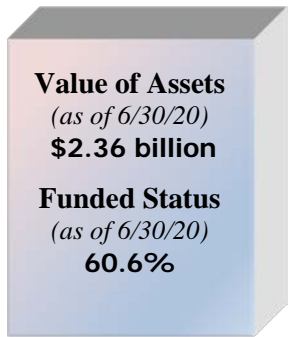




Board Meeting Summary
9:00 a.m. on September 24, 2020
(held via webinar)



Board of Trustees

Bill Seibert
Board Chair
MSHP Retiree
Representative

Todd Tyler
Board Vice Chair
MoDOT Active
Representative

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

Robert Brinkmann
Highways & Transportation
Commissioner

John Briscoe
Highways & Transportation
Commissioner

Sgt. Matt Broniec
MSHP Active
Representative

Sue Cox
MoDOT Retiree
Representative

Patrick McKenna
Director of MoDOT
Ex-Officio Member

Col. Eric Olson
Superintendent
of MSHP
Ex-Officio Member

Gregg Smith
Highways & Transportation
Commissioner

Rep. Sara Walsh
Appointed by the
Speaker of the House

Approval of Meeting Minutes

The Board approved the minutes of the following meetings: June 18, 2020, July 30, 2020, and August 17, 2020. In addition, the Board reviewed and approved changes to the previously approved minutes from the February 28, 2020 meeting. 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.

Investment Committee Report

Presenter: Sgt. Matt Broniec, Investment Committee Chair

The Investment Committee met on September 8, 2020. Mr. Krummen explained that while long-term investment returns continue to be strong, the short-term returns have been hard hit by the COVID-19 pandemic. Mr. Krummen also reported that leverage has not been utilized to date, explaining that now is not the right time to deploy those funds. Mr. Krummen and his staff also gave an overview of five recent investments. There was also a presentation on Fiscal Year 2020 management fees, which dropped considerably from the prior fiscal year, and how those fees would be reported in the upcoming CAFR.

Investment Performance

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

As of June 30, 2020, MPERS' fund value was \$2.36 billion. MPERS' fiscal year return (July 1, 2019 to June 30, 2020) finalized at -0.46%, due predominantly to the drop in the markets in the first half of 2020 due to the COVID-19 pandemic. From a long-term perspective, MPERS' 10-year return of 8.80% ranks in the top 21% of the peer universe, and has a risk profile (defined by volatility of returns) that is better than 99% of pension funds in the peer universe.

Annual Actuarial Valuation

Presenters: Heidi Berry and Ken Alberts (Gabriel Roeder Smith & Co.)

The annual actuarial valuation is designed to measure the overall financial condition of the retirement system. During Fiscal Year 2020, MPERS' funded status rose to 60.6% from 59.8%. The funded status has continued to increase steadily from its lowest point more than ten years ago when it was 42.22%. The funded status represents the level of assets available to pay the benefits. MPERS' funded status continues to show progress; however, it is still well below the overall funding objective of 100%. The actuary once again commended the Board for having the appropriate funding policies in place to achieve that objective, but recommended a review of those policies before the next valuation to consider what has happened in the economy as a result of the ongoing pandemic.

The annual valuation also provides the basis for determining employer contribution rates for the next fiscal year, which must be certified by the Board to the employers (MoDOT and MSHP) by October 1. The contribution rate, as approved by the Board, for Fiscal Year 2022 will remain at 58% of payroll. The contribution rate is comprised of the factors noted below.

FY22 Employer Contribution Rates Expressed as a Percent of Active Payroll for Total Benefits	
	Combined Rate (System Total)
Normal Cost	11.47%
Unfunded Liability	46.53%
Total	58.00%

The normal cost is the basic cost of benefits for our members. This contrasts with the unfunded liability, which is the “catch-up” payment for those benefits that were not adequately funded by either contributions or investment returns in the past.

Governance Consultant Report

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

Mr. Miller presented a short synopsis of the in-progress governance review. To date, the Governance Policies and the minutes have been studied to be sure the Board is following the board-adopted policies. In addition, the Board’s self-evaluation survey was administered and completed by nine of eleven board members, four executive staff and four of the Board’s external advisors. A Governance Committee meeting is scheduled for October 1, to review the interview questions to be used in the trustee interviews, which are set to begin after the meeting date. Once the interviews are completed, the consultants will meet again with the Governance Committee and obtain feedback to be used at the November workshop. The consultants will also help to facilitate the executive director’s annual review, which will be conducted parallel to these other events.

Director’s Comments

Presenter: Scott Simon, Executive Director (MPERS)

The November board educational workshop and board meeting will be held on November 19, 2020.

MPERS received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2019 CAFR. MPERS has received this award 15 years running.

2020 Board Meeting Dates

Thursday, November 19, 2020