



Board Meeting Summary

February 16, 2024
12:00 p.m.

Value of Assets	Funded Status
\$3.46 billion	69%
<i>As of 12/31/2023</i>	<i>As of 6/30/2023</i>

Approval of Board Meeting Minutes

The Board approved the minutes of the November 16, 2023 meeting. These minutes, as well as those from prior meetings, can be found on MPERS' [website](#). Minutes from the current meeting will be posted after they are adopted at the Board's next regular meeting.

Board Reelects Chair and Vice Chair

The Board held elections for Chair and Vice Chair. Ms. Sue Cox will serve a second term as Chair and Trooper Matt Morice will serve a second term as Vice Chair.

Legislative Update

Presenter: Scott Simon, Executive Director

Regarding current legislation, Mr. Simon highlighted a few pension-related proposals. There are several bills that focus on divestment of China or more generally, foreign adversaries, and several others focused on ESG (environmental, social, and governance). MPERS' staff is monitoring these bills and any potential effects each could have on the System if passed. There are no MPERS-specific bills pending this session.

For additional information regarding the status of current legislation, please visit the Joint Committee on Public Employee Retirement (JCPER) website at

Funding Policy Changes

Presenters: Scott Simon, Executive Director and Jamal Adora, Heidi Barry, Ken Alberts (GRS Consulting)

Following discussions from last fall, staff prepared, and the Board approved an updated funding policy. The updated policy includes "divisional details," in other words, the funding policy now recognizes distinct funding parameters for the uniformed and non-uniformed employee groups. These updates were important for ongoing funding progress for each group. The policy will be monitored routinely to be sure the policy is appropriate for the overarching objective of fully funding the plan.

Investment Committee Report

Presenter: Matt Morice, Investment Committee Chair

The Investment Committee met on February 16, 2024, prior to the board meeting, and discussed a variety of subjects. The Committee reviewed the Anti-Terrorism Investment and the Economically and Socially Targeted Investments policies. Discussions concluded that these policies were both still important to MPERS' overall *Investment Policy*, but that the language should be updated to reflect the current environment and more current terminology. The Committee agreed with staff's recommendations and voted to recommend both updated policies to the Board for approval.

Kevin Leonard (NEPC), the Board's investment consultant, presented the investment outlook for 2024. The expectation is that returns will be somewhat lower compared to last year, primarily due to the better-than-expected performance last year. As these projections relate to MPERS' asset allocation, the projected return is 6.51% without leverage, which is just above MPERS' actuarial return assumption. When leverage is factored in, the return expectation is 6.85%.

Investment Policy Changes

Presenter: Scott Simon, Executive Director

The Investment Committee presented and recommended changes to two separate sections of the *Investment Policy*. Both were updates to outdated language.

The Anti-Terrorism Investment Policy was changed to cover national security generally rather than specifically focusing on terrorism. This was done not only in an effort to broaden the focus, but also to incorporate some of the security concerns common in today's investments when investing in countries that could be a threat to the security of the United States.

The Economically and Socially Targeted Investments Policy was updated to include reference to and a definition of environmental, social, and governance (ESG), because these topics are closely related, and while the former language is less common in today's investment environment, it is still relevant. These changes were important because the environment in which we operate is changing and MPERS' policies should reflect the changing world.

Investment Performance

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

Financial markets rallied during the 4th quarter of 2023 on the Federal Reserve's pivot towards a stance of future interest rate cuts. Global equity markets gained 11% during the quarter, while traditional fixed income markets gained 6.6% over the period. MPERS' overall portfolio gained 6.5% for the quarter, capping off a strong year for the fund. MPERS' one-year return of 13.22% outperformed the policy benchmark of 12.95%. When ranked against our peers for the calendar year, MPERS' performance was average. Longer-term performance for the 3-, 5-, 10-, and 20-year periods all ranked near the top of the peer universe.

Director's Comments

Presenter: Scott Simon, Executive Director (MPERS)

Mr. Simon celebrated Board Secretary Barbara Graessle's upcoming retirement after more than 11 years of service with MPERS.

After nine years on the Board, Commissioner Gregg Smith is stepping down and will be replaced by Daniel Hegeman. Many thanks to Commissioner Smith for his years of service.

2024 Board Meeting Dates

- Friday, April 19, 2024 (tentative)
- Thursday, June 20, 2024
- Thursday, September 19, 2024
- Thursday, November 21, 2024

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