

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

March 17, 2006

The meeting was called to order by Chairperson Michael Braude at 8:30 a.m., in the Retirement System Boardroom, Topeka, Kansas.

Board members present:

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

Outstanding Service Award

The Chairperson recognized Dianna Berry as the Outstanding Service Award recipient for the first period of 2006.

Public Comment

There were no public comments.

Approval of Minutes

It was moved by Jody Boeding and seconded by Rachel Lipman Reiber that the minutes of the meetings of January 20, 2006, be approved as submitted. Motion passed.

Executive Director's Report

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck welcomed Vince Smith who will start his position of Chief Investment Officer on March 27, 2006 and thanked Scott Peppard for his service as Acting Chief Investment Officer. Mr. Deck reported on staff's participation in the annual Project Topeka campaign and the progress of the KITS project.

Mr. Deck provided a legislative report including: the FY 2007 budget request, the KPERS technical amendment bill and other KPERS related legislation including: working after retirement, earnings limitations and COLA bills. Mr. Deck responded to questions.

Investment Operations

The Chairperson recognized Scott Peppard, Acting Chief Investment Officer. Mr. Peppard reviewed the January 2006 Performance Report. He reported that the Retirement System had a total return of 11.0 percent (not annualized) for the fiscal year-to-date and 3.4 percent for the calendar year to date. Mr. Peppard also provided an update of investment performance for February and March.

Treasurer's Unclaimed Property Fund Statement of Investment Policy, Objectives and Guidelines

The Chairperson recognized Scott Peppard, Acting Chief Investment Officer. Mr. Peppard provided the annual review of changes in the Statement of Investment Policy, Objectives and Guidelines for the Treasurer's Unclaimed Property Fund.

Jarold Boettcher moved and Lynn Jenkins seconded a motion that the Board adopt the amended Statements of Policy, Objectives and Guidelines for the Treasurer's Unclaimed Property Fund. Motion passed.

Investment Committee Report

The Chairperson recognized Jarold Boettcher Chairperson of the Investment Committee. Mr. Boettcher provided a report on the Committee meeting of March 16, 2006 and responded to questions.

Death and Disability Fund Actuarial Valuation

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck provided a report on the financial status of the Death and Disability Fund and introduced Dan Skwire of Milliman, Inc.

Mr. Skwire made a presentation of the results of the June 30, 2005 actuarial valuation of the Fund and responded to questions.

Basic and Optional Group Life Insurance Plan Review

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck provided a preliminary report on the basic and optional group life insurance plan and responded to questions. Mr. Deck stated that staff will finalize its analysis of Minnesota Life's rate and coverage proposals over the next two months and will provide recommendations at the May meeting.

Retirement System Operations

The Chairperson recognized Judy Lambert, Member Services Officer. Ms. Lambert provided the member operations report. Ms. Lambert reported on annual statement

preparation and mailing, KITS design meetings, upcoming pre-retirement seminars, and long-range plans for field services and responded to questions.

Monthly Financial Report

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove reviewed the February 28, 2006 financial statements.

Review of Initial Order

The Chairperson recognized Laurie McKinnon, General Counsel. Ms. McKinnon reviewed the initial order on the Francis P Denning appeal and presented the Board's options.

Jody Boeding moved that the Board adopt the Presiding Officer's Initial Order 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. Jarold Boettcher seconded the motion. Motion passed.

Retirement Plan Design Project

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck provided a presentation of the scope and timetable of the Retirement Plan Design Review Project. This project is one of the System's most important strategic initiatives and will result in a recommendation to the Legislature for a new KPERS plan design for future employees. Mr. Deck responded to Board questions on the project and various plan design issues.

Lynn Jenkins left the Board meeting at 11:50 a.m.

Old Business

There was no old business.

New Business

There was no new business.

Board Evaluation

The Board briefly discussed the meeting and status of several Board matters. There were no follow-up actions for staff.

The meeting adjourned at 12:05 p.m.