

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

Educational and Planning Session

October 20, 2005

The Board's annual Educational and Planning Session was called to order by Chairperson Michael Braude at 1:00 p.m. October 20, 2005 in the Retirement System Board room, Topeka, Kansas.

Board members present:

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

Mr. Braude welcomed all participants.

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

Long-Term Retirement Funding

Michael Braude recognized Glenn Deck, Executive Director. Mr. Deck provided the Long-Term Retirement Funding presentation which focused on projections of the funded ratios, unfunded actuarial liabilities and employer contributions for each of the System's retirement plans. Mr. Deck responded to Board member questions.

Death and Disability Plan Update

Michael Braude recognized Mary Beth Green, Planning and Research Officer. Ms. Green presented the status of the implementation of the new disability plan and current cash flow projections for the program and responded to questions.

Benefit Administration Benchmarking

Michael Braude recognized Judy Lambert, Member Services Officer who introduced Bruce Hopkins, Director of Client Service for Cost Effectiveness Measurement, Inc. (CEM). Mr. Hopkins provided a presentation on KPERS benefit administration benchmarking results on the CEM Survey for fiscal year 2004 and responded to questions.

Investment Portfolio Overview

Mr. Braude recognized Rob Woodard, Chief Investment Officer and Scott Peppard, Deputy Chief Investment Officer who made an investment portfolio overview presentation. This presentation focused on the recent changes to the portfolio based on the 2004 asset-liability analysis. Mr. Woodard and Mr. Peppard responded to various questions from Board members.

Meeting adjourned at 4:45 p.m.

Board members and staff met at The Top of the Tower at 6:00 p.m. for a dinner and presentation by Richard Ennis, Principal of EnnisKnupp Associates. Mr. Ennis provided a presentation on trends in investment management fees and future active investment management strategies.

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

Educational and Planning Session

October 21, 2005

The Board's annual Educational and Planning Session reconvened at 8:30 a.m., Friday, October 21, 2005 in the Retirement System Board room.

Board members present:

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

Major Economic Issues and Outlook

Michael Braude recognized Rob Woodard, Chief Investment Officer who introduced Woody Brock, Strategic Economic Decisions (SED). Mr. Brock made a presentation on various economic forecast issues, errors of inference, the "new investment regime", and SED's new asset allocation logic.

Member Demographic Presentation

Michael Braude recognized Glenn Deck, Executive Director, who made a presentation on various member demographics and trends that will affect the System's future workload and plan design. Mr. Pishny requested that in the next version of the presentation that staff provide additional detail on the age of retired members. Mr. Deck responded to questions.

Strategic Plan Update

Michael Braude recognized Glenn Deck, Executive Director, who made a presentation on the status of the Strategic Business Plan update. Several Board members commented on the need to continue to be proactive in communicating the System's long-term funding issue to the Legislature and strategies for improving that communication. Board members also expressed support for proposed initiatives in the member education and plan design areas. Mr. Deck stated that staff will present a draft of the updated Strategic Business Plan at the January 2006 Board meeting.

Personnel Committee Report

Michael Braude recognized Lon Pishny, Acting Committee Chairperson. Mr. Pishny provided a report on the Committee meeting of October 20, 2005.

Lon Pishny made a motion that the Board authorize the Executive Director to negotiate an agreement with EFL Associates to provide executive search services for the Chief Investment Officer search under the terms discussed. Jody Boeding seconded the motion. Motion passed.

Lon Pishny made a motion that the Board approve the Personnel Committee recommendations to adjust the compensation of the Acting Chief Investment Officer and to modify the Chief Investment Officer job description as discussed. Duane Anstine seconded the motion. Motion passed.

The meeting recessed 11:45 a.m. to move to the Investment conference room in order to set up the Board room for lunch.

Board Self-Evaluation

The meeting reconvened in the Investment conference room at 11:50 a.m.

Michael Braude, 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: (1) Board evaluation item at the end of each meeting agenda, (2) additional educational opportunities for Board members to fulfill their fiduciary duties, (3) planning for the location and staff involvement for next year's annual educational planning session, and (4) implementation of direct communication methods with members.

Meeting adjourned at 12:30 p.m.

Board members and staff attended a lunch in the Board room where staff made several presentations to honor Rob Woodard's service with the System.