



Board Meeting Summary 9:00 a.m. on June 18, 2020 (held via webinar)

Value of Assets
(as of 3/31/20)
\$2.28 billion

Funded Status
(as of 6/30/19)
59.82%

Board of Trustees

Bill Seibert
Board Chair
MSHP Retiree
Representative

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

Col. Eric Olson
Superintendent
of MSHP
Ex-Officio Member

Gregg Smith
Highways & Transportation
Commissioner

Rep. Sara Walsh
Appointed by the
Speaker of the House

Approval of April 24, 2020 Meeting Minutes

The Board approved the [minutes of the April 24, 2020](#) meeting. The results of the meeting and prior meetings can be found on MPERS' website. Minutes from the current meeting are posted after they are adopted at the Board's next regular meeting.

Budget Committee Report

Presenter: Bill Seibert, Budget Committee Chair

The Budget Committee recommended and the Board approved the Fiscal Year 2021 budget. The overall operating budget reflects a 2.57% increase over last year. It was noted that the budget was prepared and approved in the midst of the COVID-19 pandemic, with the expectation that the upcoming year would be much like prior years; however, it was taken into account that funds may be used differently (e.g., not at all, in the case of travel) depending on the course of the pandemic.

Governance Committee Report

Presenter: Sue Cox, Governance Committee Chair

The Governance Committee met on June 8 to consider the use of a governance consultant and review cost estimates and credentials for board consideration at the June meeting. The committee asked staff to conduct additional review to determine where specific proposals were and were not comparable, given the broad range of cost estimates.

In addition, the Board approved several changes to Governance Policies and Board Rules. One notable change was to Board Rule 1-12, which reflects a change passed in the SECURE Act in December 2019. That modification changed the age for required minimum distributions from 70½ to 72. This Board Rule will be posted on MPERS' website for public comment for 30 days.

Results of Actuarial Audit

Presenter: Steven Hastings & Mike Noble (Cheiron)

The purpose of an actuarial audit is to recreate the actuarial valuation performed by the System's actuary, review the methods and assumptions used in the valuation, and make judgments about the reliability of the valuation. The results of the audit showed that the System could rely upon GRS's valuation. Cheiron offered several minor considerations for GRS to review. In the coming weeks/months GRS will provide written follow-up to the recommendations for review and consideration by the Board of Trustees for use in conjunction with upcoming valuations and/or experience studies.

Investment Committee Report

Presenter: Sgt. Matt Broniec, Investment Committee Chair

Committee Chair Broniec provided a brief update on the topics covered at the recent meeting. In summary, the committee discussed the utilization of derivatives within the investment policy and requested additional detail for reporting that will be reviewed and considered at upcoming meetings.

FY 2021 Business Plan

Presenter: Scott Simon, Executive Director (MPERS)

Mr. Simon presented the Fiscal Year 2021 Business Plan to the Board for approval. It was noted that due to changes in work circumstances (sudden and unplanned remote work) during Fiscal Year 2020, a few business plan objectives from FY 2020 were carried forward to 2021. The Board approved the Business Plan as presented.

Investment Performance

Presenter: Larry Krummen, Chief Investment Officer (MPERS)

Mr. Krummen provided an update of how the COVID-19 pandemic continues to influence the investment portfolio, including performance measures for the first quarter. The first quarter of 2020 investment performance was -8.9%; however, after witnessing a pretty significant downturn of the fiscal-year-to-date performance in the first quarter of -4.3%, performance rebounded to the positive and currently stands at 1.6%. (July 1, 2019 through June 10, 2020). While it was a difficult quarter from an absolute return perspective, MPERS' performance ranked in the top 4% of the public fund universe where the average public fund lost 13.8% during the first quarter.

Asset-Liability Study & Selection of an Asset Allocation

Presenter: Larry Krummen (MPERS), Kevin Leonard & Will Forde (NEPC)

Mr. Leonard (NEPC) presented the asset-liability study for consideration by the Board. As a result of much discussion over the past several board meetings, the Board voted to maintain the current policy for the asset allocation. In addition, the Board voted to adopt the use of leverage in the portfolio, not to exceed 20%.

Director's Comments

Presenter: Scott Simon, Executive Director (MPERS)

Mr. Simon provided the Board with an update on MPERS' administrative operations in light of the COVID-19 pandemic. MPERS' offices remain closed to the public. MPERS' staff began working remotely on March 20 and continue to do so at this time. All seminars will continue to be presented via various internet platforms for the time being. Members have been kept apprised of operational changes via direct email and the MPERS' website.

The legislature passed one MPERS-related bill during the regular session. Those members who divorce after retirement and who selected a survivor option at retirement, will have the option to pop-up the benefit to a life income annuity (or actuarial equivalent) if proper court documentation can be provided to the System. This statutory change will not take effect until January 1, 2021. More information for members will be forthcoming.

2020 Board Meeting Dates

Thursday, September 24, 2020

Thursday, November 19, 2020