



*Yesterday • Today • Tomorrow*

Gary Findlay  
*Executive Director*

Gary Irwin  
*Chief Finance Officer*

Missouri State Employees' Retirement System  
*A Component Unit of the State of Missouri*

Comprehensive Annual Financial Report  
*Fiscal Year Ended June 30, 2012*

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\* *Missouri State Employees' Plan*



## *Our Mission*

To exceed customer expectations by providing outstanding benefit services through professional plan administration and sound investment practices.

## *Core Values*

### QUALITY

Strive to exceed the expectations of internal and external customers through innovation, competence, and teamwork. Seek to “do it right” the first time.

### RESPECT

Be sensitive to the needs of others, both within and outside the organization. Be courteous, considerate, responsive, and professional.

### INTEGRITY

In all endeavors, act in an ethical, honest, and professional manner.


### OPENNESS

Be willing to listen to, and share information with, others. Be receptive to new ideas. Be trusting of others.

### ACCOUNTABILITY

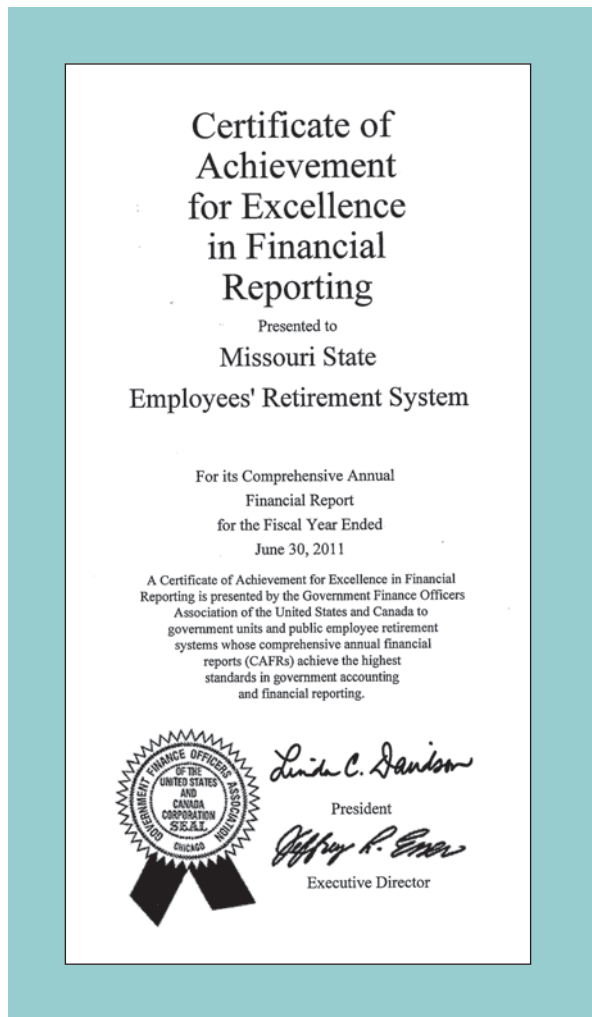
Take ownership of and responsibility for actions and their results. Learn from mistakes. Control system risks and act to protect the security of member information and system assets.

# *Introductory Section*



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## PROFESSIONAL AWARDS



### Public Pension Standards Award

MOSERS also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award in 2011, in recognition of meeting the professional standards for plan design and administration as set forth in the Public Pension Standards. This award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

### Certificate of Achievement for Excellence in Financial Reporting

*MOSERS' Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2011, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the 23<sup>rd</sup> consecutive year that MOSERS has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). The CAFR must satisfy generally accepted accounting principles, applicable legal requirements and GFOA reporting standards.



## LETTER OF TRANSMITTAL



Missouri State Employees' Retirement System

**Mailing Address**  
PO Box 209  
Jefferson City, MO 65102-0209

**Building Location**  
907 Wildwood Drive  
Jefferson City, MO

October 29, 2012  
The Board of Trustees  
Missouri State Employees' Retirement System  
907 Wildwood Drive  
Jefferson City, MO 65109

Dear Board Members:

It is my pleasure to submit the 2012 Comprehensive Annual Financial Report (CAFR) of the Missouri State Employees' Retirement System (MOSERS). Over the years, MOSERS has enjoyed much success with respect to the continued commitment to quality customer service and cost-effective pursuit of excellence in investments and benefits administration. That being said, it is not sufficient to look toward the future fueled only by achievements of the past. As we prepare for and execute succession planning relating to the changing of the guard, we are mindful that MOSERS serves tens of thousands of present and former state employees who count on us for their personal financial security far into the future. To accomplish this task, the "*Spot-On — Excellence. Always.*" strategic planning initiative was implemented. This initiative strives to build on the high level of success that has been present in the past while raising the bar for the future.

In FY12, the financial markets were marked by extreme volatility yet, in spite of this turmoil, the total fund exceeded its policy benchmark and generated \$158 million, a 2.24% return net of fees for the year.

### Report Contents and Structure

This CAFR is designed to satisfy the reporting requirements of state law as stipulated in Sections 104.480, 104.1006, and 105.661 of the Revised Statutes of Missouri (RSMo), as amended. Management has prepared the basic financial statements of MOSERS and is responsible for the integrity and fairness of the information presented. Some amounts included in the financial statements and elsewhere may be based on estimates and judgments. These estimates and judgments were products of the best business practices available. The accounting policies followed in preparing the basic financial statements conform with U.S. generally accepted accounting principles. Financial information presented throughout the CAFR is consistent with that which is displayed in the basic audited financial statements.

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Ultimate responsibility for the CAFR and the basic financial statements rests with the board of trustees. The executive director and the rest of the MOSERS staff assist board members in fulfilling their responsibilities. Systems of internal controls and supporting procedures are maintained to provide assurances that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls include standards in the hiring and training of employees, the establishment of an organizational structure, and the communication of policies and guidelines throughout the organization. Internal controls are reviewed through internal audit programs and all internal audit reports are submitted to the board of trustees. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of cost and benefits requires estimates and judgments by management.

The system's external auditor, Williams-Keepers LLC, conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the *Independent Auditor's Report* on page 21 of the *Financial Section*. Management has provided the external auditors with full and unrestricted access to MOSERS' staff to discuss their audit and related findings, to facilitate independent validation of the integrity of the plan's financial reporting and the adequacy of internal controls.

The *Financial Section* also contains the *Management Discussion and Analysis* that serves as an introduction to and overview of the financial statements. MOSERS is considered a component unit of the state of Missouri for financial reporting purposes and, as such, the financial statements in this report are also included in the *State of Missouri's Comprehensive Annual Financial Report*.

## Profile of MOSERS

MOSERS is a body corporate and an instrumentality of the state of Missouri that was established in 1957 by state law, under the management of a board of trustees, for the purpose of providing retirement benefits to most state employees. MOSERS provides for those retirement benefits through pension trust funds, in keeping with the fiduciary responsibilities of the board members and staff.

Subsequent to its creation, MOSERS was further assigned the task of providing most members of the retirement system with term life and long-term disability insurance. MOSERS operates an internal service fund for the state of Missouri and contracts with insurance companies to provide those benefits through insured defined benefit plans. MOSERS maintains membership information on those eligible for the insurance coverage and collects and remits the premiums to the insurance company. Currently, the life and long-term disability insurance plans are insured through The Standard insurance company.

The State of Missouri's Deferred Compensation Plan is accounted for as an internal service fund and is administered by MOSERS. Investment options are made available to participants who retain responsibility for the investment of their individual accounts.

A new tier defined benefit plan (MSEP 2011) is in effect for state employees first hired on or after January 1, 2011. The MSEP 2011 defined benefit plan does not impact members of MOSERS who had service with the state prior to January 1, 2011. Highlights of the MSEP 2011 defined benefit plan can be found on page 33 in the *Notes to the Financial Statements*, and on page 124-131 of the *Actuarial Section*.



### Budgeting

The MOSERS Board of Trustees annually approves the administrative expense budgets for MOSERS' operations and investments sections. MOSERS' governance policy requires an exception report to the board of trustees by the executive director if expenses are expected to exceed budgeted amounts by 10% and to seek board approval in advance for any unscheduled salary increases or staff expansions not included in the budget approved by the board before the beginning of the fiscal year. There were no budget exceptions to report for the year.

### Succession Planning

Succession planning strategies were originally developed in FY10 with an emphasis on employee development and retention, as well as ways in which institutional knowledge could be captured. This program included a selection process for high potential employees who were interested in preparing for higher level positions at MOSERS. The program was designed to capitalize on the experience that current staff already possesses and prepare them to move into higher level positions. In addition to training and job shadowing, each participant is required to initiate and complete an individual capstone project that would be of benefit to MOSERS. The third group of succession planning participants is continuing to work through their development plans and the fourth group will be recruited during the first half of FY13. The importance of this type of program becomes clear when considering the fact that MOSERS presently has 12 employees who are eligible to retire and an additional 16 who will become eligible to retire between now and September 1, 2017.

### Risk Management Enhancements

Risk management is a critical component of the investment management program. Charlesworth & Associates, MOSERS' insurance risk management consultant, has reported that insurance coverage has been designed around the risks to which the system is exposed and the philosophy regarding funding of potential loss. The insurance risk management consultant helps us ensure that coverage is consistent with industry standards and that the best rates available are in place. Additionally, it is the consultant's opinion that MOSERS continues to excel in risk management.

### Business Continuity Plan Implementation

MOSERS business continuity plans are the first line of defense in the aftermath of a business interruption. After an unexpected event, properly documented and regularly exercised plans will greatly increase the chances of resuming the organization's normal business operations with minimal interruption. This year, additional remote access capabilities were increased to improve warm-site remote access to improve business continuity readiness. If MOSERS experiences a business interruption and the building is inaccessible, employees will be able to remotely access the computer systems at the warm-site.

### Deferred Compensation and College and University Retirement Plans

MOSERS is responsible for oversight of the State of Missouri Deferred Compensation Plan and the College and University Retirement Plan (CURP), which includes, but is not limited to, contracting with record keepers, plan administrators and investment managers, providing communications and ensuring that the plans are in compliance with federal and state law. Deferred compensation plan participation is voluntary for eligible members, including college and university employees. As of June 30, 2012, there were 53,034 participants (34,646 active and 18,388 terminated/retired). Of those employees eligible, nearly 54% participate in the plan. Participant account assets total

\$1,530,949,179. The plan consists of 13 custom-designed target date investment options, a stable income fund, a new monthly valued active asset allocation fund, a brokerage window option, and 30 closed legacy mutual fund options (consisting of a variety of domestic equity, international equity, fixed income, and lifestyle/balanced mutual funds).

As of June 30, 2012, plan participation was down 1% from June 30, 2011. Total participants decreased by 2,041 during the fiscal year. This decline continues as a result of lower enrollments due to economic conditions and ceased contributions in response to the plan incentive suspension in March 2010.

A change in state law allowed for the automatic enrollment of new employees into the State of Missouri Deferred Compensation Plan beginning July 1, 2012.

On November 10, 2011, participant account records in the deferred compensation plan were transitioned to the International City/County Management Association Retirement Corporation (ICMA-RC). This transition led to improvements such as lower accounts fees, the addition of TD Ameritrade for brokerage window, fee-based planning service offerings and the option for after-tax (Roth) contributions.

The defined contribution team and investment staff at MOSERS worked with ICMA-RC, Bank of New York Mellon (MOSERS' custodial bank) and legal advisors to create the MOSERS Investment Portfolio (MIP) fund option. The new offering became available to plan participants on July 1, 2012. This option gives plan participants the ability to purchase units of the MOSERS investment portfolio, giving them a unique, long-term investment option.

The board also has responsibility for oversight of the College and University Retirement Plan (CURP). CURP is a 401(a) defined contribution plan for education employees hired after June 30, 2002, by the regional colleges and universities that participate in MOSERS. The employer payroll contribution rate is the normal cost rate of the defined benefit plan for general state employees less 1%. TIAA-CREF is responsible for third party administration and for providing investment products and education for members in the plan. Current plan assets total \$35,565,877 with 1,826 participants.

### Technology Updates

This year, a building-wide overhaul of the network infrastructure was completed. The upgraded wiring and switching technology will increase speed and reliability in preparation for a move to Voice over Internet Protocol (VoIP) telecommunications in the future.

### Cost Effectiveness Measurement (CEM)

Customer service is a critical element in MOSERS' performance objectives. One of the ways MOSERS measures overall performance is through the Cost Effectiveness Measurement, Inc. (CEM) pension administration benchmarking analysis. CEM evaluated 66 leading pension systems, including systems in the United States, Canada, Australia, the Netherlands, and Denmark. MOSERS' peer group included 11 U.S. public pension plans that are identified as the most relevant peer group based on membership size and system assets. This year, the CEM results indicated that MOSERS' service ranked number one again in the peer group and was the highest in CEM's global universe of 88 plans. MOSERS' service score was 91, well above the peer median of 77 and the all CEM average of 74. Each year, we explore improvements to service that can be made in a cost-effective manner.

CEM measures the cost of service on an annual per participant basis (including active members and benefit recipients). MOSERS' has 88,000 such participants while the median number within the peer group is 101,000 and the peer average is 114,000. MOSERS' cost of \$73 per active member and annuitant was equal to the peer median of \$73 and well below the peer average of \$94. In addition, our overall complexity score remains below the peer average (with simplicity being viewed as a positive).

### Summary of Financial Information

The following schedule is a comparative summary of the pension trust funds' additions and deductions for the years ended June 30, 2012, and June 30, 2011.

	Pension Trust Funds	
	Year Ended June 30, 2012	Year Ended June 30, 2011
Additions	\$ 460,966,483	\$1,708,542,321
Deductions	(646,164,323)	(647,802,147)
Net change	\$ (185,197,840)	\$1,060,740,174

The following schedule is a comparative summary of the revenues and expenses of the *Internal Service Funds* (insurance and deferred compensation activity) for the years ended June 30, 2012, and June 30, 2011.

	Internal Service Funds	
	Year Ended June 30, 2012	Year Ended June 30, 2011
Operating revenues	\$ 46,686,989	\$ 84,032,268
Operating expenses	(46,857,332)	(83,877,672)
Nonoperating revenue	11,068	11,071
Net change	\$ (159,275)	\$ 165,667

Additional financial information can be found in the *Management Discussion and Analysis Report*, the financial statements, and schedules included in the *Financial Section* of this report.

### Investments

MOSERS' investments generated a return of 2.2%, net of fees, for FY12. The total fund return exceeded its policy benchmark by 1%. The incremental return (actual return vs. policy benchmark) resulted in an additional \$83 million for the fund this year.

Although volatility defined the markets this past year, MOSERS had the best 10-year investment return at June 30, 2012, in the national universe of statewide funds. The largest asset class, public equities, returned -3.0% for the year. Total public debt returned 7.4% for the fiscal year. Within the alternative investments asset class, real assets and private investments posted absolute returns of 5.6%. The table on page 73 illustrates each sub-asset classes' contribution to the total return. Additional information regarding the investments of the pension trust funds can be found in the *Investment Section* of this report.

### Plan Financial Condition

The funding objective of MOSERS' pension trust funds is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll over decades of time. Historical information relating to progress in meeting this objective is presented on pages 49-52. During the year ended June 30, 2012, the funded ratio of the Missouri State Employees' Plan, which covers 106,674 participants, decreased from 79.2% to 73.2%, primarily the result of the unfavorable investment market experience in previous years and the strengthening of demographic assumptions. Funding of the Judicial Plan, which covers 927 participants, began on July 1, 1998. During the year ended June 30, 2012, the funded ratio of the Judicial Plan decreased from 25.0% to 24.7%. Additional information regarding the financial condition of the pension trust funds can be found in the *Actuarial Section* of this report.

### Awards

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to MOSERS for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 23<sup>rd</sup> consecutive year that MOSERS has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

MOSERS received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award, in recognition of meeting the professional standards for plan design and administration as set forth in the Public Pension Standards. This award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

These prestigious awards recognize MOSERS for financial and professional standards of excellence. Presentation of these notable awards can be found on page 5.

GFOA also presented MOSERS with an Award for Outstanding Achievement in Popular Annual Financial Reporting for the summary annual report. This was the 16<sup>th</sup> year that MOSERS received this award.

This past year, MOSERS also received the aiCIO (Asset International Chief Investment Officer) Asset-Owner Innovation Award for a public pension plan below \$15 billion. This award highlights the most innovative and positive work being done for, and at, the world's largest pensions, endowments, foundations, and sovereign wealth funds.

In June 2012, investment consultant Cliffwater, LLC released an independent report which recognized MOSERS for producing the highest ten-year investment return in the statewide public retirement fund universe for the period ending June 30, 2011.

These awards are gratifying to MOSERS' staff and increase MOSERS' stature as an industry leader.

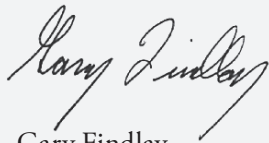
## Conclusion

This report is a product of the combined efforts of MOSERS' staff and advisors functioning under your leadership. It is intended to provide complete and reliable information that facilitates the management decision making process, serves as a means for determining compliance with legal requirements, and allows for the evaluation of responsible guardianship of system funds. As in the past, MOSERS received an unqualified opinion from our independent auditor on the financial statements included in this report. The opinion of the independent auditor is on page 21.

Copies of this report are provided to the Governor, State Auditor, the Joint Committee on Public Employee Retirement of the General Assembly, and all state agencies that form the link between MOSERS and its members. Their cooperation contributes significantly to the success of MOSERS.

I would like to take this opportunity to express my gratitude to you, the staff, the advisors, and other people who have worked so diligently to assure the continued successful operation of the system. Thank you for assisting the system in raising the bar towards "*Excellence. Always.*"

Respectfully submitted,



Gary Findlay  
Executive Director

## LETTER FROM THE BOARD CHAIR



Missouri State Employees' Retirement System

**Mailing Address**  
PO Box 209  
Jefferson City, MO 65102-0209

**Building Location**  
907 Wildwood Drive  
Jefferson City, MO

October 29, 2012

Dear Members:

On behalf of the board of trustees, I am pleased to present the *MOSERS Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2012. While the focus of this report is on information related to the financial status of your retirement system, it also highlights other changes that occurred during the year. The *Financial Section* of this report is prepared in accordance with generally accepted accounting principles and is appropriately attested to by the system's independent certified public accountants.

MOSERS' investments generated a return of \$158 million, 2.2% net of fees, on behalf of our members and Missouri taxpayers this year, exceeding the policy benchmark of 1.2%. Although this return is lower than those generated the past two years (14.3% in FY10 and 21% in FY11), it reflects the volatility that the financial markets experienced throughout this fiscal year. In the national universe of statewide pension funds, MOSERS generated the best ten-year investment return as of June 30, 2012.

After long and careful discussion and following the recommendations and guidance of the system's actuary, in June 2012, the board adopted strengthened mortality tables and revised rates of withdrawal and retirement to better reflect recent experience, as well as adopting other minor changes in demographic assumptions. In July 2012, the board voted to reduce the nominal investment return assumption from 8.5% to 8% and to adopt assumptions for wage inflation and price inflation of 3% and 2.5%, respectively.

Your retirement system continues to achieve high marks in the delivery of customer service to our members. One of the ways operational performance is measured is through the Cost-Effectiveness Measurement, Inc. (CEM) pension administration benchmarking analysis. CEM evaluated 66 leading pension systems, including systems in the U.S., Canada, the Netherlands, and Denmark. MOSERS' peer group included 11 U.S. public pension plans that are identified as our most relevant peer group based on membership size and system assets. This year, the CEM results indicated that MOSERS' service ranked number one again in our peer group with lower than average costs.

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Email: [mosers@mosers.org](mailto:mosers@mosers.org) • Website: [www.mosers.org](http://www.mosers.org)

The board experienced some turnover this past year. On behalf of the board, staff and members, I would like to thank the former Commissioner of the Office and Administration, Kelvin Simmons, Representative Ward Franz, Representative Thomas Flanagan, and Travis Morrison, for their hard work and contributions to the system. Trustees devote many hours in fulfilling their duties and serve with no remuneration. The board also welcomed acting Commissioner of Administration Doug Nelson, Representative Caleb Jones, and Antwaun Smith to the board this year, and we look forward to serving with them.

I wish to thank all of the MOSERS board members for their hard work and contributions to the system this year. The wide diversity and exceptional knowledge that our trustees bring to each meeting is one reason for our system's continued success. Additionally, the board thanks MOSERS' staff for maintaining a high level of expertise and professionalism required for excellence in our retirement system that continues to serve our membership well.

Both the board of trustees and staff look forward to meeting your future needs. If you have any questions regarding this report or any other aspect of MOSERS, please contact us at MOSERS, P.O. Box 209, Jefferson City, MO 65102 or call (800) 827-1063. Our website can also be visited at [www.mosers.org](http://www.mosers.org).

Sincerely,

A handwritten signature in black ink that reads "Donald Martin". The signature is written in a cursive style with a large, prominent "D" and "M".

Donald Martin, Chair  
Board of Trustees

## BOARD OF TRUSTEES



**Donald Martin - Chair**  
*Elected Retired Member*



**Lori Neidel - Vice Chair**  
*Governor Appointed Member*



**Senator Jason Crowell**  
*Senate Appointed Member*



**Laura Davis**  
*Elected Active Member*



**Marty Drewel**  
*Elected Active Member*



**Senator Timothy Green**  
*Senate Appointed Member*



**Representative Mike Leara**  
*House Appointed Member*



**Acting Commissioner of Administration**  
**Doug Nelson**  
*Ex-Officio Member*



**Representative Caleb Jones**  
*House Appointed Member*



**Antwaun Smith**  
*Governor Appointed Member*



**State Treasurer**  
**Clint Zweifel**  
*Ex-Officio Member*



## ADMINISTRATIVE ORGANIZATION



**Gary Findlay - Executive Director**

---

Greg Beck - *Chief Auditor*

Judy Delaney - *Legislative & Policy Coordinator*

Jake McMahon - *Chief Counsel*

Lisa Verslues - *Human Resources Coordinator*



**Karen Stohlgren - Deputy Executive Director  
Chief Operations Officer (COO)**

---

Stacy Gillmore - *Manager of Information Technology*

Gary Irwin - *Chief Finance Officer*

Lori Leeper - *Operations Project Coordinator/Board Secretary*

JoAnn Looten - *Manager of Records & Facility*

Krista Myer - *Manager of Communications*

Scott Simon - *Manager of Benefit Services*



**Rick Dahl - Deputy Executive Director  
Chief Investment Officer (CIO)**

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Shannon Davidson - *Manager of Investment Risk & Performance*

Seth Kelly - *Manager of Investment Research & Strategy*

Jim Mullen - *Manager of Public Debt*

Pat Neylon - *Manager of Public Equity*

Scott Peppard - *Manager of Alternative Investments*

Christine Rackers - *Manager of Investment Policy & Communications*

Cindy Rehmeier - *Manager of Deferred Compensation*

Tricia Scrivner - *Manager of Hedge Fund Investments*

## ABOUT MOSERS

### Purpose

MOSERS was established September 1, 1957, and is governed by laws of the state of Missouri.

MOSERS provides retirement, survivor, and disability benefits, as well as life insurance and deferred compensation plan management to its members.

MOSERS administers retirement benefits for most state employees, including members of the Missouri General Assembly, elected state officials, and judges. MOSERS is responsible for administering the law in accordance with the expressed intent of the Missouri General Assembly and bears a fiduciary obligation to the state employees who are its members and beneficiaries.

### Administration

State law provides that responsibility for the administration of MOSERS is vested in an 11-member board of trustees. The board is comprised of:

- Two members of the Senate appointed by the President Pro Tem of the Senate.
- Two members of the House of Representatives appointed by the Speaker of the House.
- Two members appointed by the Governor.
- The State Treasurer.
- The Commissioner of Administration.
- Three other system members: two active members elected by the active and terminated-vested members, and one retiree elected by the retired members.

The day-to-day management of MOSERS is delegated to the executive director who is appointed by the board and serves at its pleasure. The executive director acts as advisor to the board on all matters pertaining to the system, contracts for professional services, and employs the remaining staff needed to manage the system.

### Organization

The executive director, COO, and CIO are responsible for planning, organizing, and administering the operations of the system under the broad policy guidance and direction of the board. MOSERS' office is divided into seven administrative sections that perform specific functions for the system.

### Executive Services

The executive services team provides administrative support by assisting the executive director, COO, and CIO in the major legal, operational, and oversight functions of the retirement, benefit, and communication programs.

### Accounting

Accounting is responsible for all financial records of the programs administered by MOSERS, including the preparation of financial and statistical reports. Accounting performs the purchasing functions for MOSERS and interfaces with the investment custodian, Office of Administration accounting, various payroll and personnel departments, life insurance companies, actuaries, banks, and the IRS on all accounting-related issues.

### Benefit Services

Benefit services is responsible for contact with the members regarding the benefit programs directly administered by MOSERS, which include retirement, life insurance, and long-term disability.

### Communications

Communications is responsible for providing clearly written and attractively designed publications, and conducting educational seminars to inform members about benefit programs administered by MOSERS. Communications and the information technology section are jointly responsible for MOSERS' website.

### Information Technology

Information technology is responsible for establishing and maintaining the automated systems that support MOSERS' daily operations. MOSERS takes full advantage of technology to automate and integrate almost every aspect of the business. Key technologies include a document imaging system, a custom-built benefits management system and a computer-based telephone system.

### Investments

The primary function of the investment department is to provide internal investment management and consulting services to the board and the executive director. Other functions include hiring and terminating external investment managers, making strategic allocation decisions, analyzing the overall asset allocation, rebalancing the portfolio, and informing and advising the board and executive director on financial and economic developments which may affect the system. The investment staff also works with the general asset consultant, the hedge fund asset consultant and the executive director in selecting and monitoring external money managers. Information regarding the investment professional service providers can be found in the *Investment Section*.

### Records and Facility Management

Records and facility management is responsible for establishing and maintaining all membership records including maintenance of the data on the electronic imaging system, balancing payroll deductions for insurance, and entering the payroll, service, and leave data into the system's retirement database. This section is also responsible for mail services and general building maintenance.

## OUTSIDE PROFESSIONAL SERVICES

### Actuary

- Gabriel, Roeder, Smith & Co.

### Auditor

- Williams-Keepers, LLC

### Legal Counsel

- Thompson Coburn, LLP

### Master Custodian

- Bank of New York Mellon

### Investment Management Consultants

- Blackstone Alternative Asset Management, LP  
*Hedge Fund Asset Consultant*
- Summit Strategies Group  
*General Asset Consultant*
- TimberLink, LLC  
*Timberland Consultant*

### Risk Management Consultant

- Charlesworth & Associates, LC

### Third-Party Administrators

- ICMA-RC  
*Deferred Compensation Plan*
- The Standard Insurance Company  
*Disability and Life Insurance*
- TIAA-CREF  
*College & University Retirement Plan*

### Securities Lending Advisor

- Deutsche Bank AG, New York Branch

### Information Technology Consulting

- Avtex Solutions, Inc.
- Huber & Associates, Inc.
- HyperGen, Inc.
- Qflow Systems, LLC

### Human Resources Consulting

- CBIZ Benefits & Insurance Service, Inc.
- Rose International

### Investment Advisors

- Actis Capital, LLP
- Alinda Capital Partners, LLC
- Alliance Bernstein Defined Contribution Investments
- American Industrial Partners
- AQR Capital Management, LLC
- Ashmore Investment Management, Ltd.
- Axiom Asia Private Capital
- Axxon Management, Ltda.
- Baillie Gifford International, LLC
- Bayview Asset Management, LLC
- BlackRock Financial Management, Inc.
- Blackstone Alternative Asset Management, LP
- Blackstone Real Estate Advisors
- Blakeney Management
- Brevan Howard Capital Management, Ltd.
- Bridgepoint Capital, Ltd.
- Bridgewater Associates, LP
- CarVal Investors, LLC
- Catalyst Capital Group, Inc.
- Catterton Partners
- Claren Road Asset Management, LLC
- COMAC Capital, LLP
- CQS, Cayman, LP
- Davidson Kempner Capital Management, LLC
- DDJ Capital Management, LLC
- Development Partners International
- Diamondback Capital Management, LLC

*Outside Professional Services continued on page 20*

- DRI Capital, Inc.
- EIG Global Energy Partners, LLC
- Elliott International Capital Advisors, Inc.
- Eminence Capital
- Empyrean Capital Partners, LP
- Eton Park Capital Management, LP
- Farallon Capital Management, LLC
- Fortress Investment Group, LLC
- Glenview Capital Management, LLC
- Global Forest Partners, LP
- Grantham, Mayo, Van Otterloo & Co., LLC
- Harvest Fund Advisors, LLC
- HBK Investments, LP
- JLL Partners
- King Street Capital Management, LP
- Legg Mason Capital Management, Inc.
- Leuthold Weeden Capital Management
- Linden Capital Partners, LLC
- Mast Capital Management, LLC
- Merit Energy Company
- MHR Fund Management, LLC
- Millennium Technology Ventures, LP
- Moon Capital Management, LP
- Morant Wright Management, Ltd.
- New Mountain Capital, LLC
- Nippon Value Investors
- NISA Investment Advisors, LLC
- Oaktree Capital Management, LP
- Pacific Alternative Asset Management Company, LLC
- Perry Corp.
- Pershing Square Capital Management, LP
- Pharo Global Advisors Ltd.
- Resource Management Service, LLC
- Silchester International Investors
- Silver Creek Capital Management, LLC
- Silver Lake Partners
- Silver Point Capital, LP
- Stepstone Group
- State Street Global Advisors
- Stone Harbor Investment Partners, LP
- The Campbell Group, LLC
- TPG Credit Management, LP
- TPG-Axon Capital Management, LP
- Veritas Capital Fund Management, LLC
- Viking Global Investors, LP
- Visium Asset Management, LP
- Wellington Management Company, LLP