

**Municipal Police Employees' Retirement System  
Minutes of the Meeting of the Investment Committee  
March 23, 2022**

The Investment Committee of the Municipal Police Employees' Retirement System held  
a Regular Meeting on Wednesday, March 23, 2022.

**A. Call to Order**

The meeting was called to order by Ben Huxen at 9:03 a.m.

**B. Roll Call**

**Members Present**

Ms. Amy Mathews, State Treasurer Designee  
Maj. Raymond Burkart, Jr  
Mayor Greg Cromer  
Maj. (Retired) Kelly Gibson

**Members Absent**

Chief Christopher Wilrye

**Others Present**

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel  
Ms. Ashlee McNeely, Executive Management Officer  
Ms. Taylor Camp, MPERS, Chief Financial Officer  
Ms. Melissa Frazier, MPERS, Benefits Administrator  
Mr. David Barnes, NEPC, Investment Consultant  
Lt. Tyrone Warren, MPERS Board Trustee  
Mr. Rick McGimsey, MPERS Board Trustee  
Mr. Kevin Baload, Reporter

**C. Public Comment**

Mr. Huxen called for public comments. There were no public comments.

**D. New Business**

1. Discussion and Action Regarding Draft of Committee Charter

Mr. Huxen called for any questions or comments regarding the draft committee charter by Global Governance Advisors. There were no questions or comments.

**Motion by Ms. Mathews, seconded by Mr. Burkart, that the committee recommend that the board adopt the draft Investment Committee Charter, as presented. Without objection, the motion carried.**

2. Election of Committee Officers

Ms. Mathews was nominated as committee chair. There were no other nominations.

**Motion by Mr. Cromer, seconded by Mr. Gibson, to nominate Ms. Mathews as the committee chairman. Without objection, the motion carried.**

3. Discussion and Action Regarding NEPC Report on Investments and Asset Allocation Review/Update (Qualifies as Investment Training)

Mr. Barnes informed the committee that the month of February, in terms of performance, is broken up into two different categories, pre-Russian invasion of Ukraine and post-Russian invasion of Ukraine.

He gave a brief summary of overall market performance for February.

The second portion of the month was driven by Russia's invasion of Ukraine on February 24<sup>th</sup>. The US, along with other countries, implemented several sanctions on purchases of Russian sovereign debt after March 1<sup>st</sup>. Mr. Barnes clarified that this means there is no trading in the Russian market. This is an example of why NEPC recommends a diversified portfolio so that no one bad event would collapse everything.

Mr. Barnes explained that some of MPERS investment managers foresaw issues and reduced the amount held in Russian bonds. The MPERS portfolio had an overall exposure to Russian investments of about 0.6%, which is roughly \$15 million dollars of an overall portfolio of about \$2.7 billion.

Mr. Barnes explained that other parts of MPERS portfolio are benefitting from the Russian invasion. Brazil and other South American countries, for example, as exporters of energy have significantly benefitted from the global rise in energy prices.

Next, Mr. Barnes presented the NEPC Report on Investments. The total market value of the portfolio as of February 28, 2022, was \$2,662,523,853. Performance was down 1.2% for the month, down 0.9% for the fiscal year-to-date, and down 5% for the calendar year-to-date.

Mr. Barnes mentioned that MPERS has actively managed international equities split between a value manager (KBI) and a growth manager (William Blair) and informed the board that there was a significant overweight with the growth manager. He stated that MPERS has benefited from the intentional overweight over the past several years, but NEPC is concerned that might not be the case going forward in a rising interest rate environment.

Mr. Barnes explained that energy, materials, industrials, and financials generally perform well in a rising rate environment in the stock market. In order to diversify the stock portfolio to hold up better in a rising rate environment, NEPC is recommending that MPERS trim about 30% from the S&P index fund and reallocate it to a Russell 1000 value fund.

Currently, the portfolio has about 45% of its international equity portfolio invested with William Blair and about 25% invested with KBI, and the remainder is in an index fund. Mr. Barnes stated that NEPC is recommending splitting the international portfolio evenly between the three.

4. Discussion and Action Regarding Russell 1000 Value Index Manager Search

Mr. Barnes stated that NEPC received proposals from a few different companies to manage the roughly \$175 million in the new Russell 1000 value fund and recommended that the Board hire Mellon since they offered a discounted fee based on their current relationship with MPERS that will save the fund about \$8,500 per year.

**Motion by Mr. Cromer, seconded by Mr. Burkart, that the committee recommend that the board:**

- a. **Hire Mellon Investment Corp. for the Russell 1000 Value index fund; and**
- b. **Reallocate in accordance with NEPC's recommendations.**

**Without objection, the motion carried.**

**E. Other Business**

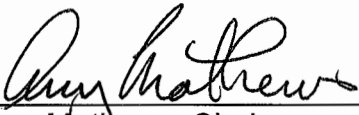
Mr. Huxen indicated that he received a letter from the State Treasurer expressing concerns over Russian allocations. Mr. Huxen informed the State Treasurer that there was nothing to worry about as the fund's Russian allocations are essentially zero as Mr. Barnes stated before.


**F. Adjourn**

**A motion was made by Mr. Burkart, seconded by Mr. Cromer, to adjourn the meeting at 10:03 a.m. Without objection, the motion carried.**

Next Meeting Date is July 20, 2022.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held March 23, 2022.

  
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Amy Mathews, Chairman

  
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Ben Huxen,  
Executive Director and General Counsel