



## Board Meeting Summary

November 16, 2023  
12:30 p.m.

Value of Assets	Funded Status
\$3.26 billion	69%
<i>As of 9/30/2023</i>	<i>As of 6/30/2023</i>

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### Approval of Board Meeting Minutes

The Board approved the minutes of the September 21, 2023 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.

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### Approval of the 2024 Board Meeting Dates

The Board approved dates for the 2023 board meetings. Meetings are scheduled for the following dates:

- Friday, February 16, 2024
- Friday, April 19, 2024 (tentative)
- Thursday, June 20, 2024
- Thursday, September 19, 2024
- Thursday, November 21, 2024

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### Governance Policy Updates

The board approved several changes to the governance policies. Changes reflect somewhat minor updates from the following policies: *Staff Compensation*, *Strategic Planning*, *Reports for Routine Reporting and Monitoring*, *Trustee Code of Conduct & Conflict of Interest*, and *Board Meeting Protocol*. The updated policies will be posted on MPERS' website in the coming week.

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### Board Rule Update

Board Rule 1-12, Required Minimum Distributions, was updated to reflect changes that were a part of SECURE Act 2.0. The board rule has been posted here for a 30-day comment period, at which time, if there are no substantive comments for the Board to consider at the February board meeting, the updated board rule will be posted to the website in about 30 days. The changes to this board rule were required by federal law and necessary to remain a qualified plan in the eyes of the Internal Revenue Service.

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# Audit Committee Report

*Presenter: Todd Tyler, Audit Committee Chair*

At a meeting of the Audit Committee on November 1, 2023, Nick Mestres of Williams-Keepers presented the 2023 Audit Report, which was a clean or unmodified report. The Committee accepted the report. Williams-Keepers also reviewed MPERS' vital signs and approved the results. Finally, Williams-Keepers performed a review of the 2011 Tier request for refund of employee contributions process and found no discrepancies or problems with the process.

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## Annual Audit Report

*Presenter: Nick Mestres (Williams-Keepers)*

Mr. Mestres presented the 2023 Audit Report. Mr. Mestres indicated that the report was an unmodified or clean report, the best report MPERS could receive. He briefly mentioned a recommendation regarding investment accounting procedures and management review, which have been improved and/or corrected from last year's report. He noted that the managing of several timber accounts in-house was still somewhat new in the past two years and staff continues to finalize accounting procedures.

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## Investment Performance

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

Financial markets weakened during the 3<sup>rd</sup> quarter of 2023 over concerns that inflationary pressures and higher interest rates will push the economy into recession. Global equity markets lost 3.40% during the quarter and traditional fixed income markets were down 3.00%. MPERS' diversified portfolio fared reasonably well relative to public markets, posting a loss of 0.26% during the quarter.

MPERS' one-year return of 10.23% looks promising on an absolute basis but trails the policy benchmark of 10.92% and the median fund return of 10.90%. Despite the recent market weakness, global equities are still up 20.8% for the past year, benefiting systems with higher equity exposure relative to MPERS. This also creates a very high bar for the private equity portfolio, which was up 5.25% over the past year versus the benchmark of 23.23%.

MPERS' long-term returns continue to look strong relative to any metric. The 5-, 10-, and 20-year returns all exceed the actuarial hurdle and policy benchmarks, and all rank in the top 1% of the public fund peer universe. The risk-adjusted returns (measured by a system's Sharpe ratio) also rank in the top 1% of the peer rankings.

Financial markets remain volatile but have rebounded in recent weeks on optimism that the Federal Reserve is nearing the end of interest rate hikes and will successfully navigate a soft landing for the economy. MPERS' overall return remains relatively flat to start Fiscal Year 2024 and currently stands at 0.34% (July 1 – November 7).

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## Director's Comments

*Presenter: Scott Simon, Executive Director (MPERS)*

The second annual State of System will be held virtually on December 6, from 2:00-3:00 p.m. The meeting will include System financial and performance updates from the MPERS' executive director. [Register here for the meeting.](#)

The Annual Comprehensive Financial Report is complete and has been posted to the website. [Click here](#) to view the report.

The Popular Annual Financial Report is complete and has been posted to the website. [Click](#)

[here](#) to view the report.

The staff compensation study is ongoing and information will be brought to the Board in February for discussion and decision-making.

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## 2024 Board Meeting Dates

- Friday, February 16, 2024
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### Board of Trustees

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