



## MoDOT and Patrol Employees' Retirement System Board of Trustees Meeting Summary April 30, 2009

### Board of Trustees

**Mike Kehoe**

*Chairman*

Highways & Transportation  
Commissioner

**Roger Stottlemire**

*Vice-Chairman*

MSHP Retiree Representative

**Duane Michie**

Highways & Transportation  
Commissioner

**Rudy Farber**

Highways & Transportation  
Commissioner

**Sue Cox**

MoDOT Employees'  
Representative

**Senator John Griesheimer**

Appointed by the President  
Pro Tem of the Senate

**Colonel Jim Keathley**

Superintendent of MSHP

**Pete Rahn**

Director of MoDOT

**Rep. Charlie Schlottach**

Appointed by the  
Speaker of the House

**Bob Sfreddo**

MoDOT Retiree  
Representative

**Captain Juan Villanueva**

MSHP Employees'  
Representative

The following summary of the April 30, 2009 MPERS Board meeting was prepared to inform you regarding board actions and events affecting the retirement system.

#### ♦ **Fiduciary Responsibility and Board Governance**

Presenter: Nancy Williams, EnnisKnupp & Associates

Nancy Williams provided an educational workshop on fiduciary responsibility and board governance.

Individuals serving on the MPERS Board of Trustees are charged as fiduciaries and obligated by law to carry out their responsibilities with the utmost degree of good faith, honesty, integrity, and undivided loyalty to the members.

Board governance is a means of identifying the role and responsibilities of the Board and individual trustees. This also includes the Board's responsibility to retain and oversee executive management and assure that the Board obtains the necessary information to perform its functions. Clear accountability and delineation of Board and management responsibilities is key. Much of a board's success can be attributed to its governance practices.

The Board of Trustees is presently engaged in an extensive process to update and adopt board governance policies.

*EnnisKnupp provides consulting services in the areas of fiduciary audits, strategic planning, trustee education, and plan governance.*

#### ♦ **Update on Pension Administration System**

Presenter: Meir Schecter, MAXIMUS

MPERS is in the process of implementing a pension administration system that will maintain membership records and automate various calculations and correspondence. With over 17,000 members, it has become cumbersome to store and maintain 53 years worth of paper documents. The new system will allow MPERS to provide better service to members and to assure the system has an effective disaster recovery program and back up with electronic documents.

Mr. Schecter gave an update on the new Pension Administration System. As of April 1, the project was 67% completed. MPERS staff is currently testing programs, reviewing correspondence and reports, coordinating data conversion, and charting workflows.

*MAXIMUS specializes in providing project management for database projects with public retirement systems.*

♦ **Proposal for Benefit Sustainability/Design Study**

Presenter: Susie Dahl, MPERS Executive Director

In January, the MPERS Board sent a letter to Governor Nixon requesting that he establish a commission to review retirement benefits for all state employees. To date, there has been no action from the Governor's Office related to the request. Senator Jason Crowell and the Joint Committee on Public Employee Retirement (JCPER) have also written the Governor expressing the need for a review.

A benefit sustainability/design study will aid the MPERS Board in formulating a proactive position on plan design, costs, and sustainability issues. If a Commission is appointed in the future, the MPERS Board will be ready to provide up-to-date and relevant information. Ms. Dahl presented a proposal from our actuary, Gabriel Roeder Smith and Company to develop a long-term benefit design that will provide adequate benefits for members at a cost that is affordable to the plan sponsors – MoDOT and MSHP.

The Board voted to proceed with the Benefit Sustainability/Design Study.

♦ **Legislative Update**

The Board reviewed eight pending house bills and four pending senate bills with potential impact to the system. The 2009 Legislative session ended Friday, May 15. Only one bill related to MPERS, House Bill 210, passed this legislative session. The Governor must sign the bill for it to become effective. This bill adds the Missouri State Employees' Charitable Campaign as an optional gift deduction from retirement benefit payments. If the Governor signs the bill, MPERS will work with the Office of Administration/Charitable Campaign to implement this option for our members.

Each year, the Joint Committee on Public Employee Retirement (JCPER) maintains a recap of retirement-related legislation. The [2009 Retirement Legislation Status Report](http://www.jcper.org) may be viewed on their website at [www.jcper.org](http://www.jcper.org).

♦ **Investment Report and Risk Presentation**

Presenter: Larry Krummen, MPERS Chief Investment Officer  
Mark Caplinger, Summit Strategies

MPERS Chief Investment Officer, Larry Krummen, and Mark Caplinger, Summit Strategies, reported on the market activity for the first quarter of 2009. Equity markets experienced big swings during the quarter as a rally that started in late November ended abruptly early in January. Equity markets sold off sharply through the first week of March, then surged 22% over the course of 10 trading days, the strongest 2-week climb in 71 years. As of March 31, MPERS' assets were at \$1.14 billion.

Mr. Krummen also gave a presentation on the risks and return expectations of the various allocations in the investment portfolio.

*Summit Strategies Group offers services to the plan sponsor community including asset/liability and asset/spending analysis, portfolio implementation and monitoring, evaluation of defined contribution and defined benefit plans, and comprehensive investment research.*

♦ **Miscellaneous Items on the Agenda**

- The next board meeting is set for Thursday, June 18, 2009.
- Future board meeting schedule: Thursday, September 17, 2009; Thursday, December 17, 2009.

**For more information about MPERS go to:  
[www.mpers.org](http://www.mpers.org)**