



Board Meeting Summary

June 20, 2025
12:00 p.m.

| Value of Assets | Funded Status |
|------------------------|------------------------|
| \$3.87 billion | 70.6% |
| <i>As of 3/31/2025</i> | <i>As of 6/30/2024</i> |

Approval of Board Meeting Minutes

The Board approved the minutes of the February 21, 2025 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.

Audit Committee Report

The Audit Committee met before the board meeting on June 20, 2025. This meeting was the annual audit kickoff meeting for the 2025 audit. Nick Mestres and Kristen Brown from Williams-Keepers were present to remind the Committee of the requirements for the audit and when it will take place. The audit will begin in July. The Committee also discussed several options for this year's additional in-depth audit area and recommended to the Board that Williams-Keepers review the service purchase process. The Board accepted the recommendation for the additional audit area, which will occur during the Fiscal Year 2025 audit.

Budget Committee Report

The Budget Committee met on May 29, 2025, and reviewed the proposed budget for Fiscal Year 2026. The budget reflects an increase of just under 1% over last year. The minimal increase is largely attributed to the lower contribution rate. The Committee recommended the proposed budget to the Board, which the Board accepted.

New Building Update

The renovation costs for the new building are modestly higher than expected. Staff have been diligent in managing the increases to best serve the System.

Legislative Update

The 2025 legislative session ended on May 16, 2025 with one pension related bill being passed. HB 147 passed and has been sent to the Governor for signature. HB 147 combines

provisions from HB 657 related to environmental, social, and governance (ESG) matters and proxy voting, and provisions from HB 977 related to the investment of funds and national security. MPERS' existing policy to discharge the duties in the best financial interest of plan beneficiaries and our policy on national security and financial sanctions are consistent with the provisions of HB 147. Please visit the Joint Committee on Public Employee Retirement (JCPER) website at www.jcper.org for information about the 2025 legislative session.

Investment Performance

Political uncertainty surrounding tariffs and global trade policies led to a 4% decline in global equity markets during the first quarter of 2025. Bond yields also fell (sending bond prices higher) on fears that the uncertainty could lead to an economic recession. MPERS' portfolio positioning and diversification shone during the quarter, as the portfolio generated a positive 1.4% return during an otherwise volatile market.

MPERS' long-term returns continue to look strong relative to any metric. For the first time, MPERS' 1-, 3-, 5-, 10-, and 20-year returns all rank in the top 1% of the public fund universe and outpace both the actuarial hurdle and benchmark returns.

The political uncertainty peaked around "Liberation Day" on April 2nd, as President Trump announced reciprocal tariffs on most countries around the globe. Since that time, rhetoric has settled down, and markets have steadily climbed higher. Global equities have rallied by over 9% thus far in the second quarter, while interest rates have spiked higher due to concerns over long-term budget deficits. The recent gains during the quarter have pushed the Fiscal Year 2025 return up to nearly 11% and sent the fund balance over \$4 billion for the first time.

Director's Comments

Mr. Simon updated the Board on the CFO recruitment process and the transition to PensionGold Version 4, the System's pension administration system.

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