



MoDOT and Patrol Employees' Retirement System

Minutes of Meeting

February 25, 2022



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Adjourn



BOARD OF TRUSTEES' MEETING

FRIDAY, FEBRUARY 25, 2022

10:00 a.m.

**1913 William Street
Jefferson City, Missouri**

TRUSTEES PRESENT: Colonel Eric Olson, Chair
Mr. Todd Tyler, Vice Chair
Senator Mike Bernskoetter
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: 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
Ms. Heidi Barry, GRS
Mr. Jamal Adora, GRS

A regularly scheduled meeting of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) was held on Friday, February 25, 2022, from the System's office located at 1913 William Street in Jefferson City, Missouri. The meeting was called to order by Col. Eric Olson pursuant to Section 104.180 of the Missouri Revised Statutes, as amended.

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OPEN MEETING

APPROVAL OF MINUTES

Lt. Broniec made a motion to approve the minutes of the meeting held on November 18, 2021. Senator Bernskoetter 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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ELECTION OF CHAIR

In accordance with Section 104.170 RSMo., Col. Eric Olson was reelected as Chair of the Board for a one-year term.

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ELECTION OF VICE CHAIR

In accordance with Section 104.170 RSMo., Mr. Todd Tyler was reelected as Vice Chair of the Board for a third one-year term.

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COMMITTEE APPOINTMENTS

Col. Olson stated he would make committee appointments soon. If a member has a committee preference, he/she should advise him or Scott.

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LEGISLATION

~ by Mr. Scott Simon, Executive Director

Mr. Simon highlighted the following MPERS-related proposals:

- HB1984/SB1053 Affects MPERS – This proposal would stagger the terms of the elected representatives for the MPERS Board of Trustees. This would take effect with the 2026 election.
- HB2234 Affects MPERS and MOSERS – This is the collaborative cleanup bill with MOSERS that has been filed for several sessions but has not passed.
- HB2235/SB1062 Affects MPERS and MOSERS – This proposal would allow for a one-time election for a lump sum buyout payment for vested former members in lieu of a future monthly annuity.
- HB2236 Affects MPERS and MOSERS – This proposal would make a slight adjustment where reemployed retirees may elect a spousal payment option.
- HB2245 Affects MPERS – This bill would reinstate the BackDROP payment option for uniformed members of the Highway Patrol in the 2011 Tier.

The Board supported the “staggered terms” and “cleanup” bills at a prior meeting but otherwise did not take a position on any of the bills.

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ACTUARIAL EDUCATION SESSION

~ by Ms. Heidi Barry and Mr. Jamal Adora, MPERS’ actuary (GRS) and Mr. Scott Simon, Executive Director

Funston recommendation 5.1, in part, encouraged routine education/training with a focus on upcoming or eminent decision items. The Board was provided a brief educational session entitled “Actuarial Basics for Defined Benefit Plans” by William “Flick” Fornia, FSA, Pension Trust Advisors, Inc., via Board Smart.

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ACTUARIAL RISK MODELING AND FUNDING REVIEW

~ by Ms. Heidi Barry and Mr. Jamal Adora, MPERS' actuary (GRS) and Mr. Scott Simon, Executive Director

Ms. Barry and Mr. Adora presented several economic scenarios and how those would impact funding status and contribution rates. This modeling illustrates some of the risks to be aware of in anticipation of any possible upcoming changes to the funding policy. Any changes to the funding policy are anticipated to be made in conjunction with the experience study, expected to begin after the end of Fiscal Year 2022.

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GOVERNANCE COMMITTEE REPORT

~ by Ms. Sue Cox, Governance Committee Chair

Ms. Cox stated the Governance Committee met on January 31, 2022, and agreed to support the strategic planning issues, which staff identified through feedback from both trustees and staff. The Committee agreed a working session could prove useful and recommended a working session be held on April 29th.

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STRATEGIC PLANNING

Presenter: Scott Simon, Executive Director

Mr. Simon presented the strategic planning issues and options for each to the Board for discussion.

Lt. Broniec made a motion to accept the draft strategic planning issues and options as presented. The key topics were identified and prioritized, allowing staff to move forward with the next phase of the strategic planning process. Ms. Cox seconded the motion. By unanimous vote of all members present, the motion carried.

The Board agreed to hold a working session on April 29th to learn more about the various options and related costs.

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INVESTMENT COMMITTEE REPORT

~ by Lt. Matt Broniec, Investment Committee Chair

Lt. Broniec reported that the Committee met prior to the board meeting. NEPC presented the financial market outlook for 2022, including some insights into the very recent Russian invasion of Ukraine and the potential impacts on the financial markets.

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INVESTMENT REPORTS

~ by Mr. Larry Krummen, Chief Investment Officer 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 February 15, 2022, each of the respective allocations were within the permissible ranges established in MPERS' Investment Policy. MPERS continues to hold a sizeable cash position of \$104.8 million (3.3% of assets) in the

portfolio given the increased volatility in the market. MPERS has yet to utilize any leverage in the portfolio.

- **NEPC Investment Performance Report for Quarter Ending December 31, 2021**

Mr. Larry Krummen and Mr. Kevin Leonard provided a report on MPERS' investment performance for the quarter ending December 31, 2021.

MPERS' investment portfolio continues to perform well across most any metric. The portfolio gained another 5.7% during the 4th quarter of 2021, bringing the calendar year 2021 return up to 23.0%. The one-year return outperformed the policy benchmark by over 9%, ranked in the top 1% of the peer universe, and drove the fund balance to an all-time high of \$3.22 billion. MPERS' portfolio now ranks at or near the top quartile of the peer universe over the one-, five-, ten- and fifteen-year periods (on a nominal basis), while the risk-adjusted performance measures (as measured by Sharpe ratios) all rank in the top 1% over those same periods.

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DIRECTOR'S COMMENTS

~ by Mr. Scott Simon, Executive Director

- **April Meeting**

Mr. Simon asked Trustees to mark their calendars for the strategic planning work session on April 29th in lieu of the tentative board meeting.

- **Trustee Election**

Mr. Simon stated the elected trustee terms will expire on June 30, 2022. The nomination process will begin on February 28th and the deadline for nominations is March 31st. The voting period will begin on April 29th and will run through May 26th. This election will be held electronically as they were in 2018, with votes being cast through *myMPERS* Secure Member Access at www.mpers.org. New trustees will be affirmed by the executive director and introduced to the Board at the June 16th board meeting.

- **Actuarial RFP / Experience Study**

Mr. Simon stated an RFP is scheduled to be sent in September; however, since there is an experience study scheduled for next year, the actuary RFP will be moved up to this spring. In the event the Board selects a new actuary, it is probable the new actuary would conduct its own experience study, hence the reason for moving forward the RFP timeline.

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TRUSTEES' COMMENTS

Trustees expressed their appreciation to Col. Olson and Mr. Tyler for remaining as Chair and Vice Chair.

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ADJOURN

A motion to adjourn was made by Senator Bernskoetter and seconded by Representative Hovis. 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 February 25, 2022 in Jefferson City, Missouri, as approved by said Board at its meeting held June 16, 2022.

IN TESTIMONY WHEREOF, we have hereto set our hands and affixed the seal of said Board on June 16, 2022.

Eric T. Olson

Chair

Scott Simon

Executive Director

