

## MINUTES

### KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

October 16 and 17, 2003

The Board's annual Educational and Planning Session was called to order by Chairperson Michael Braude at 10:00 a.m., in the Retirement System Boardroom, Topeka, Kansas.

Board members present:

- Michael Braude, Chairperson
- Jarold Boettcher
- Bruce Burditt
- Liz Miller, Vice Chairperson
- Marjorie Lee Webb

Guests attending the meeting included Doug Wolff, who has been appointed by the Governor as a new Board Trustee, and Loretta Lynn, President of KARSP. Mr. Braude recognized Glenn Deck, Executive Director, who welcomed all participants and reviewed the meeting agenda.

#### **Public Comment**

Glenn Deck introduced Robert Patterson, a retired member who worked for the University of Kansas prior to retirement. Mr. Patterson commented on the issue of the 1993 legislation which capped the dollar amount of the COLA granted to retirees that year. Mr. Patterson will provide additional details to Judy Lambert and staff will report on the issue at the November Board meeting.

#### **Death and Disability Program Review**

Glenn Deck, Executive Director, made a presentation on the Death and Disability Program's funding status and the impact of the contribution moratoriums. Mr. Deck introduced Dan Skwire and Ron Cornwell from Milliman USA, who are conducting the Death and Disability Program Review. Mr. Skwire and Mr. Cornwell provided a progress report on the review and the preliminary findings regarding comparison of the plan design to industry standards, opportunities for cost containment, and claims management. Milliman will finalize the review over the next 60 days. The recommendations will assist the staff and the Board in determining methods for improving the program's management and potential recommendations for legislative plan design changes.

#### **"Rethinking Investment Policy Portfolios"**

Rob Woodard, Chief Investment Officer, introduced Kevin Kneafsey, Head of Global Marketing Strategies Group of Barclays Global Investors. Mr. Kneafsey made a presentation on Rethinking Investment Policy Portfolios and responded to questions on this topic.

## **Elected Board Position Vacancy**

Glenn Deck, Executive Director, provided an overview of the status of the Board vacancy for the elected non-school member position and options available for filling the position. The Board discussed the various options and tabled a decision until the November Board meeting.

## **2004 Legislative Proposals**

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck made introductory comments and recognized Rob Woodard, Chief Investment Officer, who reviewed the alternative investment limitation and real estate acquisition approval procedures issues, and Laurie McKinnon, General Counsel, who reviewed the benefit error correction issue.

After discussion, the Board directed staff to present to the Joint Committee on Pensions, Investments and Benefits the recommended statutory changes on the alternative investment limitation and real estate acquisition approval procedures.

## **Real Estate Acquisition Procedures**

The Chairperson recognized Rob Woodard, Chief Investment Officer. Mr. Woodard reviewed the real estate acquisition process and recognized Bob Schau, Real Estate Investment Officer and Daniel J. Bradley, Principal, AEW Capital Management. Mr. Schau and Mr. Bradley responded to questions.

Marjorie Lee Webb moved that the Board adopt the real estate separate account acquisition procedures as recommended by staff. Bruce Burditt seconded the motion. Motion passed.

## **Personnel Committee Report**

Bruce Burditt moved that the Board recess into executive session at 3:45 p.m. to discuss personnel matters and reconvene the open meeting in the Retirement System Boardroom at 4:02 p.m. Liz Miller seconded the motion. Motion passed.

The meeting reconvened at 4:02 p.m. Jarold Boettcher made a motion that the Board approve the Personnel Committee's recommendations for the following: approve the creation of an unclassified Planning and Research Officer and offer of employment; authorize the Chairperson to execute a memorandum of understanding regarding the Executive Director's employment agreement; and authorize an offer of employment for the Alternative Investment Officer position and Investment staff compensation adjustments.

Liz Miller seconded the motion. Motion passed.

Meeting adjourned at 4:05 p.m.

Meeting reconvened at 8:30 a.m., Friday, October 17, 2003.

Board members present:                   Michael Braude, Chairperson  
  Jarold Boettcher  
  Bruce Burditt  
  Liz Miller, Vice Chairperson  
  Marjorie Lee Webb

Guests: Doug Wolff.

The following topic was presented in this session:

### **Long-Term Retirement Funding**

Glenn Deck, Executive Director, and Pat Beckham, Milliman USA, made a presentation on the development of a long-term retirement funding plan. There were considerable questions by Board members and discussion of various funding alternatives. In addition, the Board discussed the Governor's letter to the Board requesting that the Board make recommendations on a long-term retirement funding plan to the Joint Committee on Pensions, Investments and Benefits. The Board reached a consensus on a list of preliminary recommendations for staff to present at the October 28, 2003, Joint Committee meeting. The Board will continue its review and deliberations on a long-term funding plan at its November 20<sup>th</sup> and 21<sup>st</sup> meetings.

### **Strategic Plan Progress Report**

The Board did not consider this item due to time constraints and it will carryover to the November meeting.

### **Announcements**

Mr. Deck announced that the Joint Committee on Pensions, Investments and Benefits meets on October 28<sup>th</sup> and 29<sup>th</sup>.

The next Board meeting is scheduled for November 20<sup>th</sup> and 21<sup>st</sup>.

Meeting adjourned at 12:25 p.m.