



Board Meeting Summary

November 19, 2020
8:30 a.m. (held via webinar)

Value of Assets	Funded Status
\$2.47 billion	60.6%
<i>As of 9/30/2020</i>	<i>As of 6/30/2020</i>

New Format for Board Meeting Summary

The board meeting summaries have been provided to you in a number of different ways in the past. We are gradually moving most of our member communications to this format (Constant Contact) so that you receive our communications as quickly as possible and with the least amount of effort on your part. We hope that you find these summaries (and our other communications as well) useful and insightful. You can continue to find the **board meeting summaries** archived on our website.

Approval of September 24, 2020 Meeting Minutes

The Board approved the minutes of the September 24, 2020 board meeting, as revised. **Approved minutes** 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.

Governance Committee Report

Presenter: Sue Cox, Governance Committee Chair

The Governance Committee met on November 6, 2020. Mr. Randy Miller and Mr. Rick Funston of Funston Advisory Services, LLC provided the Governance Committee with an overview of the final governance report, which was the culmination of several months' work. The consultants reinforced that MPERS' had a solid governance policy framework. The report identified a number of key improvements. The Committee voted to adopt a resolution to support the recommendations of the report, to agree to hold regular meetings to oversee and guide the implementation of the approved recommendations, and among other things, to recommend to the Board of Trustees to accept the report and implement the approved recommendations.

Governance Consultant Report

Presenters: Randy Miller and Rick Funston (Funston Advisory Services LLC)

As part of the annual board workshop, Mr. Randy Miller and Mr. Rick Funston of Funston Advisory Services, LLC presented the final report – MPERS' Board Governance Effectiveness Review. The scope of the consultants' project included the following:

1. Conduct an independent review of board governance and investment policies.
2. Assess board practices with respect to alignment with its policies (compliance).

3. Facilitate the board self-evaluation process and discuss the results during the board workshop.
4. Facilitate the annual performance review of the Executive Director.
5. Review the MPERS succession plan for executive staff.

Mr. Funston reinforced MPERS' solid policy framework and stated that the report identified several key improvements. The consultants spent several months conducting surveys with trustees and executive staff, as well as the with the Board's consultants. In addition, most of those individuals were also interviewed one-on-one with candid results. The information was analyzed and the report is the evidence of that work.

The results of the report were the following five major themes:

1. Focus on the powers reserved exclusively for the MPERS Board.
2. Improve the ability of the MPERS Board to seek diversity of opinion and then set unified direction and policy on the key issues facing MPERS.
3. Improve the MPERS Board's line of sight/insight into performance.
4. Trust but verify.
5. Improve trustee onboarding and continuing education.

Mr. Miller and Mr. Funston provided the Board with a very detailed plan to implement the themes in the report.

Investment Performance

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

Fiscal Year 2021 is off to an excellent start, as equity markets continue to recover losses associated with the COVID-19 pandemic. The estimated Fiscal Year 2021 performance to date stands at 8%. As of September 30, 2020, MPERS' fund value was \$2.47 billion and as of November 10, 2020, the value of the portfolio was back above the \$2.5 billion mark. MPERS' portfolio was up 5.5% in the third quarter of 2020, as risk-on assets rallied across the globe despite a new wave of COVID outbreaks and uncertainty around the U.S. Presidential election. Longer term, MPERS' 10-year return ranks in the top 15% of the peer universe, with a risk profile (as measured by volatility of returns) that is better than 99% of pension funds in the peer universe.

Audit Committee Report

Presenter: Todd Tyler, Audit Committee Chair

Mr. Tyler reported that the Audit Committee met on July 6, 2020 and November 10, 2020. At the July meeting, staff provided the quarterly Enterprise Risk Management update and Nick Mestres of Williams-Keepers provided an overview of the audit process, which was just getting underway at that time. The Committee requested an interim update on the audit process, which was provided in September.

At the November meeting, Mr. Mestres presented the Fiscal Year 2020 audit report and noted that MPERS had a clean audit with no findings or recommendations. Mr. Mestres was asked to provide a similar update at the next full board meeting. In addition, to the audit report, staff presented information about the most recent Request for Proposals for audit services.

The Audit Committee recommended that the Board, in response to the Request for Proposal for audit services, continue to utilize the services of Williams-Keepers. At the board meeting, a motion was made and the Board approved the continuation of the services of Williams-Keepers.

Director's Comments

Presenter: Scott Simon, Executive Director(MPERS)

The Director provided a few comments on the following:

- MPERS' employees continue to work predominantly remotely and the MPERS office remains closed to the public due to COVID-19 concerns.
- MPERS' active and retiree newsletters are now distributed via Constant Contact and the response has been very favorable. The board meeting summary will also be distributed in this manner beginning with this meeting.
- As a result of the most recent actuarial valuation, MPERS' actuary will offer two informational/educational sessions to the Board in December.
- The Missouri Highways and Transportation Commission shared draft legislation that would provide alternative retirement/medical benefit options for new employees beginning January 1, 2022. After consulting with outside counsel, there is concern that if the legislation passes as drafted, the change could have negative consequences on MPERS' qualified status with the IRS.

2021 Board Meeting Dates

The Board approved the following dates for the 2021 board meetings:

- Friday, February 26, 2021
- Friday, April 30, 2021 (tentative)
- Thursday, June 17, 2021
- Thursday, September 23, 2021
- Thursday, November 18, 2021

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