

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

January 18, 2008

The meeting was called to order by Chairperson Jody Boeding at 9:05 a.m., in the Retirement System Boardroom, Topeka, Kansas.

Board members present: Jody Boeding, Chairperson
 Duane Anstine
 Lynn Jenkins
 Lon Pishny
 Rachel Lipman Reiber
 Michael Braude
 Doug Wolff

Public Comment

There were no public comments.

Approval of Minutes

It was moved by Michael Braude and seconded by Duane Anstine that the minutes of the November 16, 2007 meeting be approved as submitted. Motion passed.

Declaration of Appreciation

Michael Braude made a motion that Resolutions of Appreciation for Jarold Boettcher and Bruce Burditt be approved. Lon Pishny seconded the motion. Motion passed.

Executive Director's Report

The Chairperson recognized Glenn Deck, Executive Director. Deck announced the appointment by the Governor of Tammy Edwards and the re-appointment of Doug Wolff to the Board of Trustees. Mr. Deck provided a summary report on current issues, including: the convening of the Legislature, the actions of the Joint Committee on Pensions, Investments and Benefits at its December meeting, and the Governor's budget recommendations for KPERS' operating budget and COLAs for current retirees.

Private Equity Consulting Services

The Chairperson recognized Vince Smith, Chief Investment Officer who recognized Cheri Woolsey, Alternative Investments Officer. Ms. Woolsey introduced Donn Cox, Managing Partner of LP Capital Advisors. Mr. Cox and other representatives provided a presentation of their firm and services.

Ms. Woolsey introduced Monte Brem, Chief Executive Officer of StepStone. Mr. Brem and other representatives provided a presentation of their firm and services.

Mr. Smith and Ms. Woolsey responded to questions with the assistance of Allan Emkin of PCA.

Doug Wolff made a motion that the Board authorize the Procurement Negotiating Committee to engage LP Capital Advisors as the System's Private Equity Consultant, subject to the respective terms and conditions discussed. Michael Braude seconded the motion. Motion passed.

Investment Operations

The Chairperson recognized Vince Smith, Chief Investment Officer. Mr. Smith reviewed the current investment environment and presented the November 30, 2007 Performance Report. He reported that the Retirement System had a total return of 2.8 percent (not annualized) for the fiscal year-to-date and 9.9 percent for the calendar year-to-date and responded to questions.

Investment Committee Report

The Chairperson recognized Michael Braude, Chairperson of the Investment Committee. Mr. Braude provided a report on the Committee meeting of January 17, 2008.

Doug Wolff made a motion that the Board adopt the Asset Allocation targets proposed by staff and consultant PCA as presented and discussed. Michael Braude seconded the motion. Motion passed.

Doug Wolff made a motion that the Board authorize staff to proceed with an investment of \$35 million in CBRE Strategic Partners U.S. Value V. Michael Braude seconded the motion. Motion passed.

Doug Wolff made a motion that the Board authorize staff to proceed in redeeming KPERS existing investment with RREFF America III. Michael Braude seconded the motion. Motion passed.

Doug Wolff made a motion that the Board authorize staff to 1) notify KPERS' investment managers of the current KPERS Sudan Active Business Operations Meeting Divestment Criteria List, 2) direct the managers to not make any new or additional investments in those companies, and 3) request these managers to provide the investment rationale for ownership of any applicable company. Michael Braude seconded the motion. Motion passed.

Deferred Compensation Plan Committee Report

The Chairperson recognized Rachel Lipman Reiber, Chairperson of the Deferred Compensation Plan Committee. Ms. Reiber provided the report on the Committee meeting of January 17, 2008.

Ms. Reiber made a motion that the Board authorize the Executive Director, or the Plan Manager on direction of the Executive Director, to approve and execute local unit joinder

agreements submitted to the Board and any associated agreements upon a determination that the local unit is an eligible employer as defined in K.S.A. 74-4902 and has complied with the requirements of K.S.A. 75-5529a, as amended. Lon Pishny seconded the motion. Motion passed.

Audit Committee Report

Jody Boeding, Chairperson of the Audit Committee, provided the report on the Committee meeting of January 17, 2008.

Personnel Committee Report

The Chairperson recognized Lon Pishny, Chairperson of the Personnel Committee. Mr. Pishny provided the report on the Committee meeting of January 18, 2008.

Mr. Pishny made a motion that the Board approve the Personnel Committee's recommendations for: 1) investment staff compensation increases, 2) calendar year 2007 incentive compensation payments for investment staff subject to final performance numbers and internal audit, and 3) the calendar year 2008 management incentive compensation plan for investment staff. Michael Braude seconded the motion. Motion passed.

Retirement System Operations

The Chairperson recognized Mary Beth Green, Member Services Officer. Ms. Green provided the December operations report including information on processing January retirement applications, preparation for Pre-Retirement Seminars and staff's response to incoming phone calls and emails. Ms. Green reviewed November and December service standards and performance and responded to questions.

Monthly Financial Report

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove reviewed the preliminary December 31, 2007 financial statements and responded to questions.

New Employer Affiliations

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove summarized the 2008 affiliation list.

Doug Wolff made a motion that the Board approve the affiliation of entities completing the requirements for 2008. Duane Anstine seconded the motion. Motion passed.

Review of Initial Order

The Chairperson recognized Laurie McKinnon, General Counsel. Ms. McKinnon reviewed the Board's options for the initial order in the Calvina Thomas appeal.

Doug Wolff made a motion that the Board adopt the Presiding Officer's Initial Order for the Calvina Thomas Appeal and direct the Executive Director to draft a final order containing the Board's decision. The final order is to be signed by the Chairperson and served on the parties by the Executive Director in accordance with the provisions of the Kansas Administrative Procedure Act. Lon Pishny seconded the motion. Motion passed.

Appointment of Hearing Officer

The Chairperson recognized Laurie McKinnon, General Counsel. Ms. McKinnon reviewed the request for administrative appeal of Kenneth M. Briggs.

Doug Wolff moved that staff be authorized to contract with the Office of Administrative Hearings for assignment of a hearing officer, for the purpose of hearing the administrative appeal of Kenneth M. Briggs. Michael Braude seconded the motion. Motion passed.

FY 2009 Board and Committee Meeting Schedule

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck presented the proposed FY 2009 Board and Committee Meeting Schedule and responded to questions.

The Board discussed the topic of holding an off-site Board of Trustees meeting. This topic was deferred to the March 2008 Board agenda.

Doug Wolff made a motion for approval of the FY 2009 Board and Committee meeting schedule. Lynn Jenkins seconded the motion. Motion passed.

Old Business

There was no old business.

New Business

There was no new business.

Board Evaluation

There was no Board evaluation

The meeting adjourned at 11:55 a.m. followed by a luncheon in appreciation of Jarold Boettcher and Bruce Burditt for their service as Board members to KPERS.