



MoDOT & Patrol Employees' Retirement System

Recap of Board Meeting

September 25, 2014

Board of Trustees

Joe Carmichael
Chair

Highways & Transportation
Commissioner

Colonel Ron Replogle
Vice Chair

Superintendent of MSHP

Major Bret Johnson
MSHP Employees'
Representative

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Appointed by the President
Pro Tem of the Senate

David Nichols
Director of MoDOT

Rep. Shawn Rhoads
Appointed by the
Speaker of the House

Kenneth Suelthaus
Highways & Transportation
Commissioner

Sue Cox
MoDOT Retirees'
Representative

Todd Tyler
MoDOT Employees'
Representative

William "Bill" Seibert
MSHP Retirees'
Representative

Vacant
Highways & Transportation
Commissioner

Actuarial Valuation Report

Presenter: Ken Alberts, Gabriel Roeder Smith & Company

Mr. Alberts, GRS, presented the FY 2014 Actuarial Valuation Report. Due to the plan's positive experience, he recommended that the Board maintain the current contribution rates and either establish a rate stabilization fund or an accelerated amortization period, either of which would further enhance plan funding. The Board voted and approved the recommendation to create a rate stabilization fund.

Governance Committee Report

Presenter: Sue Cox, Chair of the Governance Committee

Ms. Cox recommended, and the Board approved, the following policies:

1. Orientation and Education Policy — modifications were needed to acknowledge recent statutory changes that further clarifies trustee educational requirements
2. Funding and Contribution Rate Determination Policy — incorporates additional detail in the policy that more fully reflects the statutory requirements and the actual practices followed by the retirement system. Additions to this section were due in part from GASB 67/68, which is removing GASB as the standard for funding plans like MPERS.
3. Changes to the Board Rules — rules duplicating existing statutes were eliminated. A few minor clarifications that support long-standing MPERS policies were also added.

Investment Committee Report

Presenter: Major Bret Johnson, Chair of the Investment Committee

Major Johnson presented recommendations and the Board approved changes to the Investment Policy. These changes included revising the language for investing in subsequent funds, broadening the cash/-collateral guidelines to allow exposure to an approved asset class and allowing CIO the ability to invest in Non-Rated Securities up to 1% of the Systems' total fund assets.

FY 2014 Investment Performance

The Total Fund returned 17.56% for FY 2014 outperforming the benchmark return of 14.47%. The Systems' total fund performance ranks in the upper quartile of the peer universe for all major time periods.

Other Business

Mr. Simon explained why the Board should not expect to consolidate contribution rates for uniform and non-uniformed members going forward, as the two are calculated using assumptions/experience specific to each group.

Mr. Simon presented the Systems Long-Term and Work-Related Disability benefits for informational purposes.