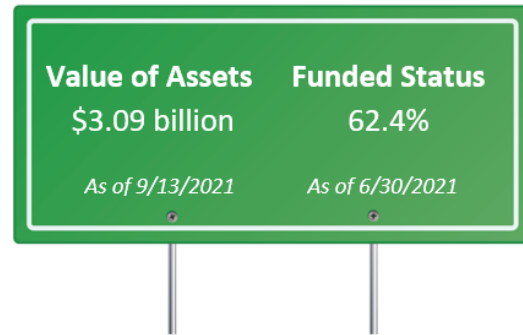




## Board Meeting Summary

September 23, 2021  
9:00 a.m. (held via webinar)



### Approval of Board Meeting Minutes

The Board approved the minutes of the May 26 and June 17, 2021 meetings. 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.

### Annual Actuarial Valuation

*Presenters: Heidi Barry and Jamal Adora (GRS)*

Ms. Heidi Barry from MPERS' actuary, GRS, presented the annual actuarial valuation. The annual actuarial valuation is designed to measure the overall financial condition of the retirement system. During Fiscal Year 2021, MPERS' funded status rose to 62.4% from 60.6%. 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 because of the ongoing pandemic and continued economic recovery.

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 2023 will remain at 58.00% of payroll for the non-uniformed group (MoDOT and the non-uniformed portion of the Highway Patrol) and 58.651% for the uniformed group. The contribution rate is comprised of the factors noted below.

FY 23 Employer Contribution Rates Expressed as a Percent of Active Payroll for Total Benefits		
	Non-Uniformed Employees	Uniformed Patrol
Normal Cost	9.250 %	17.230 %
Expenses	1.220 %	1.220 %
Unfunded Liability	47.055 %	39.726 %
Disability Insurance	0.475 %	0.475 %
<b>Total</b>	<b>58.000 %</b>	<b>58.651 %</b>

The Board certified the contribution rates for Fiscal Year 2023 in accordance with statutory requirements.

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## **Proposed Strategic Planning**

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

As part of the governance project from Fiscal Year 2021, Funston Advisory Services, LLC (Funston) recommended the Board implement a more consistent strategic planning process. As part of that recommendation, staff recommended the Board hire a consultant to assist in the strategic planning process. The Board asked staff to prepare more detailed information about strategic planning and have a few consultants present insights into how each views strategic planning and how it would benefit the System and our beneficiaries. It was suggested that this be a part of the November board meeting or workshop.

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## **605 Dix Road Property**

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

After some Board discussion and recommendations to continue to seek more competitive bids for demolition, the Board approved the demolition of the property purchased in June. The current plan is to remove the residence, expand the parking lot for MPERS' existing business location, and add an entrance from Dix Road.

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## **Vital Signs**

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

Mr. Simon reported to the Board that all vital signs of the System, except for one were "green," or without concern. The exception was the unfunded retiree liability, which will not be "green" until it is fully funded. This is the first full report of MPERS' vital signs and is a result of the governance project recommendations of Funston. The vital signs are intended to provide a better line of sight for MPERS' "oversight" Board and be a quick reference to see how things are functioning.

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## **Investment Committee Report**

*Presenter: Lt. Matt Broniec, Investment Committee Chair*

At a meeting of the Investment Committee on August 24, 2021, the Committee reviewed the Investment Consultant Request for Proposal responses and directed staff to continue due diligence for each of the qualified respondents. The Committee also reviewed two new policies, a policy for management fees and another for risk, and recommended those for board review.

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## **New Investment Policies**

*Presenter: Larry Krummen, Chief Investment Officer (MPERS)*

The Board acted on two new investment policies, which address investment management fees and investment risks. These policies are intended to maintain expectations for staff in managing and implementing these key matters and to support the Board's understanding of how these key details are managed. The broader Investment Policy will be updated to reflect these new additions.

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## **Investment Performance**

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

Despite being dominated by the COVID-19 pandemic and a contentious presidential election, MPERS' portfolio generated a 30.8% return in Fiscal Year 2021 and crossed over the \$3.0 billion mark in assets for the first time. The 30.8% return considerably outperformed MPERS' policy benchmark return of 23.5% and ranked in the top 9% of public fund peer universe for the period. The public equity portfolio performed extremely well, generating a 47.7% return relative to the benchmark return of 39.3%. The value and small cap bias in the equity portfolio, which has underperformed in prior years, performed very well alongside the improving economy.

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## 2021 Board Meeting Dates

- Thursday, November 18, 2021

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*Board Chair*  
Superintendent of MSHP  
Ex-Officio Member

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

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Pro Tem of the Senate

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**Representative Barry Hovis**  
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