



Board Meeting Summary 1:00 pm on November 17, 2016

MPERS Update

Value of Assets
(as of 9/30/2016)

\$2.03 billion

Funded Status
(as of 6/30/16)

55.5%

Board of Trustees

Colonel J. Bret Johnson
Board Chair
Superintendent of MSHP
Ex-Officio Member

Sue Cox
Board Vice-Chair
MoDOT Retiree
Representative

John Briscoe
Highways & Transportation
Commissioner

Patrick McKenna
Director of MoDOT
Ex-Officio Member

Michael Pace
Highways & Transportation
Commissioner

Rep. Shawn Rhoads
Appointed by the
Speaker of the House

Senator Dave Schatz
Appointed by the President
Pro Tem of the Senate

Bill Seibert
MSHP Retiree
Representative

Major Kemp Shoun
MSHP Employee
Representative

Gregg Smith
Highways & Transportation
Commissioner

Todd Tyler
MoDOT Employee
Representative

Audit Committee Report

Presenter: Bill Seibert (Audit Committee Chair)

The Audit Committee reported that it met in early November with the external auditor, Williams-Keepers, who presented the results of the audit for the fiscal year ending June 30, 2016. Williams-Keepers was of the opinion that the financial statements and plan assets were in conformity with generally accepted accounting principles. A new disclosure was implemented dealing with disclosures on the fair value of investment assets. The committee noted three important results: 1) a clean report, 2) cooperation from staff, and 3) no new recommendations from the auditor.

Governance Committee Report

Presenter: Sue Cox (Governance Committee Chair)

The Governance Committee met in October to review a number of Board Rule and Governance Policy changes and additions. The changes to the Board Rules included the following: documentation for how MPERS calculates service for determining benefit amounts versus for determining benefit eligibility; clarification of the electronic voting procedure for electing board members; and a new rule that explains the application of multiple types of service (uniform vs. non-uniform) for individuals with both types of service. The Governance Policy changes included the following: a number of clarifications and simplifications to the travel policy; some new reporting requirements for the investment staff to the board; and a number of other minor clarifications. The Board accepted all of the changes. The Board Rule updates are posted to MPERS website for comment for 30 days.

The last consideration of the Governance Committee was whether or not to discontinue certain service transfer agreements under Section 104.1090, RSMo. Those transfers affect only a small group of members; those with prior service under the following systems: County Employees' Retirement Fund, University of Missouri, Employees Retirement System of the City of St. Louis, Community Fire Protection District (St. Louis), City of Arnold, and St. Louis County Retirement Plans. The Board determined that the free transfers from those systems to MPERS under the individual agreements were resulting in significant financial losses for MPERS and voted to terminate those agreements. It should be noted that while this free transfer will no longer be available, there are other service transfer/purchase options that members may utilize.

Investment Performance

Presenters: Larry Krummen (MPERS) and Kevin Leonard

As of September 30, 2016, MPERS' fund value was \$2.03 billion. MPERS' fiscal year-to-date return (July 1st through November 10th), was 2.00%. Over longer periods of time, MPERS continues to produce reasonable returns taking less risk on average than other pension plans. With the presidential election behind us, it remains to be seen how markets will respond and impact the portfolio.

Annual Board Workshop Held

The annual Board Education Workshop was held prior to the board meeting. This workshop is held to reinforce the mandated educational requirements applied to trustees. The agenda included: Fiduciary Education (a Board Governance requirement), presented by Greta Bassett-Seymour, MPERS' General Counsel; Reframing the Debate, presented by Robert Wilson, Assistant Executive Director, LAGERS; Retirement Evolution, presented by Scott Simon, Executive Director, MPERS; Economic Update, presented by Seth Birnbaum, Bridgewater; and Funding MPERS in a Low Return Environment, presented by Ken Alberts, GRS, Scott Simon, Executive Director, and Larry Krummen, Chief Investment Officer.

2017 Board Meeting Dates

The Board approved the following dates for the 2017 board meetings:

Thursday, February 23, 2017 Thursday, April 27, 2017
Thursday, June 22, 2017 Thursday, September 28, 2017
Thursday, November 16, 2017

For more information about MPERS go to: www.mpers.org