



Board Meeting Summary

June 22, 2023
9:00 a.m.

Value of Assets	Funded Status
\$3.21 billion	66.3%
<i>As of 3/31/2023</i>	<i>As of 6/30/2022</i>

Approval of Board Meeting Minutes

The Board approved the minutes of the February 17, 2022 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.

Legislative Update

Presenter: Scott Simon, Executive Director

Two pieces of MPERS' legislation passed this session, in large part due to the efforts of Senator Bernskoetter and Representative Hovis.

The MPERS/MOSERS cleanup bill had been filed during each of the last five regular legislative sessions and finally passed this year as part of Senate Bills 20 and 75 – both on the Governor's desk for signature. The statutory changes that constituted the cleanup legislation do not change benefit provisions, but rather clarify the administration of the benefits. Also part of those bills is the staggered terms provision in section 104.180, RSMo. The amendment to that statute will stagger the terms of the elected trustees so that beginning in 2026, two of the four trustees' terms will be staggered and there will be a regular election every two years.

For additional information regarding the status of current legislation, please visit the Joint Committee on Public Employee Retirement (JCPER) website at www.jcper.org.

MPERS' Funding Policy

Presenters: Scott Simon, Executive Director, and Jamal Adora, Heidi Barry, and Ken Alberts (GRS Consulting)

Following an in-depth presentation to and discussion by the Board, the Board adopted a new funding policy, making the temporary accelerated policy the new permanent policy. The effect of the new policy will be to continue an aggressive approach to funding the unfunded liabilities and keeping MPERS' on a trajectory of positive funding experience with a goal of eventually being 100% funded, while protecting against volatile employer contribution rates. Over the past 14 years, MPERS' funded status has gone from 42% to 66% under the temporary accelerated funding policy, with positive funded status experience every year during that time.

Budget Committee Report

Presenter: Sue Cox (Budget Committee Chair)

The Budget Committee met on May 16, 2023, and reviewed the proposed budget for Fiscal Year 2024. Overall, the budget had minor additions (contributing to a budgetary increase), including two technology expenditures – one for operations and the other for investments. Both pieces of software will significantly enhance the relevant processes and procedures. Most of the 8.8% increase over last year's budget can be attributed to the inflationary environment. The Committee recommended the proposed budget to the Board, which the Board accepted.

Audit Committee Report

Presenter: Todd Tyler (Audit Committee Chair)

The Audit Committee met on May 24, 2023. This meeting was the annual audit kickoff meeting for the 2023 audit and Nick Mestres from Williams-Keepers was present to remind the Committee of what is required for the audit and when it will take place. The audit will begin in July. The Committee also discussed a number of options for this year's additional in-depth audit area – the agreed upon procedure – and recommended to the Board for Williams-Keepers to audit the 2011 Tier employee contribution refund process. The Board accepted the recommendation on the additional audit area, which will occur as part of the Fiscal Year 2023 audit.

Investment Performance

Presenters: Larry Krummen, Chief Investment Officer (MPERS) and Keith Stronkowsky (NEPC)

MPERS' portfolio was up 4.0% during the 1st quarter of 2023, which underperformed the policy benchmark return of 4.7%. The overweight to banks/financials within the global equity portfolio was the primary driver of the underperformance. It is also a difficult quarter to gain a full perspective on investment performance because 2022 audited financials for MPERS' private market strategies are not finalized until the 2nd quarter and are therefore not reflected in this report.

MPERS' one-year return of 2.2% ranks in the top 1% of peer universe, outperforming the policy index which lost 4.8% as well as the median public fund which lost 5.5% in value. MPERS' longer-term performance also remains excellent, with the three-, five-, and ten-year results all ranking in the top 1% of the peer universe.

The recent strength in the equity markets continues to push portfolio values higher. With only a few weeks remaining in Fiscal Year 2023, MPERS' estimated fiscal year return is up to 8.1% (July 1st – June 13th).

Director's Comments

Presenter: Scott Simon, Executive Director (MPERS)

- Mr. Simon reported on the recent new hires in both the investment department and in operations – two investment analysts and an HR Officer.
- Renovation of 1913 William St. remains on hold while we investigate the possibility of alternative office space.
- The cyber audit conducted last year as part of the strategic plan continues to improve the organization's cybersecurity. Improved IT security policies will be ready for review in the fall and will reflect industry best practices.
- The Governance Committee is slated to meet sometime later this summer or early fall. There are several changes to Governance Policies that will need to be discussed and potentially presented to the Board.

2023 Board Meeting Dates

- Thursday, September 21
- Thursday, November 16

Board of Trustees

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MoDOT Retiree Representative

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Todd Tyler
MoDOT Active Representative

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

Representative Barry Hovis
Appointed by the
Speaker of the House

Bill Seibert
MSHP Retiree Representative

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