MRTA

Missouri Retired Teachers' Association

& Public School Personnel

April 27, 2010

Dear MRTA:

The Missouri Public Trust Company (SS SB 714/SB 1050) proposed by Senator Crowell passed the Senate 4/20/2110 and in the view of MRTA (Missouri Retired Teachers Association) this state retirement company is a money grab by investment managers, lobbyists, security attorneys, political cronies, campaign contributors and is bad public policy. Billions of dollars are at stake. This legislation creates a "body corporate" or company to invest state employee retirement funds. Companies do not have any public oversight or disclosure requirements. Taxpayers of Missouri beware.

There has been no Senate committee hearing to allow for public comment. Why so secret? Look at some of the provisions of SS SB 714/SB 1050.

·SS SB 714/SB 1050 creates a retirement investment company with a board of directors.

·It does not allow for any elected board members.

·It does not allow for any gubernatorial appointments to be confirmed by the Missouri Senate.

·It specifically states this new board does not have any liability for any payment by its Executive Director.

·It states that all expenses will be apportioned among retirement systems involved.

·Last year, the Legislature approved teachers' request to combine the funds of PSRS and PEERS for investment purposes <u>only</u>. This kept the public board of trustees at our retirement system intact and the accountability we desire. This "proposed" private investment company is not needed.

The ones who will manage this new company (MOSERS staff) are the same people who just awarded themselves $370,000 in bonuses, one receiving $125,155. Governor Nixon called this activity "unconscionable" yet, it is said he supports this new idea of a private investment company. The legislation's sponsor, Senator Crowell, states repeatedly how well MOSERS investments are doing and how they did not have losses comparable with the national average during the crash of 08. If this is true, why change it to a private investment company? Senator Crowell's argument is not sound.

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Other states have enacted private investment companies--all with disastrous results. Recently, a U.S. pension fund filed a lawsuit against Goldman Sachs alleging record-setting 2009 bonuses, estimated in excess of $22 billion, at the expense of the taxpayer; and yet, Crowell and Nixon still think it's a good idea to put our financial futures in the hands of a private investment company.

For example, in New York, six people pled guilty to corruption and bribery charges in the scandal involving the New York State Common Retirement Fund (similar charges are being investigated in California). New York is just one of many states with a history of dubious relationships between politicians who influence or control public pension funds and those who want investments from the billions of dollars in cash they hold. According to msnbc.com, in 2009 New York Attorney General Andrew Cuomo launched a nationwide investigation with his counterparts in 35 other states to root out what he calls corruption and abuse of public workers' pension funds. History indicates this is not a good idea for Missouri.

This legislation must be defeated. It is bad public policy, it could result in misuse of taxpayer funds. It will have a negative impact for Missouri retirees and the state's economy.

Jim Kreider
Executive Director MRTA