GOVERNANCE MANUAL

Effective as of May 28, 2026

MOSERS

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Introduction and Purpose

Introduction

Missouri State Employees' Retirement System ("MOSERS" or the "System") is an instrumentality of the State of Missouri vested with the powers and duties specified in state law, providing retirement, long-term disability, and life insurance benefits to its members and their beneficiaries, including most state employees, members of the Missouri General Assembly, elected state officials, and judges. MOSERS is responsible for managing a portfolio of investments held in trust for the payment of member benefits (the "Defined Benefit Plan" or "Plan").[1] MOSERS also administers two defined contribution plans, the State of Missouri Deferred Compensation Plan (the "Deferred Compensation Plan") for state employees and retirees, and the College and University Retirement Plan (the "CURP") for higher education faculty and certain administrative employees (the Deferred Compensation Plan and CURP are collectively referred to as the "DC Plans").[2]

The Board of Trustees (the "Board") of MOSERS serves and protects the interest of MOSERS members and their beneficiaries. In recognition of the fiduciary duties imposed upon each individual member of the Board, they are referred to in this *Governance Manual* ("*Manual*") as "Trustees." All policy provisions applicable to Trustees also apply to a designee of a Trustee in accordance with MOSERS Board Rules.

Purpose of the *Governance Manual*

To better exercise these fiduciary duties, the Board believes that a sound governance framework is essential. The *Manual* provides the framework for the Board's mandate to set policy and oversee the programs and operation of MOSERS. The Board intends that the *Manual* will serve as the guide and as a resource for both Trustees and MOSERS staff as to the roles, responsibilities, structure, procedures, policies, and activities in the governance and oversight of MOSERS.

The Board will periodically review each section of the *Manual* and update the contents as necessary.

[1] Chapters 104, 105, 287, 476, RSMo.
[2] Sections 104.1200 to 104.1215, 105.900 to 105.927, RSMo.

Board Authority and Duties

Introduction

MOSERS' purpose is to provide retirement income and other benefits as specified in Missouri law. These benefits are managed by the 11 Trustees who comprise the Board. The Board has only those powers and duties that have been delegated to it under Missouri law. The Board governs MOSERS by establishing policy, while management is responsible for implementing policy and managing day-to-day operations.

To guide MOSERS, the Board has established the following mission and vision statements:

MOSERS Mission Statement

MOSERS exists to advance the financial security of its members.

MOSERS Vision Statement

We endeavor to:

- Exceed customer expectations
- Educate stakeholders
- Ensure sound investment practices
- Encourage responsible funding of the Plan through a commitment to *Excellence Always*

This Policy sets out the roles and duties of the Board in supporting these Mission and Vision Statements.

A. Board Composition

1. The composition of the 11-member MOSERS Board of Trustees is set out in Section 104.450, RSMo., as the following:
    - The State Treasurer;
    - The Commissioner of Administration;
    - Two members of the Missouri Senate;
    - Two members of the Missouri House of Representatives;
    - Two members appointed by the Governor;
    - One MOSERS member who is retired who is elected by a plurality vote of retired MOSERS members ("Retired Trustee"); and
    - Two MOSERS members who are not retired who are elected by a plurality vote of MOSERS members who are not retired ("Active Trustees").
2. Elections for the Retiree Trustee and Active Trustees are held pursuant to MOSERS Board Rules.

Board Authority and Duties

B. Trustee Terms, Vacancies

Terms

1. The State Treasurer and the Commissioner of Administration shall serve as Trustees during their respective terms of office.
2. The two members of the Missouri Senate and two members of the Missouri House of Representatives, as appointed by the Senate President Pro Tem and Speaker of the House, respectively, shall serve as Trustees until such time as they resign, are no longer members of the General Assembly, or are replaced by new appointments.
3. Trustees appointed by the Governor shall serve as Trustees until such time as they resign or are replaced by new appointments.
4. The Retired Trustee and Active Trustees shall serve four-year terms. The Retired Trustee and Active Trustees may resign prior to the end of their four-year terms by providing notice to the Board Chair or Executive Director.

Vacancies

Any vacancy occurring on the Board shall be filled in the same manner as the Trustee position was filled previously except that vacancies occurring in the member-elected Trustee positions may be filled by the Board until the next regularly scheduled election.

C. Governance and Board Operations

1. With respect to the governance of MOSERS, the Board will:
   a. Perform its duties solely in the interest of the MOSERS members and their beneficiaries and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by law and consistent with the principle that the Board's duty to the System's members and beneficiaries takes precedence over any other duty; and
   b. Delegate, as appropriate, responsibilities to the staff of MOSERS.
2. With respect to Board operations, the Board will, among other things:
   a. Approve policies describing the roles and responsibilities of the Board, the committees of the Board, the Executive Director, the Board Chair, and the Vice Chair; and review and, as deemed advisable, amend those policies from time to time;
   b. Approve the creation or dissolution of standing committees of the Board;
   c. Adopt and promulgate MOSERS Board Rules and other policies, as necessary for the effective administration of MOSERS; and
   d. Adopt an annual calendar of Board meetings.

D. Investments

In accordance with Section 104.440, RSMo., the Board has complete control and authority to invest the funds of MOSERS. See the *Investment Policy Statement* for more detail on the Board's authority and duties related to investments.

Board Authority and Duties

E. Benefits Administration

With respect to the programs administered by MOSERS, the Board will review and determine benefit appeals in accordance with MOSERS Board Rules.

F. MOSERS Operations and Planning

The Board will:

1. Provide long-term direction by approving the strategic plan and Mission and Vision Statements, giving due consideration to the recommendations of the Executive Director;
2. Approve the annual operating budget and any supplemental budgets that may be necessary;
3. Require that management implement and maintain effective technologies to cost-effectively manage the data, information, and records of MOSERS;
4. Require that management establish appropriate operational controls and risk management procedures;
5. Oversee the administration of the DC Plans;
6. Review the *Investment Policy Statement* annually, or at such other intervals as its terms may require; and
7. Require that management maintain appropriate insurance coverage to protect against liability which arises out of, or in connection with:
    a. The performance of duties by any Trustee or employee of MOSERS; and
    b. Business risks faced by MOSERS.

G. Financial, Actuarial, and Accounting Practices

The Board will:

1. Approve actuarial assumptions and methodologies;
2. Review MOSERS' annual actuarial valuation reports;
3. In consultation with the pension actuary, approve and certify the employer contribution rates for both the Missouri State Employee Plan ("MSEP") and the Judicial Plan;
4. Annually approve the Internal Audit Plan and review the Internal Audit Charter at least every five years; and
5. Ensure an annual external audit is performed on the System's financial statements.

H. Human Resources

With respect to MOSERS' human resources function, the Board will:

1. Approve a total compensation philosophy statement for MOSERS;
2. Approve the compensation of the Executive Director;
3. Review the Executive Director's proposed termination of the Chief Investment Officer and, if it

deems it advisable, approve such action;

4. Review the Executive Director's proposed termination of the Chief Auditor and, if it deems it advisable, approve such action; and
5. Approve any staff employment contracts.

I. Key Selections/Elections

1. The Board will elect the following positions in accordance with the *Board Officers Election and Duties Policy*:
   a. A Board Chair; and
   b. A Board Vice Chair.
2. The Board will hire, evaluate, and may terminate the Executive Director.
3. In accordance with the *Service Provider Selection Policy*, the Board will hire and evaluate, and may terminate, the following service providers and advisors:
   a. Actuarial consultant;
   b. External auditor;
   c. Legal counsel;
   d. Investment consultants who are retained to advise the Board;
   e. Life Insurance and Long-Term Disability provider; and
   f. Other service providers or advisors that may be required from time to time to serve primarily as advisors to the Board.

J. Monitoring and Reporting

The Board has established the *Monitoring and Routine Reporting Policy* which describes the specific reports the Board is to receive on a routine basis. The Board will establish policies for reporting and monitoring practices, as necessary, to provide the Executive Director with guidance regarding what the Board expects in the way of information to effectively oversee the operations of MOSERS.

K. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019, September 21, 2023, and November 21, 2024.

Standards of Ethics and Professional Conduct

Introduction

1. In dealing with MOSERS members and their beneficiaries, employers, the public, MOSERS staff, and service providers, it is the obligation of each MOSERS Trustee to conduct himself or herself solely in the interest of MOSERS members and their beneficiaries. This requires that Trustees behave in accordance with the highest standards of fiduciary conduct, professionalism, and ethics. The Board has established these *Standards of Ethics and Professional Conduct* ("*Standards*") to assist the Trustees in achieving and maintaining such standards of behavior.
2. In approving these *Standards*, the Board recognizes that is not possible for a document to identify and address all of the ways in which conduct may fall short of appropriate standards, or all of the situations in which a Trustee's interest may conflict with the interests of MOSERS members and their beneficiaries. Accordingly, these *Standards* are not intended to replace the need for careful thought and judgment by Trustees and the Board concerning matters of conduct. Instead, these *Standards* consist of general guidelines and principles intended to assist Trustees in most situations that may arise, as well as procedures and principles for approaching unique situations.

A. Definitions

For purposes of this Policy:

1. A "Conflict of Interest" encompasses any situation in which a Trustee has, or which a reasonably well-informed and knowledgeable person could properly perceive a Trustee to have, an incentive to decide a matter or provide or withhold a recommendation for any reason that would be inconsistent with acting solely in the interest of MOSERS members and their beneficiaries, or that would provide a private benefit to the Trustee.
2. "Undue Influence" is defined as the use of any improper or wrongful pressure, scheme, or threat intended to cause someone to act in a way they would not otherwise act if left to act freely.

B. Guidelines

1. As per Section 105.688, RSMo., MOSERS Trustees, as fiduciaries, shall carry out their functions solely in the interest of the members and their beneficiaries and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties as required by law. The Trustees shall act with care, skill, prudence, and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise with similar aims.
2. The Board expects that Trustees will uphold the foregoing fiduciary duties pertaining to the System's benefits administration and investments. In keeping with this expectation, and without limiting the generality of the foregoing, Trustees should:
   a. Conduct all MOSERS business in a fair and honest manner;
   b. Avoid any activity, where possible, which may constitute a Conflict of Interest;
   c. Be responsible for maintaining their individual professional competence;

d. Use care and discretion in the handling of confidential information which is received or maintained by MOSERS;

e. Comply with all policies of the Board;

f. Conduct themselves with decorum, integrity, and professionalism in all aspects of their duties and relationships with fellow Trustees, staff, service providers, and other parties;

g. Make a good faith effort to attend, and be sufficiently prepared for, all meetings of the Board and of any committees on which they serve;

h. Refrain from soliciting campaign or charitable contributions from MOSERS staff and/or service providers;

i. Refrain from exercising Undue Influence when conducting MOSERS business;

j. Ensure all securities transactions by Trustees for any accounts they manage or control shall be done in a manner that avoids the appearance of impropriety. Accordingly, Trustees should follow the *Personal Trading Policy*; and

k. Refrain from communicating on behalf of the Board unless authorized to do so by the *Board Communication Policy*.

C. Gift Policy

1. No Trustee shall directly or indirectly seek or accept gifts, money, property, bonuses, fees, commissions, gratuities, excessive entertainment or hospitality, expense-paid trips, use of vacation facilities, personal or professional services at anything other than market rates, favorable access or treatment in connection with investment opportunities, or any other similar form of consideration (collectively defined as "Gifts") from any person, agent, firm, corporation, or association that, to the Trustee's knowledge, does or seeks to do business with MOSERS, and that would influence or might reasonably be expected to influence the conduct of his or her duties.

2. Notwithstanding the preceding, the following are not deemed to be Gifts: draw prizes at appropriate conferences (see the *Board Education Policy*), gift items distributed to attendees at such conferences, dinners available to attendees of such conferences, or meals provided by MOSERS money managers or consultants to which pertinent staff or Trustees are invited and at which MOSERS business is discussed.

D. Disclosure

1. A Trustee shall file a Personal Financial Disclosure Statement with the Missouri Ethics Commission in accordance with Sections 105.483 to 105.492, RSMo.

2. A new Trustee is required to file their Personal Financial Disclosure Statement with the Missouri Ethics Commission within 30 days of their appointment date.

E. Recusal

1. A Trustee should disclose to the Board any matter on which the Trustee has a Conflict of Interest and recuse himself or herself from voting on such matter. Furthermore, any Trustee who has a

Conflict of Interest on any matter coming before the Board or a Board committee in executive session shall not participate nor attend the executive session in which the matter is to be considered, and shall recuse himself or herself from voting on the matter, if and when, the Board or Board committee returns to open session. Any such recusal, including the nature of the Conflict of Interest, shall be recorded in the minutes of the Board or Board committee meeting at which it occurs.

2. A matter before the Board shall not be deemed a Conflict of Interest where such matter may bestow a benefit on a Trustee and the benefit in question is merely incidental to the Trustee's membership in a large class, such as the class of MOSERS members.
3. If a Trustee is unsure of whether he or she may have a Conflict of Interest regarding a matter coming before the Board or a Board committee, he or she may disclose the matter at the meeting of the Board or Board committee in question, and the Board or Board committee may make a determination as to whether a Conflict of Interest is present, in consultation with the General Counsel or outside legal counsel ("External Counsel"), if necessary.
4. Matters may arise where a Trustee who, due to his or her position of public office or position with a MOSERS employer or MOSERS stakeholder group, owes duties to parties other than MOSERS members. In such situations, and notwithstanding Section E.1, the Trustee may vote on such matters, but is not exempt from his or her fiduciary duty to vote solely in the interest of MOSERS members and their beneficiaries. If a Trustee feels that he or she cannot so vote, the Trustee must recuse himself or herself from such vote in accordance with Section E.1.

F. Training and Enforcement

1. The Board with support of executive management of MOSERS is responsible for communicating the *Standards* to both new and experienced Trustees, and for monitoring compliance with, and enforcement of, the *Standards*.
2. Trustees shall report in a timely manner any suspected violation of these *Standards* to the Board Chair, who shall ensure that such allegation is considered by the Board, along with any supporting information. (Should the Board Chair be the subject of the allegation, Trustees shall instead report the matter to the Vice Chair, who shall report the matter to the Board.) Upon consideration and all necessary analysis of such allegations, the Board may take any action the Board deems advisable under the circumstances.
3. Any Trustee who is the subject of a suspected violation of these *Standards* shall:
   a. Be informed of the allegations and provided an opportunity at a Board meeting (and a Board committee meeting, if applicable) to respond to the allegations. The Board shall endeavor to provide the Trustee with adequate notice of such meeting, where circumstances permit; and
   b. Recuse himself or herself from any Board or Board committee review or discussion in relation to the suspected violation, except when invited to respond to the allegation.

4. Should a Trustee be unsure of any provision of this Policy or related laws and the implementation thereof, he or she is expected to seek advice or clarification from MOSERS' General Counsel or the Board's External Counsel.

G. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Board Committee Chairperson Position Description

Introduction

The Board Chair will appoint a Trustee to serve as committee chair for each committee. In general, committee chairs will coordinate the work of their assigned committees with support from MOSERS staff.

A. Duties and Responsibilities

1. With regard to their assigned Board committees, committee chairs will:
   a. Facilitate effective and open communications between the Board and the Executive Director;
   b. Coordinate committee meetings including reviewing and approving committee meeting agendas;
   c. Preside over committee meetings in a manner consistent with Missouri law, MOSERS Board Rules, the *Board Operations Policy*, and the Missouri Open Records Law;
   d. Regularly report to the Board on activities of the committee; and
   e. Carry out such other functions and duties as prescribed by the Board.
2. If a committee chair is unavailable to attend a meeting, then the committee chair should designate another member to serve as committee chair in his or her absence. If the committee chair fails to do so, the remaining committee members may appoint a committee chair from among themselves for the meeting.

B. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019.

Executive Director Position Description

Introduction

1. The Board will appoint an Executive Director who will be directed by, will serve at the pleasure of, and may be dismissed at the will of, the Board.
2. The Executive Director will be responsible for managing the day-to-day operations of MOSERS, subject to the policies and oversight of the Board and in accordance with Missouri law.
3. Only officially passed motions of the Board are binding on the Executive Director.
4. As long as the Executive Director uses any reasonable interpretation of Board policies, the Executive Director is authorized to establish all further internal policies, make all decisions, take all actions, establish all practices, and develop all activities.
5. The Executive Director will act as liaison between the Board and other MOSERS staff, service providers, and consultants, unless otherwise allowed by other policies of this *Manual* or the *Investment Policy Statement*.
6. The Board recognizes that the Executive Director may delegate any of the duties listed herein to members of senior management and staff. In doing so, however, the Executive Director retains responsibility for such duties.

A. Operations

As part of managing the day-to-day operations of MOSERS, the Executive Director will or will cause the System to:

Board Operations and Governance

1. Assist the Board Chair with the coordination of Board meetings, agendas, minutes, schedules, and presentations;
2. Assist the Board in ensuring its meetings are conducted in accordance with the Missouri Open Records Law;
3. Strive to have agendas and related materials for regularly scheduled Board meetings distributed to Trustees at least seven calendar days in advance of the meetings;
4. Coordinate the implementation of the *Board Education Policy* and the scheduling of an annual fiduciary education session for the Board;
5. Assist the Board and its committees to continually identify issues involving Board policy, analyzing such issues, and providing clear and well-supported policy recommendations for the Board's consideration;
6. Serve as the spokesperson for MOSERS and, as necessary, coordinate with a Board spokesperson;

General Operations

7. Monitor all aspects of MOSERS' operations and environment and provide the Board with all relevant, appropriate, and timely information to enable it to properly carry out its monitoring and oversight responsibilities;

Executive Director Position Description

8. Execute contracts in accordance with MOSERS' internal policies;
9. Establish appropriate operational controls and risk management procedures;
10. Advise the Board on legislative proposals affecting MOSERS;
11. Ensure the appropriate design, purchase, implementation, and maintenance of all technologies required to efficiently manage and protect the data and records of MOSERS;
12. Deliver effective and timely communications to MOSERS members and their beneficiaries, employers, the Missouri General Assembly, and other stakeholders on matters relating to the operations and administration of MOSERS;

Benefit Administration

13. Ensure the accurate and timely delivery of benefits to MOSERS members and their beneficiaries;
14. Establish and implement policies and procedures for the System in accordance with statutory provisions of the Plan;
15. Interpret statutory provisions of the Plan and any applicable laws and rules, to determine the rights of, and payments to, MOSERS members and their beneficiaries;
16. Administer the DC Plans;

Financial and Accounting Practices

17. Recommend to the Board the annual budget, as well as any amendments or supplemental budgets;
18. Ensure appropriate accounting policies and internal controls are in place to safeguard the assets of MOSERS;
19. Annually prepare a comprehensive financial report showing the financial condition of MOSERS as of the end of the fiscal year in accordance with Sections 104.480 and 105.661, RSMo., and the guidelines for preparation of a public employee retirement system annual comprehensive financial report promulgated by the Government Finance Officers Association;
20. Ensure that no contribution or expenditure of System funds shall be made by MOSERS to advocate, support, or oppose the passage or defeat of any ballot measure or the nomination or election of any candidate for public office, or to direct any System funds to, or pay any debts or obligations of, any committee supporting or opposing such ballot measures or candidates;

Actuarial Practices

21. Advise the Board with respect to the actuarial assumptions and methodologies recommended by the Board's actuary;
22. Advise the Board with respect to MOSERS' Annual Actuarial Valuation Report;
23. Ensure the performance of an actuarial experience study at least every five years;
24. Ensure the performance of an actuarial audit at least every five years;

Executive Director Position Description

Human Resources

25. Recommend to the Board a total compensation philosophy statement for MOSERS;
26. Establish appropriate human resource programs and procedures for management and staff, including appropriate succession planning, education, training, and development plans;
27. Establish appropriate personnel policies, which clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions;
28. Select, hire, train, terminate, and discipline management and staff, with the following exceptions:
    a. The termination of the Chief Investment Officer is subject to review and approval by the Board.
    b. The termination of the General Counsel is subject to review and approval by the Board; and
    c. The termination of the Chief Auditor is subject to review and approval by the Board.

Investments

29. See the *Investment Policy Statement* for details of the Executive Director's responsibilities related to investments.

B. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019, September 21, 2023, and November 21, 2024.

Board Operations

Introduction

This *Board Operations Policy* sets out the manner in which the Board and its committees should conduct themselves and their meetings, so as to promote efficient Board operations.

A. In General

1. The Trustees will elect from among themselves a Board Chair and Vice Chair in accordance with procedures contained in the *Board Officers Election and Duties Policy*.
2. The Board Chair will preside at all meetings of the Board. In the absence of the Board Chair, the Vice Chair will assume the duties of the Board Chair.
3. Should the Board Chair be unable to complete his or her term, the Vice Chair will serve as Board chair until the Board elects a new Board Chair.
4. In the event a vacancy should occur in the position of Vice Chair, the Board will elect a successor for the balance of the unexpired term at its next regular meeting.
5. The Executive Director will serve as staff liaison to the Board and will be responsible for maintaining an accurate record of Board business.
6. The Chief Auditor and General Counsel will have independent access to the Board as detailed in the *Audit Policy* and *Legal Policy*.

B. Board Meetings

1. Regular meetings will be held at least quarterly and according to an annual schedule adopted by the Board and published in the minutes of the Board. Time and location for such meetings will be determined by the Board.
2. Any four Trustees may call a special meeting by providing a written request to the Board Chair and Executive Director, and providing at least six days' notice to each Trustee.
3. The Board may meet at any time by unanimous consent.
4. Notice for all meetings shall be given in accordance with the Missouri Open Records Law.

C. Agendas and Notice

1. The Board Chair or Board committee chair, in consultation with the Executive Director, will prepare an agenda for each Board meeting or committee meeting, respectively, containing the specific matters to be discussed, considered, or decided at the meeting.
2. Any Trustee may place an item on a Board meeting agenda by providing the Board Chair and Executive Director with written notice of the subject matter to be added at least two weeks prior to the meeting.
3. The Executive Director shall strive to have the agenda and related materials for Board meetings distributed to Trustees at least seven calendar days in advance of the meeting.
4. The Board Chair for the expiring year has responsibility for agenda planning for the first meeting of the new calendar year. If a Board Chair will not be serving as a Trustee in the new calendar year, then the Vice Chair (if serving as a Trustee in the new year) will have the agenda planning

responsibility. If the Chair and the Vice Chair are both not serving as Trustees in the new year, then at its last meeting of the expiring year, the Board will select a Trustee to perform the agenda planning.

D. Attendance and Quorum

1. When Trustees become aware they will be unable to attend a meeting of the Board or a Board committee, they shall notify the Executive Director as soon as possible to help ensure that a quorum will be present.
2. In the event a Trustee, other than the State Treasurer or the Commissioner of Administration, fails to attend three consecutive meetings of the Board, unless excused for cause at the third meeting and each consecutive meeting thereafter by the Trustees attending such meetings, the Trustee shall be considered to have resigned from the Board. In such event, the Board shall declare such person's position as Trustee vacated, and the vacancy shall be filled in accordance with Section 104.450, RSMo.
3. Trustees designated to a Board committee should strive to attend all meetings of the committee.

Board Meetings

4. Six Trustees shall constitute a quorum for Board meetings.
5. No vote of the Board will take place without a quorum present.
6. Board action requires a majority vote of a quorum of the Board. Trustees may attend and vote via telephone or video link.

Board Committee Meetings

7. All Trustees may attend and participate in Board committee meetings, but only designated Board committee members will count towards a quorum and vote.
8. A majority of voting members of a Board committee will constitute a quorum.
9. A majority vote of the quorum of a Board committee present will be required for any action of the Board committee. Board committee members may attend and vote via telephone or video link.

E. Committees

1. The Board may establish standing or ad hoc committees to conduct the business of the full Board subject to the following conditions and limitations:
   a. A committee must consist of at least three but no more than five Trustees; and
   b. All motions duly approved by Board committees must be considered by the Board at the next scheduled Board meeting, unless a Board committee is exercising specific authority under its charter or has otherwise been given authority by the Board.
2. A Trustee may resign from a Board committee at any time by giving notice to the Board Chair or Executive Director.
3. Dates, times, and locations of Board committee meetings will be determined by each Board committee, and notice of such shall be given in accordance with the Missouri Open Records

Law. The full Board will be made aware of the dates, times, and locations of all Board committee meetings.

4. The committees shall report to the Board, summarizing activities and recommendations on matters that have been delegated to them.
5. The Executive Director shall provide staffing, consulting, or other resources and support to Board committees as may be necessary and within budget to meet the responsibilities assigned by the Board.

Standing Committees

6. The standing committees of the Board are as follows:
   a. Strategic Planning and Governance Committee;
   b. Investment Committee; and
   c. Audit Committee.
7. The Board Chair will appoint Trustees and a committee chair to each of the standing Board committees at the first regularly scheduled Board meeting of the calendar year. Should vacancies on Board committees arise throughout the year, the Board Chair will make appointments as necessary.
8. The Executive Director will prepare a proposed charter for each standing Board committee that provides a description of the Board committee's mandate and specifies its composition. The charters require Board approval. See *Appendix A* for standing Board committee charters.

Ad Hoc Committees

9. The Board Chair may establish ad hoc Board committees in consultation with the Executive Director. Ad hoc Board committee mandates are to be defined by the Board Chair, ratified by the Board, and recorded in the Board minutes. Ad hoc Board committees will cease to exist automatically upon the completion of their stated purpose as determined by the committee chair.
10. The Board Chair will appoint Trustees and a committee chair to any ad hoc Board committees.

F. Rules of Order

Meetings of the Board and all of its committees will follow Missouri law, MOSERS Board Rules, the Missouri Open Records Law, and this Policy.

G. Rules and Policies

1. In accordance with Section 104.1063, RSMo., the Board may adopt and promulgate rules for the administration of MOSERS. Such rules are referred to collectively as the "MOSERS Board Rules."
2. The Board may adopt general statements of policy, which are not meant to be binding as rule, but which provide guidance to the Board, staff, or MOSERS members and their beneficiaries regarding the operations of the Board, staff, or MOSERS.

Board Operations

3. Development of Board policy may be initiated by the Board or the Executive Director. In determining whether a particular issue warrants a Board policy, the following criteria should be considered as applicable:
   a. The issue may have significant impact on MOSERS' ability to meet its Mission Statement;
   b. The issue is expected to recur or continue indefinitely; and
   c. The issue is not an operational issue which falls within the discretion of the Executive Director.
4. The Executive Director will have primary responsibility for carrying out the necessary research and bringing forward a proposed policy with supporting analysis for consideration by the Board or a specified committee of the Board. The Executive Director may delegate these activities to staff or consultants, as appropriate.
5. All MOSERS Board policies will be:
   a. Formally reviewed no less frequently than every five years; and
   b. Maintained in up-to-date form on MOSERS' website.
6. Should the Board knowingly take an action contrary to its policy, it should state in the Board minutes the specific rationale for deviating from the policy.

H. Open Meetings and Records

1. The Executive Director, the General Counsel, the Board Administrator, and any MOSERS staff or current Board-Appointed Service Providers selected by the Executive Director shall attend executive session during a Board meeting, unless the Board directs otherwise. The Board may also allow members of the public to attend relevant portions of executive session, including a Trustee's individual staff, if the Board believes the person will aid the Board in its deliberation of a specific issue.
2. It is the policy of MOSERS that meetings, records, votes, actions, and deliberations of this body shall be open to the public except for those records, meetings, and votes that may be closed pursuant to the Missouri Open Records Law and MOSERS Board Rules. The Board shall make a determination on a case-by-case basis as to whether to close any portion of a particular meeting in accordance with the Missouri Open Records Law and MOSERS Board Rules. A Trustee who votes against closing a particular portion of a meeting may participate in the closed session and vote during the closed session without waiving that objection.
3. If the Board, or any committee of the Board, votes to close any meeting which may be closed pursuant to the Missouri Open Records Law, the discussion during the closed session shall relate directly to the specific reason announced for the closed meeting.
4. All records and votes of MOSERS now or hereafter existing that may be closed pursuant to the Missouri Open Records Law are closed, and are hereby deemed closed, unless the Board, by majority vote, subsequently votes to open any particular record, or unless such vote becomes open by operation of law. It is the policy of MOSERS that the Board may, in its discretion, vote to open a particular record that has been closed.

Board Operations

5. The Executive Director shall appoint a Custodian of Records of MOSERS as provided for in Sections 104.460 and 610.023.1, RSMo. The Custodian of Records shall be located at the executive office of MOSERS, currently 907 Wildwood Dr., Jefferson City, MO 65109; and also shall be available at PO Box 209, Jefferson City, MO 65102, or through the MOSERS website.
6. The Custodian of Records, after consultation with the General Counsel or a designated counsel, shall have the authority to determine whether a particular record is a record that has been closed.
7. If the Custodian of Records determines that a record is a closed record, and the requestor disputes that determination, the requestor will be given the opportunity to request that the Custodian refer the matter to the Executive Director for reconsideration.
8. If the Executive Director also determines that the record is a closed record, and the requester disputes that determination, the requester will be given the opportunity to request that the Executive Director refer the matter to the Board for reconsideration at the next regularly scheduled Board meeting following the Executive Director's denial, at which time the Board will review the decision. If the requestor threatens or initiates legal action against MOSERS based on the Custodian of Records's or Executive Director's decision to decline a records request, then the Custodian shall forthwith report the matter to the Board Chair and External Counsel.

I. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Board Officers Election and Duties

Introduction

The purpose of this *Board Officers Election and Duties Policy* is to set out procedural rules for the officer elections and describe the roles and responsibilities of the Board Chair and Vice Chair.

A. Guidelines

1. The Trustees are required to elect from among themselves a Board Chair and Vice Chair.
2. Any Trustee may serve as a Board officer.
3. The Trustees must elect the Board officers by secret ballot. Board officers are to be elected at the first Board meeting of each calendar year.

B. Process

1. The Board Chair position shall be elected first, followed by the Vice Chair position. The election of an officer must be concluded before the election for the next officer may commence.
2. The procedures for electing an officer are as follows:
   a. The Executive Director shall open the floor to the Board for nominations. Trustees may nominate themselves or another Trustee;
   b. Trustees who do not expect to be at the meeting may submit nominations in writing to the Executive Director prior to the first Board meeting of the calendar year. The Executive Director will present any written nominations to the Board after the floor is opened for nominations;
   c. Once nominations are closed, the Executive Director will read and confirm the list of nominees;
   d. The election of the officer requires the affirmative vote of a majority of those Trustees in attendance and voting;
   e. Voting shall be by secret ballot. Ballots shall be submitted to the General Counsel (or his or her designee) for tabulation, the results of which shall be reported to the Executive Director; and
   f. Notwithstanding clauses d. and e., Trustees participating in the Board meeting by telephone may submit their votes by a separate telephone call or e-mail to the General Counsel.
3. Newly elected officers shall assume their respective offices immediately after the election.

C. Board Chair Duties and Responsibilities

The Board Chair will:

1. Facilitate effective and open communications between the Board and the Executive Director;
2. Coordinate Board meetings in consultation with the Executive Director, including reviewing and approving Board meeting agendas;
3. Preside over Board meetings in a manner consistent with Missouri law (including the Missouri Opens Records Law), MOSERS Board Rules, the *Board Operations Policy*;

Board Officers Election and Duties

4. Conduct Board meetings in an efficient and productive manner;
5. Appoint Trustees and a committee chair to each standing Board committee;
6. Establish ad hoc Board committees and appoint their members and chairs; and
7. Serve as Board spokesperson.

The Board Chair may delegate these duties but remains accountable for their execution.

D. Board Vice Chair Duties and Responsibilities

The Vice Chair will:

1. Assume and perform the duties of the Board Chair in the event the Board Chair is unable to fulfill the duties of the position or due to absence; and
2. Perform other duties as assigned by the Board Chair.

E. Resignations and Vacancies

1. A Board officer may resign from that position by providing written notice to the Board and also informing the Executive Director by copying him or her on the notice.
2. Should the Board Chair be unable to complete the term as Board Chair, the Vice Chair shall serve as Board Chair until the Board elects a new Board Chair per this Policy.
3. In the event a vacancy should occur in the position of Vice Chair, the Board will elect a successor for the balance of the unexpired term at its next regular meeting.

F. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Board Education

Introduction

As fiduciaries of MOSERS, Trustees are expected to be capable of performing their duties and responsibilities. To that end, each Trustee should be educated sufficiently to discharge the obligations of the position. Pursuant to Section 105.666, RSMo., the Board has established this *Board Education Policy* applicable to all Trustees.

A. New Trustee Orientation Program

Within 90 days of assuming the position of Trustee, new Trustees shall complete the New Trustee Education Program. The curriculum of the New Trustee Education Program shall include, at minimum, the following:

1. Duties and responsibilities of Trustees;
2. Ethics;
3. Governance process and procedures;
4. Pension plan design and administration of benefits;
5. Investments, including but not limited to the fiduciary duties as defined under Section 105.688, RSMo.;
6. Legal liability and risks associated with the administration of a plan;
7. Open records law requirements under Chapter 610, RSMo.;
8. Actuarial principles and methods related to plan administration; and
9. The role of staff and consultants in plan administration.

B. Trustee Education Policy

1. Each Trustee is responsible for evaluation of the Trustee's educational needs and obtaining knowledge of specific subject matter.
2. Rather than the statutorily required amount of two hours of continuing education programs, Trustees who have served one or more years shall attend at least six hours of continuing education programs each year in the areas described in Section A. of this Policy.
3. Trustees shall complete a certification that continuing education requirements were satisfied to MOSERS staff. The certification should include, but is not limited to, date, time, length, location, education material, and any facilitator utilized. The record shall be signed and attested to by the attending Trustee.

C. Reimbursement of Education Expenses

See the *Board Expense Reimbursement Policy* for details on reimbursement of education expenses.

D. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.

Board Education

2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Board Expense Reimbursement

Introduction

1. Section 104.470.3, RSMo., requires that Trustees shall be reimbursed by MOSERS for any necessary expenses incurred in the performance of their official duties.
2. The purpose of this *Board Expense Reimbursement Policy* is to define the guidelines under which Trustees of MOSERS may be reimbursed for expenses they incur in carrying out their duties as a Trustee.
3. This Policy does not include exhaustive lists of reimbursable and non-reimbursable expenses. For reimbursement not specifically addressed within this Policy, staff may apply the business travel reimbursement policy in the MOSERS Employee Handbook to Trustees.

A. General Guidelines

Trustees are expected to exercise prudence, discretion, and good judgment to ensure that all expenses incurred in carrying out their duties, regardless of the source of funds, are authorized, reasonable, and necessary.

B. Travel Expenses

1. Trustees may be reimbursed for travel expenses relating to "MOSERS Business," which shall be defined as:
   a. Meetings of the Board and its committees;
   b. Educational conferences; and
   c. Other MOSERS functions at which a Trustee's attendance is requested.
2. Travel expenses shall not be billed to MOSERS by a third party except when arranged through the Board Administrator.
3. Limits on travel expense reimbursement are defined in Section C. of this Policy. Reimbursable travel expenses are defined in Section E. of this Policy. For greater clarity, various non-reimbursable expenses are defined in Section G. of this Policy.

C. Limits on Travel and Reimbursement

1. Except for travel expenses to and from scheduled Board or Board committee meetings, MOSERS will not reimburse a Trustee for travel if the Trustee travels:
   a. After the date the Trustee's resignation is announced;
   b. After the date it is announced that the Trustee was not re-elected to the Board; and
   c. After August 1 of the year in which a Trustee, who has chosen not to seek another term on the Board, is completing his or her term of office.
2. Pursuant to Section C. of the *Standards of Ethics and Professional Conduct* for MOSERS Trustees, Trustees may not accept reimbursement of travel expenses from any person, agent, firm, corporation, or association that, to the Trustee's knowledge, does, seeks, or may seek to do business with MOSERS.

Board Expense Reimbursement

D. Reimbursement Procedure

1. A travel expense report[3] is to be used for reporting expenditures incurred by Trustees on MOSERS Business, obtaining reimbursement, and complying with federal tax requirements. Internal Revenue Service regulations require that the travel expense report be sufficiently complete to show the business purpose of the expenses incurred.
2. In order to receive reimbursement, Trustees shall submit a completed expense report, with supporting receipts, invoices, or bills ("Receipts") to the Board Administrator.
3. All individual expenditures shall be listed separately on the travel expense report.
4. An itemized Receipt is required for all expense reimbursements except as specifically stated in this Policy.
5. The Executive Director will review completed expense reports. After review, MOSERS' staff will complete processing of all compliant expense reports for reimbursement.

E. Reimbursable Travel Expenses

1. Reimbursable travel expenses include transportation (air, ground, and private auto), food, lodging, parking, and related gratuities as defined further in this Policy. Non-typical expenses, such as charges for internet access, may be allowed if related to MOSERS Business. These necessary incidental expenses should be itemized on the Receipt included with the expense report.
2. If the Board Administrator does not make a Trustee's travel arrangements, the Trustee must maintain documentation to establish that reasonable expenses were paid, which includes documentation of the following, as applicable:
   a. The most efficient and economical flight was taken, or the rationale for a different flight is explained (e.g., unreasonable arrival/departure times, frequent stops, or unusually long layovers);
   b. Comparative prices of hotels in the vicinity of the meeting were considered; and
   c. The most efficient and cost-effective ground transportation (personal vehicle, rental vehicle, etc.) was used, or the rationale for a different method of transportation is explained.
3. If the Board Administrator does not make a Trustee's travel arrangements, the Trustee shall provide documentation that establishes reasonable expenses were paid with the travel expense report form.

[3] A Trustee has the option to file a claim for reimbursement using a MOSERS expense report form or a standard state expense report form.

Board Expense Reimbursement

Personal Automobile

4. Reimbursement will be made to a Trustee for expenses incurred through the use of his or her personal automobile in the conduct of MOSERS Business at the current specified rate per mile set by the Internal Revenue Service.[4]
5. Mileage figures listed on the expense report form should be rounded to the nearest whole mile.
6. If a Trustee chooses to drive the Trustee's personal vehicle rather than fly, the Trustee will be reimbursed for either the cost of air travel plus mileage to and from the airport, including reasonable parking fees, or actual miles driven, whichever is less.
7. When more than one person travels in the same vehicle, only the owner of the vehicle shall be allowed mileage.

Rental Car

8. Expenses for rental vehicles, including reasonable parking fees, will be allowed when driving is necessary to conduct MOSERS Business. Similar to purchasing airfare, unless there are extenuating circumstances, the lowest possible rate shall be secured when reserving a rental vehicle.[5]
9. If a rental vehicle is needed and more than one Trustee or MOSERS employee is attending the same event during the same time, the employees or Trustees should travel in the same rental vehicle whenever possible. If additional rental vehicles are required, the Board Administrator shall document the reason for the additional vehicle.
10. If a Trustee rents a vehicle for additional days beyond those necessary for MOSERS Business travel, MOSERS will not reimburse the additional rental days.
11. Any person with a valid driver's license traveling with a Trustee may drive the rental vehicle if the collision damage waiver or other property insurance covers both the Trustee and the other driver. However, a Trustee must pay for any additional charges which are incurred because the other person is a driver. These will not be reimbursed unless the other driver is also a MOSERS employee or Trustee.

Meals

12. MOSERS has a limited per diem meal allowance, subject to certain exceptions. Receipts are required for reimbursement on all meals. MOSERS will reimburse Trustees for actual meal costs not to exceed the amount of the average federal per diem, per day.

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[4] Per mile compensation paid to a Trustee by MOSERS for the use of their personal vehicle is considered reimbursement for wear, tear, use, gas, depreciation, and insurance; therefore, MOSERS is not responsible for any damage to a Trustee's vehicle while it is being used for business travel. Furthermore, MOSERS is not responsible for maintaining personal liability vehicle insurance protection for the Trustee's vehicle. MOSERS does not provide a Trustee with primary liability insurance protection for use of Trustee's personal vehicle for MOSERS Business travel.

[5] If a Trustee should also purchase the collision damage waiver ("CDW") or related physical damage coverage, MOSERS will reimburse a Trustee for the cost of the CDW or physical damage coverage. In some cases, the liability and collision coverage are included in the rental rate (e.g., state rental contract).

Board Expense Reimbursement

13. When it is necessary and clearly to the benefit of MOSERS for a Trustee to pay for meals other than the Trustee's own, the rationale for paying for the meal and the names of the guest(s), other Trustee(s), or MOSERS employee(s) should be documented on the receipt or on an attached statement.
14. Meal costs incurred while traveling on MOSERS Business that do not require an overnight stay may be considered taxable income. MOSERS will provide a 1099-MISC to a Trustee when taxable reimbursements total $600 or more in one tax year.

F. Non-Travel Expenses

A Trustee shall also be reimbursed for fees and tuition for educational conferences that cover topics outlined in the *Board Education Policy*.

G. Non-Reimbursable Expenses

Under no circumstances shall the following expenditures be reimbursable by MOSERS:

1. Expenditures for family members or any guest of a Trustee accompanying a Trustee on MOSERS Business. Any such additional expense paid for by MOSERS will be reimbursed by the Trustee.
2. Expenses incurred for personal convenience of a Trustee, such as any type of insurance, travel loan finance charges, personal credit card fees or dues, laundry, alcohol, newspapers, magazines, and other like charges.
3. Expenses incurred by a Trustee for personal entertainment, including movies (either in-room or at a theater), theater tickets, sporting events, tours, and similar activities.

H. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 16, 2022, and September 21, 2023.

Board Communications

Introduction

This *Board Communications Policy* is intended to facilitate effective communications between the Trustees and MOSERS members and their beneficiaries, management, and external parties.

A. Guidelines

1. Trustee communications potentially represent a significant risk to MOSERS in areas such as governance, member services, and public relations.
2. The Board commits itself and its Trustees to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Trustees.
3. The Board will carry out its activities in the spirit of open governance and in accordance with the Missouri Open Records Law. Notwithstanding this, the Board may conduct certain business in executive (closed) session in accordance with the provisions of the Missouri Open Records Law and the *Board Operations Policy*.
4. Trustees shall not disclose MOSERS' privileged or confidential information. Trustees shall not disclose any MOSERS information to any party that may be perceived as granting that party special treatment or favoritism.

B. Trustee Communication with MOSERS Members

1. Trustees shall be aware of the risk of communicating inaccurate information about MOSERS and the potential exposure to liability and possible harm that may result from such miscommunications. Trustees should mitigate this risk by refraining from providing specific advice, counsel, or education with respect to the rights or benefits to which a MOSERS member may be entitled.
2. In cases where a Trustee receives a MOSERS-related query that he or she believes is best addressed by MOSERS staff, the Trustee should refer the query to the Executive Director. The Executive Director will advise the Trustee when the MOSERS-related query or issue has been resolved and the action taken, if any, in response.

C. Trustee Communication with MOSERS Management

1. Trustees should direct concerns or questions regarding any aspect of MOSERS' operations to the Executive Director, the General Counsel, or the Chief Auditor. A Trustee should not give instructions or assign tasks to any other MOSERS staff.
2. Trustees shall only make reasonable requests for information which are necessary for the purpose of fulfilling their duties as Trustees, and shall not request or use MOSERS information for their personal or business use. Where the Executive Director believes that an information request would require a significant expenditure of staff time or the use of external resources, the Executive Director may inform the requestor of potential problems and suggest that it be placed on the agenda for the next regularly scheduled Board meeting for discussion and consideration.

Board Communications

D. Trustee Communication with External Parties

1. When acting in their capacity as Trustee, any communications by Trustees shall be consistent with their fiduciary duty to represent the interests of all MOSERS members and their beneficiaries.
2. In situations that call for a Board spokesperson, the Board Chair will act as spokesperson for the Board or designate an alternate if the situation dictates. As such, Trustees should not communicate as a spokesperson on behalf of the Board unless authorized to do so by the Board or the Board Chair.
3. When communicating with external parties on matters pertaining to MOSERS, Trustees should indicate if they are communicating as a spokesperson on behalf of the Board (in accordance with Section D.2 of this policy) or speaking as an individual or in another capacity.

E. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019, and September 21, 2023.

Strategic Planning

Introduction

The purposes of the *Strategic Planning Policy* are to:

1. Ensure that MOSERS actively and systematically plans for the future;
2. Facilitate discussion and agreement among the Board and the Executive Director on the strategic direction of MOSERS; and
3. Facilitate the communication of MOSERS' Strategic Plan throughout the organization.

A. The Planning Process

No less frequently than every five years, the Executive Director will complete a strategic analysis of MOSERS, which should include, at a minimum:

1. A review of the progress made in implementing the Strategic Plan;
2. An analysis of the continued appropriateness of MOSERS' strategic direction, which should include consideration of the following issues:
   a. The continued appropriateness of MOSERS' Mission Statement;
   b. MOSERS' environment; and
   c. The needs of MOSERS members and their beneficiaries.
3. An assessment as to whether MOSERS is well positioned to fulfill its Mission Statement and strategic direction; and
4. Identification of any new strategic goals to be undertaken in the coming planning period.

B. Strategic Planning Session

1. Upon completion of the analysis, the Executive Director will prepare and provide any proposed updates of the Strategic Plan to the Board, for consideration. At a minimum, the report should include:
   a. A review of the progress made in implementing the Strategic Plan;
   b. Confirmation of the continuing validity of the Mission Statement and strategic direction of MOSERS, or any recommended changes to such;
   c. An assessment as to whether the organization is well positioned to fulfill the Mission Statement and strategic direction of MOSERS; and
   d. New or existing strategic goals to be undertaken over the planning period, along with necessary supporting information and planning parameters.
2. In order to ensure that the strategic goals have the necessary resources to be implemented, the Strategic Plan should be reflected in MOSERS' operating budget. Should the budgeted funds associated with a particular strategic goal fail to receive approval by the Board, the Strategic Plan will be amended accordingly.

Strategic Planning

3. Should the Executive Director determine that changing circumstances will not allow implementation of a particular goal within the Strategic Plan, the Executive Director will inform the Board or appropriate Board committee at the next regularly scheduled meeting.

C. Review of Strategic Plan

At least annually, the Executive Director will report to the Board on the status of each goal contained in the Strategic Plan.

D. Communications

The approved Strategic Plan will be made available to all MOSERS staff and the public.

E. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019.

Service Provider Selection

Introduction

1. The *Service Provider Selection Policy* is intended to establish general guidelines by which Board-appointed service providers should be selected, retained, or terminated by MOSERS.
2. "Board-Appointed Service Providers" are those service providers and advisors who are hired by the Board, as defined in the *Board Authority and Duties Policy*.

A. Policy Objectives

The objective of the *Service Provider Selection Policy* is to ensure that:

1. The appointment of Board-Appointed Service Providers is made in the best interest of MOSERS members and their beneficiaries;
2. The process of selecting Board-Appointed Service Providers is efficient, diligent, and fair; and
3. Appropriate services are obtained at a competitive cost.

B. General Guidelines

1. A Request for Proposal ("RFP") process will generally be used in searches for Board-Appointed Service Providers, unless it can be demonstrated by the Executive Director to be inadvisable to do so.
2. If a Trustee suggests a service provider candidate to the Executive Director for consideration in a non-RFP process selection, both the Trustee and the Executive Director will inform the Board.

C. Search Process

1. The Executive Director or his or her designee will inform the Board of the upcoming searches for Board-Appointed Service Providers.
2. Upon completion of the analysis and due diligence involved in a search process of a Board-Appointed Service Provider, the Executive Director, or his or her designee, will provide a report to the Board, or a designated committee of the Board, containing at a minimum:
   a. The recommended candidate(s);
   b. A summary of the analysis performed in light of selection criteria;
   c. The rationale for the selection of the recommended candidate and, where possible, the reasons why they were chosen over other candidates[6]; and
   d. Information on the number and quality of proposals received during the search process.

D. Contracts and Review Process

1. The Executive Director, or his or her designee, will negotiate and execute all agreements in connection with Board-Appointed Service Providers.

[6] When selection is made of a venture capital firm, a consultant, or a fiduciary, preference must be given to a Missouri based company in accordance with Sections 105.687 to 105.690, RSMo.

Service Provider Selection

2. All contracts will include a sufficiently detailed description of the services to be provided or duties to be performed by the service provider.
3. The Executive Director is responsible for conducting all ongoing due diligence of Board-Appointed Service Providers.
4. At least every five years, the Board will review the need to undertake an RFP process for each Board-Appointed Service Provider.

E. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 23, 2021, and September 21, 2023.

Legal

Introduction

The purpose of this *Legal Policy* is to assist the Board in monitoring the System's legal risk.

A. General Provisions

1. The General Counsel provides legal advice and assistance to the Board, Executive Director, and other administrative staff relative to the administration of the laws governing MOSERS.
2. The General Counsel has direct, but limited, access to the Board. The General Counsel will communicate and interact directly with the Board, including at Board meetings and between Board meetings, as appropriate.
3. The General Counsel is selected, evaluated, and terminated by the Executive Director, except that the Board must approve the Executive Director's proposed termination of the General Counsel.
4. In the event the Executive Director suspends the General Counsel, the Executive Director will immediately notify the Board in writing of the suspension, including the rationale for such suspension.
5. In the event the Executive Director intends to terminate the General Counsel, the following process will be used:
    a. The Executive Director will provide the Board with at least two weeks' advance written notice prior to the proposed effective date of the termination;
    b. The Executive Director will communicate to the Board the rationale for such proposed termination in a memorandum;
    c. The Board may elect to investigate the basis for the termination as it deems appropriate under the circumstances including, but not limited to, interviewing the Executive Director, the General Counsel, or any other employee or person; and
    d. The Board may approve or deny the termination of the General Counsel.

B. Roles and Responsibilities

1. The General Counsel will:
    a. Direct all legal matters pertaining to potential or actual litigation to External Counsel retained by the Board, as necessary, and will develop strategies in conjunction with External Counsel to resolve all such matters in the best interest of MOSERS; and
    b. Keep the Board apprised of all potential and actual litigation in conjunction with External Counsel.
2. External Counsel will:
    a. Provide legal advice and assistance to the Board, Executive Director, and staff as requested relative to the administration of the laws governing MOSERS; and

Legal

b. Represent MOSERS with respect to any potential or actual litigation referred by the General Counsel or the Board.

C. Monitoring and Reporting

The *Monitoring and Routine Reporting Policy* outlines reports to the Board with respect to matters contained in this *Legal Policy*.

D. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Audit

Introduction

The purpose of this *Audit Policy* is to assist the Board and the Executive Director in overseeing the System's financial reporting, internal controls, and risk reporting.

A. General Provisions

1. The Office of Internal Audit provides independent, objective assurance and consulting activity to the Board, Executive Director, and other administrative staff designed to add value and improve MOSERS' operations.
2. The Chief Auditor's sole access to the Board is for submission of reports specifically requested by the Board, or a committee of the Board, and for submission of audit reports that the Chief Auditor believes should be reviewed by the Board, a committee of the Board, or the Executive Director. The Chief Auditor is to offer his or her opinion to the Board if, in the view of the Chief Auditor, any action of the Executive Director or other staff is either illegal or in violation of any Board policy.
3. The Chief Auditor, except as otherwise noted in this *Manual*, is subject to the Executive Director's management authority and has no other direct access to the Board. However, the Chief Auditor shall report to the Board when, in his or her judgment, the Executive Director is impeding the exercise of the Chief Auditor's official access to the Board relative to Section A.2 of this Policy or impairing the independence of the Chief Auditor.
4. The Chief Auditor is selected, evaluated, and terminated by the Executive Director, except that the Board must approve the Executive Director's proposed termination of the Chief Auditor.
5. In the event the Executive Director suspends the Chief Auditor, the Executive Director will immediately notify the Board in writing of the suspension, including the rationale for such suspension.
6. In the event the Executive Director intends to terminate the Chief Auditor, the following process will be used:
    a. The Executive Director will provide the Board with at least two weeks' advance written notice prior to the effective date of the proposed termination;
    b. The Executive Director will communicate to the Board the rationale for such proposed termination in a memorandum;
    c. The Board may elect to investigate the basis for the termination as it deems appropriate under the circumstances including, but not limited to, interviewing the Executive Director, the Chief Auditor, or any other employee or person; and
    d. The Board may approve or deny the termination of the Chief Auditor.

Audit

B. Roles and Responsibilities

In conjunction with policy set forth in this *Manual*, the Chief Auditor shall strive to ensure that the Office of Internal Audit adheres to the Professionalism and Ethics principles and rules of conduct set forth in the Internal Audit Charter. The Office of Internal Audit will:

1. Perform an annual risk assessment after discussion with and input from the Executive Director;
2. Present the annual internal audit plan to the Board after discussion with and input from the Executive Director;
3. Provide a quarterly audit plan status report with any material changes to the Board-approved audit plan;
4. At least every five years, or as needed to ensure that it remains relevant and appropriate, review the internal audit charter after discussion with and input from the Executive Director, present it to the Board for approval, and perform such duties and responsibilities as described in the charter; and
5. Coordinate the activities of the Board election in accordance with MOSERS Board Rules.

C. Internal Audit Plan

The internal audit plan will at a minimum include:

1. Evaluating compliance with the requirements of the *Personal Trading Policy*; and
2. Evaluating compliance with the requirements of the Anti-Terrorism and Sanctioned Entities section of the *Investment Policy Statement*.

D. Monitoring and Reporting

The *Monitoring and Routine Reporting Policy* outlines reports to the Board with respect to Audit.

E. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on February 17, 2023, September 21, 2023, and November 21, 2024.

Risk Management

Introduction

The purpose of this *Risk Management Policy* is to assist the Board in overseeing MOSERS' operational controls and risk management procedures.

A. Principles

1. All activities of an organization involve risk from internal and external sources. MOSERS is committed to providing an environment that ensures risk management is an integral part of all MOSERS activities.
2. MOSERS cannot seek to eliminate all risks, rather it will ensure that existing and emerging risks are identified through risk management functions and managed within an acceptable risk appetite and risk tolerances.

B. General Provisions

The Executive Director will ensure that MOSERS:

1. Obtains appropriate levels of insurance coverage for property losses, liability coverage for Trustees and staff, cyber risk, and auto coverage;
2. Establishes practices and procedures to ensure the Plan and DC Plans are operated in accordance with the Internal Revenue Code relative to qualified governmental plan requirements;
3. Makes all tax payments or other government-ordered payments or filings timely and accurately;
4. Establishes written purchasing procedures which comply with generally accepted practices;
5. Receives, processes, and disburses funds following controls which sufficiently meet appropriate industry standards; and
6. Implements and maintains an internal network security policy which:
    a. Ensures the security and functionality of MOSERS information technology assets and data;
    b. Provides for external network penetration tests on no less than an annual basis; and
    c. Requires comprehensive security audits no less than every three years.

See the *Investment Policy Statement* for detail on risk management procedures related to the investment program.

C. Monitoring and Reporting

The *Monitoring and Routine Reporting Policy* outlines reports to the Board with respect to risk management.

D. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Budget Approval Process

Introduction

The purpose of this *Budget Approval Process Policy* is to establish the process by which the annual operating budget of MOSERS (the "Budget") is developed, presented, and ultimately reviewed and approved by the Board.

A. General Provisions

1. The preparation of the proposed Budget is the responsibility of the Executive Director, or his or her designee.
2. The adoption of the Budget is the exclusive responsibility of the Board, which includes the responsibility for reviewing the Budget and providing the Executive Director with feedback.
3. The Budget will be designed to support the strategic direction and goals set by the Board.
4. The Executive Director must obtain prior approval from the Board to cause MOSERS to exceed the Budget, if the Executive Director anticipates being over budget during the current Budget year in the defined benefit or deferred compensation expense categories of the Budget.
5. The Executive Director will include in the Budget amounts necessary to fund Board education requirements as set forth in the *Board Education Policy*.
6. The Executive Director will include, in the Budget, amounts necessary to ensure the Board's *Compensation Policy* is implemented. The Executive Director is responsible for allocating the compensation budget to the approved number of Full Time Equivalent (FTE) positions approved by the Board. The Executive Director shall allocate the compensation budget in such a way that does not increase the core compensation budget for the next fiscal year. The Executive Director shall not increase the number of FTEs without Board approval.

B. Proposed Annual Budget

1. The Budget presentation will occur at the regularly scheduled meeting held in the fourth calendar quarter and include at a minimum:
   a. The previous year's budgeted expenditures and actual expenditures;
   b. The current year's budgeted expenditures; and
   c. The budget year's proposed expenditures.
2. The Board will adopt the Budget prior to January 1 of the upcoming budget year.
3. The Budget may be amended at any time by the Board.

C. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on February 18, 2022.

Compensation

Introduction

The Board has adopted this *Compensation Policy* to provide general guidelines in support of the Board's total compensation philosophy statement.

A. General Guidelines

1. A comprehensive compensation study shall be conducted no less than every five years to ensure the current compensation structures and benefits are materially consistent with the geographic and professional market.
2. Effective at the beginning of each fiscal year, the Executive Director shall provide a cost of living adjustment to the base pay of all staff equal to 80% of the percentage increase in the average Consumer Price Index (CPI-U) for the last calendar year relative to the previous calendar year, subject to a maximum of 5% of pay. Any employee working under an employment contract will not be eligible to receive the cost of living adjustment provided pursuant to this policy.

B. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019.

Funding

Introduction

1. The purpose of this *Funding Policy* is to:
   a. Help ensure the systematic funding of future benefit payments for MOSERS members and their beneficiaries;
   b. Codify the funding objectives and policy provisions adopted by the Board in consultation with the Board's retained actuarial consultant ("Consulting Actuary"); and
   c. Support transparency and accountability to stakeholders of MOSERS.
2. The principles that serve as the basis for the *Funding Policy* are set forth in state law.[7] The *Funding Policy* will govern the methods used by the Consulting Actuary in performing the actuarial valuations which are the basis for the determination of the annual contribution rates charged to MOSERS' employers.

   This *Funding Policy* applies to the MSEP and the Judicial Plan (collectively, the "Plans").[8]

A. Funding Goals and Objectives

The Board's goal is to reach a funded status of 100% within a reasonable period of time, recognizing the long-term nature of the future benefit payments, based on contribution amounts which, expressed as a percentage of active member payroll, will remain approximately level from year to year and from one generation of citizens to the next generation.[9]

The Board's decisions regarding the *Funding Policy* attempt to balance the competing objectives of benefit security, contribution rate stability and predictability, and generational equity, within the guidance provided in state law.

B. Annual Actuarial Metrics

The following metrics will be assessed on each annual actuarial valuation date to help the Board evaluate the progress in achieving its funding goals and objectives. The results of any single valuation year may not be indicative of long-term trends and projected results.

1. Annual actuarial valuations shall be made of the Plans' assets and liabilities by the Consulting Actuary.[10] The Judicial Plan shall be valued separately from the MSEP with separate contribution rates established based on the results of the valuations.
2. The computed contribution rates determined by each annual actuarial valuation consist of the normal cost, including administrative expenses, plus a payment on the unfunded actuarial accrued liabilities ("UAAL") determined based on the amortization policy.
3. The contribution rates, determined in the annual valuation, will be effective July 1 of the following year and shall be approved by the Board no later than the September Board Meeting.

[7] Sections 104.436, 104.1066, RSMo.
[8] As defined in Chapter 476, RSMo.
[9] Sections 104.436, 104.1066, RSMo.
[10] Section 104.510, RSMo.

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4. The Executive Director, on behalf of the Board, shall certify the contribution rates for the ensuing fiscal year to the division of budget by October 1.[11]
   a. The Commissioner of Administration shall request an appropriation of the amount required to satisfy the state's retirement contribution obligation to MOSERS for those employees who are paid out of funds that have been deposited in the state treasury.[12]
   b. For members of the Plans who are not paid out of funds that have been deposited in the state treasury, their employers shall remit promptly to the Executive Director an amount equal to the amount which the state of Missouri would have paid if those members had been paid entirely from state funds.
5. The actuarial funded ratio ("Funded Ratio") is the actuarial value of assets divided by the actuarial accrued liability. The goal is for the Funded Ratio of the Plans to increase over time, indicating improvement in the accumulation of assets in the Plans necessary to make future benefit payments.
6. Annual actuarial projections shall be performed to evaluate the long-term funding status of the Plans, and to help the Board identify and to the extent possible, quantify, the risks inherent in funding the Plans. This may include sensitivity analysis and stress testing under various economic and demographic conditions to determine the resultant impact on the Plans' funding or contribution rates.

C. Contribution Rate Minimums

Contribution rate minimums shall be observed as follows:

1. For fiscal years 2016 through 2024, the certified contribution rate minimum for participating MSEP employers was 16.97%, as determined by the June 30, 2013, actuarial valuation. At the September 21, 2023, meeting, the Board voted to increase the minimum contribution rate for participating MSEP employers from 16.97% of pay to 28.75% of pay in fiscal year 2025, 30.25% of pay in fiscal year 2026, and 32% of pay in fiscal year 2027, and thereafter. At the May 28, 2026, meeting, the Board voted to eliminate the minimum employer contribution rate of 32% of payroll for participating MSEP employers for fiscal years ending June 30, 2028, and after.
2. Until the Funded Ratio of the Judicial Plan is at least 80%, the certified contribution rate shall not be reduced below the actuarial contribution rate determined by the June 30, 2013, actuarial valuation, which was 58.45% of covered payroll.

D. Funding Elements

The following three elements shall be employed to achieve the funding goals and objectives:

1. Actuarial Cost Method

The actuarial cost method determines the attribution method upon which the cost/liability of the System benefits are allocated to given time periods, which determines the normal cost and

[11] Section 104.436(2), RSMo.
[12] Section 104.436(2), RSMo.

Funding

actuarial accrued liability. The Consulting Actuary shall use the entry age normal, level percent of payroll, actuarial cost method.[13]

2. Asset Smoothing Method

The asset smoothing method determines the value of assets used in the annual actuarial valuation. Because investment markets are volatile and defined benefit pension plans typically have long investment horizons, the use of an asset smoothing technique can be an effective tool to manage contribution rate volatility and provide a more consistent measure of pension plan funding over time.

The specific asset smoothing method to be used changed effective with the June 30, 2018, actuarial valuation. Beginning with the fiscal year ending June 30, 2018, the dollar amount of the difference between the actual investment return and the expected actuarial investment return on the market value of assets each year is recognized annually in level amounts over closed five-year periods.

Due to the change in the asset smoothing method, a plan was necessary to transition from the prior smoothing method. Therefore, the existing unrecognized investment experience as of June 30, 2017 (difference between the actuarial and market value of assets), is being recognized annually in level amounts over a closed seven-year period starting with the June 30, 2018, valuation. This approach provides a systematic method to reflect the existing deferred experience that will result in more stable and predictable contribution rates than other alternatives that were studied.

3. Amortization Method

The amortization method sets out the systematic manner by which actuarial value of assets will eventually equal the actuarial accrued liability.

The amortization method establishes a level percent of payroll contribution rate which will over time amortize the UAAL. Effective with the June 30, 2018, valuation, the amortization method moved to a layered method. The UAAL, as determined in the June 30, 2018, valuation, is amortized over a closed 30-year period. Subsequent changes in the UAAL due to actuarial gains/losses or assumption changes are separately financed by establishing an amortization base and payment as a level percentage of payroll over a closed 30-year period. Effective with the June 30, 2021, valuation, changes in the UAAL due to actuarial gain or losses or assumption changes will be separately financed by establishing an amortization base and payment as a level percentage of payroll over a closed 25-year period. Effective with the June 30, 2026, valuation, changes in the UAAL due to actuarial gain or losses or assumption changes will be separately financed by establishing an amortization base and payment as a level percentage of payroll over a closed 20-year period. The total UAAL amortization payment will be the sum of the payments for each of the amortization bases.

Any UAAL resulting from changes in the System's benefit structure shall be amortized over an initial period of 20 years.[14]

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[13] Section 104.436.1, RSMo.
[14] Section 105.684.2, RSMo.

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If any future actuarial valuation indicates that the MSEP or the Judicial Plan has a surplus (actuarial assets exceed actuarial accrued liability), all prior amortization bases will be eliminated, and a new, single amortization base shall be established and recognized over an open 30-year amortization period until the valuation indicates a UAAL exists. At that time, the amortization base shall be re-established equal to the amount of the UAAL and amortized over a closed 25-year period.

E. Actuarial Assumptions

In conjunction with the actuarial methods, certain actuarial assumptions are used to develop the annual actuarial metrics and contribution rates that are produced in the annual actuarial valuation. The actuarial assumptions are developed and recommended by the Consulting Actuary in conformance with Actuarial Standards of Practice, issued by the Actuarial Standards Board, and adopted by the Board.

The actuarial assumptions used in the annual valuations shall be those last adopted by the Board and based on the most recent experience study. The assumptions represent the best estimate of anticipated experience under the benefit provisions and are intended to be long-term in nature. In developing the actuarial assumptions, consideration is given not only to past experience but also trends, external economic forces, and future demographic and economic expectations.

F. Required Governance Processes

To ensure compliance with the elements of this *Funding Policy*, the Board shall engage in the following governance processes:

1. **Actuarial Valuation**

   An actuarial valuation shall be performed and presented to the Board annually by the Consulting Actuary. [15]

2. **Experience Analysis**

   At least every five years, a comprehensive review shall be completed of all actuarial methods and assumptions used in the actuarial valuation.[16] However, nothing in this Policy shall preclude the Board from reviewing and approving changes to the actuarial assumptions and methods at any time.

3. **Actuarial Audit**

   At least every five years, the Board shall hire an actuary independent of the Consulting Actuary to perform a review of the most recent actuarial valuation and most recent experience study. When changing actuaries, a reproduction and reconciliation of the final valuation of the preceding Consulting Actuary can satisfy this requirement.

[15] Section 104.510(3), RSMo.
[16] Section 104.510(1), RSMo.

Funding

4. **Asset Liability Study**

   At least every five years, the Board shall conduct an asset liability study that assesses the continued appropriateness of the investment objectives and asset allocation policy.

G. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on September 13, 2018. The Board approved changes to this Policy on September 23, 2021, September 21, 2023, and May 28, 2026.

Legislative

Introduction

The purpose of this *Legislative Policy* is to ensure MOSERS is providing technical and administrative information on legislative proposals and, when necessary taking positions on legislative proposals affecting MOSERS.

A. General Provisions

1. MOSERS will strive to provide policymakers and their associated staff with information to assist in comprehending aspects of legislative proposals. Information provided may include, but not be limited to:
   a. Technical commentary, including relevant history;
   b. Fiscal and actuarial effect on the plan and the employer;
   c. Alternative language as appropriate;
   d. Unbiased analysis, including the pros and cons of a proposal; and
   e. Additional information as applicable.
2. The Executive Director may support legislation that he or she believes is in the best interest of MOSERS' members and their beneficiaries.
3. The Executive Director may oppose legislation that is expected to have a material negative financial impact on the System, or adversely affects current members and their beneficiaries.
4. The Executive Director may also testify for informational purposes at legislative hearings and stakeholder meetings.
5. The Executive Director shall communicate with the Board as soon as practicable with respect to a decision to support, oppose, or testify on any legislation.

B. Monitoring and Reporting

The *Monitoring and Routine Reporting Policy* outlines reports to the Board with respect to legislative activities.

C. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Benefits and Services

Introduction

The purpose of this *Benefits and Services Policy* is to assist the Board in overseeing MOSERS' benefit programs, including defined benefit, defined contribution, life insurance, and long-term disability benefits, by establishing general guidelines which MOSERS will strive to fulfill when administering benefits.

A. General Provisions

MOSERS will strive to:

1. Ensure that members and their beneficiaries receive high quality services from MOSERS' staff;
2. Provide members and their beneficiaries with access to information about the benefits administered by MOSERS in a cost-effective and timely manner;
3. Ensure that members and their beneficiaries receive updates that are individualized regarding plan changes and distributed effectively and efficiently;
4. Ensure that benefit recipients receive their payments in a cost-effective and timely manner; and
5. Ensure the security and accuracy of member records.

B. Monitoring and Reporting

1. The *Monitoring and Routine Reporting Policy* outlines reports to the Board with respect to benefit and service efforts.

C. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019.

Executive Director Evaluation

Introduction

An important responsibility of the Board is to annually evaluate the performance of the Executive Director. To ensure this function is carried out effectively, the Board believes that formal evaluation practices are required. This *Executive Director Evaluation Policy* has been established to guide the process. The Board may conduct more frequent performance evaluations of the Executive Director as it deems advisable.

A. Objectives

The evaluation of the performance of the Executive Director is intended to:

1. Assist the Board in establishing and communicating clear, meaningful goals and performance targets for the Executive Director;
2. Enable the Board to hold the Executive Director accountable for performance; and
3. Allow the Executive Director to receive objective and timely feedback to help the Executive Director perform at levels expected by the Board.

B. Evaluation Procedure and Criteria

1. At the regularly scheduled Board meeting held in the second quarter, the Board, working with the Executive Director, should adopt a set of performance goals and criteria to be used in evaluating the performance of the Executive Director for the upcoming fiscal year.
2. At the regularly scheduled Board meeting held in the third quarter, the Board should evaluate the performance of the Executive Director during the preceding fiscal year.
3. The Executive Director will prepare a written summary report of accomplishments and performance relative to the approved criteria for the Board to use in its discussion of the Executive Director's performance. This report will be provided to Trustees at least 14 calendar days in advance of the regularly scheduled Board meeting held in the third quarter.
4. The Board or Board Officers will be responsible for meeting with the Executive Director, as soon as practical after the above-noted meeting, to review the results of the Board's assessment, a summary of the Board's discussions, and any Board decisions concerning the Executive Director's compensation.
5. A summary of the performance evaluation will be retained in the Executive Director's personnel file.

C. Policy Review and History

1. The Board will review this Policy no less frequently than every five years.
2. The Board adopted this Policy on February 21, 2019.

Succession Planning

Introduction

Turnover among Trustees and management can have significant impact on the operations of MOSERS. While the Board recognizes that it may not be able to prevent such turnover, it can, through effective succession planning, mitigate the risks and impacts associated with the loss of Trustees and staff members. This *Succession Planning Policy* provides the framework for the Board's succession planning efforts.

A. Succession Planning for the Board

To help ensure a smooth and effective transition when new Trustees join the Board, the Board should undertake the following measures:

1. A description of the expectations and duties of Trustees will be made available to all candidates seeking election to the Board and to newly appointed Trustees. This will include:
    a. The *Board Authority and Duties Policy;*
    b. The *Board Education Policy*;
    c. The *Standards of Ethics and Professional Conduct Policy*; and
    d. An estimate of the expected time commitment on the part of Trustees.
2. Newly elected Trustees will be encouraged to attend, if time permits, at least one open session meeting of the Board or its committees as observers prior to officially taking office, in order to familiarize themselves with the workings of the Board.

B. Succession Planning for Executive Management

1. The Executive Director should arrange to have no fewer than two MOSERS executives familiar with Executive Director issues and processes, and with the Board.
2. In the event of a vacancy in the Executive Director position:
    a. The Board will appoint a staff member to serve as the interim Executive Director;
    b. The Board Chair will appoint an Ad Hoc Search Committee of the Board;
    c. The Ad Hoc Search Committee will determine the process for filling the position of Executive Director, including the minimum and desired skill sets and experience, evaluation criteria, time frames, whether an external search consultant will be used, and any other relevant factors, and will report to the Board on the process; and
    d. The Board will interview a minimum of two candidates recommended by the Search Committee, as well as any other candidate the Board as a whole decides to consider.

C. Policy Review and History

1. The Board will review this Policy no less frequently than every five years.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019.

Personal Trading

Introduction

The law provides civil and criminal penalties for insider trading violations. As a part of upholding federal and state laws and maintaining integrity in the investment of MOSERS' assets, the Board has adopted this *Personal Trading Policy*.

A. Definitions

For the purposes of this *Personal Trading Policy*, the following terms have the following meanings:

1. "Covered Persons" includes the Trustees, the Executive Director, the staff of the Office of Internal Audit, internal counsel, any Deputy Executive Director, the Chief Operating Officer, the Chief Financial Officer, the Executive Project Coordinator, the Board Administrator, all investment department staff and interns, the Manager of DC Plans, and all DC Plans' staff and interns.
2. "Front running" means buying or selling a security to take advantage of the anticipated market effect from any pending transaction in the same security. Front running includes materially assisting another person's attempt to front run.
3. "Issuer" means a person or entity that issues or proposes to issue a security.
4. "MOSERS employee" means any person employed by MOSERS as well as any of MOSERS' Trustees.
5. "Material information" means information that (1) a reasonable investor is likely to consider as significant when making an investment decision, or (2) could reasonably be expected to affect the price of a security.[17]
6. "MOSERS transaction" means the purchase or sale of a security by, or on behalf of, MOSERS.
7. "Nonpublic information" means information that has not been disseminated in a manner making it available to the public generally.[18]
8. "Personal account" means any account in which a person has discretion or authority to trade securities, whether directly or through an entity controlled by the person.

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[17] *Material information* could include any of the following: decisions by investors (such as MOSERS or its outside service providers) to purchase or sell such securities; significant changes in an issuer's prospects; significant write-downs in assets or increases in reserves by an issuer; developments regarding significant litigation or government agency investigations; liquidity problems; changes in earnings estimates or unusual gains or losses in major operations; major changes in management; changes in dividends; extraordinary borrowings; award or loss of a significant contract; changes in debt ratings; proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets; public offerings; governmental or regulatory approval of a drug or other product; significant new products or services; or pending statistical reports (such as the consumer price index, money supply and retail figures, or interest rate developments).

[18] For instance, information may be disseminated and available to the public through national business and financial newswire services. Even after the public disclosure of information, such information will remain nonpublic for MOSERS' purposes until the close of business on the trading day following the information's public dissemination. Nonpublic information may include information available to outside service providers or broker-dealers; undisclosed reports, allegations, rumors, or gossip; and information provided to MOSERS' investment staff on a confidential basis.

Personal Trading

9. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
10. "Restricted Trading List" means the record maintained by the Chief Auditor listing the securities in which MOSERS personnel may not transact until removed by the Chief Auditor or General Counsel.
11. "Security" means a stock, note, bond, debenture, or other evidence of indebtedness (including a loan participation or assignment), limited partnership interest, investment contract, and any derivative instrument of the foregoing, such as an option or warrant. A security does not include a U.S. government security, money market fund, open end mutual fund, exchange-traded fund, bankers' acceptance, bank certificate of deposit, commercial paper or other money market instrument, or a savings or demand deposit account with a bank.

B. General Provisions

1. A MOSERS employee violates this Policy when he or she:
   a. Purchases or sells a security, while in possession of material and nonpublic information about the security or the security's issuer; or
   b. Knowingly communicates any material and nonpublic information about a publicly-traded security or the security's issuer obtained in the course of employment to any non-MOSERS employee, except in accordance with the lawful performance of the employee's duties to MOSERS. A MOSERS employee does not violate this Policy if, before communicating the information, the General Counsel approves the communication.
2. A MOSERS employee who violates this Policy will be subject to disciplinary action up to and including termination of employment with MOSERS. MOSERS may report to the appropriate legal and regulatory authorities any violation that also violates federal or state securities laws. Additional legal consequences, including, but not limited to, criminal conviction and penalties, may also be associated with a violation of the Policy or federal or state securities laws.
3. This Policy applies to all Covered Persons, regardless of resignation or termination, until the material nonpublic information is publicly disseminated.
4. Covered Persons must obtain the Chief Auditor's approval in writing before acquiring any security in an initial public offering or serving on a public company's board of directors. If the Chief Auditor is considering such an action, then the Chief Auditor must obtain the General Counsel's approval beforehand.
5. By May 1 of each year, the Executive Director, any Deputy Executive Director, the Chief Operating Officer, the Chief Investment Officer, the General Counsel, and the Chief Finance Officer must submit a Personal Financial Disclosure Statement to the Missouri Ethics Commission.[19]

[19] *See* Sections 105.483 to 105.492, RSMo.

Personal Trading

C. Front Running

A MOSERS employee violates this Policy when he or she front runs a MOSERS transaction.

D. Reporting of Material and Nonpublic Information

If a MOSERS employee reasonably believes that he or she has learned material and nonpublic information about a publicly-traded security or an issuer, then that employee shall promptly report the information in a record to the Chief Auditor and the General Counsel.

1. The employee must include in the record the date, the name of the issuer or the security, the source of the information, and a brief explanation.
2. The Chief Auditor or General Counsel will consider the MOSERS employee's provided record and promptly:
    a. Add the security or the issuer to the Restricted Trading List; or
    b. Inform the MOSERS employee that the security or an issuer will not be added as a result of the employee's provided record (such as because the Chief Auditor or General Counsel has determined that the information is not material, nonpublic information); and
    c. Take other action the Chief Auditor or General Counsel considers necessary.

E. Restricted Trading List

When there is an addition to, or removal from, the Restricted Trading List, the Chief Auditor will promptly communicate that change in a record to Covered Persons, excluding the Trustees.

1. Covered Persons receiving the Restricted Trading List may not trade any security on the list without written pre-clearance from the General Counsel.
2. The General Counsel or the Chief Auditor may remove a security from the Restricted Trading List after determining that it is no longer necessary to have the security or the issuer on the list.

F. Monitoring of Personal Trading Policy

1. All Covered Persons, except Trustees and the staff of the Office of Internal Audit, must:
    a. Acknowledge in a record to the Chief Auditor that the Covered Person has read, understands, and agrees to the terms of this Policy; and
    b. When requested, promptly provide the Chief Auditor a written report of the preceding year's security transactions in that Covered Person's personal account(s). The staff of the Office of Internal Audit shall provide these reports to the General Counsel.
2. The staff of the Office of Internal Audit shall each:
    a. Acknowledge in a record to the General Counsel that the employee has read, understands, and agrees to the terms of this Policy; and
    b. When requested, promptly provide the General Counsel a written report of the preceding year's security transactions in that employee's personal account(s).

Personal Trading

G. Notice to Outside Service Providers

MOSERS' employees shall:

1. Provide a copy of this Policy to each outside service provider with discretion to place trades on behalf of MOSERS not later than when MOSERS engages the service provider; and
2. Require the outside service provider to provide MOSERS a copy of such outside service provider's own policy prohibiting insider trading.

H. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 23, 2021, June 16, 2022, and September 21, 2023.

Pay-to-Play

Introduction

The Board has adopted this *Pay-to-Play Policy* to protect MOSERS' members and their beneficiaries by (1) requiring the disclosure of payments to placement agents in connection with MOSERS' investment and (2) prohibiting improper political contributions. This Policy is designed to prevent impropriety (or even the appearance of impropriety), and to provide transparency and confidence in the investment decision-making of MOSERS.

A. Principles

This Policy incorporates by reference the meanings of the terms defined in the following rules, as applicable:

1. "CFTC Rule 23.451" means the federal rule found at 17 C.F.R. § 23.45 and promulgated by the Commodity Futures Trading Commission, or any successor provision.
2. "Financial service provider" means any person that uses a Placement Agent.
3. "FINRA Rule 2030" means rule 2030, Engaging in Distribution and Solicitation Activities with Government Entities, promulgated by the Financial Industry Regulatory Authority, or any successor provision.
4. "MOSERS employee" means any person employed by MOSERS as well as any of MOSERS' Trustees.
5. "MSRB Rule G-37" means rule G-37, Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business, promulgated by the Municipal Securities Rulemaking Board, or any successor provision.
6. "Pay-to-play rules" means CFTC Rule 23.451, FINRA Rule 2030, MSRB Rule G-37 or SEC Rule 206(4)-5.
7. "Placement Agent" means a finder, solicitor, marketer, consultant, broker, or other intermediary to raise money or solicit investments from, or obtain access to, MOSERS and its staff, directly or indirectly.
8. "SEC Rule 206(4)-5" means the federal rule found at 17 C.F.R. §§ 275.206(4)-5 and promulgated by the U.S. Securities and Exchange Commission, or any successor provision.

B. General Provisions

MOSERS shall not engage a financial service provider unless:

1. MOSERS has provided a copy of this Policy to the financial service provider;
2. The financial service provider provides MOSERS the following:
    a. A record confirming that the financial service provider and its covered associates have complied with all applicable pay-to-play rules in connection with its solicitation of MOSERS;

Pay-to-Play

b. If a Placement Agent was used, a record that:

   i. Discloses all compensation of any kind which the financial service provider provided, or agreed to provide, to a Placement Agent (including the nature, timing, and value of the compensation) in connection with its solicitation of MOSERS;

   ii. States that the Placement Agent is (1) registered with the SEC or the CFTC, as applicable; and (2) subject independently to a pay-to-play rule; and

   iii. States whether the Placement Agent or its covered associates are registered as lobbyists with the State of Missouri or the federal government; and

c. A record agreeing to respond to requests from MOSERS for information relating to pay-to-play rules.

C. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on September 21, 2023.

Exception Reporting

Introduction

The purpose of this *Exception Reporting Policy* is to inform the Board of instances of illegal practices or violations of MOSERS policies.

A. Reporting Procedure

1. MOSERS staff is encouraged to report any action or proposed action that staff has reason to believe is illegal or a policy violation by a Trustee, staff, or an external service provider, in writing directly to the General Counsel or via MOSERS' fraud webpage, as soon as possible.
2. The General Counsel is responsible for investigating all such reports related to MOSERS staff or external service providers.
   a. If the report involves staff, other than the Executive Director, the General Counsel will advise the Executive Director of the report and the results of the investigation. Appropriate corrective action will be taken, if warranted by the investigation, as determined by the Executive Director.
   b. If the report involves the Executive Director, the General Counsel will advise the Board of the report and the results of the investigation. Appropriate corrective action will be taken, if warranted by the investigation, as determined by the Board.
   c. If the report involves an external service provider, the General Counsel will advise the Executive Director of the report and the results of the investigation. If it is determined that a violation has occurred, then, as applicable, MOSERS will, as promptly as practicable:
      i. Inform the external service provider being considered for hiring that it is no longer a candidate for hiring; or
      ii. Terminate its agreement with the external service provider.
3. If the General Counsel is the subject of a report, External Counsel may be engaged to assist in the investigation.
4. If the report involves a Trustee, the General Counsel will inform the Board Chair or Vice Chair, after which the *Standards of Ethics and Professional Conduct Policy* will apply.

B. Retaliation

1. No retaliation shall be made against any MOSERS employee for reporting in good faith a violation or suspected violation of law or policy governing the operations of MOSERS or for assisting in an investigation of any actual or suspected violation.
2. Any MOSERS employee who feels that he or she has been the subject of reprisal or retaliation because of his or her reporting or providing information under this Policy, or assisting in an investigation of any actual or suspected violation under this Policy, should immediately notify the General Counsel or other internal counsel.
3. A MOSERS employee who is determined to have committed a retaliatory action is subject to discipline up to and including termination of employment.

Exception Reporting

C. Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the individual making the report. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct a reasonable investigation, and subject to legal and regulatory requirements.

D. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019, and September 21, 2023.

Monitoring and Routine Reporting

Introduction

The Board has the duty to oversee the activities and performance of MOSERS. The Board has established this *Monitoring and Routine Reporting Policy* to set out the reports it will receive throughout the calendar year.

Routine Reports

A. Governance Reports

Report Name	Frequency	Prepared By	Description and Purpose of Report
1. Standing Committee Update(s)	Quarterly (if request)	Committee	Report of Committee work.
2. Executive Director Evaluation	Annually	Staff	Summarizes the performance assessment of the Executive Director.
3. Strategic Planning	Annually	Staff	Update on the status of each goal contained in the Strategic Plan.

B. Investment Reports

See the *Investment Policy Statement* for routine reports related to the investment program.

C. Funding Reports

Report Name	Frequency	Prepared By	Description and Purpose of Report
4. Actuarial Valuations	Annually	External	Summarizes the results of the actuarial valuation for the Plans (MSEP and Judges), together with any recommendations.
5. Actuarial Experience Report	At least every five years	External	A review by the actuary of the demographic and economic experience of MOSERS, undertaken to determine the assumptions used in the actuarial valuation.
6. Actuarial Audit	At least every five years	External	An independent review of the most recent actuarial valuation and most recent experience study.
7. Asset and Liability Study	At least every five years	External	A study of the relationship between MOSERS' assets and liabilities to determine the appropriateness of MOSERS' asset allocation policy.

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D. Audit Reports

Report Name	Frequency	Prepared By	Description and Purpose of Report
8. Internal Audit Plan Status Report	Quarterly	Staff	Update on the progress toward accomplishing the Internal Audit Plan.
9. Open Audit Recommendations Status Report	Semi-Annually	Staff	Reports any open audit recommendations, by either internal audit or external audit, and the status of those recommendations.
10. Internal Audit Plan	Annually	Staff	Describes the audits and reviews planned for the upcoming year.
11. Internal Audit Charter	At least every 5 years	Staff	Formal document that defines the internal audit activity's purpose, authority, and responsibilities.
12. Schedules of Pension Information for Participating Employers	Annually	External	Audit of the schedules of employer expense and liability allocations and the related notes, including various schedules, related to the requirements of GASB No. 68 in accordance with U.S. generally accepted accounting principles.

E. Financial Reports

Report Name	Frequency	Prepared By	Description and Purpose of Report
13. Budget	Annually	Staff	Reports the proposed MOSERS operating and investment budget for the next fiscal year.
14. GASB Statement No. 68 Report	Annually	External	Presents information to assist the System in providing the required information under GASB No. 68 to participating employers.
15. GASB Statement No. 67 Report	Annually	External	Presents information to assist the System in meeting the requirements of GASB No. 67.
16. External Audit (DC Plans)	Annually	External	Confirms that the financial statements present fairly, in all material respects, the financial status of MOSERS, in accordance with generally accepted accounting principles.
17. External Audit and Comprehensive Annual Financial Report (DB Plan)	Annually	Staff/External	Reports on the operations, activities, and financial condition and position of MOSERS during the most recent fiscal year, including external audit results.

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F. Risk Management

Report Name	Frequency	Prepared By	Description and Purpose of Report
18. Insurance	Annually	External	Summarizes MOSERS insurance coverage.
19. Life Insurance d Long-Term Disability	Annually	External	Reports on the conditions of the life insurance and long-term disability insurance marketplace and rate information.
20. Life Insurance d Long-Term Disability Provder Due Diligence	At least every three years	Staff/External	Report analyzing plan design, customer service, and rate issues.
21. Information Technology Security Audit	At least every three years	Staff/External	Report summarizing the results of the audit.

G. Other Staff Reports (non-investments)

Report Name	Frequency	Prepared By	Description and Purpose of Report
22. Executive Diretor 's Comments	Regular Board meetings	Staff	Update on significant matters not reported in routine reports, or in other staff or Board committee reports.
23. Legislative Upate	As necessary	Staff	Update on significant legislative developments, proposals, or changes affecting MOSERS.
24. Legislative Communicatio Plan	Annually	Staff	Outlines planned legislative communications activities for the upcoming legislative session.
25. Legal Update	As necessary	Staff	Update on significant legal developments affecting MOSERS, and on ongoing litigation.
26. Benefits Benchmarking	Annually	Staff	Review of information on implementation cost and customer service rating of the Benefits program.

H. Policy Review and History

1. This Policy will be reviewed by the Board no less frequently than every five years for continued relevancy and appropriateness.
2. The Board adopted this Policy on February 21, 2019. The Board approved changes to this Policy on June 20, 2019, September 21, 2023, and November 21, 2024.