

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

March 16, 2007

The meeting was called to order by Chairperson Jody Boeding at 9:00 a.m. in the Retirement System Boardroom, Topeka, Kansas.

Board members present:

- Jody Boeding, Chairperson
- Doug Wolff, Vice Chairperson
- Duane Anstine
- Jarold Boettcher
- Bruce Burditt
- Lynn Jenkins
- Lon Pishny
- Rachel Lipman Reiber

Outstanding Service Award

The Chairperson announced Noble Morrell as the Outstanding Service Award recipient for the first period of 2007.

Public Comment

There were no public comments.

Approval of Minutes

It was moved by Doug Wolff and seconded by Lynn Jenkins that the minutes of the January 19, 2007, meeting be approved as submitted. Motion passed. (Rachel Lipman Reiber was not yet present.)

Executive Director's Report

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck provided a summary report on current issues including bills affecting KPERS currently being worked during the 2007 Legislative Session. Mr. Deck provided information on HB 2385, the bill that moves the deferred compensation plan from the Department of Administration to KPERS. Mr. Deck recommended that the Board discuss the deferred compensation plan further this summer and responded to questions, in general.

Investment Operations

The Chairperson recognized Vince Smith, Chief Investment Officer. Mr. Smith reviewed the January 31, 2007, Investment Performance Report. He reported that the Retirement

System had a total return of 11.7 percent (not annualized) for the fiscal year-to-date and 1.2 percent for the calendar year-to-date. Mr. Smith responded to questions.

Investment Committee Report

The Chairperson recognized Jarold Boettcher, Chairperson of the Investment Committee. Mr. Boettcher provided a report on the March 15, 2007, committee meeting. The following action occurred.

Mr. Boettcher moved that the Board of Trustees authorize AEW Capital Management, L.P. to proceed with the analysis and due diligence of the Towne North Shopping Center property. Final authority to consummate an investment in any property is contingent upon receipt of satisfactory recommendations from staff and the System's consultant and delivery of a final due diligence report. The Chairperson stated that because the motion was coming out of committee, no second to the motion was necessary. The motion passed.

Mr. Boettcher moved that the Board of Trustees authorize staff and AEW Capital Management, L.P. proceed with the disposition of 3 Imperial Promenade under the terms discussed. The motion passed.

Mr. Boettcher moved that the Board of Trustees authorize staff to proceed with investment in the Morgan Stanley Investment Fund Real Estate Portfolio and the AEW Global Securities Fund under the terms discussed. The motion passed.

Mr. Boettcher moved that the Board of Trustees authorize staff to proceed with investment in the JER Europe Fund III under the terms discussed. The motion passed.

Bruce Burditt asked that the Board minutes reflect that a report on Payden & Rygel be prepared.

Death and Disability Fund Actuarial Valuation

Dan Skwire of Milliman, Inc. presented the preliminary results of the Death and Disability Fund actuarial valuation with and without the new accounting method required by GASB 43 and responded to questions. Pat Beckham of Milliman, Inc. provided assistance and responded to questions.

Audit Committee Report

The Chairperson recognized Bruce Burditt, Chairperson of the Audit Committee. Mr. Burditt provided a report of the March 16, 2007, committee meeting.

Retirement System Operations

The Chairperson recognized Renae Forque, Acting Member Services Officer. Ms. Forque provided the January operations report including information on the KITS conversion that occurred in January and that staff met its performance objectives.

Monthly Financial Report

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove reviewed the February 28, 2007, financial statements.

Appointment of Hearing Officer

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

Rachel Lipman Reiber 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 Scott Kreger. Jerry Boettcher seconded the motion. Motion passed.

KITS Employer Portal Demonstration

Dianna Berry provided a demonstration of the new KITS employer portal and responded to Board questions.

Annual Statement Overview

Kristen Basso presented an overview of the new member annual statement format and distribution process and responded to questions.

New Business

Laurie McKinnon led a discussion on KPERS' third-party administrator, Disability Consulting Group, and Social Security advocacy.

Old Business

Vince Smith provided an investment update as of February 28, 2007, and updated the Board on its investment consulting services.

Board Evaluation

The Board deferred this item until its May meeting.

The meeting adjourned at 12:45 p.m.