

Minutes of Meeting

April 8, 2015



MoDOT & Patrol
Employees' Retirement System



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BOARD OF TRUSTEES' MEETING

WEDNESDAY, APRIL 8, 2015

2:00 p.m.

**1913 William Street
Jefferson City, Missouri**

TRUSTEES PRESENT: Mr. Lloyd "Joe" Carmichael, Chair (via phone)
Colonel Ron Replogle, Vice Chair
Ms. Sue W. Cox
Major J. Bret Johnson
Mr. Dave Nichols (via phone)
Mr. Mike Pace (via phone)
Senator Dave Schatz (via phone)
Mr. William "Bill" Seibert
Mr. Todd Tyler (via phone)

TRUSTEES ABSENT: Representative Shawn Rhoads

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

GUESTS/PRESENTERS: Mr. Kevin Leonard, 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 Wednesday, April 8, 2015, at the System's office located at 1913 William Street in Jefferson City, Missouri. The meeting was called to order by Mr. Carmichael pursuant to Section 104.180 of the Revised Statutes of Missouri, as amended.

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APPROVAL OF MINUTES

Upon a motion by Colonel Replogle, and seconded by Major Johnson, the Board of Trustees (Trustees) unanimously approved the minutes of the meeting held on February 19, 2015.

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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WELCOME MR. MIKE PACE TO THE BOARD OF TRUSTEES

The Chairman welcomed Mr. Mike Pace to the MPERS Board of Trustees. Mr. Pace was appointed on March 10, 2015 and replaces Mr. Kenneth Suelthaus, whose term on the Highways and Transportation Commission has expired.

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CIO INVESTMENT REPORT

– by Mr. Larry Krummen, MPERS' Chief Investment Officer

- **1st Quarter 2015 Preliminary Investment Performance Report**

Mr. Larry Krummen provided a preliminary report on MPERS' investment performance for the 1st quarter of calendar year 2015. The official 1st quarter numbers will not be available until early May and the complete performance report will be presented at the June Board meeting. Overall, MPERS' portfolio generated a 1.89% estimated return for the quarter, bringing the estimated Fiscal Year 2015 return to 4.17%.

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

As of March 31, 2015, each of MPERS' sub-asset class allocations are within the acceptable ranges established by the investment policy.

- **MPERS' Proxy Voting Report – Calendar Year 2014**

Proxy voting is the authority (right) offered to a shareholder to influence corporate actions. It's the System's fiduciary responsibility to vote proxies in the best interest of the plan's participants. Mr. Krummen indicated investment staff has verified that each of MPERS' investment managers have successfully filed their proxy voting reports during calendar year 2014.

- **MPERS' Internal Fixed Income Review**

For compliance and auditing purposes, MPERS' investment policy requires a periodic review of the internal fixed income portfolio to ensure compliance with the guidelines established by the Board of Trustees. A review was recently conducted for all holdings effective March 31, 2015 and presented to the Board for their consideration.

MPERS' Core Fixed Income Portfolio has a security that was recently downgraded below the minimum ratings criteria established in policy. Mr. Krummen requested permission to hold the security to maturity, but will continue to monitor the situation, including the potential sale of the security. A motion was made by Major Johnson, and seconded by Mr. Carmichael, to allow Mr. Krummen to hold the security. Motion carried by unanimous vote of all Trustees present.

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DIRECTOR'S COMMENTS

- **Board Member Orientation**

Mr. Simon stated Board Member Orientation for Senator Dave Schatz, Mr. Mike Pace, Ms. Roberta Broeker (interim MoDOT Director) and the newly elected MSHP Active employee will be scheduled in the next few weeks.

- **NEPC Client Conference**

Mr. Simon encouraged Trustee's to attend NEPC's Annual Client Conference on May 19-20, 2015 in Boston, Massachusetts.

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TRUSTEE'S COMMENTS

None.

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VOTE TO CLOSE MEETING

The Board voted to close its meeting on April 8, 2015, concerning attorney-client privileged communications and records protected from disclosure by law. Upon a motion made by Major Johnson and seconded by Colonel Replogle to convene in closed session, the following roll call vote was taken:

Mr. Lloyd "Joe" Carmichael, Aye
Ms. Sue W. Cox, Aye
Major J. Bret Johnson, Aye
Mr. Dave Nichols, Aye
Mr. Mike Pace, Aye
Colonel Ron Replogle, Aye
Senator Dave Schatz, Aye
Mr. William "Bill" Seibert, Aye
Mr. Todd Tyler, Aye

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REPORT FROM CLOSED SESSION

~ presented by Mr. Joe Carmichael, Board Chair

- **Chief Investment Officer's (CIO) Contract**

The Board reviewed and extended the employment contract for the Chief Investment Officer as recommended by the Investment Committee.

- **Budget Amendment**

The Board approved Mr. Simon's request to amend the budget in the amount of \$12,600 for a modification to the PensionGold software for service accrual.

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ADJOURN

A motion to adjourn was made by Colonel Replogle and seconded by Mr. Tyler. By unanimous vote of all Trustees present, the meeting of the Board of Trustees was adjourned.