

# Minutes of Meeting

July 30, 2020





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**SPECIAL BOARD OF TRUSTEES' MEETING**



**THURSDAY, JULY 30, 2020**

**2:00 p.m.  
via Webinar**

**1913 William Street  
Jefferson City, Missouri**

**TRUSTEES PRESENT:** Mr. William “Bill” Seibert, Chair  
Mr. Todd Tyler, Vice Chair  
Senator Mike Bernskoetter  
Mr. Robert Brinkmann  
Mr. John Briscoe  
Sgt. Matthew Broniec  
Ms. Sue W. Cox  
Mr. Patrick McKenna  
Colonel Eric Olson  
Mr. Gregg Smith  
Representative Sara Walsh

**TRUSTEES ABSENT:** None

**STAFF PRESENT:** Mr. Scott Simon, Executive Director  
Mr. Larry Krummen, Chief Investment Officer  
Ms. Jennifer Even, Chief Financial Officer  
Ms. Lois Wankum, Senior Executive Assistant

**CONSULTANTS:** Mr. Kevin Leonard, NEPC  
Mr. Will Forde, NEPC  
Mr. Tom Litz, Thompson Coburn

A special meeting of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) was held on Thursday, July 30, 2020, via webinar from the System's office located at 1913 William Street in Jefferson City, Missouri. The meeting was called to order by Mr. Bill Seibert pursuant to Section 104.180 of the Missouri Revised Statutes, as amended.

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**OPEN MEETING**

**APPROVAL OF MINUTES**

Mr. Seibert stated that, due to last minute substantive revisions, the approval of minutes will be tabled until the next meeting.

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## INVESTMENT ITEMS

- **Update on Implementation of Leverage Instruments**  
~ by Mr. Larry Krummen (MPERS' Chief Investment Officer)

Mr. Krummen informed the Board that no leverage has been put in place on the investment portfolio because the timing is not right with the investment market. Mr. Krummen stated the purpose was never to dial up risks immediately upon adoption of the policy, but rather to provide additional flexibility during times of volatility in the market.

Mr. Krummen stated the MPERS risk committee has discussed how to implement leverage. The long-term average is expected to be roughly 5-10%. Staff is working on policies that would support the implementation of the tool within the parameters stipulated by the Board.

Staff is currently finalizing investment performance reporting requirements with MPERS' custodian bank (Northern Trust) and MPERS' consultant (NEPC). They are also finalizing audit and accounting requirements that would be associated with implementing leverage.

- **Request to Indefinitely Stay Implementation of a Leverage Facility Instrument**  
~ by Mr. Patrick McKenna)

Mr. McKenna made a motion that the Board rescind its prior prevailing vote taken at the June 18, 2020 Board meeting that authorized MPERS staff to implement a leverage facility to borrow funds in amounts up to 20% of the value of the assets in the System's benefit fund for investment purposes. Mr. Smith seconded the motion. The following roll call vote was taken:

Mr. William "Bill" Seibert, Nay  
Mr. Todd Tyler, Nay  
Senator Mike Bernskoetter, Nay  
Mr. Robert Brinkmann, Aye  
Mr. John Briscoe, Aye  
Sergeant Matthew Broniec, Nay  
Ms. Sue W. Cox, Nay  
Mr. Patrick McKenna, Aye  
Colonel Eric Olson, Nay  
Mr. Gregg Smith, Aye  
Representative Sara Walsh, Aye

The motion failed with 6 votes against and 5 in favor.

\* \* \* \* \*

Mr. Brinkmann made a motion that the Board preapprove and be notified when staff will be using leverage so the Board can understand what is being done and have a better understanding of this new concept, opine and vote on it. Mr. Briscoe seconded the motion. The following roll call vote was taken:

Mr. William "Bill" Seibert, Nay  
Mr. Todd Tyler, Nay  
Senator Mike Bernskoetter, Nay  
Mr. Robert Brinkmann, Aye  
Mr. John Briscoe, Aye  
Sergeant Matthew Broniec, Nay  
Ms. Sue W. Cox, Nay  
Mr. Patrick McKenna, Aye  
Colonel Eric Olson, Nay  
Mr. Gregg Smith, Aye  
Representative Sara Walsh, Aye

The motion failed with 6 votes against and 5 in favor.

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Sgt. Broniec made a motion that the investment staff keep the Board informed on the use of leverage and how it is being used when they provide regular reports to the Investment Committee and/or Board. Ms. Cox and Representative Walsh both seconded the motion. The following roll call vote was taken:

Mr. William "Bill" Seibert, Aye  
Mr. Todd Tyler, Aye  
Senator Mike Bernskoetter, Aye  
Mr. Robert Brinkmann, Aye  
Mr. John Briscoe, Aye  
Sergeant Matthew Broniec, Aye  
Ms. Sue W. Cox, Aye  
Mr. Patrick McKenna, Abstain  
Colonel Eric Olson, Aye  
Mr. Gregg Smith, Aye  
Representative Sara Walsh, Aye

The motion carried with 10 votes in favor and 1 abstain.

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**ADJOURN**

Mr. Seibert requested a motion to adjourn. A motion to adjourn was made by Colonel Olson and seconded by Senator Bernskoetter. By a unanimous roll call vote of all Trustees present, the meeting of the Board of Trustees was adjourned at 3:20 p.m.

Mr. William "Bill" Seibert, Aye  
Mr. Todd Tyler, Aye  
Senator Mike Bernskoetter, Aye  
Mr. Robert Brinkmann, Aye  
Mr. John Briscoe, Aye  
Sergeant Matthew Broniec, Aye  
Ms. Sue W. Cox, Aye  
Mr. Patrick McKenna, Aye  
Colonel Eric Olson, Aye  
Mr. Gregg Smith, Aye  
Representative Sara Walsh, Aye

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## CERTIFICATION

We, William “Bill” Seibert, Board Chair, and Scott Simon, Executive Director, Board of Trustees, MoDOT & Patrol Employees’ Retirement System, hereby certify that the foregoing are full, true, and complete minutes of the meeting of the Board held on July 30, 2020 in Jefferson City, Missouri, as approved by said Board at its meeting held September 24, 2020.

IN TESTIMONY WHEREOF, we have hereto set our hands and affixed the seal of said Board on September 24, 2020.

*William K. Seibert*

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Chair

*Scott Simon*

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Executive Director

