



## Board Meeting Summary 1:00 pm on February 23, 2017

### MPERS Update

Value of Assets  
(as of 12/31/2016)

**\$2.05 billion**

Funded Status

(as of 6/30/16)

**55.5%**

### Board of Trustees

**Sue Cox**

Board Chair  
MoDOT Retiree  
Representative

**Major Kemp Shoun**

Board Vice-Chair  
MSHP Employee  
Representative

**John Briscoe**

Highways & Transportation  
Commissioner

**Lt. Col. Sandy Karsten**

Acting 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

**Bill Seibert**

MSHP Retiree  
Representative

**Gregg Smith**

Highways & Transportation  
Commissioner

**Todd Tyler**

MoDOT Employee  
Representative

### Board Elects New Chair and Vice Chair

The Board elected a new Chair and Vice Chair. Ms. Sue Cox will serve as Chair and Major Kemp Shoun will serve as Vice Chair. Ms. Cox is currently the Board's most longstanding member, having served for approximately eight years over two separate terms. Her first term was as the elected MoDOT active employee representative and now she is serving as the elected MoDOT retiree representative. Major Shoun is the MSHP elected representative and has served on the Board for two years.

### Retirement of Colonel Bret Johnson and Introduction of New Trustee

The Board recognized the many years of service of former Board Chair Colonel Bret Johnson who retired February 1<sup>st</sup>. The Board also welcomed Lieutenant Colonel Sandy Karsten to the Board as the Acting Superintendent of the Missouri State Highway Patrol.

### Budget Committee Report

*Presenter: Scott Simon, Executive Director*

The Budget Committee met recently for the mid-year budget review. Spending was acknowledged as being in line and on track for this point in the fiscal year. The committee also considered and approved a new and essential part-time position for the accounting department. Currently, the CFO is the only individual who has the knowledge to perform almost all of the functions of the position. Furthermore, the workload is increasingly more demanding, given the many new financial reporting requirements. Lastly, the expectation would be that the new staff person would support greater progress toward general efficiencies as was automating internal accounting processes, not to mention succession planning. At the recommendation of the Committee, the Board voted to approve the new staff position.

### Investment Committee Report

*Presenter: Mike Pace (Investment Committee Chair) and Kevin Leonard (NEPC)*

NEPC, the board's asset consultant, presented the 2017 capital market assumptions, which forecasts short- (5-7 years) and long-term (30 years) return expectations. The 30-year forecasted return of 7.65% falls slightly short of MPERS' current expected investment rate of return of 7.75%. NEPC noted the forecast does not include details related to active management, which should support a slightly higher overall return from the MPERS portfolio. Staff and NEPC made no recommendations to change the current asset allocation as it is expected that through active management and tactical portfolio positioning MPERS should be better positioned to achieve the long-term return requirements.

Mr. Krummen requested that the board make two one-time exceptions to the Investment Policy regarding concentration limits, in order to make two investments, both with managers or funds where MPERS is already an investor. The Board approved both exceptions.

### Investment Performance

*Presenters: Larry Krummen (MPERS) and Kevin Leonard (NEPC)*

As of December 31, 2016, MPERS' fund value was \$2.05 billion. MPERS' fiscal year-to-date return (July 1<sup>st</sup> through February 14<sup>th</sup>), was an estimated 6.5%. MPERS' portfolio generated a healthy 1.8% return in the 4<sup>th</sup> quarter of 2016, led by a rally in the equity markets after the presidential election. This rally continues into 2017, on signs of improving economic growth and the prospects of a more business-friendly U.S. Congress.

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## **Legislative Update**

*Presenter: Scott Simon, Executive Director*

Mr. Simon highlighted a few MPERS-related proposals, with the following abbreviated descriptions:

HB 729 and SB 333 are nearly identical bills and if enacted, would have the effect of reducing vesting in the 2011 Tier from ten years to five years.

SB 228 is the same bill that has been introduced in years past, and if enacted, would create a new benefit plan – a hybrid plan – one that has both a defined benefit and a defined contribution piece. The defined benefit portion of the benefit would look similar to the current 2011 Tier benefit but the multiplier would be reduced from 1.7% to 1%. The defined contribution piece would require the employee to contribute 1% and the employer 3%.

SB 308, if enacted, would force retirement plans with investments in companies with active business operations in Russia to divest such investments.

For additional information regarding the status of current legislation, please visit the Joint Committee on Public Employee Retirement (JCPER) website at [www.jcper.org](http://www.jcper.org).

## **2017 Board Meeting Dates**

The Board approved the following dates for the 2017 board meetings:

Thursday, February 23, 2017	Thursday, April 27, 2017 (tentative)
Thursday, June 22, 2017	Thursday, September 28, 2017
Thursday, November 16, 2017	