



CEO UPDATE December 2022

As we close out 2022 and look ahead to 2023, the PMRS transformation continues to gain momentum. PMRS has completed 2020 reporting and is well into processing and distributing 2021 financial reports. Members received their 2021 annual statements in October, and we distributed annual financial statements to employers earlier this week. We will begin generating 2021 GASB reports in January and work on the 2021 ACFR is underway. We are actively processing 2022 financial data and expect to complete 2022 financial reporting in 2023 which will put us back on a regular schedule.

The financial reporting backlog has been the most prominent example of the challenges facing PMRS and eliminating it in 2023 will be a noteworthy accomplishment.

However, it will not mark the end of our efforts of turning PMRS into an award-winning pension fund that protects our members' retirement and is easy for employers to work with. To that end, the PMRS' executive team is focused on identifying long-standing issues that have hindered PMRS operations for years and how to address them in 2023.

For example, we are working with our technology partners to optimize our pension administration software so we can work more efficiently and effectively. We are also reviewing our organization to ensure that we are structured to eliminate single points of failure, facilitate better service levels, and improve processing times. We are improving and modernizing how we communicate with members and employers, and we are empowering our employees by providing training opportunities, establishing performance standards, and documenting and improving processes.

Each of these areas hold great potential for unlocking substantial operational improvements that will benefit our employers and members for years to come.

Beyond operations, PMRS continues to navigate a difficult investment environment. Assets totaled \$3.1 billion at the end of November and like all pensions, PMRS has felt the impact of market declines in 2022. However, unlike many pensions we entered the year in a position of strength, which allows us to continue to look beyond the short-term challenges and take a long-term view. Reducing the risk in our portfolio over the past two years has helped minimize our losses this year and reduced our investment management fees by \$3.5 million. Ensuring PMRS' investments are well positioned for the next 30 years is a never-ending undertaking and we are currently evaluating our investments in forests and real estate. PMRS' long-term financial performance ranks among the top-third of public pension funds, and I remain confident that our investment strategy will continue to pay off.

2022 has been a year of significant progress for PMRS and I am gratified at how the team has worked together to continue to improve the organization. I am also excited about what comes next as we focus on eliminating underlying operational challenges, fine-tuning our investment strategy, and continuing to build a winning culture.



I want to thank all our employers and members for their support and patience in 2022 and wish everyone a happy holiday season and a safe and prosperous 2023.

Sincerely,

A handwritten signature in black ink that reads "Timothy Reese". The signature is written in a cursive style with a long, sweeping underline.

Timothy Reese
CEO, PMRS