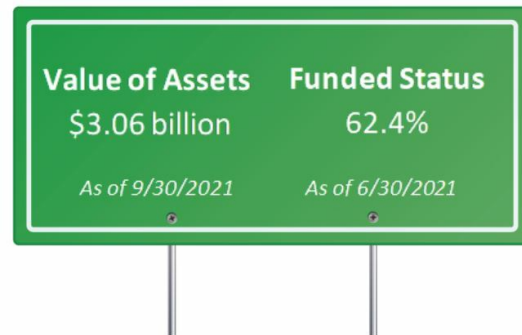




## Board Meeting Summary

November 18, 2021  
12:30 p.m. (held via webinar)



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### Approval of Board Meeting Minutes

The Board approved the minutes of the September 23, 2021 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 2022 Board Meeting Dates

The Board approved dates for the 2022 board meetings. Meetings are scheduled for the following dates:

- Friday, February 25, 2022
- Friday, April 29, 2022 (tentative)
- Thursday, June 16, 2022
- Thursday, September 22, 2022
- Thursday, November 17, 2022

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### Strategic Planning

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

As part of the governance project from Fiscal Year 2021, Funston Advisory Services, LLC (Funston) recommended that the Board implement a more consistent strategic planning process. As part of that recommendation, staff recommended that the Board hire a consultant to assist in the strategic planning process. Following presentations by three finalists and discussions in closed session, the Board selected Funston Advisory Services, LLC to conduct strategic planning for the System.

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### 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. The Board agreed to support the refiling of a slightly modified bill that would stagger the terms of the elected representatives of the Board. The new language would delay the staggering of the terms ending in June of 2028. This change was made due to a constitutional provision that would have been a potential conflict with the original language in the bill.

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## **Audit Committee Report**

*Presenter: Todd Tyler, Audit Committee Chair*

At a meeting of the Audit Committee on November 5, 2021, Nick Mestres of Williams-Keepers presented the 2021 Audit Report. The Committee accepted the report. Williams-Keepers also reviewed MPERS' new system of vital signs and approved the results. In addition, the Committee was apprised of the move away from Enterprise Risk Management (ERM) to Enterprise Performance Risk Management. The final quarterly report for ERM was presented.

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## **Annual Audit Report**

*Presenter: Nick Mestres (Williams-Keepers)*

Nick Mestres presented the 2021 Audit Report. Mr. Mestres indicated that the report was an unmodified or clean report, the best report MPERS could receive. He briefly discussed a recommendation resulting from an internal control deficiency with investment accounting procedures of internally managed timber accounts. He noted that the managing of those accounts in-house was new for the calendar year and staff was still obtaining updated information from the previous manager. It was recommended the System document routine accounting procedures and perform them on a timely basis. Management concurred with the recommendation.

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## **Investment Performance**

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

MPERS' investment portfolio continues to perform well across most any metric. The portfolio gained 2.6% during the 3rd quarter of 2021, which ranked in the top 1% of the peer universe and drove the fund balance to an all-time high of \$3.06 billion. MPERS' portfolio now ranks at or near the top quartile of the peer universe over the one-, three-, five-, and ten-year periods. The risk-adjusted performance is even more impressive, as MPERS' five-, ten-, and fifteen-year Sharpe ratios (a measure of return for a given unit of risk) all rank in the top one or two percent of the public fund peer universe. As of September 30, 2021, and for the first time in more than 15 years, the portfolio is generating double-digit annualized returns and outperforming the policy benchmarks for all reporting periods.

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## **Investment Consultant RFP Update**

*Presenters: Scott Simon, Executive Director and Larry Krummen, Chief Investment Officer (MPERS)*

As a result of a survey of board members related to service delivery of MPERS' consultants, the board indicated that it would like to see whether MPERS' consultants' services were industry standard as well as competitively priced. Following discussions, management released a request for proposals for the general investment consultant. A number of responses were received, as well as one from the current investment consultant, NEPC.

Following a discussion with the Investment Committee, the Committee requested that staff conduct some additional due diligence on three finalists. Those final proposals were discussed in closed session and the Board made the decision to retain NEPC.

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## **Director's Comments**

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

Mr. Simon noted the following in his closing comments:  
The property purchased at 605 Dix Road is slated for demolition and that is expected to begin in the near future. MPERS purchased this property in June to expand its parking and

access to Dix Road.

The Board should expect to receive the annual consultant services survey in January. MPERS' Annual Comprehensive Financial Report was completed in-house again this year. It was a group effort between the financial department and the Communications Specialist. This is quite an accomplishment for a small staff with limited resources and the outcome is better than ever. Please take a look at the Annual Report on MPERS' website. Thanks to the Missouri State Troopers Association for providing us access to its meeting facilities so that we could meet comfortably and safely as a full Board.

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## 2022 Board Meeting Dates

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### Board of Trustees

**Col. Eric Olson**  
*Board Chair*  
Superintendent of MSHP  
Ex-Officio Member

**Todd Tyler**  
*Board Vice Chair*  
MoDOT Active Representative

**Senator Mike Bernskoetter**  
Appointed by the President  
Pro Tem of the Senate

**W. Dustin Boatwright**  
Highways & Transportation  
Commissioner

**Robert Brinkmann**  
Highways & Transportation  
Commissioner

**Lt. Matt Broniec**  
MSHP Active Representative

**Sue Cox**  
MoDOT Retiree Representative

**Representative Barry Hovis**  
Appointed by the  
Speaker of the House

**Patrick McKenna**  
Director of MoDOT  
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**Bill Seibert**  
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