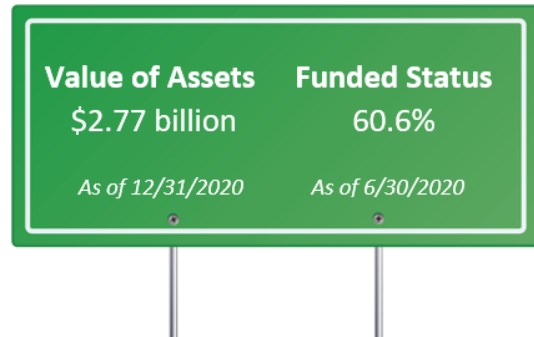




Board Meeting Summary

February 26, 2021

9:00 a.m. (held via webinar)



Election of Board Chair and Vice Chair

Elections were held for Chair and Vice Chair. Col. Eric Olson will serve as Chair and Mr. Todd Tyler will continue to serve as Vice Chair. Mr. Tyler has served as the Vice Chair during the past two years.

Approval of November 19, 2020 Meeting Minutes

The Board approved the minutes of the November 19, 2020 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.

Trustee Consultant Surveys

Presenter: Scott Simon, Executive Director (MPERS)

In January, Trustees completed surveys for MPERS' independent advisors/consultants. The purpose of these surveys was to verify that these advisors were responding to the Board's requirements and priorities. Staff conducted the surveys for the general investment consultant (NEPC), the actuary (GRS), and the auditor (Williams-Keepers). Similar surveys will be conducted annually, depending on needs/requests of the Board.

Governance Committee Report

Presenter: Sue Cox, Governance Committee Chair

The Governance Committee met on January 21, 2021, and voted to recommend a number of modifications to MPERS' policies or statutes for approval by the full Board. The Committee evaluated each recommendation individually and either approved it as drafted by staff or with agreed-upon changes. One policy required additional work from staff and it was later agreed upon via electronic ballot. The Board approved all recommended changes, including proposed legislation to stagger the elected trustees' terms. The proposed legislation is subject to review and approval by the legislature and the governor.

Introduction of "Vital Signs"

Presenter: Scott Simon, Executive Director (MPERS)

As part of the recommendations from Funston Advisory Services (Funston), staff will begin

reporting a list of vital signs to the Board. Funston suggested that it is best to provide information to the Board about the “vital few” versus the “trivial many,” thereby allowing the Board to focus on the most important data. Staff developed a draft list of vital signs for the various board committees to review. In addition, these vital signs will include a 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.

Investment Performance

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

Calendar year 2020, despite being dominated by the pandemic and political uncertainty, turned out to be a good year for MPERS’ investment portfolio. MPERS’ investment portfolio delivered a 9.26% return for the year, led by a rebound in the equity markets. MPERS’ underperformed the public index return of 12.46% for the year, due primarily to relative underperformance of the equity managers, losses in the real assets portfolio (specifically energy-based strategies), and underperformance in the opportunistic debt portfolio. As of December 31, 2020, MPERS’ long-term return remains solid across all performance metrics. MPERS’ 10-year returns rank in the top 22% of the public fund universe, with a 10-year risk profile (volatility of returns) ranked in the bottom 1% of the peer universe. The combination has produced a 10-year Sharpe ratio (a measure of return per unit of risk) in the top 1% of MPERS' peers.

Investment Committee Report

Presenter: Sgt. Matt Broniec, Investment Committee Chair

Sgt. Broniec reported that the Committee reviewed a request for proposal for investment consultant services, which is scheduled to be completed this summer. He also noted that he has been in contact with the investment consultant in order to address questions related to their role as independent advisors to the Board. The details of this conversation will be covered at an upcoming Investment Committee meeting.

Legislative Update

Presenter: Scott Simon, Executive Director(MPERS)

Regarding current legislation, Mr. Simon highlighted a few MPERS-related proposals. For additional information regarding the status of current legislation, please visit the Joint Committee on Public Employee Retirement (JCPER) website at www.jcper.org.

Director’s Comments

Presenter: Scott Simon, Executive Director(MPERS)

Mr. Simon reported that a couple of new hires to the investment department are doing well and getting up to speed quickly. He also mentioned that MPERS’ “new” Asst. Chief Financial Officer who started work with MPERS at the outset of the pandemic is also doing very well, especially in light of the hurdles of remote work at the outset of a new employment relationship.

In addition, Mr. Simon will be working with Board Chair Col. Olson to set the standing committees for the year and expects those to be available soon.

Lastly, as a result of some discussion during the board meeting as well as during prior meetings, Mr. Simon expects the assumed rate of return as well as other economic assumptions to be reviewed prior to or during the June meeting in anticipation of the annual valuation report that will be completed in September and establishes the contributions rate for MPERS' covered employers.

2021 Board Meeting Dates

- Friday, April 30, 2021 (tentative)
- Thursday, June 17, 2021
- Thursday, September 23, 2021
- Thursday, November 18, 2021

Board of Trustees

Col. Eric Olson
Board Chair
Superintendent of MSHP
Ex-Officio Member

Todd Tyler
Board Vice Chair
MoDOT Active Representative

Senator Mike Bernskoetter
Appointed by the President
Pro Tem of the Senate

Robert Brinkmann
Highways & Transportation
Commissioner

John Briscoe
Highways & Transportation
Commissioner

Sgt. Matt Broniec
MSHP Active Representative

Sue Cox
MoDOT Retiree Representative

Patrick McKenna
Director of MoDOT
Ex-Officio Member

Bill Seibert
MSHP Retiree Representative

Gregg Smith
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