



MoDOT and Patrol Employees' Retirement System

Minutes of Meeting

June 16, 2022



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**Adjourn**



**BOARD OF TRUSTEES' MEETING**

**THURSDAY, JUNE 16, 2022**

**10:19 a.m.**

**1913 William Street  
Jefferson City, Missouri**

**TRUSTEES PRESENT:** Colonel Eric Olson, Chair  
Mr. Todd Tyler, Vice Chair  
Mr. W. Dustin Boatwright  
Lt. Matt Broniec  
Ms. Sue W. Cox  
Mr. Terry Ecker  
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. Rick Funston, Funston Advisory Services, LLC  
Mr. Mike Winter, Legislative Consultant  
Mr. Matt Morice, MSHP Member

A regularly scheduled meeting of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) was held on Thursday, June 16, 2022, via webinar from the System's office located at 1913 William 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 February 25, 2022. Lt. Broniec 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 RESULTS FOR 2022 RETIREMENT BOARD MEMBERS**

The terms of Todd Tyler, Lt. Matt Broniec, Sue Cox, and William “Bill” Seibert will expire on June 30, 2022. An election was held to fill the elective positions for the upcoming term.

The election was conducted electronically through *myMPERS* Secure Member Access online. Nomination forms were provided to members on February 28, 2022. The category below only had one nominee. By default, this nominee is automatically the Board of Trustee representative.

MSHP Active Representative, Trooper Matt Morice

There were three nominees for the MoDOT Active Representative position and two nominees for both the MoDOT Retiree Representative and MSHP Retiree Representative positions. The voting period ended at 4:00 p.m. on May 26<sup>th</sup>. The Executive Director certified the results as follows:

<b>MoDOT Active Representative</b>	
Eric Curtit	155
Jared Noland	128
<b>Todd Tyler</b>	<b>322</b>

<b>MoDOT Retiree Representative</b>	
<b>Sue W. Cox</b>	<b>239</b>
David T. Silvester	112

<b>MSHP Retiree Representative</b>	
Jeffrey B. Myers	96
<b>William “Bill” K. Seibert, Jr.</b>	<b>132</b>

Based on the tally of votes cast, the Executive Director recommended the Board adopt a motion to declare the election results as presented and declare the successful candidates for a four-year term to the Board of Trustees effective July 1, 2022, as follows:

Mr. Todd Tyler, MoDOT Active Representative  
Trooper Matt Morice, MSHP Active Representative  
Ms. Sue W. Cox, MoDOT Retiree Representative  
Mr. William “Bill” Seibert, MSHP Retiree Representative

Upon motion made by Lt. Broniec and seconded by Mr. Seibert, the Board unanimously declared the successful candidates as listed above as recommended by the Executive Director.

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**WELCOME NEW TRUSTEES, TROOPER MATT MORICE AND COMMISSIONER TERRY ECKER, TO THE BOARD OF TRUSTEES**

Col. Olson welcomed Trooper Matt Morice and Mr. Terry Ecker to the MPERS Board of Trustees. Mr. Ecker was appointed on May 4, 2022, and replaced Mr. Robert Brinkmann.

\* \* \* \* \*

**EXPRESSION OF THANKS TO MR. ROBERT BRINKMANN AND LT. MATT BRONIEC FOR THEIR SERVICE TO THE BOARD OF TRUSTEES**

The Board expressed appreciation to Lt. Matt Broniec and Mr. Robert Brinkmann for their dedication and service to the MPERS Board of Trustees. Mr. Brinkmann was appointed to the Board on March 23, 2020. Lt. Broniec has served on the MPERS’ Board as the elected MSHP Active Representative since June 22, 2017.

\* \* \* \* \*

**TRUSTEE CODE OF CONDUCT AND CONFLICTS OF INTEREST POLICY**

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

The MPERS Board Governance Policy states that Trustees shall provide a written acknowledgement that they have received the Trustee Code of Conduct and Conflicts of Interest Policy at orientation and on annual basis thereafter. Col. Olson stated an email will be sent to Trustees following the board meeting and will include a link to review the policy and to electronically sign the applicable acknowledgement and oath of office.

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**VITAL FUNCTIONS – VITAL SIGNS**

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

The Board was provided with the current list of Vital Signs. Mr. Simon indicated they will need to be reviewed annually and updated accordingly. No changes were recommended or necessary at this time.

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## **GOVERNANCE COMMITTEE REPORT**

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

Ms. Cox stated the Governance Committee met on April 6, 2022, and reviewed the proposed format for the April 29, 2022 working session and to review options for the strategic plan. The Committee provided feedback and suggested some changes to make the working session presentation to the Board more effective. A proposed (and greatly simplified) mission statement and a list of planning issues are being provided today for the Board's consideration. The working session on April 29, 2022, honed these planning issues for staff to provide the proposed plan to the Board.

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## **STRATEGIC PLAN**

*~ by Mr. Rick Funston (Funston Advisory Services, LLC) and Mr. Scott Simon, MPERS' Executive Director*

Mr. Rick Funston of Funston Advisory Services, LLC and Mr. Scott Simon presented the strategic plan to the Board. Part of the strategic planning exercise was to review MPERS' mission statement. Staff recommended the current mission statement be modified to read as follows: "Provide sustainable benefits for the lifetime of our members."

The following strategic planning issues were presented with options associated with each:

1. Funding Policy
2. Cyber Resources
3. Performance Validation
4. Investment Staff Resources
5. Incentive Compensation – Investment Staff
6. Legislation
7. Succession Planning
8. Human Resources Staff
9. Facilities
10. Customer/Stakeholder Engagement

A summary page of the planning issues was provided to the Board along with budget implications by fiscal year, the proposed timing of implementation, the lead staff person, and basic notes for additional clarification

Lt. Broniec made a motion to approve the modified mission statement and MPERS' Five-Year Strategic Plan as presented. Mr. Seibert seconded the motion. By unanimous vote of all members present, the motion carried.

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## **BUDGET COMMITTEE REPORT**

~ by Col. Eric Olson, Budget Committee Chair

Col. Olson reported the Budget Committee met with MPERS' staff, on May 25, 2022, to review the proposed budget.

The Committee was presented with the FY 2023 budget and then presented with the FY 2023 budget that included the specific additions attributable to the strategic planning items for the upcoming fiscal year. The Committee unanimously agreed to recommend the proposed budget to the Board. The Committee asked staff to be prepared to amend the budget spontaneously subject to the Board's decisions on the proposed strategic plan.

The Committee also briefly reviewed CBIZ's Public Pension Compensation Survey Results for 2021, a draft copy of the MPERS' Business Plan for FY 2023, and the budget-related vital signs.

## **FY 2023 BUDGET REQUEST**

~ by Mr. Scott Simon, MPERS' Executive Director and Ms. Jennifer Even, MPERS' Chief Financial Officer

Mr. Simon and Ms. Even presented the proposed FY 2023 budget to the Board. Because the Strategic Plan was approved, the presentation included the costs attributable to the Strategic Plan.

Ms. Even provided a review of the budget summary and details for each category in the administrative and investment budgets. The summary identified increases and decreases in each budget category and provided explanations for the changes. It was noted the budget presented followed all board-approved policies.

The budget request reflects a 21.79% increase from last year. Of that total, 12.75% is attributable to strategic planning costs for FY 2023. Much of the additional increase is attributable to the inflationary environment where wage increases are pressuring essentially every business and organization across the country.

Representative Hovis made a motion to accept the Budget Committee's recommendation to approve the FY 2023 budget as presented, including the costs associated with the Strategic Plan. Mr. Tyler seconded the motion. By unanimous vote of all members present, the motion carried.

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## **MPERS' BUSINESS PLAN (FYS 2023, 2034, AND 2025)**

Mr. Simon stated the Business Plan was condensed due to the pending adoption of the Strategic Plan. He also indicated the Governance Committee will want to reexamine the *Strategic Planning Policy* now that the strategic plan has been completed and approved.

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## **AUDIT COMMITTEE REPORT**

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

Mr. Tyler reported the Audit Committee met earlier in the day for an audit kick-off meeting with Mr. Nick Mestres of Williams-Keepers. The audit report will be presented to the Audit Committee before it is presented to the full Board at the November 17, 2022 board meeting.

The Committee then met in closed session to discuss the RFP for MPERS' actuarial services and the recommendation is to retain the services of GRS Consulting.

- **Actuarial RFP**

The RFP for actuarial servicers was sent to twelve firms and six responded. As recommended by the Audit Committee, Mr. Tyler made a motion to award the contract to MPERS' current actuary, GRS Consulting. Mr. Smith seconded the motion. By unanimous vote of all members present, the motion carried.

The new term will begin July 1, 2023, for a five-year period.

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## **LEGISLATIVE UPDATE**

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

The 2022 legislative session concluded with no MPERS-related bills being passed, including the Board-supported clean-up and staggered terms bills. Mr. Simon stated he appreciates Representative Hovis and Senator Bernskoetter sponsoring the staggered terms bill. There is a plan to refile these bills during the next legislative session.

\* \* \* \* \*

## **INVESTMENT REPORTS**

*~ by Mr. Larry Krummen, MPERS' Chief Investment Officer and Mr. Kevin Leonard (NEPC)*

- **NEPC Investment Performance Report for Quarter Ending March 31, 2022**

Mr. Kevin Leonard and Mr. Larry Krummen provided a report on MPERS' investment performance for the quarter ending March 31, 2022. MPERS' fund value was \$3.199 billion at that time.

The diversified nature of MPERS' investment portfolio continues to add value during this period of increased volatility in the markets. The fund held up well during the first quarter of 2022, limiting losses to 0.27% while the average public fund lost 4.9%. The quarterly return ranked in the top 1% of the public fund peer universe.

MPERS' intermediate and long-term returns are the strongest they have ever been relative to peers and the policy benchmark. The value bias within the equity portfolio, which led to the underperformance in 2020 as growth strategies outperformed value, continues to perform well and the alternative asset classes have offered excellent diversification in this volatile market.



- **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 June 3, 2022, each of the respective allocations are within the permissible ranges established in MPERS' Investment Policy. MPERS' current cash balance stands at \$32.9 million (or 1.04% of assets).

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**DIRECTOR'S COMMENTS**

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

- **Committee Appointments**

- Mr. Simon stated new committee appointments will be made in the coming weeks due to the two new trustees on the Board.

- **Board Portal**

- Mr. Simon stated staff appreciates the continued patience of the Board in navigating the new board portal. The intention is to provide more information to the trustees, as well as more transparency for the board members to successfully execute their fiduciary duties.

In closing, Mr. Simon stated there are pivotal moments in an organization's history, and this meeting was one of those moments. The decisions the Board made at this meeting will serve the System for years to come and sets the stage for growth and stability into the future.

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**TRUSTEES' COMMENTS**

Lt. Broniec thanked everyone for letting him be a part of the Board and he feels he is leaving this Board better than it was when he came on and that the System is in a much better place and hopes it continues.

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**ADJOURN**

A motion to adjourn was made by Mr. Smith and seconded by Mr. Boatwright. 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 June 16, 2022 in Jefferson City, Missouri, as approved by said Board at its meeting held September 22, 2022.

IN TESTIMONY WHEREOF, we have hereto set our hands and affixed the seal of said Board on September 22, 2022.

*Eric T. Olson*

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Chair

*Scott Simon*

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Executive Director

