



## MoDOT and Patrol Employees' Retirement System

Minutes of Meeting

November 18, 2021



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**Adjourn**



**BOARD OF TRUSTEES' MEETING**

**THURSDAY, NOVEMBER 18, 2021**

**12:30 p.m.**

**Missouri State Troopers Association Building  
1729 E Elm Street  
Jefferson City, Missouri**

**TRUSTEES PRESENT:** Colonel Eric Olson , Chair  
Mr. Todd Tyler, Vice Chair  
Mr. W. Dustin Boatwright  
Mr. Robert Brinkmann  
Lt. Matt Broniec  
Ms. Sue W. Cox  
Representative Barry Hovis  
Mr. William “Bill” Seibert  
Mr. Gregg Smith

**TRUSTEES ABSENT:** Senator Mike Bernskoetter  
Mr. Patrick McKenna

**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. Kiley Fischer, NEPC  
Mr. Nick Mestres, Williams-Keepers  
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 Thursday, November 18, 2021, from the Missouri State Trooper’s Association Building located at 1729 E. Elm Street in Jefferson City, Missouri. The meeting was called to order by Colonel Eric Olson pursuant to Section 104.180 of the Missouri Revised Statutes, as amended.

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**OPEN MEETING**

**APPROVAL OF MINUTES**

Mr. Smith made a motion to approve the minutes of the meeting held on September 23, 2021. Mr. Boatwright seconded the motion. By unanimous vote of all Trustees present, motion carried.

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.

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**2022 BOARD MEETING DATES**

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

Mr. Simon stated the MPERS Board approves an annual board meeting calendar at the last scheduled meeting of each year for the upcoming year. A proposed meeting schedule for calendar year 2022 was provided. It was suggested meetings be held on Friday during the legislative session instead of Thursday. Mr. Simon stated the annual MAPERS Conference would satisfy the outside continuing education requirements for Trustees. Mr. Seibert made a motion to approve the 2022 meeting dates. Mr. Smith seconded the motion. By unanimous vote of all members present, the Board approved the following board meeting calendar for 2022:

<p><b>Board Meeting Calendar</b>  Friday, February 25, 2022  Friday, April 29, 2022*  Thursday, June 16, 2022  Thursday, September 22, 2022  Thursday, November 17, 2022**</p> <p>*Only if needed for legislative session  **Board Workshop precedes meeting</p>	<p><b>MAPERS Conference</b>  July 13-15, 2022  The MAPERS Conference will be held at TanTar-A Resort in Osage Beach. There is generally an education session for Trustees on Wednesday afternoon (July 13<sup>th</sup>) in conjunction with the conference.</p>
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**LEGISLATION**

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

Mr. Simon informed the Board of proposed legislation for the upcoming legislative session. The collaborative cleanup bill with MOSERS from the past few years will be filed again. The Board agreed to support the refile of a slightly modified bill that would stagger the terms of the elected representatives of the Board. This change was made due to a constitutional provision that would have been a potential conflict with the original language in the bill.

Lt. Broniec made a motion to accept the updated proposal to make the effective date for staggering the terms effective in 2026, rather than 2022. The updated bill will be filed for the upcoming session. Mr. Seibert seconded the motion. By unanimous vote of all Trustees present, motion carried.

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## **AUDIT COMMITTEE REPORT**

*~ by Mr. Todd Tyler, Audit Committee Chair*

Mr. Tyler reported that the Audit Committee met on November 5, 2021. Mr. Nick Mestres of Williams-Keepers presented the 2021 Audit Report which included an unmodified (clean) opinion for the financial statements.

Mr. Tyler also noted the Committee was informed of a recommendation by the auditor to address a deficiency with investment accounting where staff needed to update and implement accounting procedures for certain timber investments that had recently been transitioned to internal management. Management concurred with the recommendation.

Mr. Mestres stated the auditors reviewed the agreed upon procedures to validate the vital signs. Williams-Keepers completed the agreed upon procedures and validated the results of the vital signs previously reported by staff.

Mr. Tyler stated the Committee was also apprised of the move away from Enterprise Risk Management (ERM) to Enterprise Performance Risk Management. The final quarterly report for ERM was presented.

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## **INDEPENDENT AUDITORS' REPORT – JUNE 30, 2021**

*~ by Mr. Nick Mestres from Williams-Keepers*

Mr. Mestres reported that Williams-Keepers issued an audit report with an unmodified (clean) opinion on MPERS' Fiscal Year 2021 financial statements. This is the best possible audit outcome. He briefly discussed the recommendation Mr. Tyler previously reported when he presented the audit committee report.

Colonel Olson and Mr. Tyler thanked Mr. Mestres for his presentation and the Board accepted the annual audit for fiscal year ended June 30, 2021.

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## **INVESTMENT REPORTS**

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

- **CIO Report**

- **Current Asset Allocation Overview/Positioning Relative to Targets**

- MPERS' breaks down all investment strategies into three broad beta groups (equities, interest rates and credit, and real assets). As of November 8, 2021, each of the respective allocations are within the permissible ranges established in MPERS' Investment Policy. The total fund leverage authority is not being utilized and MPERS' current cash balance stands at \$137.5 million (or 4.38% of assets).

- **NEPC Investment Performance Report for Quarter Ending September 30, 2021**

- Mr. Larry Krummen and Mr. Kevin Leonard provided a report on MPERS' investment performance for the quarter ending September 30, 2021.

- MPERS' investment portfolio continues to perform well across most any metric. The portfolio gained 2.6% during the third quarter of 2021, which ranked in the top 1% of the peer universe and drove the fund balance to an all-time high of \$3.06 billion. MPERS' portfolio now ranks at or near the top quartile of the peer universe over the one-, three-,

five-, and ten-year periods. The risk-adjusted performance is even more impressive, as MPERS' five-, ten-, and fifteen-year Sharpe ratios (a measure of return for a given unit of risk) all rank in the top one or two percent of the public fund peer universe. As of September 30, 2021, and for the first time in more than 15 years, the portfolio is generating double digit annualized returns and outperforming the policy benchmarks for all reporting periods.

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**DIRECTOR'S COMMENTS**

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

- **Meeting Location**

Mr. Simon gave a special thanks to the Missouri State Troopers Association for providing access to its meeting facilities so the full Board could meet comfortably and safely.

- **Trustee Consultant Surveys**

In January 2021 trustees completed surveys for MPERS' independent advisors/consultants. Specifically, NEPC (general investment consultant), GRS (actuary) and Williams-Keepers (auditor). Since the survey is completed annually, the Board should expect to receive these surveys again in January.

- **Annual Comprehensive Financial Report**

The Annual Comprehensive Financial Report was completed in-house again this year. It was a group effort between the financial department and the Communications Specialist. This is quite an accomplishment for a small staff with limited resources and the outcome is better than ever. Mr. Simon encouraged the Board to look at the Annual Report on MPERS' website.

- **605 Dix Road**

Mr. Simon stated the property purchased at 605 Dix Road is slated for demolition and that is expected to begin soon. MPERS purchased this property in June to expand its parking and access to Dix Road.

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**TRUSTEES' COMMENTS**

None.

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**VOTE TO CLOSE MEETING**

*~ by Colonel Eric Olson, MPERS' Board Chair*

The Board voted to close its meeting on November 18, 2021, citing Sections 610.021(11) and (12), RSMo., to discuss competitive bidding specs, sealed bids, or negotiated contracts.

Mr. Smith made a motion to convene into closed session. Mr. Tyler seconded. The following roll call vote was taken:

Mr. Robert Brinkmann, Aye  
Lt. Matt Broniec, Aye  
Ms. Sue W. Cox, Aye  
Representative Barry Hovis, Aye  
Mr. William "Bill" Seibert, Aye  
Mr. Gregg Smith, Aye  
Mr. Todd Tyler, Aye  
Colonel Eric Olson, Aye

Motion carried. Mr. W. Dustin Boatwright had previously left the meeting.

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### **REPORT FROM CLOSED SESSION**

*~ by Colonel Eric Olson, MPERS' Board Chair*

- **Investment Consultant**

The Board voted to retain NEPC as MPERS' investment consultant.

- **Strategic Planning**

The Board selected Funston Advisory Services, LLC as its strategic planning consultant.

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### **ADJOURN**

A motion to adjourn was made by Mr. Smith and seconded by Lt. Broniec. By unanimous vote of all Trustees present, the meeting of the Board of Trustees was adjourned.

## CERTIFICATION

We, Colonel Eric T. Olson, 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 November 18, 2021 in Jefferson City, Missouri, as approved by said Board at its meeting held February 25, 2022.

IN TESTIMONY WHEREOF, we have hereto set our hands and affixed the seal of said Board on February 25, 2022.

*Eric T. Olson*

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Chair

*Scott Simon*

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Executive Director

