

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

Minutes of Meeting

October 31, 2002



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

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

BOARD OF TRUSTEES' MEETING

THURSDAY, OCTOBER 31, 2002

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
Senator Steve Stoll
Mr. Henry Hungerbeeler
Colonel Roger D. Stottlemeyer
Licutenant Juan Villanueva
Mr. Harold Reeder
Mr. William H. Shaw

MEMBERS ABSENT: Representative Jim O'Toole

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. Bill Milnes, Asset Consulting Group
Mr. Brian Murphy, Gabriel, Roeder, Smith & Company

A regularly scheduled meeting of the Highway and Transportation Employees' and Highway Patrol Retirement System was held on Thursday, October 31, 2002, 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.

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 August 13, 2002 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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ACTUARY REPORT – ANNUAL ACTUARIAL VALUATION, JUNE 30, 2002 – (GABRIEL, ROEDER, SMITH & COMPANY) – by Mr. Brian Murphy

Mr. Brian Murphy, representing Gabriel, Roeder, Smith & Company, the actuarial firm retained by the retirement system, discussed with the Board of Trustees the actuarial report previously furnished for the Board's review and consideration.

Mr. Murphy recommended implementing a contribution rate, effective July 1, 2003 (for FY 2004), 25.54% of pay for non-uniformed members and 38.40% of pay for uniformed members.

Mr. Murphy stated there was a demographic experience gain that partially offset the recognized investment loss. The resulting contribution rates are higher this year than the level seen in the prior valuations. This is due to the effect of realized losses flowing into the Unfunded Actuarial Accrued Liabilities and a smaller payroll over which these liabilities are amortized. Actual dollar contributions should be based on covered payroll for the fiscal year beginning July 1, 2003. The combined rate of 27.40% is below the actual benefit payout rate. The ability to contribute less than the benefit payout is one of the advantages of a funded retirement plan. For the prior valuation, the total combined dollar contribution recommended was \$79,119,925. This represented a combined rate of 24.19%, although a higher rate was in fact adopted. The Unfunded Actuarial Accrued Liabilities were amortized over a 34-year closed period. This is a one-year reduction in the amortization period from the June 30, 2001 valuation. Continued yearly reductions in the amortization period will result in a 30-year period being used for the June 30, 2006 valuation. This is consistent with GASB amortization period requirements.

The Executive Director recommended approval to implement the proposed contribution rates on July 1, 2003. After discussion, the Board, by unanimous vote of all members present, approved the Executive Director's recommendation. Therefore, the current contribution rates effective July 1, 2003, will be 25.54% of pay for non-uniformed members and 38.40% of pay for uniformed members.