

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

July 20, 2007

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
 Jarold Boettcher
 Bruce Burditt
 Lynn Jenkins
 Lon Pishny
 Rachel Lipman Reiber
 Michael Braude

Organization of the Board

Laurie McKinnon, General Counsel administered the Oath of Office to all Board of Trustee members present.

Michael Braude made a motion to nominate Jody Boeding as Board Chairperson for Fiscal Year 2008. Bruce Burditt seconded the motion. Motion passed.

Ms. Boeding postponed naming a Vice Chairperson until a later date and indicated she would be speaking to Board members about Committee assignment preferences.

Michael Braude moved that the Board amend the adopted Fiscal Year 2008 meeting schedule to change the location of the October Planning Session from Hutchinson, KS to Topeka, KS. Duane Anstine seconded the motion. Motion passed.

Outstanding Service Award

The Chairperson recognized Rhonda Shumway as the Outstanding Service Award recipient for the second period of 2007.

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 May 18, 2007 meeting be approved as submitted. Motion passed.

Executive Director's Report

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck provided a summary report on current issues, including: the promotion of Cheri Woolsey to Alternative Investments Officer, the hiring of Don Lennard as Real Estate Officer and the hiring of Faith Loretto as Planning and Research Officer and Deferred Compensation Plan Manager. Mr. Deck announced that the Deferred Compensation Oversight Committee had selected ING to continue as the Deferred Compensation provider to the plan. Also, he gave an overview of legislative interim study topics and responded to questions.

Investment Operations

The Chairperson recognized Vince Smith, Chief Investment Officer. Mr. Smith welcomed Ms. Woolsey as Alternative Investments Officer, and reviewed the May 31, 2007 Performance Report. He reported that the Retirement System had a total return of 18.4 percent (not annualized) for the fiscal year-to-date and 7.2 percent for the calendar year to date. Mr. Smith also reviewed preliminary investment performance through June 30 and responded to questions.

Investment Committee Report

The Chairperson recognized Jarold Boettcher, Chairperson of the Investment Committee. Mr. Boettcher provided a report on the Committee meeting of July 19, 2007.

Mr. Boettcher made a motion that the Board of Trustees authorize the staff and AEW Capital Management, L.P. to proceed with the dispositions as discussed. Michael Braude seconded the motion. Motion passed.

Mr. Boettcher made a motion that the Board of Trustees authorize the use of refundable deposits by the Core real estate manager in the property acquisition process. Michael Braude seconded the motion. Motion passed.

Custodial Bank Service Agreement

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove reviewed the Custodial Bank Service Agreement history and revised fee proposal and responded to questions.

Bruce Burditt made a motion that the Board of Trustees approve the revised fee proposal for custodial bank services and securities lending with BNY Mellon and direct staff to execute an amendment to the existing custodial bank contract. Jarold Boettcher seconded the motion. Motion passed.

Audit Committee Report

The Chairperson recognized Bruce Burditt, Chairperson of the Audit Committee. Mr. Burditt provided a report of the Committee meeting held on July 19th.

Personnel Committee Report

The Chairperson recognized Lon Pishny, Chairperson of the Personnel Committee. Mr. Pishny provided a report of the Committee meeting held on July 20th.

Mr. Pishny made a motion that the Board approve the recommended FY 2008 compensation increases for unclassified staff. Jarold Boettcher seconded the motion. Motion passed.

Monthly Financial Report

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove reviewed the preliminary June 30, 2007 financial statements as well as the FY 2007 financial highlights. Mr. Breedlove responded to questions.

Retirement System Operations

The Chairperson recognized Mary Beth Green, Member Services Officer. Ms. Green provided the July operations report including information on upcoming Designated Agent workshops beginning in September. Ms. Green reviewed FY 2007 service standards and performance and responded to questions.

Employer Affiliations

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer, who summarized the proposed employer affiliations.

Michael Braude moved that the Board approve the 2007 affiliation of entities list. Duane Anstine 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 Calvin Thomas.

Michael Braude 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 Calvin Thomas. Lon Pishny seconded the motion. Motion passed.

Review of Initial Orders

The Chairperson recognized Laurie McKinnon, General Counsel. Ms. McKinnon reviewed the Board's options for the initial orders in the Elaine Werner and Sara Penner appeals.

Michael Braude made a motion that the board recess into executive session to discuss the appeals for 15 minutes from 10:30 a.m. to 10:45 a.m. and that Glenn Deck, Executive Director, Laurie McKinnon, General Counsel, and Kathleen Billings, Staff Attorney, be included in the executive session. Lon Pishny seconded the motion. Motion passed.

The meeting reconvened at 10:45 a.m. and Michael Braude moved and Bruce Burditt seconded that the board recess into executive session from 10:50 a.m. to 11:00 a.m. Motion passed.

The meeting reconvened at 11:00 a.m. and Michael Braude made a motion that the Board adopt the Presiding Officer's Initial Order for the Elaine Werner 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. Bruce Burditt seconded the motion. Motion passed.

Michael Braude made a motion that the Board adopt the Presiding Officer's Initial Order for the Sara Penner 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. Jarold Boettcher seconded the motion. Motion passed.

Legal Report

The Chairperson recognized Laurie McKinnon, General Counsel. Mike Braude made a motion that the Board recess into executive session from 11:00 a.m. to 11:15 a.m. to receive a report on potential litigation and . Glenn Deck, Executive Director, Laurie McKinnon, General Counsel, and Kathleen Billings, Staff Attorney, be included in the executive session. Rachel Lipman Reiber seconded the motion. Motion passed.

Rachel Lipman Reiber excused herself from any participation in the executive session.

The meeting reconvened at 11:15 a.m.

Actuarial Valuation Report

The Chairperson recognized Pat Beckham, Milliman Inc. Ms. Beckham made a presentation on the December 31, 2006 Actuarial Valuation Report and responded to questions.

Michael Braude made a motion that the Board approve the December 31, 2006 Actuarial Valuation Report and approve the actuary's recommended employer contribution rates specified in the report. Jarold Boettcher seconded the motion. Motion passed.

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.