

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

November 16, 2001

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

Board members present: Jarold Boettcher, Chairperson
 Michael Braude
 Liz Miller
 Lon Pishny
 Don Steffes
 Marjorie Lee Webb
 Vern Chesbro (participated by phone)

Public Comment

There was no public comment.

Approval of Minutes

Jerry Boettcher suggested that the October minutes regarding the Asset/Liability Study Implementation be amended as to staff reporting. Liz Miller made the motion to amend the October minutes by adding that the staff will provide written detailed monthly updates to the Board as the recommended changes are implemented, to the Asset/Liability Study Implementation section. Don Steffes seconded the motion. Motion carried.

Executive Director's Report

The Chairperson recognized Glenn Deck, Executive Director. Mr. Deck reviewed the Board agenda and reported on the Joint Committee on Pensions, Investments and Benefits meetings held on October 23rd and 24th, and announced the next Joint Committee meetings will be December 4th and 5th. Mr. Deck answered questions on the Mercer audit of our actuary and reported on the one-day advance in the mailing of retiree monthly benefit checks commencing with the November 2001 benefits. Mike Braude commented that he periodically encounters negative opinions of KPERS that are the result of the investment problems in the early 1990's. He encouraged staff to develop a program to improve KPERS' image. He added that he would be glad to assist in such activities as meeting with the editors of the Kansas City newspapers.

Investment Operations

The Chairperson recognized Rob Woodard, Chief Investment Officer. Mr. Woodard reviewed the September Performance Report, and the investment activity in October and November to date.

Mr. Woodard acknowledged Scott Peppard who briefly reviewed the monthly Derivatives Exposure Report and the Annual Disclosure Report.

Alternative Investment Committee Report

The Chairperson recognized Vern Chesbro who deferred to Janet Kruzel, Alternative Investment Officer. Ms. Kruzel gave a report on the Alternative Investment Committee meeting held on Thursday, November 15th and answered questions. Mike Braude commented that the Thursday Committee Meeting was very informative and suggested that we bring in more managers for presentations.

Publicly Traded Committee Report

The Chairperson recognized Liz Miller, Chairperson of the Publicly Traded Committee. Ms. Miller gave a report on the committee meeting held on Thursday, November 15th.

Annual Report by International Equity Managers

The Chairperson recognized Rob Woodard who introduced Kenji Dobashi, General Manager and Investment Officer, Ryuhei Matsuda, Vice President, Head of Institutional Marketing, and Eric Shearer, First Vice President of Nomura Asset Management USA Inc. Mr. Matsuda reported on the organization of Nomura Asset Management and Mr. Dobashi reported on the activity within the KPERS portfolio and their outlook for international securities markets.

Mr. Woodard introduced Ann Thivierge, Managing Director and Barton M. Biggs, Chairman, Managing Director of Morgan Stanley Asset Management Inc. Ms. Thivierge and Mr. Biggs reviewed Thursday's Publicly Traded Securities meeting material and their outlook for international securities markets and answered questions.

Personnel Committee Report

The Chairperson recognized Lon Pishny, Chairperson of the Personnel Committee. Mr. Pishny reported on the Committee's evaluation of the Executive Director. Liz Miller made a motion that Board approve the Personnel Committee's recommendations for the Executive Director's performance evaluation and compensation. Mr. Pishny seconded the motion. Motion carried.

Imaging and Information Systems Presentation

Jerry Boettcher recognized John Oliver, Chief Information Officer. Mr. Oliver gave a presentation on the workflow reengineering and imaged document management project status and answered questions.

Employee of the Quarter

Jerry Boettcher recognized Renae Forque as the Employee of the Quarter for the third quarter of 2001. After reviewing Ms. Forque's contributions to KPERS and congratulating her, Jerry Boettcher presented Ms. Forque with a framed certificate.

Strategic Plan Discussion

Jerry Boettcher recognized Glenn Deck, Executive Director who summarized the Strategic Plan development and proposed mission statement revisions to date. The Board discussed a number of possible revisions to the mission statement. Lon Pishny made the motion that the revised mission statement be "The Kansas Public Employees Retirement System, in its fiduciary capacity, exists to deliver retirement, disability, and survivor benefits to its members and their beneficiaries". Liz Miller seconded the motion. Motion carried.

Opportunities in Retirement Planning and the Economic Growth and Tax Relief Reconciliation Act (EGTRRA)

Jerry Boettcher recognized Rob Woodard, Chief Investment Officer. Mr. Woodard provided background information regarding the recently enacted Economic Growth and Tax Relief Reconciliation Act of 2001 and its potential impact on KPERS. Mr. Woodard responded to questions. The Board requested that staff continue to investigate the Act and its potential ramifications for future retirement plan development and design.

Retirement System Operations

The Chairperson recognized Judy Lambert, Member Services Officer. Ms. Lambert reported on the member services activities for October and the effect of EGTRRA on member services.

The Chairperson recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove gave the KPERS October financial report.

New Employer Affiliations

Jerry Boettcher recognized Leland Breedlove, Chief Fiscal Officer. Mr. Breedlove reviewed the completed and pending KPERS, KP&F, optional group life and first day coverage affiliations. Kansas Statutes allow local units of government to affiliate with KPERS for retirement coverage, first day coverage, and optional group life coverage. Such applications are to be received by December 1st of any given year.

Liz Miller made a motion that the Board approve the affiliation of entities completing the requirements and waive the December 1st filing deadline for local units of government that have submitted incomplete applications. Staff has determined that all listed entities meet the IRS requirements for participating employers in a qualified governmental pension plan. Continued affiliation is contingent on each listed entity continuing to meet the IRS requirements for participating employers in a qualified public pension fund. Lon Pishny seconded the motion. Motion carried.

Informational Items

The Chairperson recognized Glenn Deck, Executive Director, who reported that the informational items included in this month's Board book are the litigation status report and a report on the procedures for the acquisition of professional services.

Old Business

There was no old business

New Business

The next Board Meeting and Committee Meetings will be held on January 17th and 18th.

The Board Meeting adjourned at 2:30 p.m.

