



Board Meeting Summary

February 17, 2023
9:00 a.m.

Value of Assets	Funded Status
\$3.1 billion	66.3%
<i>As of 12/31/2022</i>	<i>As of 6/30/2022</i>

Approval of Board Meeting Minutes

The Board approved the minutes of the November 17, 2022 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 Elects New Chair and Vice Chair

Elections were held for Chair and Vice Chair. Ms. Sue Cox will serve as Chair and Trooper Matt Morice will serve as Vice Chair.

Legislative Update

Presenter: Scott Simon, Executive Director

Regarding current legislation, Mr. Simon highlighted a few MPERS-related proposals. The Board continues to be in support of two of the pending bills: the bill to stagger the terms of the four elected trustees (SB 20 and HB 923) and the cleanup bill (SB 407 and HB 1185) with MOSERS that has been offered for the last five sessions of the General Assembly. The cleanup bill is intended to clean up typos, clarify unclear provisions, update cross-references, etc. For additional information regarding the status of current legislation, please visit the Joint Committee on Public Employee Retirement (JCPER) website at www.jcper.org.

Five-Year Experience Study

Presenters: Jamal Adora, Heidi Barry, Ken Alberts (GRS Consulting)

As required by state statute, an actuarial study of the System's actual five-year experience was completed by GRS and presented to the Board. The period studied was July 1, 2017 to June 30, 2022. The experience study is necessary to be sure that plan costs are accurate and funding is appropriate. The study is made up of two primary components: demographic and economic assumptions. The demographic assumptions pertain to the members such as their rates of retirement, salary trends, retirement elections, and longevity. The economic assumptions include MPERS' investment rate of return and wage and price inflation.

The Board adopted new demographic assumptions, including new mortality tables. The Board

heard several options to amend the funding policy so that continued progress can be made to improve MPERS' funding policy and the Board will make a final decision on that matter in June.

Governance Committee Report

Presenter: Sue Cox (Governance Committee Chair)

The Governance Committee met on December 14, 2022, and discussed a variety of subjects. The Committee discussed the most recent trustee elections and voter participation, other voting options to increase participation, and whether vested former members should be added to the voting pool. The Committee talked about the board self-evaluation and whether to continue that process and determined that the current policy should stand. Lastly, the Committee decided to add one longer-term investment performance metric to the vital signs and will bring that before the Board for approval in June.

Strategic Plan - Renovation of 1913 William St.

Presenters: Scott Simon, Executive Director & John Berendzen (PBA Architecture)

Mr. Simon explained to the Board the estimated costs to improve MPERS' current facility and Mr. Berendzen gave the Board a preview of the potential renovations. Mr. Simon asked the Board for additional time to collect more information about other lease/purchase options in the Jefferson City area to be certain that renovating the current location is the best course of action. The Board agreed with the request for more time.

Investment Committee Report

Presenter: Col. Eric Olson (Investment Committee Chair)

The Investment Committee met on January 27, 2023. The Committee received short presentations on compliance matters, including the semi-annual fixed income report and the annual proxy voting report. NEPC presented the annual investment outlook and key market themes for 2023.

Investment Performance

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

Calendar year 2022 was a challenging year for the financial markets as inflationary pressure and higher interest rates brought fears of a future economic recession. Global equities lost over 18% in value over the year while traditional fixed income (normally a diversifier for equities) also lost over 13% in value (a traditional 60/40 mix was down 16.4% for the year).

MPERS' portfolio performed extremely well considering the environment, limiting losses to approximately 2% for the year and outperforming the policy benchmark by 8.65%. MPERS' overall return profile continues to rank in the top 1% of the peer universe across all measurement periods. The portfolio has been very successful in limiting losses in down markets while keeping up with markets during the good times. Fiscal year to date (July 1, 2022 to February 7, 2023) MPERS' investment return was 6.7%

Director's Comments

Presenter: Scott Simon, Executive Director (MPERS)

Mr. Simon reported the recent new hire in the investment department is doing well and getting up to speed quickly. Another new hire is expected to start at the end March.

Mr. Simon also celebrated Board Secretary Lois Wankum's upcoming retirement after almost 25 years of service for MPERS and over 36 years of state service in total. Barb Graessle will take over as the board secretary.

2023 Board Meeting Dates

- Friday, April 28*
- Thursday, June 22
- Thursday, September 21
- Thursday, November 16

*Only if needed for the legislative session.

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