

Minutes of Meeting

June 17, 2003



HIGHWAY & TRANSPORTATION EMPLOYEES' & HIGHWAY PATROL RETIREMENT SYSTEM

**HIGHWAY AND TRANSPORTATION EMPLOYEES'
AND
HIGHWAY PATROL RETIREMENT SYSTEM**

**Minutes of Meeting
JUNE 17, 2003**

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**HIGHWAY AND TRANSPORTATION EMPLOYEES'
AND HIGHWAY PATROL RETIREMENT SYSTEM**

BOARD OF TRUSTEES' MEETING

TUESDAY, JUNE 17, 2003

1:00 p.m.

**Highway and Transportation Employees' and
Highway Patrol Retirement System Building
1913 William Street
Jefferson City, Missouri**

MEMBERS PRESENT: Mr. Bill McKenna, Chairman
Mr. James Anderson, Vice Chairman
W. L. "Barry" Orscheln
Mr. Henry Hungerbeeler
Colonel Roger D. Stottlemire
Lieutenant Juan Villanueva
Mr. Harold Reeder
Mr. William H. Shaw

MEMBERS ABSENT: Senator Steve Stoll
Representative Larry Crawford

STAFF PRESENT: Mr. Norm Robinson, Executive Director
Ms. Susie Dahl, Assistant Executive Director
Ms. Lois Wankum, Executive Secretary
Mr. Rich Tiemeyer, Chief Counsel

GUESTS PRESENT: Mr. Lynn Graves, Evers & Company, CPA's L.L.C.
Mr. Randy Kirkland, Asset Consulting Group
Mr. Jim Moffett, UMB
Mr. Eric Kelley, UMB
Mr. Mike Fogarty, UMB

A regularly scheduled meeting of the Highway and Transportation Employees' and Highway Patrol Retirement System was held on Tuesday, June 17, 2003, at the Highway and Transportation Employees' and Highway Patrol Retirement System Building, Jefferson City, Missouri. The meeting was called to order by Chairman McKenna pursuant to Section 104.180 of the Revised Statutes of Missouri, as amended.

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APPROVAL OF MINUTES

Upon motion duly made and seconded, the Highway and Transportation Employees' and Highway Patrol Retirement System Board of Trustees unanimously approved the minutes of the March 20, 2003 retirement board meeting. The Chairman 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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CONSENT AGENDA

In order to make the most efficient use of Retirement Board meeting time and to ensure the Retirement Board members are well informed on issues requiring their action, the Executive Director prepares and submits to the Retirement Board members, in advance of their meeting, items on the Retirement Board meeting agenda. Those items considered by the staff to be of a routine or non-controversial nature are placed on the consent agenda. During the meeting, items may be removed from the consent agenda at the request of any one Retirement Board member. The items not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

Minutes reflecting approval of items on the consent agenda are singly reported herein and intermingled with minutes reflecting action on related subjects that were openly discussed. Reference to "consent agenda" is made in each minute approved via the process described in the paragraph above. Minutes reflecting action on items removed from the consent agenda and openly discussed reflect the open discussion and vote thereon.

Upon motion duly made and seconded, the Consent Agenda items were approved.

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INTRODUCTION OF NEW RETIREMENT SYSTEM EMPLOYEE

The Executive Director introduced Mrs. Beverly Wilson to the Board. Mrs. Wilson was employed on June 1, 2003 as an intermediate account technician and replaced Mrs. Flo Schulte who retired April 1, 2003.

The Board welcomed Mrs. Wilson to the system.

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PRESENTATION OF SERVICE AWARD TO RETIREMENT SYSTEM EMPLOYEE

The Executive Director stated Mrs. Mariel Hale, senior benefits specialist, has 25 years of service. Chairman McKenna presented Mrs. Hale with a service award.

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**REPORT OF AUDITOR -- ANNUAL AUDIT FOR
FISCAL YEAR ENDED JUNE 30, 2002**

Mr. Lynn Graves, Evers and Company, CPA's, presented his firm's audit for the fiscal year ended June 30, 2002. He stated, in the opinion of Evers & Company, CPA's, the financial statements present fairly, in all material respects, the plan net assets of the Highway and Transportation Employees' and Highway Patrol Retirement System as of June 30, 2002, and the changes in plan net assets for the year then ended in conformity with generally accepted accounting principles.

Evers & Company stated there were no current year reportable conditions to bring to the Board's attention. Evers & Company resubmitted their recommendation for the Retirement System to review their accounting system and evaluate its effectiveness and ability to efficiently handle future growth in transaction volume.

Mr. Robinson indicated a new accounting system, MYOB, would be put into place effective July 1, 2003 (FY '04). Mrs. Mary Sue Fontana indicated the automated system should take care of the concerns of Evers & Company.

After discussion, the Board of Trustees, by unanimous vote of all members present, accepted and approved the annual audit for fiscal year ended June 30, 2002.

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**REPORT FROM UNITED MISSOURI BANK
(Fixed Income, Intermediate and International Equities)
– by Mr. Jim Moffett and Mr. Eric Kelley**

Mr. Eric Kelley of United Missouri Bank provided a performance report to the Board on the UMB intermediate and the stabilized fixed income portfolios as of March 31, 2003. Mr. Jim Moffett of United Missouri Bank provided a performance report to the Board on the international portfolio as of March 31, 2003. Mr. Moffett also introduced Mr. Mike Fogarty, analyst for the international account, to the Board.

The Board thanked Mr. Kelley and Mr. Moffett for their reports.

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REPORT FROM INVESTMENT CONSULTANT (ASSET CONSULTING GROUP)
– by Mr. Randy Kirkland

Investment Performance Review Report for Quarter ended March 31, 2003

Mr. Randy Kirkland, Asset Consulting Group, presented the Investment Performance Review Report for the period ended March 31, 2003.

- Overall Performance: Market value of the assets was \$1.144 billion.
- Asset Allocation:
 - 56.4% Equity (including 10.4% international)
 - 40.0% fixed income (including domestic and cash)
 - 3.6% real estate
- Large cap US Stocks underperformed bonds during the quarter (S&P 500 at -3.2%; Lehman Aggregate Index at 1.4%).
 - Domestic Stocks (including large, mid, and small cap equities) matched the S&P 500 at -3.2%.
 - Fixed Income composite underperformed the Lehman Gov't/Credit Index, (0.9% vs. 1.7%).
- Large cap growth equities outperformed the S&P 500 while large cap value equities underperformed the S&P Index. (Russell 1000 Growth Index at -1.1%; Russell 1000 Value Index at -4.9%, and S&P 500 at -3.2%).
 - Northern's S&P 500 Fund matched the S&P 500 Index as expected.
 - Alliance slightly outperformed the Russell Growth Index (-1.0% vs. -1.1%).
 - Wellington underperformed the Russell 1000 Value Index for the quarter at -5.2% vs. -4.9%.
- Mid cap equities represented by the Russell Mid Cap Index underperformed the Mid Cap Growth Index (-2.4% vs. 0.0%) and outperformed the Mid Cap Value Index (-2.4% vs. -4.1%) during the quarter.
 - Artisan significantly lagged the Mid Cap Growth Index at -3.0% vs. 0.0%.
 - Rothschild's return of -4.2% slightly lagged the Russell Mid Cap return of -4.1%.
- Small growth outperformed small value during the quarter (Russell 2000 Growth Index at -3.9% vs. Russell 2000 Value Index at -5.1%).
 - Rothschild outperformed the Small Value Index (-2.7% vs. -5.1%).

- International stocks underperformed US equities during the quarter (EAFE at -8.1% vs. S&P 500 at -3.2%).
 - UMB International Equity Fund easily outperformed the EAFE Index for the quarter (-4.0% vs. -8.1%).
- Bonds were up for the quarter.
 - UMB returned 0.9% in the Stabilized Fixed Income Account, underperforming the Lehman Intermediate Aggregate Index at 1.3%.
 - The new intermediate fixed income allocation, managed by UMB, returned 0.9% for the quarter compared to the Index at 1.3%.
 - The core bond allocation managed by Rockwood, returned 0.9% compared to the Lehman Aggregate at 1.4%.

Interim ASAP Report as of May 31, 2003

Mr. Kirkland provided the Interim ASAP report, for the period ending May 31, 2003, to the Board regarding investment activity and asset allocation.

Alliance Capital

Mr. Kirkland stated Mr. John Fogarty is leaving Alliance Capital. In a phone call with Alliance Capital, Mr. Kirkland and Mr. Robinson were informed that Mr. Jim Riley and Mr. David Goss will assume management of the portfolio.

Rockwood Capital Advisors

Mr. Kirkland indicated he, along with Mr. Robinson and Ms. Dahl, met with Mr. Frank Aten, Mr. Roger Wilson and Mr. Tony Brown of Rockwood Capital Advisors regarding their performance. After reviewing the recent performance data, and subsequent analysis and discussion with Mr. Randy Kirkland and Mr. Bill Milnes, Rockwood Capital Advisors was placed on a probationary “watch” through the end of calendar year 2003. Mr. Kirkland state this would allow Rockwood time to improve its relative performance.

Asset Allocation/Enhanced Index Search

Mr. Kirkland indicated the enhanced index search has been initiated. An enhanced index could add 1%-2% to the S&P 500. Mr. Kirkland indicated they would provide education and an update to the Board on the enhanced index search at the July meeting.

Investment Policy

The “Statement of Investment Policy, Objectives and Guidelines for Total Fund”, approved July 2003, was provided to the Board.

The Board thanked Mr. Kirkland for his report.

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LEGISLATION

The Board was provided with a copy of the Truly Agreed To and Finally Passed version of SB 248 as follows:

- Changes the eligibility age for retirement from 50 to 48 for the Missouri State Employees Retirement System and the MoDOT and Patrol Retirement System (MPRS). SB 100 (Shields) and SB 118 (Caskey) (Sections 104.010, 104.271, 104.1003 & 104.1024). Effective 8/28/03.
- Allows uniformed members of the Highway Patrol to purchase up to four years of service for full-time, non-federal public employment. SB 78 (Gross). (Section 104.040). Effective 8/28/03.
- Allows the Board of the MoDOT and Patrol Retirement System (MPRS) to contract with an outside provider for disability coverage and transfers the denial appeal process and liability to the outside provider (Section 104.110).
- Provides for transferred personnel from the Division of Highway Safety to elect system coverage. (Section 104.806).
- Provides a medical insurance incentive for state employees to retire. Employees who retire on or after February 1, 2003, and prior to September 1, 2003, or are eligible to retire by January 1, 2004, and who are eligible for medical coverage, will be eligible to continue at the same rate in effect for active employees. This rate will continue for five years or until becoming Medicare eligible, whichever occurs first. The retiree may elect to continue coverage for themselves and eligible dependents. Benefits for those eligible to retire between September 1, 2003 and January 1, 2004, who elect to retire pursuant to these provisions will have their retirement benefits calculated based on their actual years of service.
- Allows the governing boards of Truman State University, Lincoln University, the educational institutions in Section 174.020, the Department of Transportation and the Highway Patrol and the Conservation Commission of the Department of Conservation to offer similar benefits to their employees.
- The State may not rehire more than 25% of the positions vacated. Exceptions may be made for critical, seasonal, or federally funded positions. Certain monthly tracking and final reporting on the effect of the provisions is required.
- The benefit does not apply to elected officials, members of the General Assembly or Administrative Law Judges.
- The retirement systems and the Office of Administration is required to make certain reports on the impact of the offering of this benefit. SB 462 (Sections 1 & 2.)

The Executive Director indicated the change of the eligibility age for retirement from age 50 to 48 would be effective August 28, 2003. The incentive program has an effective date and an emergency clause. The bill will become effective upon its passage and approval, or July 1, whichever is later.

The Board discussed this legislation at length. The MoDOT Commissioners and the Director expressed their concern over not being able to rehire more than 25% of the positions vacated.

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BOARD GOVERNANCE

At the March 20th meeting, there was general agreement to engage the services of Dr. John Por of Cortex Applied Research, Inc. to provide education on the subject of Board Governance.

At the request of Mr. Anderson, Mr. Robinson explored the possibility of working with other retirement systems to share the wealth and cost of the workshop. Dr. Por advised Mr. Robinson the workshop program is tailored to fit individual Boards and, therefore, does not lend itself to more than one Board at a time. Dr. Por stated once the workshop is conducted it would be possible for future governance updates to be conducted with more than one Board.

Mr. Hungerbeeler expressed concern about finding a date available for all Board members. Mr. Anderson indicated Board Members must be fully committed to participating in the workshop or it won't be money well spent.

Mr. Robinson and Ms. Dahl indicated Dr. Por's associate, Mr. Tom Iannucci, will be making a presentation at the MAPERS conference in July 2003. The Board agreed members should attempt to attend Mr. Iannucci's presentation and maybe get some testimonials from other Executive Director's and Board members of other retirement systems in regard to board governance. After discussion, the Board deferred this item until after the MAPERS conference.

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COMMISSION RECAPTURE

Mr. Robinson indicated the Investment Committee has considered implementation of a Commission Recapture program for sometime. This program would enable our fund to achieve a cost savings on equity and bond trades and yet still receive the benefits of the "best execution" of the trades.

Mr. Robinson indicated the annual commission amounts may vary widely depending upon the amount of investment activity performed by our managers; however, the cost per trade usually averages around five cents (5¢). A commission recapture program could reduce the average cost to somewhere around three cents (3¢) per trade.

Mr. Robinson stated officials of Northern Trust (NT) made a proposal for the program and provided estimates of rebates to our fund based on varying equity trading levels. A recapture estimate for fixed income was also received from Mr. John Toothill of Capital Institutional Services (CIS) of New York.

The firm of Lynch, Jones & Ryan (LJR) quoted an annual rebate estimate of \$264,789. This quote was based on a trading level of 35% as opposed to the 30% level used by NT and CIS. Therefore, based on a trading level of 30%, the LJR rebate amount becomes \$226,962. This figure is in line with the NT and CIS quotes.

Mr. Robinson noted the equity rebate estimates from CIS and LJR were slightly higher than those of NT. Mr. Robinson recommended the Board enter into a Commission Recapture Agreement with NT at the 30% trading level. Mr. Robinson stated there is an administrative benefit to the fund by having the program with the master custodian and emphasized he is extremely comfortable with the NT stable of brokers.

Mr. Robinson also recommended entering into an agreement with CIS for fixed income recapture.

Mr. Robinson advised the Board these recommendations have been endorsed by the Investment Committee.

On motion made and seconded, and by unanimous vote of all members present, the Board accepted the recommendations of Mr. Robinson and granted him the authority to execute the necessary contracts on behalf of the Board.

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BUDGET - FISCAL YEAR 2004

For the initial budget, Chairman McKenna appointed Mr. Anderson to work with Mr. Robinson and Ms. Dahl to provide a preliminary budget for the Board's review. Mr. Anderson commended staff and stated Lieutenant Juan Villanueva and Mr. Harold Reeder also assisted with the preliminary budget process.

After review and discussion, the Board was comfortable with the budget and upon a motion duly made and seconded, the FY '04 Budget was approved as follows:

MoDOT & Patrol Retirement System

Fiscal Year 2004 – Budget

(July 1, 2003 to June 30, 2004)

1.	Salary/Benefits	\$	780,869
2.	Professional Services	\$	139,040
3.	Investment Services	\$	150,000
4.	MoDOT Reimbursement	\$	88,852
5.	Computer Services	\$	550,800
6.	Salary & Benefits Study	\$	8,500
7.	Meeting/Travel/Education	\$	105,250
8.	Pre-Retirement Seminars	\$	9,088
9.	Membership Dues/Subscriptions	\$	10,997
10.	Utilities	\$	20,017
11.	Building Expense/Maintenance	\$	27,407
12.	Equipment Rental & Leases	\$	8,220
13.	Equipment/Furniture	\$	55,775
14.	Supplies	\$	15,410
15.	Printing/Postage	\$	110,159
16.	Disability	\$	<u>9,765</u>
	TOTAL		2,090,149

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INVESTMENT COMMITTEE ISSUES AND RECOMMENDATIONS

➤ Securities Lending Program

Mr. Robinson indicated Northern Trust (NT), in its' role as master custodian for the retirement system, conducts a securities lending program. During the period of late February 2003 through May 2003, the program generated \$89,000 for the fund. Northern Trust officials estimated an income of \$235,000 this year for the program. Mr. Robinson noted the income during the securities lending program, through the previous custodian, was \$80,000 for FY'01 and \$98,000 for FY '02.

➤ Timberland Investment

Mr. Robinson provided an update to the Board regarding the timberland investment. Mr. Robinson stated Evergreen is the timberland wing of First Union Bank (First Union Bank recently purchased Wachovia). Mr. Jim Webb apprised Mr. Robinson of the possibility of the sale of the Evergreen Timberland group. Mr. Robinson stated he would keep the Board informed of any impact on the system's investments.

➤ UMB Custody Services

Mr. Robinson indicated he was informed by Mr. Bill Greiner of UMB (the system's previous custodian) of the sale of the UMB custody program to the firm of Marshall & Ilsley of Milwaukee, Wisconsin.

➤ Due Diligence Update

Mr. Shaw, Ms. Dahl and Mr. Bill Milnes (Asset Consulting Group) recently conducted due diligence visits in the offices of Alliance Capital and Rothschild Asset Management. During the visits, two proposals were offered for the Board's consideration. After discussion, the Board decided to defer the decision on the proposals until after the Investment Consultant contract is re-bid.

➤ Investment Consulting Contract

Mr. Robinson indicated the Board currently has a contract with Asset Consulting Group of St. Louis, Missouri for investment consulting services. The contract was entered into on April 1, 2000, for an all-inclusive fee of \$95,000. The contract was for a three-year period to continue until either party indicated a desire to modify the contract.

Mr. Robinson state Asset Consulting recently proposed a new fee structure based on a proposed asset allocation for the fund.

Mr. Robinson recommended, as endorsed by the Investment Committee, solicitation of proposals for investment consultant services.

On motion made and seconded, and by unanimous vote of all members present, the Board accepted the recommendations of Mr. Robinson.

➤ Implementation Priorities

Mr. Robinson indicated the FY' 04 Budget included a category for establishment of a new staff position of Chief Investment Officer (CIO). On June 6th the Investment Committee discussed the establishment of priorities for staffing the position and conducting a bid solicitation for an investment consultant.

Mr. Robinson and Ms. Dahl felt the CIO should be involved in the selection of the consultant and recommended advertisement of the CIO position, and upon staffing the position, initiate the RFP for the consultant search.

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INFORMATIONAL ITEMS

➤ Lease Space

Mr. Robinson indicated the middle floor of the Retirement System building has been occupied (as of June 3, 2003) by two units of the MoDOT Information Systems group.

➤ MAPERS Conference

The Executive Director reminded the Board the Highway and Transportation Employees' and Highway Patrol Retirement System is part of the Missouri Association of Public Employee Retirement Systems (MAPERS). The MAPERS conference is scheduled for July 9-11, 2003, at the Lodge of the Four Seasons at Lake of the Ozarks. The conference follows the Board meeting on July 8th and an early bird reception is scheduled for the evening of the 8th.

The Executive Director stated this is an excellent opportunity to meet with fellow trustees of other Missouri based retirement systems and nationally recognized speakers present many interesting topics. He encouraged any Board members interested in attending to contact retirement system staff for enrollment information.

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FEBRUARY 1, 2003 RETIREMENT AND SURVIVOR BENEFITS (Consent Agenda)

Missouri State Highway Patrol – Civilian Patrol

Troop C – St. Louis

* Soetebier, Virginia A.

* Long-Term Disability

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APRIL 1, 2003 RETIREMENT AND SURVIVOR BENEFITS (Consent Agenda)

Missouri Department of Transportation

District 1 – St. Joseph	* Messner, Marvin B.
District 3 – Hannibal	Kerr, Thomas G.
District 4 – Lee’s Summit	Elling, Ronald Kay
District 6 – Chesterfield	** Arnold, Robert B. *** Miller, Robert W.
District 7 – Joplin	Rives, Donald L.
Division 27 – Transportation Planning	Williams, Danny G.
Division 42 – Traffic	Schaefer, Sandra R.

Missouri State Highway Patrol – Civilian Patrol

Troop A – Lee’s Summit	Gentry, Judith C.
Troop C – St. Louis	*** Duke, Nancy L.

Missouri State Highway Patrol – Uniform Patrol

Troop H – St. Joseph	*** Richards, Bruce A.
Troop I – Rolla	DeSalme, Gene E.
Troop Q – General Headquarters	Womack, Jeffery G.

MoDOT & Patrol Retirement System

Division 15	Schulte, Florence J.
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- * Long-Term Disability
- ** Normal Disability
- *** Vested

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MAY 1, 2003 RETIREMENT AND SURVIVOR BENEFITS (Consent Agenda)

Missouri Department of Transportation

District 1 – St. Joseph	Burnett, Robert M.
District 4 – Lee’s Summit	** Jackson, Maurice Alabama Morrison, William H. Nichols, Robert L.
District 5 – Jefferson City	*** Branstetter, Bert L.
District 6 – Chesterfield	Jackson, Albert L. ** Sampson, Leo C. ** Turnbeaugh, Preston J. ** Williams, Edgar
District 7 – Joplin	Smith, Jerry D. Weston, Jimmy R.
District 9 – Willow Springs	Burrows, Jack S.
District 10 – Sikeston	** Agnew, John Jr. Chappell, Jimmy D. Craft, Woodrow W.
Division 17 – Maintenance	** Kimball, Harold L.

Missouri State Highway Patrol – Civilian Patrol

Troop Q – General Headquarters	** Allen, Marilyn Ann
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Missouri State Highway Patrol – Uniform Patrol

Troop C – St. Louis	Frey, Donald R.
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** Normal Disability
*** Vested

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JUNE 1, 2003 RETIREMENT AND SURVIVOR BENEFITS (Consent Agenda)

Missouri Department of Transportation

District 1 – St. Joseph	** Ellis, Herschel W.
District 2 – Macon	Jackson, Ernest D. Lewis, Donald S. Powell, Gary L.
District 3 – Hannibal	Erwin, David L. Hamilton, Herman H. Simmons, Larry N. Wood, Marlin
District 4 – Lee’s Summit	Tull, Evelyn
District 5 – Jefferson City	Stamper, Dillard G.
District 6 – Chesterfield	Harry, Jerry D. Horst, William F. Roeder, Ronald L. ** Schweizer, Charles T. Swinney, James D.
District 7 – Joplin	Adams, Wayne G. Sanders, Harold G.
District 8 –Springfield	Ray, Billy G.
District 9 – Willow Springs	Grogan, Richard P.
District 10 – Sikeston	Hickman, Gary N. Ramsey, Frankie R. Stricklin, Anthony L.
Division 12 – Bridge	Scheulen, Carl J.
Division 15 – Director’s Office	Walter, Barbara A.
Division 20 – Project Operations	Less, Robert G.
Division 27 – Transportation Planning	Heckman, Allan H.
Division 31 – Right of Way	Harris, Carol A.
Division 33 – Audit and Business Analysis	Parkins, John H.

Missouri State Highway Patrol – Civilian Patrol

Troop A – Lee’s Summit	** Murray, Naomi Ann
Troop B – Macon	Zvolanek, Stephen J.
Troop D – Springfield	** Sullins, June Toppass, Donna J.
Troop Q – General Headquarters	Breau, Dorothy A. ** Cortvrient, Albert Joseph Johnson, John J. Rodeman, Mary K. Ward, Evelyn B.

Missouri State Highway Patrol – Uniform Patrol

Troop A – Lee’s Summit	Day, Terry L.
Troop F – Jefferson City	** Niederschulte, Raymond A.
Troop I – Rolla	Fox, John E. Haymes, Robert L.
Troop Q – General Headquarters	Heckel, Earl J. *** Quinn, Michael P.

** Normal Disability
*** Vested

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**AUTHORIZATION TO PAY ANNUITY TO SURVIVORS OF DECEASED
NON-RETIRED MEMBERS REQUESTING A REDUCED ANNUITY** (Consent Agenda)

<u>Deceased Non-Retired Member</u>	<u>Member Status</u>	<u>Effective Date</u>	<u>Survivor/Beneficiary</u>
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Missouri Department of Transportation

District 3

Black, Jackie D.	Active	02-20-03	Joan Eileen Black
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District 6

Winn, Dwight E.	Active	02-21-03	Debra Ruth Winn
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General Services

Tucker, Wanda June	Active	03-13-03	Darrell C. Tucker
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District 4

Northern, Joe Perry	Normal Disability	04-18-03	Charlotte A. Northern
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REPORT OF FINANCIAL STATEMENT – FEBRUARY 2003

The Board discussed the financial statement of the system showing assets at market value of \$1,138,870,874 as of February 28, 2003. This is a decrease of \$18.4 million from the value of \$1.157 billion as of January 30, 2003.

The Board discussed the financial statement of the system showing assets at market value of \$1,154,116,705 as of March 31, 2003. This is an increase of \$15.2 million from the value of \$1.138 billion as of February 28, 2003.

The Board discussed the financial statement of the system showing assets at market value of \$1,197,583,014 as of April 30, 2003. This is an increase of \$43.5 million from the value of \$1.154 billion as of March 31, 2003.

After consideration, the Board, by unanimous vote of all members present, accepted the reports and directed that they be filed in the office of the Executive Director.

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MEMBERSHIP INFORMATION (Consent Agenda)

- **Benefit Payments and Member Data – February 2003, March 2003 and April 2003**

The Executive Director provided current benefit payments and member data to the Board.

- **Retirements Under the Provision of “80 and Out” – March 1, 2003**

“80 and Out” Provision – March 2003						
	<u>MoDOT</u>		<u>MSHP Civilian Patrol</u>		<u>MSHP Uniformed Patrol</u>	
	<u>Year 2000 Plan</u>	<u>Closed Plan</u>	<u>Year 2000 Plan</u>	<u>Closed Plan</u>	<u>Year 2000 Plan</u>	<u>Closed Plan</u>
Number Retiring	6	5	1	0	0	0
Average Age	56.49	62.55	51.17	N/A	N/A	N/A
Average Years of Service	32.43	35.67	29.00	N/A	N/A	N/A
Average Life Benefit	\$1,273.87	\$2,072.50	\$1,374.76	N/A	N/A	N/A
Average Temporary Benefit	\$ 673.88	N/A	\$ 727.72	N/A	N/A	N/A
Total Average Benefit	\$1,947.75	\$2,072.50	\$2,102.48	N/A	N/A	N/A

NOTE: This chart shows data for 12 retirements.

- **Retirements Under the Provision of “80 and Out” – April 1, 2003**

“80 and Out” Provision – April 2003						
	<u>MoDOT</u>		<u>MSHP Civilian Patrol</u>		<u>MSHP Uniformed Patrol</u>	
	<u>Year 2000 Plan</u>	<u>Closed Plan</u>	<u>Year 2000 Plan</u>	<u>Closed Plan</u>	<u>Year 2000 Plan</u>	<u>Closed Plan</u>
Number Retiring	4	4	2	0	0	3
Average Age	55.77	68.77	62.00	N/A	N/A	51.97
Average Years of Service	25.96	21.83	16.42	N/A	N/A	24.44
Average Life Benefit	\$1,126.18	\$ 901.92	\$ 459.53	N/A	N/A	\$2,246.17
Average Temporary Benefit	\$ 490.71	N/A	N/A	N/A	N/A	N/A
Total Average Benefit	\$1,616.89	\$ 901.92	\$ 459.53	N/A	N/A	\$2,246.17
NOTE: This chart shows data for 13 retirements.						

- **Retirements Under the Provision of “80 and Out” – May 1, 2003**

“80 and Out” Provision – May 2003						
	<u>MoDOT</u>		<u>MSHP Civilian Patrol</u>		<u>MSHP Uniformed Patrol</u>	
	<u>Year 2000 Plan</u>	<u>Closed Plan</u>	<u>Year 2000 Plan</u>	<u>Closed Plan</u>	<u>Year 2000 Plan</u>	<u>Closed Plan</u>
Number Retiring	7	8	0	1	0	1
Average Age	58.49	75.99	N/A	63.25	N/A	55.67
Average Years of Service	29.11	16.64	N/A	31.17	N/A	36.33
Average Life Benefit	\$1,432.11	\$ 604.27	N/A	\$1,512.34	N/A	\$3,572.31
Average Temporary Benefit	\$ 713.98	N/A	N/A	N/A	N/A	N/A
Total Average Benefit	\$2,044.09	\$ 604.27	N/A	\$1,512.34	N/A	\$3,572.31
NOTE: This chart shows data for 17 retirements.						

VOTE TO CLOSE MEETING

The Retirement Board voted to close a portion of its meeting on June 17, 2003, for the purpose of discussing (1) nonjudicial mental or physical health proceedings and (2) Attorney Client Privileged Communications and Records Protected From Disclosure By Law. Upon motion duly made and seconded to convene in closed session, the following roll call vote was taken by Chairman McKenna:

Mr. James Anderson, Aye
Mr. Henry Hungerbeeler, Aye
Colonel Roger D. Stottlemyre, Aye
Lieutenant Juan Villanueva, Aye
Mr. Harold Reeder, Aye
Mr. William H. Shaw, Aye

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EXECUTIVE SESSION

DISABILITY REQUESTS

The Board reviewed several requests for disability.

- o Being fully informed relative to each disability case, the Board, by unanimous vote of all members present, approved benefits for the following cases:

Long-Term

Case No. 2003-LTD(3), effective May 13, 2003, 7:30 a.m.

Case No. 2003-LTD(14), effective April 8, 2003, 7:30 a.m.

Case No. 2003-LTD(15), effective May 29, 2003, 7:30 a.m.

Case No. 2003-LTD(16), effective February 12, 2003, 7:30 am.

Case No. 2003-LTD(19), effective April 20, 2003, 7:30 am.

Work-Related

Case No. 2003-WRD(4), effective September 24, 2002, 7:30 a.m.

Case No. 2003-WRD(17), effective November 6, 2002, 7:30 a.m.

Extension of Sick Leave Without Pay

Case No. 2003-SLWOP(18), effective May 21, 2003

- o Being fully informed relative to each disability case, the Board, by unanimous vote of all members present, denied benefits for the following cases:

Work-Related

Case No. 2003-WRD(5)

WRD = Work-Related Disability

LTD = Long-Term Disability

ND = Normal Disability

A motion to return to Open Session was made and approved by all members present.

ADJOURN

By unanimous vote of all members present, the meeting of the Board of Trustees was adjourned.