

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

Educational and Planning Session

October 19, 2006

The Board's annual Educational and Planning Session was called to order by Chairperson Jody Boeding at 1:10 p.m. on October 19, 2006, in the Retirement System Boardroom, Topeka, Kansas.

Board members present:

- Jody Boeding, Chairperson
- Doug Wolff, Vice Chairperson
- Michael Braude
- Duane Anstine
- Bruce Burditt
- Lon Pishny
- Rachel Lipman Reiber

Ms. Boeding welcomed all participants.

Ms. Boeding recognized Glenn Deck, Executive Director, who previewed the meeting agenda and objectives of the annual Educational and Planning Session.

Retirement Plan Design Project

Jody Boeding recognized Glenn Deck, Executive Director, and Pat Beckham, Milliman, Inc. Mr. Deck provided the Retirement Plan Design Project presentation, and he and Ms. Beckham responded to questions.

The Board discussed the draft Retirement System Funding Standards document. It was the consensus of the discussion that more information should be included in the background section of the document on the history of the KPERS funding issue, reasons the funded ratio is below 80 percent for the School and Local groups, and the 1993 legislative funding decision not to contribute the actuarially-required contribution rate (ARC). This language will be incorporated in the next draft to be considered at the November Board meeting.

The Board discussed the draft Plan Design Recommendations document and the pros and cons of the various plan design options. Bruce Burditt moved that the Board adopt the Modified Current Plan as the recommended plan design alternative. Doug Wolff seconded the motion. Motion passed. The Board discussed some additional language to be included in the rationale for the selection of the Modified Current Plan. Staff will incorporate the recommended changes and circulate the final document to the Board members for comments prior to the November 15, 2006, meeting of the Joint Committee on Pensions, Investments and Benefits.

Legislative Proposals

Jody Boeding recognized Glenn Deck, Executive Director. Mr. Deck provided a report on the System's legislative proposals for the 2007 Session and responded to questions.

Michael Braude made a motion that the Board approve the 2007 legislative proposals. Doug Wolff seconded the motion. Motion passed.

Sudan Policy Options

Jody Boeding recognized Glenn Deck, Executive Director. Mr. Deck introduced Neil Rue, Pension Consulting Alliance, who led a discussion on options regarding Sudan divestment policy. Mr. Rue and Mr. Deck responded to questions.

Meeting adjourned at 4:30 p.m.

Board members and staff met at The Kansas Historical Center at 6:00 p.m. for a dinner and presentation by David Allen of Alliance Capital. Mr. Allen provided a presentation on insights from behavioral finance.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES**

Educational and Planning Session

October 20, 2006

The Board's annual Educational and Planning Session reconvened at 8:30 a.m., Friday, October 20, 2006, in the Retirement System Boardroom.

Board members present:

- Jody Boeding, Chairperson
- Michael Braude
- Duane Anstine
- Bruce Burditt
- Lon Pishny
- Rachel Lipman Reiber

Ethics and Fiduciary Issues

Jody Boeding recognized Laurie McKinnon, General Counsel. Ms. McKinnon made a presentation on several fiduciary and ethics issues and responded to questions.

Global Macro Themes, Economic and Central Bank Emphasis

Jody Boeding recognized Vince Smith, Chief Investment Officer. Mr. Smith introduced Andrew Balls, PIMCO, who reviewed PIMCO's expectations regarding the global macroeconomic environment and discussed recent events at the major central banks and responded to questions.

Strategic Thinking: Overview of Investment Staff's Discourse and Focus

Jody Boeding recognized Vince Smith, Chief Investment Officer. Mr. Smith and the investment officers (Cheri Woolsey, Scott Peppard and Robert Schau) provided a presentation on staff's planned near-term investment activities and research efforts. At the conclusion of the presentation, staff responded to Board questions.

Personnel Committee Report

Jody Boeding recognized Lon Pishny, Committee Chairperson. Mr. Pishny provided a report on the Personnel Committee meeting of October 20, 2006.

Lon Pishny made a motion that the Board approve the Personnel Committee recommendations regarding the Executive Director's personnel evaluation and compensation. Michael Braude seconded the motion. Motion passed.

Board Self-Evaluation

Jody Boeding, Chairperson, led a discussion on the Board's annual self-evaluation. Based on this discussion the Chairperson requested that the Executive Director follow-up on these items: review of investment consulting services, updates to the Board website, the Board's proactive approach with the Legislature on plan design and funding issues, consideration of an off-site Board meeting, and communication and advice to members on PLSO and Joint and Survivor options.

Meeting adjourned at 12:10 p.m.