

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

BOARD MEETING

LAGERS Board Room
Jefferson City, Missouri

Thursday, 3:20 P.M.
June 20-21, 2019

BOARD MEMBERS PRESENT:

Arby Todd, Frank Buck, Bob Ashcroft, Barry McCullough, Joan Jadali and Sandy Walker.

OTHERS PRESENT:

Robert Wilson, Executive Secretary; Jeff Kempker, Assistant Executive Secretary, Member Services; Tami Jaegers, Assistant Executive Secretary, Operations; Pam Hopkins, Compliance Officer/Internal Auditor; Melissa Rackers, Chief Financial Officer; Jason Paulsmeyer, Chief Counsel; Angela Lechtenberg, Communications Specialist; and Jan Kinard, Administrative Assistant.

Meeting Convened

A meeting of the Board of Trustees of the Missouri Local Government Employees Retirement System was held in the LAGERS Board Room, Jefferson City, Missouri, on Thursday, June 20, 2019. Arby Todd called the meeting to order at 3:20 P.M.

Jeff Kempker and Angela Lechtenberg discussed the finalists for the Local Government Hero Award.

The Board Meeting recessed at 3:28 P.M.

Meeting Reconvened

BOARD MEMBERS PRESENT:

Arby Todd, Frank Buck, Bob Ashcroft, Claire Scoville, Barry McCullough, Joan Jadali and Sandy Walker.

OTHERS PRESENT:

Robert Wilson, Executive Secretary; Brian Collett, Chief Investment Officer; Jeff Kempker, Assistant Executive Secretary, Member Services; Tami Jaegers, Assistant Executive Secretary, Operations; Pam Hopkins, Compliance Officer/Internal Auditor; Melissa Rackers, Chief Financial Officer; Jason Paulsmeyer, Chief Counsel; Megan Loehner, Director of Investments; Erin Stieferman, Investment Risk & Operations Manager; Elizabeth Althoff, Legislative &

Communication Coordinator; Richard McIntosh and Zachary Brunnert, Flotron & McIntosh; Michael Ruff, Joint Committee on Public Employee Retirement; Erin Stieferman, Investment Risk & Operations Manager; Jan Kinard, Administrative Assistant; and Mita Drazilov, Gabriel, Roeder, Smith & Company (via conference call).

Chairman Arby Todd reconvened the meeting at 8:08 A.M. on Friday, June 21, 2019.

Consent Agenda

A motion was made by Arby Todd and seconded by Barry McCullough to approve the Consent Agenda, as revised, except for Buddy Montgomery, Lucas Cavalieri, Shelli Corn and James Thomas, Employees of the City of Lee's Summit, and Jason Potts, Central Jackson County Fire District #5.

Motion carried 7-0.

A motion was made by Bob Ashcroft and seconded by Barry McCullough to approve the Duty Disabilities of Buddy Montgomery and Lucas Cavalieri, the Non-Duty Disabilities of Shelli Corn and James Thomas, all Employees of the City of Lee's Summit and to disapprove the Duty Disability of Jason Potts, Central Jackson County Fire District #5.

Motion carried 6-0, Arby Todd abstained.

Visitor's Comment

No visitors present.

Audit & Finance Committee Report

Joan Jadali discussed the Internal Control Review Report, the Disaster Recovery Plan Test and the External Data Security Test Results that were presented by Pam Hopkins, Compliance Officer /Internal Auditor to the Committee.

Melissa Rackers discussed the Fiscal Year 2020 Budget.

A motion was made by Arby Todd and seconded by Bob Ashcroft to approve the Fiscal Year 2020 Proposed Budget.

Motion carried 7-0.

A motion was made by Joan Jadali and seconded by Bob Ashcroft to approve the 2019 Interest Resolution.

Motion carried 7-0.

A motion was made by Joan Jadali and seconded by Bob Ashcroft to approve the 2019 Resolution Concerning Annual Post-Retirement Benefit Increases.

Motion carried 7-0.

Governance Committee Report

Frank Buck reported no discussion on behalf of the Governance Committee.

Legislative Committee Report

Claire Scoville reported no discussion on behalf of the Legislative Committee.

Legislative Consultant Report

Richard McIntosh and Zachary Brunnert, Flotron & McIntosh, and Elizabeth Althoff gave a recap of the 2019 Legislative Session.

Elizabeth Althoff gave an update on the passage of Senate Bill 17 and discussed the timeline for implementation of LAGERS' public safety language.

Chief Investment Officer's Report

Megan Loehner notified the Board of investments the Investment Staff has committed to since the previous Board Meeting. This included the Alpha Manager Selection Report.

Brian Collett gave a report on the 1st Quarter 2019 Performance Highlights, Missouri OPEB and LAGERS Staff Plan.

Megan Loehner and Brian Collett presented the Staff Plan Investment Policy Draft.

**A motion was made by Joan Jadali and seconded by Frank Buck to approve the Staff Plan Investment Policy
Motion carried 7-0.**

Megan Loehner and Brian Collett presented the OPEB Investment Policy Draft.

**A motion was made by Joan Jadali and seconded by Frank Buck to approve the OPEB Investment Policy.
Motion carried 7-0.**

Megan Loehner and Brian Collett presented the Statement of Investment Policy Draft.

**A motion was made by Claire Scoville and seconded by Frank Buck to approve the Statement of Investment Policy.
Motion carried 7-0.**

Erin Stieferman presented the Investment Risk Policy Draft.

**A motion was made by Bob Ashcroft and seconded by Barry McCullough to approve the Investment Risk Policy.
Motion carried 7-0.**

Actuary's Report

Mita Drazilov, Gabriel, Roeder, Smith & Company, gave a summary of the February 2019 Actuarial Valuations. Preliminary calculations indicate a funded ratio of 94.9% based upon the actuarial value of assets, decreasing from 95.6% previously.

Member Services / Operations Report

Jeff Kempker and Tami Jaegers gave an update on activities from the Member Services and Operations Departments and the Legacy Plan Administration.

Jeff Kempker discussed the Strategic Communications Plan.

Jeff Kempker discussed the finalists for the Local Government Hero Award.

**A motion was made by Sandy Walker and seconded by Frank Buck to nominate Brent Mullin, City of Sikeston, as the Local Government Hero award winner.
Motion carried 7-0.**

Jeff Kempker reported the Member Services department will be renamed External Affairs.

Tami Jaegers acknowledged Mya Bernskoetter for receiving the Retirement Plan Associate designation through the International Foundation of Employee Benefit Plans.

Chief Financial Officer's Report

Melissa Rackers discussed changing the assumed rate of return for the Staff Pension Plan and Staff Retiree Health Care Plan from 7.25% to 5.5%.

**A motion was made by Barry McCullough and seconded by Claire Scoville to change the assumed rate of return for the Staff Pension Plan from 7.25% to 5.5%.
Motion carried 7-0.**

**A motion was made by Sandy Walker and seconded by Barry McCullough to change the assumed rate of return for the Staff Retiree Health Care Plan from 7.25% to 5.5%.
Motion carried 7-0.**

Melissa Rackers presented the Staff Retiree Health Care Plan Funding Policy Draft.

**A motion was made by Frank Buck and seconded by Joan Jadali to approve the Staff Retiree Health Care Plan Funding Policy.
Motion carried 7-0.**

Melissa Rackers presented the Staff Pension Plan Funding Policy Draft.

**A motion was made by Claire Scoville and seconded by Joan Jadali to approve the Staff Pension Plan Funding Policy.
Motion carried 7-0.**

Executive Secretary's Report

Robert Wilson discussed the appointment of a Hearing Officer in the petition of Frederick Veatch, Jr.

**A motion was made by Joan Jadali and seconded by Frank Buck that Attorney David Bandre be appointed as Hearing Officer in the petition of Frederick Veatch, Non-Duty Disability Petition for Administrative Hearing; that Mr. Bandre conduct a hearing in these matters and present proposed findings of fact and conclusions of law to the Board of Trustees pursuant to Section 70.605.16 RSMo and 16 CSR 20-3.010.
Motion carried 7-0.**

Robert Wilson discussed the appointment of a Hearing Officer in the petition of T. Scott Spencer.

**A motion was made by Frank Buck and seconded by Joan Jadali that Attorney Daniel Jordan be appointed as Hearing Officer in the petition of T. Scott Spencer, Duty Disability Petition for Administrative Hearing; that Mr. Jordan conduct a hearing in these matters and present proposed findings of fact and conclusions of law to the Board of Trustees pursuant to Section 70.605.16 RSMo and 16 CSR 20-3.010.
Motion carried 7-0.**

Robert Wilson discussed the MAPERS 2019 Conference, which will be held from July 10th through July 12th.

**A motion was made by Bob Ashcroft and seconded by Barry McCullough to go into Executive Session for personnel matters pursuant to section 610.021 (3) and (13), litigation and advice from Counsel regarding legal matters pursuant to section 610.021 (1) and consideration of a negotiated contract pursuant to section 610.021 (12).
A roll call vote was taken.
Motion carried 7-0.**

Adjournment

**Open Session reconvened at 10:47 A.M. A motion was made by Claire Scoville and seconded by Barry McCullough to adjourn the June Board Meeting of LAGERS at 10:48 A.M. on June 21, 2019.
Motion carried 7-0.**

Respectfully submitted,

Robert L. Wilson
Executive Secretary