

# NOVEMBER 16, 2023 MEETING MINUTES

## BOARD OF TRUSTEES

### MODOT AND PATROL EMPLOYEES' RETIREMENT SYSTEM

MPERS' Office Building  
1913 William St.  
Jefferson City, MO 65109

**TRUSTEES PRESENT:** Ms. Sue Cox, Chair  
Trooper Matt Morice, Vice Chair  
Senator Mike Bernskoetter  
Mr. W. Dustin Boatwright  
Mr. Warren Erdman  
Representative Barry Hovis  
Colonel Eric Olson  
Mr. Bill Seibert  
Mr. Gregg Smith  
Mr. Todd Tyler

**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 Johnson, Investment Manager  
Mr. Mark Caplinger, Investment Manager  
Ms. Jennifer Even, Chief Financial Officer  
Ms. Lindsey Harris-Funk, Assistant Chief Financial Officer  
Ms. Katy Lacy, Human Resources Officer  
Ms. Barbara Graessle, Board Secretary

**GUEST/PRESENTERS:** Mr. Jamal Adora, GRS  
Mr. Ken Alberts, GRS  
Mr. Kevin Leonard, NEPC  
Mr. Nick Mestres, Williams-Keepers

A regularly scheduled meeting of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) was held on Thursday, November 16, 2023, from the System's office located at 1913 William Street in Jefferson City, Missouri. The meeting was called to order by Ms. Sue Cox pursuant to section 104.108 of the Missouri Revised Statutes, as amended.

## **OPEN MEETING**

### **APPROVAL OF MINUTES**

Mr. Tyler made a motion to approve the minutes of the meeting held on September 21, 2023. Colonel Olson seconded the motion. Mr. Erdman abstained from voting as he was not at the meeting. By unanimous vote of all Trustees present, motion carried.

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

### **VOTE TO CLOSE MEETING**

The Board voted to close its meeting on November 16, 2023, citing section 610.021(2), RSMo., lease, purchase, or sale of real estate.

Upon a motion made by Mr. Smith and seconded by Representative Hovis to convene in closed session, the following roll call vote was taken:

Ms. Sue Cox, Aye  
Senator Mike Bernskoetter, Aye  
Mr. W. Dustin Boatwright, Aye  
Mr. Warren Erdman, Aye  
Representative Barry Hovis, Aye  
Trooper Matt Morice, Aye

Mr. Patrick McKenna, Absent  
Colonel Eric Olson, Aye  
Mr. William “Bill” Seibert, Aye  
Mr. Gregg Smith, Aye  
Mr. Todd Tyler, Aye

Motion carried.

## **OPEN MEETING**

### **GOVERNANCE COMMITTEE REPORT AND POLICY CHANGES**

*Presenters: Ms. Sue Cox, Board Chair, Mr. Scott Simon, Executive Director*

Ms. Cox reported the Governance Committee met on Wednesday, October 4. The Committee reviewed changes to the following governance policies: *Staff Compensation, Strategic Planning, Reports for Routine Reporting and Monitoring, Trustee Code of Conduct & Conflict of Interest, and Board Meeting Protocol*. The Committee also heard an explanation for changes to *Board Rule 1-12*. The Committee recommended the Board approve the following changes.

- Staff Compensation

Mr. Tyler made a motion to update the *Staff Compensation* Policy to recognize Certified Public Accountants (CPAs). Mr. Erdman seconded the motion and the motion carried.

- Strategic Planning and Reports for Routine Reporting and Monitoring

A motion was made by Colonel Olson and seconded by Representative Hovis to accept the new language in the *Strategic Planning* policy as well as changes required in the *Routine Reports Listing Required for the Monitoring and Reporting* policy and to eliminate the Benefit Payment Member Data and Retirement, Survivor, and Deceased Non-Retired Member Benefit Payments from the *Routine Reports Listing Required for the Monitoring and Reporting* policy. Motion carried.

- Trustee Conduct of Conduct & Conflict of Interest

Mr. Erdman made a motion to accept the proposed changes to the *Trustee Code of Conduct and Conflict of Interest* policy to be more in line with our peers and current industry practices. Mr. Seibert seconded the motion and the motion carried.

- Board Meeting Protocol (Attendance Protocols)

Mr. Seibert made a motion to accept the language to be added to the *Board Protocol* policy to include confidentiality of information and the trustee's announcement when departing the meeting. Senator Bernskoetter seconded the motion and the motion carried.

- Board Rule 1-12

Representative Hovis made a motion to accept the changes to *Board Rule 1-12* to reflect the IRS's changes to the required minimum distribution age. Mr. Smith seconded the motion and the motion carried.

## **2024 BOARD MEETING DATES**

*Presenter: Mr. Scott Simon, 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 the calendar year 2024 was previously provided to the trustees for review.

Mr. Smith made a motion to approve the 2024 meeting dates. Colonel Olson seconded the motion and the motion carried.

### **BOARD MEETING CALENDAR**

Friday, February 16, 2024  
 Friday, April 19, 2024 (tentative)  
 Thursday, June 20, 2024  
 Thursday, September 19, 2024  
 Thursday, November 21, 2024

### **MAPERS CONFERENCE**

July 10 – 12, 2024  
 (Margaritaville Resort in Osage Beach)

## **AUDIT COMMITTEE REPORT**

*Presenter: Mr. Todd Tyler, Audit Committee Chair*

Mr. Tyler reported that the Audit Committee met on November 1, 2023. Mr. Nick Mestres of Williams-Keepers presented the 2023 Audit Report, which included an unmodified (clean) opinion for the financial statements. The auditors also reviewed MPERS' vital signs and approved the results. In addition, the auditors performed a review of the 2011 Tier request for refund of employee contributions process and found no discrepancies.

Mr. Mestres reported the GASB68 audit is underway and is expected to be concluded later this year.

## **INDEPENDENT AUDITOR'S REPORT – JUNE 30, 2023**

*Presenter: Mr. Nick Mestres, Williams-Keepers*

Mr. Mestres presented the 2023 Audit Report. Williams-Keepers issued an audit report with an unmodified (clean) opinion on MPERS' Fiscal Year 2023 financial statements. This is the best possible audit outcome.

He noted the managing of several timber accounts in-house was still somewhat new in the past two years and staff continues to finalize accounting procedures.

Williams-Keepers reviewed the 2011 Tier request for refund of employee contributions process as agreed upon by the Board of Trustees at the June 22, 2023 meeting.

Mr. Gregg Smith left the meeting at 1:47 p.m.

## **INVESTMENT REPORTS**

*Presenters: Mr. Larry Krummen, Chief Investment Officer, and Mr. Kevin Leonard, NEPC*

- CIO Report

Financial markets weakened during the 3<sup>rd</sup> quarter of 2023 over concerns that inflationary pressures and higher interest rates will push the economy into recession. Global equity markets lost 3.40% during the quarter and traditional fixed income markets were down 3.00%. MPERS' diversified portfolio fared well relative to public markets, posting a loss of 0.26% during the quarter.

- NEPC Performance Report

MPERS' one-year return of 10.23% looks promising on an absolute basis but trails the policy benchmark of 10.92% and the median fund return of 10.90%. Despite the recent market weakness, global equities are still up 20.8% for the past year, benefiting systems with higher equity exposure relative to MPERS. This also creates a very high bar for the private equity portfolio, which was up 5.25% over the past year versus the benchmark of 23.23%.

MPERS' long-term returns continue to look strong relative to any metric. The 5-, 10-, and 20-year returns all exceed the actuarial hurdle and policy benchmarks, and all rank in the top 1% of the public fund peer universe. The risk-adjusted returns (measured by a system's Sharpe ratio) also rank in the top 1% of the peer rankings.

Financial markets remain volatile but have rebounded in recent weeks on optimism that the Federal Reserve is nearing the end of interest rate hikes and will successfully navigate a soft landing for the economy. MPERS' overall return remains relatively flat to start Fiscal Year 2024 and currently stands at 0.34% (July 1 – November 7).

### **DIRECTOR'S COMMENTS**

*Presenter: Mr. Scott Simon, Executive Director*

Mr. Simon reported that the second annual State of System will be held on December 6.

The Annual Comprehensive Financial Report has been posted to the website.

The Poplar Annual Financial Report is complete and has been posted to the website.

The staff compensation study is ongoing, and information will be brought to the Board in February for discussion and decision making.

### **TRUSTEES' COMMENTS**

Mr. Erdman and Mr. Seibert thanked Mr. Mestres of Williams-Keepers for his presentation and noted that it was very transparent and interesting.

Mr. Tyler thanked Ms. Even and Ms. Harris-Funk for all their work on the audit.

### **ADJOURN**

A motion to adjourn was made by Representative Hovis and seconded by Mr. Boatwright. By unanimous vote of trustees present, the meeting of the Board of Trustees was adjourned.

## CERTIFICATION

We, Sue Cox, 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 16, 2023 in Jefferson City, Missouri, as approved by said Board at its meeting held February 16, 2024

IN TESTIMONY WHEREOF, we have hereto set our hands and affixed the seal of said Board on February 16, 2024.

*Sue W. Cox*

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Chair

*Scott Simon*  
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Executive Director

