

**Minutes of April 30, 2021**  
**Governance Committee Meeting**  
via Webinar

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Committee Members Present:

Ms. Sue Cox, Committee Chair  
Mr. W. Dustin Boatwright  
Sgt. Matt Broniec

Other Board Members Present:

Mr. Todd Tyler

Other Attendees:

Mr. Scott Simon, Executive Director  
Ms. Greta Bassett-Seymour, Assistant Executive  
Director & General Counsel  
Mr. Larry Krummen, Chief Investment Officer  
Ms. Jennifer Even, Chief Financial Officer  
Ms. Lois Wankum, Senior Executive Assistant  
Mr. Rick Funston, Funston Advisory Services, LLC

Ms. Cox called the meeting to order at 9:10 a.m.

- Approval of Minutes

Sgt. Broniec made a motion to approve committee minutes from the January 21, 2021 meeting and Senator Bernskoetter seconded. Mr. Boatwright abstained from voting because he was not a member of the Committee at that time. The minutes were unanimously approved by the Committee.

- New Board Rule 1-15 (Bona Fide Separation of Service)

Mr. Simon & Ms. Bassett-Seymour presented a new board rule to the Committee for consideration. Board Rule 1-15, Termination of Employment and Reemployment of Closed Plan, Year 2000 Plan and 2011 Tier Plan Retiree, formalizes the stipulations for maintaining the plan's qualified status as it relates to handling retirement and reemployment after retirement.

After review and discussion, Sgt. Broniec made a motion to approve the new board rule, as revised by the Committee. Mr. Brinkmann seconded. All voted in favor.

- Governance Policy Updates (Committee Charters)

The Committee addressed most of the recommendations made by Funston Advisory Services, LLC (Funston) at the January committee meeting. After the Board Charter was reorganized according to the powers reserved for the Board, it was important to reorganize the committee charters in the same way. All committee charters were reviewed and are shown below.

Audit Committee Charter

- 1.1.1 Organize the Audit Committee Charter to reflect the powers reserved for the Board by legislation and/or board policy (Board Charter).

Sgt. Broniec made a motion to approve the proposed revisions made to the policy. Senator Bernskoetter seconded. All voted in favor.

Budget Committee Charter

- 1.1.1 Organize the Budget Committee Charter to reflect the powers reserved for the Board by legislation and/or board policy (Board Charter).

Sgt. Broniec made a motion to approve the proposed revisions made to the policy. Senator Bernskoetter seconded. All voted in favor.

### Governance Committee Charter

1.1.1 Organize the Governance Committee Charter to reflect the powers reserved for the Board by legislation and/or board policy (Board Charter).

Sgt. Broniec made a motion to approve the proposed revisions made to the policy. Senator Bernskoetter seconded. All voted in favor.

### Investment Committee Charter

1.1.1 Organize the Investment Committee Charter to reflect the powers reserved for the Board by legislation and/or board policy (Board Charter).

Sgt. Broniec made a motion to approve the proposed revisions made to the policy. Senator Bernskoetter seconded. All voted in favor.

- Vital Functions - Signs

Staff provided the Governance Committee with a list of staff-developed vital signs representing the vital functions MPERS performs. These vital signs will include a board-approved variance analysis to denote expected outcomes or a range of outcomes along with an audit plan to be sure the results are valid, independent, and reflect actual performance.

The Committee reviewed each assigned metric and considered the appropriate variance analysis for each and made necessary changes.

In the Funston report a “dashboard” was identified as an ideal approach for documenting these metrics and for each to be assigned a red, green, or yellow indicator (e.g., red = outside of expectations, yellow = caution, green = metric meets expectations). The vital signs that make the final list will have historical tracking for perpetual review by and oversight of the Board. The format for the dashboard remains undecided at this time.

Sgt. Broniec made a motion to approve the proposed revisions, including revisions made by the committee. Senator Bernskoetter seconded. All voted in favor. Below is the edited list as agreed to by the Governance Committee:

### Vital Signs – Governance Committee

#### Communication

- New trustee onboarding (new trustee assign green, yellow, red rating)
- Organizational satisfaction (above average, green; average, yellow; below average, red)
- Seminar satisfaction (95% or greater good/excellent, green; 90-less than 95% good/excellent, yellow; below 90%, red)
  - Pre-retirement
  - Mid-career
  - Targeted topics
- Member satisfaction (95% or greater good/excellent, green; 90-less than 95% good/excellent, yellow; below 90%, red)
  - Office visits, telephone calls, email, etc.

- Executive Director Review Process

A Funston recommendation was to improve the Executive Director's performance evaluation process. The Committee reviewed the proposed changes to the Executive Director Evaluation Process and Criteria policy. The evaluation form was modified to include those vital signs where the Executive Director has at least some control, if not full control, of the outcome. The form was also condensed to focus on only those areas where the Board is in a position to make an assessment.

Sgt. Broniec made a motion to approve the proposed revisions, including revisions made by the committee. Senator Bernskoetter seconded. All voted in favor.

- Board Smart

Mr. Simon requested the Committee's endorsement for Board Smart, and stated that it would be included in the FY 2022 budget request. Board Smart is an educational platform for Trustees. Mr. Rick Funston provided the Governance Committee with an explanation of the program.

Sgt. Broniec made a motion to support the inclusion of this line item in the FY 2022 budget for consideration. Senator Bernskoetter seconded. All voted in favor.

- 2021 Board of Trustee Planning Calendar

The planning calendar, which reflects items planned for the Governance Committee for the upcoming year, was provided to the Committee. Mr. Simon stated the strategic plan was not included in the calendar, but will be added once the vital signs have been incorporated and the subject is considered more formally. The Committee agree to add a meeting to the calendar for July to discuss any MPERS' legislation that was signed by the governor and determine whether governance changes are necessary for implementation.

The Committee will recommend the approved changes to the full Board for approval at the June 17, 2021 board meeting.

Senator Bernskoetter made a motion to adjourn. Sgt. Broniec seconded. All voted in favor and the meeting was adjourned at 11:32 a.m.