



Board Meeting Summary

November 17, 2022
12:30 p.m.

Value of Assets	Funded Status
\$3.0 billion	66.3%
<i>As of 9/30/2022</i>	<i>As of 6/30/2022</i>

Approval of Board Meeting Minutes

The Board approved the minutes of the September 22, 2022 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.

Approval of the 2023 Board Meeting Dates

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

- Friday, February 17, 2023
- Friday, April 28, 2023 (tentative)
- Thursday, June 22, 2023
- Thursday, September 21, 2023
- Thursday, November 16, 2023

Audit Committee Report

Presenter: Todd Tyler, Audit Committee Chair

At a meeting of the Audit Committee on November 8, 2022, Nick Mestres of Williams-Keepers presented the 2022 Audit Report, which was a **clean or unmodified report**. The Committee accepted the report. Williams-Keepers also reviewed MPERS' new system of vital signs and approved the results. In addition, Mr. Mestres explained the updated format of the audit report to reflect increased transparency.

Annual Audit Report

Presenter: Nick Mestres (Williams-Keepers)

Mr. Mestres presented the 2022 Audit Report. Mr. Mestres indicated that the report was an unmodified or clean report, the best report MPERS could receive. He briefly mentioned an ongoing recommendation regarding investment accounting procedures and management review. He noted that the managing of several timber accounts in-house was new for the prior calendar year and staff was still working to establish accounting procedures. Management concurred with the recommendation.

Legislative Update

Presenter: Scott Simon, Executive Director (MPERS)

The Board was apprised of the proposed legislation for the upcoming legislative session. The collaborative cleanup bill with MOSERS from the past few years will be filed again. A previously Board-supported bill that would stagger the terms of the elected representatives of the Board will also be filed again this year.

Cybersecurity Risk Assessment

Presenters: Aaron Clegg & John Pohlman (Tanner)

Messrs. Clegg and Pohlman presented the results of a recent cybersecurity assessment. Overall, the results were favorable for the System and those performing the audit from Tanner stated that MPERS is in much better shape from a cybersecurity standpoint than many organizations of a similar size. The auditors did recommend ongoing annual testing for comparison against this year's baseline results. The cybersecurity audit is the first item completed from the strategic plan approved by the board in June. Staff members will now begin the work of shoring up identified deficiencies and making plans for the future.

Investment Performance

Presenters: Larry Krummen, Chief Investment Officer (MPERS) and Keith Stronkowsky (NEPC)

MPERS' diversified portfolio was able to limit losses during a difficult market environment in the third quarter of 2022. The fund finished the quarter down 1.5% relative to MPERS' policy benchmark, which fell 5.1% and a traditional 60/40 stock and bond portfolio which fell 5.9%. MPERS' one-year excess return of 10.3% relative to the policy benchmark is unprecedented. The System's exposure to alternative investment strategies has clearly mitigated overall losses and while we anticipate some downward pressure on alternative valuations, are holding up well thus far.

MPERS' overall return profile ranks in the top 1% of the peer universe across all time frames. The risk-adjusted returns (measured by a system's Sharpe ratio) also rank in the top 1% of the peer rankings.

Director's Comments

Presenter: Scott Simon, Executive Director (MPERS)

- The first annual State of System will be held virtually on December 7, from 3:00-4:00 p.m. The meeting will include System updates from the MPERS' executive staff. [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.

2023 Board Meeting Dates

- Friday, February 17
- Friday, April 28*
- Thursday, June 22

- Thursday, September 21
- Thursday, November 16

*Only if needed for the legislative session.

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