



## Board Meeting Summary September 26, 2019, 10:00 am

**Value of Assets**  
(as of 6/30/19)  
**\$2.42 billion**

**Funded Status**  
(as of 6/30/19)  
**59.82%**

### 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

**John Briscoe**  
Highways & Transportation  
Commissioner

**Sgt. Matt Broniec**  
MSHP Active  
Representative

**Sue Cox**  
MoDOT Retiree  
Representative

**Patrick McKenna**  
Director of MoDOT  
Ex Officio Member

**Colonel Eric Olson**  
Superintendent of MSHP  
Ex Officio Member

**Michael Pace**  
Highways & Transportation  
Commissioner

**Gregg Smith**  
Highways & Transportation  
Commissioner

**Rep. Sara Walsh**  
Appointed by the  
Speaker of the House

### Approval of June 20, 2019 Meeting Minutes

The Board approved the minutes of the June 20, 2019 meeting. The results of the meeting and 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.

### Annual Actuarial Valuation

*Presenter: Ms. Heidi Berry & Mr. 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 2019, MPERS' funded status rose to 59.82% from 57.12%. The funded status has continued to increase steadily from its lowest point ten years ago when it was 42.22%. The funded status represents the level of assets available to pay the benefits that have been earned. MPERS' 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.

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 2021 will remain at 58% of payroll. The contribution rate is comprised of the factors noted below.

<b>FY 2021 Employer Contribution Rates Expressed as a Percent of Active Payroll for Total Benefits</b>	
	<b>Combined Rate (System Total)</b>
Normal Cost	10.13%
Unfunded Liability	46.19%
Expenses	1.15%
Disability	0.53%
<b>Total</b>	<b>58.00%</b>

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.

### Audit Committee Report

*Presenter: Todd Tyler (Audit Committee Chair)*

Mr. Tyler reported that the Audit Committee met on September 17, 2019, in order to discuss the selection of a contractor for the actuarial audit. An actuarial audit is designed to verify the valuation results of the System's actuary. Such review is done on a periodic basis. After hearing from staff regarding the various responses to the request for proposals, the Committee voted unanimously to recommend to the full board to select Cheiron to complete the actuarial audit. The Board voted unanimously to accept the recommendation of the Audit Committee. The audit will begin no later than the first of the year.

## **Investment Performance**

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

As of June 20, 2019, MPERS' fund value was \$2.42 billion. MPERS' fiscal year return (July 1, 2018 to June 20, 2019) finalized at 6.84%. From a long-term perspective, MPERS' 10-year return of 10.18% ranks in the top 7% 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.

## **Director's Comments**

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

Mr. Simon updated the Board on the September 11<sup>th</sup> meeting of the Senate Interim Committee for the Study of MPERS. Mr. Simon reported that the committee made no decisions at the meeting and no further meetings are scheduled at this time. There has, however, been a request for more information which MPERS will provide soon.

The November board educational workshop and board meeting will be held on November 21, 2019, at the MPERS building.

## **2019 Board Meeting Dates**

Thursday, November 21, 2019