committee on Public Employee Retirement" to be comprised of six members of the senate and six members of the house of representatives. The senate members shall be appointed by the president pro tem of the senate and the house members shall be appointed by the speaker of the house. The appointment of members shall continue during their term of office as members of the general assembly or until a successor has been duly appointed to fill their place when their term of office as members of the general assembly has expired.

2. No political party shall be represented on the committee by more than three members from the senate nor by more than three members from the house.

(L. 1983 S.B. 393 § 1)

21.555. 1. The joint committee on public employee retirement shall meet within ten days after its creation and organize by selecting a chairman and a vice chairman, one of whom shall be a member of the senate and the other a member of the house of representatives.

2. The committee shall regularly meet at least quarterly.

3. A majority of the members of the committee shall constitute a quorum.

4. The members of the committee shall serve without compensation but shall be reimbursed for actual and necessary expenses incurred in the performance of their official duties.

(L. 1983 S.B. 393 § 2, A.L. 1985 H.B. 695)

Joint Committee on Public Employee Retirement

Quarterly Reports

2020 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.
Affton FPD Retirement Plan	\$12,364,124	\$14,067,135	14.5% (Net)	8.5% (Net)	9.7% (Net)	6.5%	0%	See Comme nts%
Arnold Police Pension Plan	\$15,613,029	\$17,356,845	10.41% (Gross)	8.04% (Gross)	8.14% (Net)	6.0%	2.5%	4.50%
Bi-state Dev Agency Division 788, A.T.U.	\$154,039,793	\$172,743,768	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Development Agency Local 2 I.B.E.W.	\$6,638,485	\$7,442,255	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Salaried Employees	\$85,496,309	\$94,087,992	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	4.5%
Black Jack FPD Retirement Plan	\$18,178,414	\$19,581,154	1% (Gross)	1% (Gross)	1% (Gross)	7%	2.75%	4.5%
Bothwell Regional Health Center Retirement Plan	\$46,104,856	\$50,528,205	11.8% (Net)	8.7% (Net)	9.6% (Net)	7.75%	2.9%	3.0%
Bridgeton Employees Retirement Plan	\$29,827,121	\$32,415,184	6.60% (Net)	4.39% (Net)	6.07% (Net)	7.5%	3.0%	4.0%
Carthage Policemen's & Firemen's Pension Plan	\$8,293,523	\$8,943,137	12.85% (Net)	9.53% (Net)	9.04% (Net)	7.0%	2.2%	3.5%
Central County Fire & Rescue Pension Plan	\$27,613,681	\$30,506,436	NA% (Net)	NA% (Net)	NA% (Net)	6.75%	2.5%	4%
Clayton Non-uniformed Employee Pension Plan	\$20,762,696	\$22,953,045	13.33% (Net)	8.87% (Net)	9.77% (Net)	7%	2%	4%
Clayton Uniformed Employees Pension Plan	\$49,654,624	\$54,784,380	14.51% (Net)	9.72% (Net)	10.59% (Net)	7%	2%	3.5%
Columbia Police and Firemens' Retirement Plan	\$151,122,708	\$166,387,483	11.83% (Gross)	8.80% (Gross)	9.08% (Gross)	7%	2.5%	3.25%
Community FPD Retirement Plan	\$26,829,255	\$32,680,562	8.00% (Net)	2.58% (Net)	8.34% (Net)	7%	2.5%	4%
County Employees Retirement Fund	\$596,731,000	\$660,489,000	13.87% (Gross)	10.11% (Gross)	10.21% (Gross)	7.25%	2.5%	2.5%
Creve Coeur Employees Retirement Plan	\$27,617,111	\$31,199,628	12.1% (Net)	8.3% (Net)	9.8% (Net)	6.75%	2.5%	4.0%
Creve Coeur FPD Retirement Plan	\$14,179,270	\$15,903,676	N/A% (Gross)	N/A% (Gross)	N/A% (Gross)	7%	3%	4%
Eureka FPD Retirement Plan	\$14,455,260	\$15,869,102	1% (Gross)	1% (Gross)	1% (Gross)	7%	2.75%	4.5%
Fenton FPD Retirement Plan	\$35,804,649	\$38,716,727	17.21% (Net)	10.90% (Net)	11.59% (Net)	7.5%	2.5%	2.0%
Ferguson Pension Plan	\$26,847,465	\$29,164,364	10.99% (Gross)	8.44% (Gross)	9.09% (Gross)	7.25%	0%	2.75%
Florissant Employees Pension Plan	\$9,210,864	\$9,789,421	0% (Net)	0% (Net)	0% (Net)	6%	0%	3%

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

2/18/2021

<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.
Florissant Valley FPD Retirement Plan	\$35,215,268	\$38,810,400	n/a% (Net)	n/a% (Net)	n/a% (Net)	6.5%	2.5%	see comme nts%
Glendale Pension Plan	\$5,805,027	\$5,654,158	.45% (Gross)	4.51% (Gross)	6.93% (Gross)	7.00%	2.50%	3.75%
Hannibal Police & Fire Retirement Plan	\$20,007,307	\$22,396,721	15.9% (Gross)	10.1% (Gross)	10.4% (Gross)	7.0%	2.5%	3.5%
Hazelwood Retirement Plan	\$44,621,569	\$48,655,918	13.72% (Net)	1.06% (Net)	.63% (Net)	7.5%	2.75%	4.5%
High Ridge Fire Protection District Pension Plan	\$7,749,304	\$8,649,364	12.2% (Net)	7.7% (Net)	8.9% (Net)	7.0%	0.0%	0.0%
Joplin Police & Fire Pension Plan	\$44,427,354	\$48,008,387	13.42% (Net)	9.26% (Net)	9.88% (Net)	6.75%	2.5%	2.5%
Kansas City Civilian Police Employees' Retirement System	\$158,180,000	\$169,344,000	11.45% (Net)	7.49% (Net)	8.66% (Net)	7.40%	2.50%	3.00%
Kansas City Employees' Retirement System	\$1,192,461,176	\$1,295,498,071	10.58% (Net)	7.58% (Net)	8.61% (Net)	7.5%	3.0%	3.75 to 5.0%
Kansas City Firefighter's Pension System	\$574,423,000	\$634,967,000	12.08% (Gross)	8.41% (Gross)	9.73% (Gross)	7.25%	2.5%	3.0 to 8.0%
Kansas City Police Retirement System	\$941,060,000	\$1,008,107,000	11.09% (Net)	7.38% (Net)	8.63% (Net)	7.40%	2.50%	3.00%
Kansas City Public School Retirement System	\$626,008,000	\$687,481,000	11.9% (Gross)	8.25% (Gross)	10.18% (Gross)	7.50%	2.75%	5.0%
KC Area Transportation Authority Salaried Employees Pension Plan	\$20,821,727	\$22,813,461	14.11% (Gross)	9.27% (Gross)	10.01% (Gross)	7%	2.6%	4%
KC Trans. Auth. Union Employees Pension Plan	\$515,555,522	\$55,929,679	8.7% (Net)	6.6% (Net)	8.6% (Net)	7%	2.6%	4.25%
Ladue Non-uniformed Employees Retirement Plan	\$5,549,154	\$6,028,867	12.6% (Net)	8.1% (Net)	9.3% (Net)	7.0%	2.5%	4.5%
Ladue Police & Fire Pension Plan	\$38,698,272	\$42,056,622	12.6% (Net)	8.1% (Net)	9.2% (Net)	7.0%	2.5%	4.5%
LAGERS Staff Retirement Plan	\$18,970,005	\$21,192,703	9.98% (Net)	7.31% (Net)	9.50% (Net)	5.5%	2.5%	3.25%
Little River Drainage Dist Retirement Plan	\$1,806,280	\$1,981,327	14.36% (Gross)	7.56% (Gross)	6.72% (Gross)	5.0%	0%	3.5%
Local Government Employees Retirement System	\$8,321,051,209	\$9,023,604,378	10.17% (Net)	8.58% (Net)	9.9% (Net)	7.25%	2.5%	3.25%
Metro St. Louis Sewer Dist Employees Pension Plan	\$295,973,586	\$326,560,022	12.8% (Net)	7.8% (Net)	8.2% (Net)	6.75%	2.5%	4.25%
Metro West FPD Retirement Plan	\$60,890,495	\$68,488,141	17.3% (Net)	10.9% (Net)	11.3% (Net)	0%	0%	0%
Mid-County FPD Retirement Plan	\$2,079,261	\$2,260,297	1% (Gross)	1% (Gross)	1% (Gross)	6.0%	2.75%	4.50%
Missouri Higher Education Loan Authority Pension Plan	\$57,456,983	\$60,620,119	13.85% (Net)	8.99% (Net)	n/a% (Net)	6.75%	2.25%	4.5%

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2/18/2021

<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.
Missouri State Employees Retirement System	\$8,392,973,793	\$9,097,779,770	15.4736% (Net)	7.8515% (Net)	9.1622% (Net)	6.95%	2.25%	2.50%
MoDOT & Highway Patrol Employees' Retirement System	\$2,473,020,894	\$2,676,016,617	9.27% (Net)	8.01% (Net)	8.76% (Net)	7%	2.25%	3%
North Kansas City Hospital Retirement Plan	\$298,424,850	\$333,796,502	17.00% (Net)	10.75% (Net)	10.95% (Net)	7.25%	2.3%	2.5%
North Kansas City Policemen's & Firemen's Retirement Fund	\$60,064,152	\$67,231,430	15.9% (Gross)	10.0% (Gross)	11.1% (Gross)	6.5%	4.0%	1.2%
Olivette Salaried Employees' Retirement Plan	\$21,828,225	\$24,050,083	12.6% (Net)	8.4% (Net)	9.9% (Net)	7.25%	2.75%	4.00%
Overland Non-uniform Pension Fund	\$12,001,000	\$13,357,000	13.5% (Net)	8.97% (Net)	9.78% (Net)	7%	2.5%	3.5%
Overland Police Retirement Fund	\$12,943,000	\$14,481,000	14.12% (Net)	9.29% (Net)	10.38% (Net)	7%	2.5%	3.5%
Pattonville Fire Protection District	\$34,046,841	\$40,576,197	9.35% (Net)	2.9% (Net)	8.98% (Net)	7.75%	2.5%	2.5%
Prosecuting Attorneys' Retirement System	\$49,018,119	\$52,704,731	7.9% (Net)	6.3% (Net)	7.6% (Net)	7.0%	2.0%	3.5%
Public Education Employees' Retirement System	\$5,322,292,664	\$5,766,965,187	13% (Net)	9.1% (Net)	10.1% (Net)	7.5%	2.25%	3.25%
Public School Retirement System	\$42,167,300,361	\$45,515,325,210	13% (Net)	9.1% (Net)	10.1% (Net)	7.5%	2.25%	2.75%
Raytown Policemen's Retirement Fund	\$10,134,748	\$10,859,601	12.17% (Gross)	8.91% (Gross)	9.79% (Gross)	7.5%	2.5%	N/A%
Rock Community FPD Retirement Plan	\$20,783,875	\$23,041,128	12.9% (Net)	8.2% (Net)	9.0% (Net)	7.0%	0.0%	3.0%
Sedalia Firemen's Retirement Fund	\$7,204,207	\$7,882,216	13.1% (Gross)	9.4% (Gross)	9.8% (Gross)	7.0%	2.0%	3.0%
Sheriff's Retirement System	\$46,948,792	\$51,078,606	11.250% (Gross)	6.740% (Gross)	9.390% (Gross)	7%	2.5%	2.5%
Springfield Police & Fire Retirement Fund	\$420,170,829	\$468,687,751	2.06% (Net)	3.99% (Net)	4.72% (Net)	na%	na%	na%
St. Joseph Policemen's Pension Fund	\$38,113,727	\$41,331,668	16.77% (Gross)	10.37% (Gross)	10.17% (Gross)	5%	2%	3%
St. Louis County Library Dist Empl Pension Plan	\$55,385,703	\$60,299,710	15.75% (Net)	9.21% (Net)	9.82% (Net)	7%	2.5%	3.5%
St. Louis Firemen's Retirement System	\$422,940	\$473,930	10.2% (Gross)	7.11% (Gross)	9.01% (Gross)	6.75%	2.5%	2.75%
St. Louis Public School Retirement System	\$811,732,702	\$903,221,284	10.4% (Net)	7.2% (Net)	8.5% (Net)	7.5%	2.75%	3.5%/5.0%
University City Non-uniformed Retirement Plan	\$23,832,698	\$26,794,720	8.9% (Gross)	7.6% (Gross)	9.0% (Gross)	6.5%	3.0%	3.0%
University City Police & Fire Retirement Fund	\$23,357,941	\$25,730,285	9.5% (Gross)	7.7% (Gross)	8.8% (Gross)	6.5%	3.0%	3.0%
University of Mo Retirement, Disability & Death Benefit Plan	\$3,799,820,582	\$4,111,106,092	10.12% (Net)	7.42% (Net)	8.98% (Net)	6.75%	N/A%	N/A%

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2/18/2021

<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.
Valley Park FPD Retirement Plan	\$8,138,445	\$8,925,869	19.36% (Net)	10.76% (Net)	11.98% (Net)	7%	2%	4%
Wentzville Fire Protection District Pension Plan	\$8,790,892	\$9,357,938	0% (Gross)	0% (Gross)	0% (Gross)	5%	2%	3%
	<u>\$78,484,946,716</u>	<u>\$84,475,791,659</u>						

104.621. Affirmative action plan for hiring money managers, brokers and investment counselors, required — report to joint committee on public employee retirement. — All retirement systems created in this chapter shall develop an affirmative action plan for the utilization of minority and women money managers, brokers, and investment counselors. Such retirement systems shall report their progress annually to the joint committee on public employee retirement.

(L. 1993 S.B. 126 § 1)

105.702. Minority and women money managers, brokers, and investment counselors, procurement action plan required — annual report. — All retirement plans defined under section 105.660 shall develop a procurement action plan for utilization of minority and women money managers, brokers, and investment counselors. Such retirement systems shall report their progress annually to the joint committee on public employee retirement and the governor's minority advocacy commission.

(L. 2014 H.B. 1882)

169.573. Plan for utilization of minority professionals, report. — All retirement systems created in this chapter shall develop an affirmative action plan for the utilization of minority and women money managers, brokers, and investment counselors. Such retirement systems shall report their progress annually to the joint committee on public employee retirement.

(L. 1994 S.B. 575 § 1)

Effective 5-26-94



December 9, 2020

Jeff Padgett, Executive Director
MO Sheriffs' Retirement System
1739 Elm Court
Suite 202
Jefferson City, MO 65101

Mr. Padgett

We are reporting to the Board of the Missouri Sheriffs' Retirement System to satisfy compliance to Section 105.702, RSMo and the Joint Committee on Public Employee Retirement (JCPER).

In early 2020, we suggested some minor changes to the Investment Policy, which were approved by the System Board in February. These changes included changes to the Fixed Income benchmark, a small decline in the allocation to Global stocks, and an increase in the exposure to BBB-rated Corporate bonds.

Understanding our approach to investment management for the System, we allocate investments to individual equity holdings and publicly traded Mutual Funds and Exchange Traded Funds. We do not allocate any System funds to Separately Managed Accounts.

As part of review and surveillance of our Mutual Fund holdings, we have not found any minority-owned or women-owned Mutual Funds that meet our criteria screenings. Recent research suggest that less than 10% of Asset Managers are either minority-owned or women-owned. Of these firms, the majority are in the Separately Managed Account universe, and these vehicles are not part of the System Investment Policy.

Sincerely,

Michael K. McCoy CFA

Senior Vice-President

Central Trust Bank



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KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

December 9, 2020

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

RE: 2020 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 *2020 KCPSRS Procurement Action Plan for Utilization of Minority and Women Money Managers* as stipulated in RSMO 169.573.

2020 KCPSRS Procurement Action Plan for Utilization of Minority and Women Money Managers

Current Status

As of September 30, 2020, 35.13% of KCPSRS' total fund is managed by minority and women owned money managers, including Earnest Partners, Pugh Capital, Rhumblin, and Gerding Edlen. One of our two commission recapture brokers, CAPIS, is women owned.

Professional Gatherings and Information

In 2020 due to COVID-19, there have been many restrictions on public gatherings and professional meetings and travel. The KCPSRS trustees have continued their Board meetings virtually since March and have participated in various virtual educational sessions, including the National Council of Teacher's Retirement (NCTR) and specific webinars.

The National Association of Securities Professionals' (NASP) conference usually held in the late spring was canceled this year precipitated by the pandemic. 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.” NASP will be offering a virtual conference in December 2020 and several of the KCPSRS trustees will participate.

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,



Christine Gierer
Executive Director

2020 ANNUAL REPORT
of the
Missouri State Employees' Retirement System
on
Minority- and Women-Owned Investment Firms
Submitted to
The Governor's Minority Advocacy Commission
&
The Joint Committee on Public Employee Retirement

Sections 104.621 and 105.702, RSMo, require the Board of 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.

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 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.

Second, 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.

Outreach & Inclusion in MOSERS's Roster of Managers

MOSERS expresses its commitment to diversity at the very outset of our relationship with a manager. When hiring a manager, MOSERS asks about the firm's efforts at diversity and outreach.

Of course, all of MOSERS's managers are equal opportunity employers. This year's review shows that our partners continue to staff high-level positions with people of color, women, and those with disabilities. Our investment partners' diversity data show that 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. Citing the events in the U.S. during May and June of this year, one of our larger partners has created departments with full-time staff dedicated to the firms' outreach and diversity efforts.

To ensure our managers are providing opportunities to emerging managers, MOSERS requires its U.S.-based investment advisers to annually submit information on the firm's efforts in recruiting and hiring minorities and women. This year's review shows that MOSERS's managers continue their strong efforts in working with universities, associations, and organizations advancing emerging managers. For instance, several stated that they partner with the following organizations or groups accelerating inclusion in the financial services industry.

- ❖ *Girls Who Invest*, a relatively recently formed organization dedicated to increasing the number of women in portfolio

Some of Our Managers' Partners in Increasing Diversity & Inclusion



"Lifting As We Climb"

management and executive leadership in the asset management industry.

- ❖ *Management Leadership for Tomorrow* provides training, support, and recruitment to Black, Hispanic, and Native American individuals in the financial services industry.
- ❖ *Private Equity Women Investor Network* (PEWIN) brings together senior women general partners, limited partners, and private-equity professionals to network, share investment ideas, explore potential opportunities to work together, and generally increase the profile of female leaders in the industry.
- ❖ *The New America Alliance* advocates for the economic advancement of the Hispanic community while also providing education, strategic collaboration, philanthropy, and public-policy advocacy.
- ❖ *Disability:IN*, the leading nonprofit resource for business disability inclusion worldwide.

And, as noted in previous reports, many of MOSERS's managers continue to recruit directly from women's and historically black colleges, such as Spelman College and Morehouse College.

Finally, MOSERS also asks its managers to list minorities or women who have a partnership or equity interest in their firm and whether they in total have a more-than-50% ownership interest. Several of our firms reported that women and minorities have significant ownership stakes. These ranged from being partners in the firm, owning undisclosed equity in the firm, being compensated in stock units, or participating in profit sharing. Only one of the firms reported having minority or women ownership in excess of 50%, while another firm reported being 50% owned by a person qualifying as a member of a minority group.

MOSERS's Access to Emerging Managers

Additionally, MOSERS has assured that emerging managers have at least two ways to introduce themselves to us. First, MOSERS's website provides a "Contact Us" section for investment firms to market themselves and their strategy to MOSERS' investment staff. In FY2020, five firms contacted MOSERS through that website, self-reporting as minority or women owned. This is a decline from previous years, which, judging from the dates of contact, show that it is attributable to the impact of the COVID pandemic.

Second, when possible, MOSERS or its specialty consultants meet with emerging managers. Here too, this year's COVID pandemic has severely limited these opportunities.



PUBLIC SCHOOL & EDUCATION EMPLOYEE
RETIREMENT SYSTEMS OF MISSOURI

MEMORANDUM

TO: Joint Committee on Public Employee Retirement and
Governor's Minority Advocacy Commission

CC: Dearld Snider, Executive Director

FROM: Craig A. Husting, CFA, Chief Investment Officer

RE: Affirmative Action Policy and Procurement Action Plan Annual Report

DATE: February 1, 2021

Sections 104.621, 105.702, and 169.573, RSMo require PSRS and PEERS (hereinafter referred to as "the Systems") to make an annual report to the Governor's Minority Advocacy Commission and the Joint Committee on Public Employee Retirement regarding the progress made in the area of utilization of minority and women money managers, brokers, and investment counselors (hereinafter referred to as "firms"). The contents and attachment to this memorandum are deemed to satisfy these statutory requirements.

The Systems last revised the Affirmative Action Policy and Procurement Action Plan for Money Managers, Brokers and Investment Counselors in October 2014. A copy of the policy is attached for your reference. The policy has always required firms retained by the Systems to maintain an affirmative action plan. However, the October 2014 revisions now require firms to provide an annual report with more detailed information to the Systems. In addition, under the revised policy, the Systems' Investment Staff is required to report annually to the Board of Trustees regarding the Affirmative Action Policy and Procurement Action Plan.

The Systems and its consultants have a process to review all potential qualified firms that have an interest in working with the Systems regardless of sex or minority status. The Systems evaluate firms equally to determine those best qualified to provide requested services. The Systems have long term relationships in place with the majority of their investment consultants, traditional equity and fixed income managers and commingled fund managers. These relationships include an association that has existed since 1999 with a U.S. equity firm that qualifies as a women owned business. The firm managed approximately \$857 million for the Systems as of June 30, 2020. In 2011, the Systems hired an emerging markets manager that qualified as both a minority and women owned business. The firm increased outside ownership in 2014 and no longer qualified as a minority and women owned business (although key leadership roles were relatively unchanged). The firm's management team acquired the equity held by outside ownership in August 2018 and once again qualifies as a minority and women owned business. The firm managed approximately \$448 million for the Systems as of June 30, 2020.

The Systems anticipate few additions or changes to its traditional investment firm roster in the near term. Conversely, growth is anticipated within private risk assets (private equity, private credit and private real estate). As such, the Systems internal staff and consultants will continue to engage with all qualified parties in the private investment space. However, the number of firms qualifying as women or minority owned in the real estate, private credit and private equity asset classes is currently minimal. The Systems currently have relationships with four private risk asset firms qualifying as a minority or women owned business. The market value of invested assets was approximately \$517 million as of June 30, 2020.

Appendix XI

Affirmative Action Policy and Procurement Action Plan Money Managers, Brokers, Investment Counselors The Public School and The Public Education Employee Retirement Systems of Missouri¹

Introduction

Within the bounds of its fiduciary responsibilities under law, including but not limited to the provisions of section 105.688 RSMo, the Board of Trustees of The Public School and The Public Education Employee Retirement Systems of Missouri (hereinafter collectively referred to as ‘Systems’) desires to take affirmative actions to assure equal opportunities for minorities and women in the areas of money management, brokerage, and investment counseling. The Systems have adopted the following affirmative action policy and procurement action plan pursuant to sections 104.342.13(6), 104.621, 105.702, and 169.573, RSMo.

Policies and Procedures

1. All contracts with money managers, brokers, and investment counselors domiciled in the United States will require the contractor to maintain an affirmative action plan with respect to the employment of women and minorities. The Systems will require an annual affirmative action report from each contractor.
2. The Systems provide access to all money managers, brokers and investment counselors (hereinafter referred to as ‘Firms’). Any Firm may contact the Systems and provide information about the Firm’s ability to meet the needs and requirements sought by the investment program. Firms are allowed to contact the Systems’ investment consultants and investment staff. When evaluating proposals from money managers, brokers, and investment counselors, the Systems will consider proposals from Firms determined to be qualified to provide the services requested.
3. Investment Staff will provide an annual report to the Board of Trustees that will include the following: 1) a summary of the annual affirmation action reports from contracted Firms, 2) a listing of current contracted minority and women owned Firms, 3) a summary of meetings held with potential minority and women owned Firms and 4) information regarding any professional gatherings that heightened the awareness of minority and women owned Firms. The Board will evaluate the results of the affirmative action policy and procurement action plan annually and file an annual progress report in accordance with sections 104.342.13(6), 104.621, 105.702, and 169.573, RSMo.

¹ Effective 7/1/2013, all assets are held in the Missouri Education Pension Trust (MEPT) for the exclusive benefit of PSRS and PEERS. PSRS and PEERS continue to own their respective share of the commingled invested assets.

4. To qualify as a minority or women owned Firm, such Firm shall:
 - a. Be domiciled in the United States;
 - b. Be owned or controlled by one or more individuals who collectively 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
 - c. 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 who are citizens of the United States (or lawfully admitted permanent residents) who are considered a minority for purposes of the State of Missouri’s Minority and Women’s Business Enterprise program, as administered by the Missouri Office of Equal Opportunity.