



Board Meeting Summary 1:00 pm on September 28, 2017

Value of Assets
(as of 6/30/17)
\$2.2 billion

Funded Status
(as of 6/30/17)
57.1%

Board of Trustees

Sue Cox

Board Chair
MoDOT Retiree
Representative

Bill Seibert

Board Vice-Chair
MSHP Retiree
Representative

John Briscoe

Highways & Transportation
Commissioner

Sgt. Matt Broniec

MSHP Active
Representative

Col. Sandy Karsten

Superintendent
of MSHP
Ex-Officio Member

Patrick McKenna

Director of MoDOT
Ex-Officio Member

Michael Pace

Highways & Transportation
Commissioner

Rep. Shawn Rhoads

Appointed by the
Speaker of the House

Senator Dave Schatz

Appointed by the President
Pro Tem of the Senate

Gregg Smith

Highways & Transportation
Commissioner

Todd Tyler

MoDOT Active
Representative

Investment Performance

Presenters: Larry Krummen, Chief Investment Officer (MPERS) & Kevin Leonard (NEPC)

As of June 30, 2017, MPERS' fund value was \$2.2 billion. MPERS' fiscal year 2017 return (July 1, 2016 through June 30, 2017) was 11.2%, assisted by the strength of the equity market. Off to a good start, MPERS' portfolio generated a 1.8% return for the first quarter of the new fiscal year (from July 1st to September 19th).

Annual Actuarial Valuation

Presenter: Mr. Ken Alberts (Gabriel Roeder Smith & Co.)

The annual actuarial valuation is designed to measure the overall financial condition of the retirement system. During fiscal year 2017, MPERS' funded status increased from 55.5% to 57.1%. The funded status has continued to increase steadily from its lowest point six years ago when it was 42.2%. The funded status represents the level of assets available to pay the benefits that have been earned. MPERS' status is showing progress; however, it is still well below the overall funding objective of 100%. The actuary affirmed that MPERS has the appropriate funding policies in place to achieve that objective.

The annual valuation also provides the basis for determining employer contribution rates for the next fiscal year, which must be certified by the Board to the employers (MoDOT and MSHP) by October 1. The contribution rate, as approved by the Board, for fiscal year 2019 will remain at 58% of payroll. The contribution rate is comprised of the factors noted below.

FY 2019 Employer Contribution Rates Expressed as a Percent of Active Payroll for Total Benefits	
	Combined Rate (System Total)
Normal Cost	11.46%
Unfunded Liability	44.80%
Expenses	1.21%
Subtotal	57.47%
Disability	0.53%
Total	58.00%

The normal cost is the basic cost of benefits for our members. This contrasts with the unfunded liability, which is the "catch up" payment for those benefits that were not properly funded by either contributions or investment returns in the past.

Audit Committee Report

Presenter: Bill Seibert, Audit Committee Chair

Mr. Seibert reported that the Audit Committee met with the external auditor, Williams Keepers, on August 2nd. The auditor explained to the committee the process they would follow during the annual audit and stated that they did not anticipate any issues this year. The auditor said that a final report would be available in November for the Audit Committee and Board to review.

Governance Committee Report

Presenters: Todd Tyler, Governance Committee Chair and Scott Simon, Executive Director (MPERS)

Mr. Tyler reported that the Governance Committee met on August 31st to discuss modifications to the board rules. The first change was a change to Board Rule 5-3, Reemployment of Member. The change is intended to provide more structured detail to the administrative process of reemploying a 2011 Tier member who returns to work after taking a refund of contributions (specifically, how those contributions are to be repaid and credited to the member). The second change was for a new rule regarding the process of determining whether an active employee's death is duty-related. Upon further discussion, the Board decided to leave that decision up to the board and not change our current process.

The adopted change to Board Rule 5-3 will be posted for 30 days on the MPERS website for public comment.

Director's Comments

Presenter: Scott Simon, Executive Director (MPERS)

Regarding the buyout election, Mr. Simon reported that all letters had been sent to eligible members and to date, we had received 75 election forms from the eligible group. The deadline to return elections is November 30, 2017, with payments beginning in January, 2018.

The November Board Educational Workshop and Board Meeting will be held on November 16th at Meadow Lake Acres Country Club in New Bloomfield, Missouri.

Other Items

Presenter: Jamie Mullen, Benefit Specialist (MPERS)

Jamie Mullen reported on the Workplace Possibilities Program, a program administered by the System's long-term disability carrier, The Standard. The program is designed to provide assistance to those individuals struggling at their workplace because of a medical condition. The program helps employees to remain at work with an accommodation provided as an insurance benefit. At the request of the employee, a consultant sent by the insurance company meets with the employee and the employer, assesses the medical condition as well as the work environment and responsibilities, then provides an accommodation, in the form of a device like a sit/stand workstation or a specialized shoe, etc. The hope is that the individual will be able to remain at work rather than filing a claim for disability.

The consent agenda items were also approved.

Remaining 2017 Board Meeting Date

Thursday, November 16, 2017