

# Minutes of Meeting

April 24, 2020





**TABLE OF CONTENTS**

**Approval of Minutes ..... 1**

**Welcome New Trustee, Mr. Robert “Bob” Brinkmann ..... 2**

**MPERS’ Operations Update ..... 2**

**Governance Committee Report ..... 2**

**Investment Committee Report..... 3**

**Investment Reports**

**MPERS’ Performance Estimates ..... 3**

**Summary of MPERS’ Activities ..... 3**

**Updated NEPC Market Outlook & Asset Class Assumptions ..... 3**

**Director’s Comments**

**New Hire ..... 3**

**Trustee’s Comments..... 3**

**Informational Items**

**Asset Liability Study ..... 4**

**Adjourn**



**BOARD OF TRUSTEES' MEETING**

**THURSDAY, APRIL 24, 2020**

**10:00 a.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  
Mr. Gregg Smith  
Representative Sara Walsh

**TRUSTEES ABSENT:** Colonel Eric Olson

**STAFF PRESENT:** Mr. Scott Simon, Executive Director  
Ms. Greta Bassett-Seymour, Assistant Executive Director  
& General Counsel  
Mr. Larry Krummen, Chief Investment Officer  
Ms. Jennifer Even, Chief Financial Officer  
Ms. Lois Wankum, Senior Executive Assistant

**GUESTS/PRESENTERS:** Mr. Kevin Leonard, NEPC  
Mr. Will Forde, NEPC  
Mr. Phil Nelson, NEPC  
Mr. Robert Goldthorpe, NEPC  
Mr. Mike Winter, Legislative Consultant

A regularly scheduled meeting of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) was held on Friday, April 24, 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 Revised Statutes of Missouri, as amended.

\* \* \* \* \*

**OPEN MEETING**

**APPROVAL OF MINUTES**

Upon a motion by Mr. McKenna, and seconded by Representative Walsh, the Board of Trustees (Trustees) approved the minutes of the meeting held on February 28, 2020, as corrected.

The Chair and Executive Director were authorized and directed to sign and certify said minutes and to file same in the office of the Executive Director.

\* \* \* \* \*

## **WELCOME NEW TRUSTEE, MR. ROBERT BRINKMANN**

The Chairman welcomed Mr. Robert Brinkmann to the MPERS Board of Trustees. Mr. Brinkmann was appointed on March 23, 2020, and replaces Mr. Michael Pace, whose term on the Highways and Transportation Commission had expired.

\* \* \* \* \*

## **MPERS' OPERATIONS UPDATE**

*~ by Mr. Scott Simon, MPERS' Executive Director*

Mr. Simon noted this meeting had been called in order to focus on investment activities but wished to provide a few brief updates on other matters to the Board:

- In light of the COVID-19 pandemic, MPERS' office closed to the public on March 16<sup>th</sup> and MPERS' staff began working remotely on March 20<sup>th</sup>.
- Since mid-March, all seminars have been conducted via various internet platforms with good success. Members have been kept apprised of operational changes via direct email and the MPERS' website.
- MPERS' business plan is being finalized and will be presented to the Board in June. Mr. Simon advised board members that if they had anything to contribute to the plan, to let him know.
- Budget committee meeting is scheduled for May 8<sup>th</sup>.
- Annual benefit statements were recently distributed to active members.
- New trustee orientation for Mr. Brinkmann is set for Monday, May 4<sup>th</sup>.

\* \* \* \* \*

## **GOVERNANCE COMMITTEE REPORT**

*– by Ms. Sue Cox, Governance Committee Chair*

Ms. Cox, Governance Committee Chair, provided a brief recap of the committee meeting held on April 22, 2020. Ms. Cox stated Mr. Brinkmann was appointed to the Governance Committee and had joined them for the meeting. The topics discussed were:

- Trustee Code of Conduct and Conflicts of Interest
- Strategic Planning Policy
- Utilization of a Governance Consultant

The committee supported the consideration of a governance consultant and directed staff to seek cost estimates and credentials for the Board's consideration as part of the proposed budget at the June meeting. The consultant would review the policies created over 10 years ago to assess best practices, improvements, etc., as well as provide a number of other services including the scheduled board self-evaluation and the executive director performance review..

\* \* \* \* \*

## INVESTMENT COMMITTEE REPORT

– by Sgt. Matt Broniec, Investment Committee Chair

Sgt. Broniec, Investment Committee Chair, provided a brief recap of the committee meeting held on April 3, 2020. Sgt. Broniec stated the committee briefly discussed the possibility of authorizing temporary leverage authority in order to take advantage of the dislocation in the markets. The committee deemed this topic best served by discussion of the full Board.

## INVESTMENT REPORTS

~ by Mr. Larry Krummen (MPERS) and Mr. Kevin Leonard (NEPC)

- **MPERS' Performance Estimates**

Mr. Krummen provided an update of how the COVID-19 pandemic was influencing the investment portfolio. The estimated first quarter of 2020 investment performance is -8.9%, and the Fiscal Year 2020 performance to an estimated -4.3% (July 1, 2019 through March 31, 2020). This compares favorably to the global equity markets, which are down over 21% and 14% over the same periods, respectively. The results also look favorable relative to the peer universe; NEPC stated the average public fund return was -14% based on the preliminary universe statistics.

- **Summary of MPERS' Activities**

Mr. Krummen provided a summary of key movements made throughout the downturn to rebalance the portfolio and to remain in compliance with investment policy guidelines.

- **Updated NEPC Market Outlook & Asset Class Assumptions**

Due to the significant market movements related to the COVID-19 pandemic, NEPC updated its Capital Market Assumptions to reflect the changing investment climate. Mr. Leonard presented the updated 2020 Asset Class Assumptions, along with how the market changes impacted the various asset allocation scenarios under consideration by the Board (as part of the ongoing Asset-Liability Study). In general, the decline in equity markets provides a more attractive entry point for long-term investors, which increased the expected returns of the various allocation mixes relative to the initial assumptions presented to the Board at the February 2020 board meeting.

\* \* \* \* \*

## DIRECTOR'S COMMENTS

- **New Hire**

Mr. Simon informed the Board that Ms. Lindsey Harris-Funk began employment with MPERS as the Assistant Chief Financial Officer on April 1, 2020.

\* \* \* \* \*

## TRUSTEE'S COMMENTS

Representative Walsh expressed her appreciation to Mr. Simon for reaching out to members to provide a sense of security in regard to their retirement benefits.

\* \* \* \* \*

**INFORMATIONAL ITEMS**

Per Board Governance policies, information only items primarily consist of benefit matters governed by state law and routine administrative or ministerial matters which do not require board discussion or action. The items listed below were provided to the Board for informational purposes only.

- **Asset Liability Study**

\* \* \* \* \*

**ADJOURN**

Mr. Seibert requested a motion to adjourn. A motion to adjourn was made by Mr. Briscoe and seconded by Representative Walsh. By a roll call vote of all Trustees present, the meeting of the Board of Trustees was adjourned at 12:03 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

\* \* \* \* \*

## 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 April 24, 2020 in Jefferson City, Missouri, as approved by said Board at its meeting held June 18, 2020.

IN TESTIMONY WHEREOF, we have hereto set our hands and affixed the seal of said Board on June 18, 2020.

*William K. Seibert*

---

Chair

*Scott Simon*

---

Executive Director

