



Board Meeting Summary 1:00 pm on June 20, 2019

Value of Assets
(as of 3/31/19)
\$2.37 billion

Funded Status
(as of 6/30/18)
57.1%

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

John Briscoe
Highways & Transportation
Commissioner

Sgt. Matt Broniec
MSHP Active
Representative

Sue Cox
MoDOT Retiree
Representative

Patrick McKenna
Director of MoDOT
Ex Officio Member

Colonel Eric Olson
Superintendent of MSHP
Ex Officio Member

Michael Pace
Highways & Transportation
Commissioner

Gregg Smith
Highways & Transportation
Commissioner

Rep. Sara Walsh
Appointed by the
Speaker of the House

Approval of February 21, 2019 Meeting Minutes

The Board approved the minutes of the February 21, 2019 meeting. The results of the meeting and 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.

Investment Committee Report

Presenter: Larry Krummen, Chief Investment Officer (MPERS)

The Investment Committee reviewed the annual liquidity analysis for MPERS' investment portfolio, which is completed to ensure that the portfolio has ample liquidity to meet the benefit obligations and expected expenses of the plan. This analysis includes a stress test to safeguard that the portfolio has sufficient liquidity to meet those obligations under a wide range of market conditions. The results indicate MPERS' liquidity profile is appropriate given the current asset allocation.

Investment Performance

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

As of March 31, 2019, MPERS' fund value was \$2.37 billion. MPERS' fiscal year-to-date return (July 1, 2018 to June 19, 2019) stands at 5%. From a long-term perspective, MPERS' 10-year return of 10.8% ranks in the top 9% of the peer universe, and has a risk profile (defined by volatility of returns) that is lower than 98% of the peer universe.

Budget Committee Report

Presenter: Bill Seibert (Budget Committee Chair)

The Budget Committee recommended and the Board approved the FY 2020 operating budget. This year the Board requested that staff provide a big picture view of all expenditures associated with the operation, in addition to the normal operating budget. The total overall forecasted expenditures for MPERS in FY 2020 is \$310.4 million dollars. Included in the total is \$270.6 million in benefit payments, up 2.2% over the current year (87.1% of the total overall budget); \$40 million in investment management fees/expenses, flat compared to the current year (12.9% of the total overall budget); and \$5.6 million for the normal operating budget, up 6.5% over current year (1.8% of the total overall budget). One of the more prominent individual line items contributing to the increase was the expected completion of an actuarial audit.

Governance Committee Report

Presenter: Sue Cox (Governance Committee Chair)

Ms. Cox reported that the Governance Committee met on May 22nd to review staff's comprehensive review of the Governance Policies as part of MPERS' FY 2019 Business Plan. The Governance Committee recommended and the Board approved (with some minor modifications) the changes to the policies. The most significant portion of the changes were to grammar, style and formatting. The remaining changes were generally minor and predominantly affected Board efficiencies and improved compliance and oversight. The updated Governance Policies will be posted to MPERS' website in the coming weeks.

Audit Committee Report

Presenter: Todd Tyler (Audit Committee Chair)

Mr. Tyler reported that the Audit Committee met on June 6th for its annual “audit kickoff meeting” with the external auditor, Williams-Keepers. Nick Mestres and Mike Oldelehr from Williams-Keepers presented an overview of the upcoming audit, highlighting the primary risk areas to be reviewed. The Committee gained a better understanding of the extensive audit that is conducted on behalf of the System. The Committee will review the preliminary audit results in the fall in preparation for the board meeting in November. In addition, Mr. Simon reminded the Committee that a proposed actuarial audit was included in this year’s budget proposal. The Committee also briefly reviewed its charter to be sure the committee members understood their responsibilities.

Legislative Update

Presenter: Scott Simon, Executive Director

Mr. Simon reported that MPERS’ cleanup bill (HB 1105) did not pass during this spring’s legislative session. It did receive a hearing and was voted out of committee, but the attention came too late in the session for it to be taken up and passed by either chamber. It is expected for the proposal to be pre-filed next year by the same sponsor.

In response to SB 499 (which did not pass), a bill to consolidate MPERS and MOSERS, Senator Schatz, President Pro Tem, designated a committee to further review this topic. The last formal review of the consolidation matter occurred in 2005. Mr. Simon advised he would keep the Board, and stakeholders apprised as this process developed.

Director’s Comments

Presenter: Scott Simon, Executive Director (MPERS)

Mr. Simon informed the Board that a dedicated MPERS breakout session for educational purposes would be held during the annual Missouri Association of Public Employee Retirement Systems conference in July.

2019 Board Meeting Dates

Thursday, September 26, 2019

Thursday, November 21, 2019